NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG1"
S&P: "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 2018B 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 2018B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See "TAX MATTERS" for a full description of the tax treatment of interest on the Series 2018B Notes.

$325,000,000

STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2018B

Dated: Date of Delivery **Maturity Date: June 27, 2019**

The proceeds of the Series 2018B 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, 2019, and (ii) pay the costs of issuing the Series 2018B Notes.

The Series 2018B 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 2018B Notes. Beneficial Ownership Interests in the Series 2018B 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 2018B 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 2018B Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2018B Notes specified above. The Series 2018B Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No. [1, ©]
$ 5,000,000	3.000%	100.626%	1.590%	19672M CE6
5,000,000	3.000	100.612	1.622	19672M CE6
5,000,000	5.000	101.514	1.591	19672M CD8
5,000,000	5.000	101.500	1.622	19672M CD8
25,000,000	5.000	101.514	1.591	19672M CD8
25,000,000	5.000	101.500	1.622	19672M CD8
100,000,000	3.000	100.621	1.600	19672M CE6
125,000,000	3.000	100.621	1.600	19672M CE6
5,000,000	3.000	100.621	1.600	19672M CE6
25,000,000	4.000	101.047	1.642	19672M CF3

The Series 2018B 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 2018B Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2018B Notes in the Series 2018-19 Notes Repayment Account; and the principal of the Series 2018B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2018B Notes are secured on parity with the previously issued State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2018A, which are currently outstanding in the aggregate principal amount of $310,000,000. The Series 2018B 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 2018B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2018B Notes.

An investment in the Series 2018B 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 2018B 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 Ballard Spahr LLP, Denver, Colorado, as special counsel to the State. The Series 2018B Notes are expected to be delivered through the facilities of DTC on or about January 16, 2019.

Dated: January 9, 2019

[1] The State takes no responsibility for the accuracy of any CUSIP numbers, which are included solely for the convenience of owners of the Bonds.

NOTICES

This Official Statement does not constitute an offer to sell the Series 2018B 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 2018B 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 2018B Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2018B 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 STATEMENTS 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" and "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 2018 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

$325,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2018B

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 $325,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2018B (the "**Series 2018B Notes**").

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 2018B Notes to potential investors is made only by means of the entire Official Statement.

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated January 3, 2019, including, without limitation, the interest rates, prices, reoffering yields, CUSIP numbers, original purchasers of and the purchase price paid by the original purchasers for the Series 2018B Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

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 2018B Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2019 ("**Fiscal Year 2018-19**"), and paying the costs of issuing the Series 2018B Notes. The first installment of the Loan Program was funded on July 18, 2018, by the issuance of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2018A (the "**Series 2018A Notes**"), in the aggregate principal amount of $310,000,000, the net proceeds of which have been or will be borrowed by approximately 20 Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES."

The net proceeds of the sale of the Series 2018B Notes will be deposited in the Series 2018B Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "**Series 2018B Notes Proceeds Account**") of the State's General Fund (the "**General Fund**") and used to make Program Loans to approximately 20 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2018-19. 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 2019 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 2018B NOTES— Program Loans" and "The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2018B Notes

Authorization. The Series 2018B 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 "**Authorizing 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 2018B NOTES—Authorization."

General Provisions. The Series 2018B Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "**Closing Date**") and will mature on June 27, 2019 (the "**Series 2018B Notes Maturity Date**"). The Series 2018B Notes are not subject to redemption prior to the Series 2018B Notes Maturity Date. Interest on the Series 2018B Notes, at the rates 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 2018B Notes Maturity Date. See "THE SERIES 2018B NOTES—General Provisions."

Book-Entry Only System. The Series 2018B 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 2018B Notes. Ownership interests in the Series 2018B 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 2018B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2018B NOTES—General Provisions" and "APPENDIX F—DTC BOOK-ENTRY SYSTEM." As used in this Official Statement, the term "Owners" of the Series 2018B Notes means the persons or entities in whose names the Series 2018B Notes are registered on the registration books kept by the Deputy Treasurer or the Chief Financial Officer of the Department of the Treasury as the registrar for the Series 2018B 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 2018B 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 2018B Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as repayment of their Program Loans;

- amounts deposited to the "Series 2018-19 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "**Series 2018-19 Notes Repayment Account**") as discussed in "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes Repayment Account*"; and

- any unexpended proceeds of the Series 2018A Notes, the Series 2018B Notes and of 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 2018B 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 2018B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—The Series 2018B Notes Proceeds Account."

Interest on the Series 2018B Notes will be payable from a deposit to be made by the State Treasurer on the Closing Date to the Interest Subaccount of the Series 2018-19 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2018B Notes from the Closing Date to the Series 2018B 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 2018-19 that is (i) subject to appropriation for Fiscal Year 2018-19 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2018A Notes, the Series 2018B Notes, any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2018B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, 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 Series 2018-19 Notes 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 2018-19, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2018 (the "**State Series 2018 General Fund Notes**"), issued by the State Treasurer on July 19, 2018, in the principal amount of 600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2018-19.*

The Series 2018-19 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes. The Owners of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2018-19 Notes Repayment Account and the moneys credited thereto.

The Series 2018B 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 2018B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2018B Notes.

See generally "THE SERIES 2018B NOTES—Security and Sources of Payment" and "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 2018 REVENUE FORECAST."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("**Bond Counsel**") in connection with the issuance of the Series 2018B Notes and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX G—FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the State by the Attorney General of the State and by Ballard Spahr LLP, Denver, Colorado, as special counsel to the State.

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 2018B 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 2018B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See also "LEGAL MATTERS" and "TAX MATTERS" and "APPENDIX G—FORM OF OPINION OF BOND COUNSEL."

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 2018B Notes because the Series 2018B Notes have a stated maturity of less than 18 months. However, the State Treasurer does undertake in the Authorizing Resolution to provide notice of certain enumerated events if they occur, as described in "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes 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" and "MCDC Settlement Order with the Securities and Exchange Commission."

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared 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 the authority of 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.

Additional Information

Brief descriptions of the Series 2018B Notes, the Authorizing 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 Authorizing 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.

Investment Considerations

An investment in the Series 2018B 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.

Forward Looking Statements

See the preliminary notices 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 2018B Notes.

THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B 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 the Public School Finance Act of 1994, as amended (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 2018B Notes are being issued pursuant to this authorization. See also "THE SERIES 2018B NOTES—Authorization."

Application of Series 2018B Notes Proceeds

The proceeds of the Series 2018B Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2018B Notes, will be deposited in the Series 2018B 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 2018-19, subject to the conditions stated in the Authorizing 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 2018B Notes Proceeds Account

The Authorizing Resolution directs the State Controller to establish within the State's General Fund the Series 2018B Notes Proceeds Account, which is to be segregated from all other accounts in the

General Fund. Moneys deposited in the Series 2018B 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 2018B Notes. The original purchasers of the Series 2018B 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 2018B Notes.

Moneys held in the Series 2018B 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 2018B 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 2018B Notes Proceeds Account; and investment earnings on moneys credited to the Series 2018B 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, 2019, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2018-19 Notes Repayment Account, after which the Series 2018B 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 2018-19. See also "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "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 2018B Notes on their behalf are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS—Summary Financial Information Regarding the Participating Districts." The school districts that are expected to borrow the largest percentages of available proceeds of the Series 2018A Notes and the Series 2018B Notes are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS— Summary Financial Information Regarding the Participating Districts."

THE SERIES 2018B NOTES

The following is a summary of certain provisions of the Series 2018B Notes during such time as the Series 2018B Notes are subject to the DTC book-entry system. Reference is hereby made to the Authorizing Resolution in its entirety for the detailed provisions pertaining to the Series 2018B Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2018B Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the Authorizing 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 2018B NOTES." The State Treasurer may issue additional Parity Lien Notes in Fiscal Year 2018-19. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2018B 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 2018B Notes. Beneficial Ownership Interests in the Series 2018B 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 2018B 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 2018B Notes will be dated as of the Closing Date, mature on the Series 2018B Notes Maturity Date and bear interest at the rates 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 2018B Notes will accrue from the Closing Date and will be payable on the Series 2018B Notes Maturity Date. The principal of and interest on the Series 2018B Notes will be payable by the State Treasurer, as paying agent for the Series 2018B Notes (the "**Paying Agent**"), to Cede & Co., as the Owner of the Series 2018B Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F—DTC BOOK-ENTRY SYSTEM." Interest on the Series 2018B Notes will cease to accrue on the Series 2018B Notes Maturity Date.

The Deputy Treasurer or the Chief Financial Officer of the Department of the Treasury will serve as the registrar for the Series 2018B Notes, subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller nor 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 2018B 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 2018B Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2018B Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2018B Notes are not subject to redemption prior to the Series 2018B Notes Maturity Date.

Security and Sources of Payment

The Series 2018B Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with the Series 2018A Notes any additional Parity Lien Notes. The Series 2018B 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 2018B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2018B 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, 2019, in repayment of their Program Loans; (ii) amounts deposited to the Series 2018-19 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2018A Notes, the Series 2018B Notes and any 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 2018B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—The Series 2018B Notes Proceeds Account."

The Series 2018-19 Notes Repayment Account. The Authorizing Resolution directs the State Controller to establish within the General Fund the Series 2018-19 Notes 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 Series 2018-19 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes. The Owners of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2018-19 Notes Repayment Account and the moneys credited thereto.

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2018-19 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2018B Notes from the Closing Date to the Series 2018B Notes Maturity Date.

The Authorizing Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2019, in repayment of their Program Loans. However, if on June 26, 2019, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2018A Notes, the Series 2018B Notes and any 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 Authorizing 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 Series 2018-19 Notes 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 2018-19, including, without limitation, the State Series 2018 General Fund Notes. 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 Series 2018-19 Notes 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 Series 2018-19 Notes Repayment Account in order to fund a deficiency therein, the Authorizing 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 2018B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2019. 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 Series 2018-19 Notes 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 25, 2019, 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 Authorizing Resolution provides that no provision thereof or of the Series 2018B 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—Taxpayer's Bill of Rights."

Parity Lien Notes

The Authorizing Resolution authorizes the State Treasurer from time to time during Fiscal Year 2018-19 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 2018B Notes and the previously issued Series 2018A 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 Series 2018-19 Notes 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 2018A Notes and the Series 2018B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The Authorizing Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the Authorizing Resolution for the benefit of the original purchasers (the "**Purchasers**") and the Owners of the Series 2018B 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 Authorizing Resolution:

- payment of the principal of or interest on any of the Series 2018B Notes is not made on the Series 2018B Notes Maturity Date; or

- the State fails to perform or observe any of the covenants, agreements or conditions contained in the Authorizing Resolution or in the Series 2018B 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 2018B Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2018B Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2018B Notes or to enforce and protect such Owner's rights under the Authorizing Resolution and the Series 2018B Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the Authorizing Resolution or the Series 2018B 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 2018B Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2018-19 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2018-19 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2018A Note, Series 2018B Note or Parity Lien Note over any other Series 2018A Note, Series 2018B Note or 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 Authorizing Resolution for the benefit of the Purchasers and the Owners of the Series 2018B Notes that, subject to further investment limitations established pursuant to the terms of the Authorizing Resolution, moneys in the Series 2018B Notes Proceeds

Account and the Series 2018-19 Notes 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 2018B Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2018B 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 2018B 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 2018B 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 2018B 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 2018B 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 2018B Notes.

Limited Obligations

The Series 2018B 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 2018B Notes. The Series 2018B 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 2018B Notes. If an Event of Default under the Authorizing Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2018B Notes. See "THE SERIES 2018B NOTES—Security and Sources of Payment" and "Defaults and Remedies."

Repayment of Program Loans

The primary source of Pledged Revenues pledged to pay the principal of the Series 2018B Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as repayment of their Program Loans, which in turn are payable solely from the Taxes of the respective Participating Districts received during the period of March through June of 2019. 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 collect sufficient Taxes from March through June of 2019 to repay its Program Loan in full. In such event, the State Treasurer is required by the Authorizing Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2018B 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," and "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" under this caption and in "THE SERIES 2018B NOTES— Security and Sources of Payment— *The Series 2018-19 Notes 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 Series 2018-19 Notes Repayment Account resulting from a default in the repayment of Program Loans, the Authorizing Resolution requires the State Treasurer to deposit to the Principal Subaccount of the Series 2018-19 Notes 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 Authorizing 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 Series 2018-19 Notes 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 2018-19, including, without limitation, the State Series 2018 General Fund Notes issued by the State Treasurer on July 19, 2018. 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 Series 2018-19 Notes 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 Series 2018-19 Notes Repayment Account in order to fund a deficiency therein, the Authorizing 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 2018B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2019. 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*" and "*—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 Governor's Office of State Planning and Budgeting ("**OSPB**") is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on December 20, 2018 (the "**OSPB DECEMBER 2018 Revenue Forecast**"), and is included in its entirety in this Official Statement. See "STATE FINANCIAL INFORMATION," "APPENDIX A—THE STATE GENERAL FUND—Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST." 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 2018-19, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account on June 25, 2019. 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 2018 REVENUE FORECAST."

The OSPB DECEMBER 2018 Revenue Forecast reports that General Fund revenues in Fiscal Year 2017-18 increased by $1,447 million, or 14.1%, over Fiscal Year 2016-17, and projects that General Fund revenues in Fiscal Year 2018-19 will increase by $756 million, or 6.5%, over Fiscal Year 2017-18, followed by a 5.9% increase in Fiscal Year 2019-20. With the Governor's November 2018 budget request the General Fund reserve is projected to be $289.0 million above the required statutory reserve amount of 7.25% of appropriations in Fiscal Year 2018-19. These figures are based on revenue and budget information available when the OSPB DECEMBER 2018 Revenue Forecast was completed and are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

The next OSPB revenue forecast will be released in March of 2019. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB DECEMBER 2018 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2018-19 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 2018-19 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account on June 25, 2019. 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 2018 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 notices in this Official Statement regarding forward-looking statements.

Parity Lien Notes

The Authorizing 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 2018A Notes and the Series 2018B 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 2018B 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 2018A Notes and the Series 2018B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The Authorizing Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2018B NOTES—Authorization" and "Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2018B 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 Authorizing 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 repay the Series 2018B Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2018B 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 2018B NOTES—Program Loans," and "The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2018-19, 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 2018-19. The District Note matures on June 25, 2019 (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 2018A Notes, the Series 2018B Notes and any 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 2018B 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 2019 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 2018A Notes, the Series 2018B Notes and any 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 2018B 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 Authorizing Resolution. See "THE SERIES 2018B 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 Fiscal 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 2018-19; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; and (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 2019 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 under this caption 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 in furtherance of the duty of the State legislature, known as the General Assembly, under Article IX, Section 2 of the State Constitution 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.

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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

Funded Pupil Count	=	The sum of (i) the greater of the number of pupils enrolled in the school district for the current budget year or the average enrollment for the current and up to four prior budget years (less the Colorado Preschool Program Pupil Counts), plus (ii) the school district's On-line and ASCENT Pupil Count plus (iii) the school district's Colorado Preschool Program Pupil Count.
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 number of district pupils eligible for free lunch and English language learner pupils not eligible for free lunch.
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	=	A State budget element that proportionately reduces the amount of total funding for each district.

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. The Statewide Total Program funding calculated for Fiscal Year 2017-18, after application of the Budget Stabilization Factor was $6,627,917,199, constituting a Budget Stabilization Factor of 11.04%. The initial Statewide Total Program funding amount for Fiscal Year 2018-19, after application of the Budget Stabilization Factor, is an amount of not less than $7,088,776,230, constituting a Budget Stabilization Factor of 8.66%, which amount is subject to a mid-year revision as discussed above.

The Public School Finance Act provided for a State average of Total Program funding for Fiscal Year 2017-18 of $8,612.91 per pupil (and $7,662.17 State average after application of the Budget Stabilization Factor), and $7,894.00 State average per on-line and ASCENT pupils (and $7,022.42 State average after application of the Budget Stabilization Factor); 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 "Taxpayer's Bill of Rights" below. The State average of Total Program funding for Fiscal Year 2018-19 was initially projected to be $8,909.27 per pupil (and $8,137.41 State average after application of the Budget Stabilization Factor), and $8,162.00 State average per on-line and ASCENT pupils (and $7,454.82 State average after application of the Budget Stabilization Factor).

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 "Taxpayer's Bill of Rights" 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. Amendment 23 further requires the State to increase its General Fund appropriation for the Public School Finance Act by at least 5% in each year from Fiscal Year 2001-02 through Fiscal Year 2010-11, except in any Fiscal Year in which State personal income grows less than 4.5% between the previous two Fiscal Years, as was the case for Fiscal Years 2008-09 and 2009-10. The State was not required to increase by at least 5% its General Fund appropriation for the Total Program in Fiscal Year 2010-11. 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 established by Amendment 23.

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, a school district's property tax levy to fund the local share of its Total Program is to be the lowest of the following: (i) the number of mills (one mill equals $0.001) levied by the school district for the immediately preceding property tax year; (ii) 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 minimum State aid and the amount of specific ownership tax revenue paid to the school district; (iii) for school districts that have not obtained voter approval to retain and spend revenues in excess of the property tax revenue limitation imposed on such school districts by TABOR (such voter approval commonly referred to as being "De-Bruced"), the number of mills that may be levied by such school districts in accordance with the property tax revenue limitation imposed by TABOR; or (iv) 27.000 mills. See "Taxpayer's Bill of Rights" 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 State Legislature 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. Such reductions, or "rescissions," occurred in Fiscal Years 2001-02, 2002-03, 2008-09 and 2009-10. For Fiscal Year 2010-11, the reduction in State aid was effected through the application of the Budget Stabilization Factor. It is expected that the Budget Stabilization Factor may occur in future years as a result of State budgetary constraints. See also "Amendment 23" above.

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 an amount. Specific purpose override revenues include excess transportation costs, special building and technology fund, excess costs related to a full-day kindergarten program, and cash funding of capital construction, new technology, existing technology upgrade, and maintenance needs.

In addition to the specific purpose override revenues, 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.

Ad Valorem Property Taxation Procedure

Property Subject to Taxation. Subject to the limitations discussed in "Taxpayer's Bill of Rights" 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 statutory "actual" value of all taxable property within the county as of January 1st. The 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.

The following table sets forth the State property appraisal system for property tax levy years 2011 through 2020:

Levy Years	Collection Years	Value Calculated as of July 1	Based on the Market Period
2011 and 2012	2012 and 2013	2010	Jan. 1, 2009 to June 30, 2010
2013 and 2014	2014 and 2015	2012	Jan. 1, 2011 to June 30, 2012
2015 and 2016	2016 and 2017	2014	Jan. 1, 2013 to June 30, 2014
2017 and 2018	2018 and 2019	2016	Jan. 1, 2015 to June 30, 2016
2019 and 2020	2020 and 2021	2018	Jan. 1 2017 to June 30, 2018

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 by the State property tax administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

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 statutory actual value. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State Constitution requires the General Assembly to adjust the ratio of valuation for assessment of residential property for each year in which a change in the base year level of value occurs based on an estimated target percentage. This adjustment is mandated in order to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property that existed in the previous year. The State Constitution also prohibits any valuation for assessment ratio increase for a property class without prior voter approval. See "Taxpayer's Bill of Rights" below.

The assessed value of taxable property is determined by multiplying the "actual" value (determined as described in the immediately preceding paragraph) by an assessment ratio. The assessment ratio of residential property changes from year to year based on a constitutionally mandated requirement to keep the ratio of the assessed value of non-residential property to residential property at the same level as it was in the property tax year commencing January 1, 1985 (the "**Gallagher Amendment**"). The Gallagher Amendment requires that statewide residential assessed values must be approximately 45% of the total assessed value in the State with commercial and other assessed values making up the other 55% of the assessed values in the State. In order to maintain this 45% to 55% ratio, the assessment rate for all non-residential properties (including commercial properties, industrial properties, agricultural property, vacant land, and undeveloped lots) is established at 29% of the actual value of such non-residential properties and the assessment rate of residential properties fluctuates.

Section 39-1-104.2(5), C.R.S. states that commencing January 1, 1989, for each year in which there is a change in the level of value used in determining actual value, the Colorado General Assembly shall by law adjust the assessment ratio of residential property so that the percentage of aggregate statewide valuation for assessment which is attributable to residential real property equals the target percentage (which is described in the preceding paragraph). It further provides that the residential ratio shall be based on a documented estimate of the total valuation for assessment of all taxable property in the State and that a documented estimate study is to be completed by the Division of Property Taxation of the Colorado Department of Local Affairs. The residential ratio had been 7.96% since the 2003 levy year. However, during the 2017 legislative session the Colorado General Assembly approved a change to the residential rate to 7.20% for property tax years commencing on and after January 1, 2017.

Oil and gas leaseholds and lands are generally assessed as real property by the County Assessor at the rate of 87.5% of the Production Value (defined below), pursuant to State law. The assessment ratio of 87.5% is calculated as a percentage of (a) the selling price of the oil or gas sold during the preceding calendar year, less the sale price of any such oil or gas sold to any federal, state or local government; and/or (b) with respect to oil or gas transported from the premises but *not* sold during the preceding calendar year, the selling price of oil or gas sold in the same field area, less the sale price of any oil or gas sold to any federal, state or local government (the preceding clauses (a) and (b) shall be referred to herein as the "**Production Value**").

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 or not 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. On November 7, 2000 and November 7, 2006, respectively, the electors of the State of Colorado approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first $200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution.

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. 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 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. 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 2017 will be collected in 2018. 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. 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. 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. 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.

Taxpayer's Bill of Rights

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—Taxpayer's Bill of Rights."

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 final 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 Districts expected to borrow the largest percentages of available proceeds of the Series 2018A Notes and the Series 2018B Notes are Denver School District No. 1 and Boulder Valley School District RE-2. See "Largest Borrowers" following the table.

Participating District Financial Information
(Totals may not add due to rounding)

	Estimated Amounts of Program Loans [1]						Fiscal Year 2018-19 Tax Information				Fiscal Year 2017-18 Loan Program Information	
Participating District	**Net Proceeds of the Series 2018A Notes[1]**	**% of Total Series 2018A Proceeds**	**Net Proceeds of the Series 2018B Notes[1]**	**% of Total Series 2018B Proceeds**	**Total Amount Borrowed[1]**	**% of Total Series 2018A&B Proceeds**	**2018 Assessed Valuation[2]**	**Estimated Taxes Collected[3]**	**Total Net Proceeds Borrowed as % of Estimated FY2018-19 Tax Collections**	**3 Year Average Tax Collection Rate[4]**	**Amount Borrowed & Repaid**	**Repayment Date (2018)**
Aurora	--	--	--	--	--	--	$ 2,607,966,143	$143,947,610	--	98.87%	$ 6,488,168	March 13
Boulder Valley	$ 49,488,869	15.28%	$ 71,543,253	25.71%	$121,032,122	20.10%	6,658,125,768	248,553,500	48.7%	98.84	113,207,217	May 11
Cherry Creek (Arapahoe 5)	--	--	--	--	--	--	6,067,320,318	226,643,101	--	99.23	24,644,953	March 13
Denver	195,291,513	60.31	130,292,472	46.82	325,583,985	54.08	16,824,261,116	552,238,818	59.0	98.98	270,000,000	May 11
Douglas County RE-1	19,552,088	6.04	37,557,303	13.50	57,109,391	9.49	6,502,017,811	221,219,116	25.8	97.33	41,200,000	March 13
Durango (LaPlata 9-R)	5,159,440	1.59	997,330	0.36	6,156,770	1.02	1,352,969,010	18,598,873	33.1	98.86	1,697,478	March 13
Eagle County RE-50	10,674,922	3.30	3,776,820	1.36	14,451,742	2.40	2,905,528,200	42,884,383	33.7	98.48	19,476,799	May 11
Englewood (Arapahoe 1)	2,968,759	0.92	689,602	0.25	3,658,361	0.61	550,425,198	11,946,913	30.6	98.76	511,590	March 13
Estes Park (Larimer R-3)	1,234,553	0.38	2,096,866	0.75	3,331,419	0.55	386,722,124	9,363,488	35.6	99.77	2,443,300	March 13
Gilcrest (Weld RE-1)	--	--	867,682	0.31	867,682	0.14	1,047,787,447	10,318,072	8.4	99.00	3,788,546	May 11
Hayden (Routt RE-1)	773,784	0.24	772,117	0.28	1,545,901	0.26	121,307,010	3,418,356	45.2	95.73	1,734,118	May 25
Lake County (Leadville)	1,225,070	0.38	1,110,1	0.40	2,335,174	0.39	196,510,332	4,862,590	48.0	97.67	1,968,091	May 11
Littleton (Arapahoe 6)	3,743,288	1.16	1,040,592	0.37	4,783,880	0.79	1,723,885,689	65,780,179	--	99.78	--	--
Mapleton (Adams 1)	3,348,095	1.03	1,810,062	0.65	5,158,157	0.86	680,501,770	24,077,449	21.4	99.12	2,800,000	March 13
Platte Valley (Weld RE-7)	1,215,188	0.38	3,800,750	1.37	5,015,938	0.83	1,725,998,340	11,953,724	42.0	99.90	2,524,362	May 11
Poudre (Larimer R-1)	14,296,082	4.42	15,028,63	5.40	29,324,716	4.87	3,284,003,917	121,033,511	24.2	98.73	24,585,843	March 13
Summit County RE-1	2,218,532	0.69	--	--	2,218,532	0.37	1,885,943,340	25,296,995	8.8	99.90	993,257	March 13
Telluride	2,218,532	0.69	1,502,488	0.54	3,721,020	0.62	767,716,390	6,153,359	60.5	96.00	--	--
Thompson (Larimer R2-J)	10,228,207	3.16	4,001,0	1.44	14,229,278	2.36	2,002,352,209	67,730,858	21.0	99.53	10,372,424	March 13
Windsor (Weld RE-4)	156,552	0.05	1,406,748	0.51	1,563,300	0.26	989,336,776	31,794,702	4.9	99.53	1,255,780	March 13
Total	$323,793,474	100.00%	$278,293,894	100.00%	$602,087,368	100.00%	$58,280,678,908	$1,847,815,597	32.6%		$529,691,926	

[1] The amounts in these columns are estimated amounts based upon predictions provided by the Districts regarding the amounts they will borrow from the Series 2018A & 2018B Note proceeds covering the 2018 - 2019 district budget year. If these Districts (or others which have not yet indicated an intent to participate in the Series 2018A or 2018B Note program) do participate in such issuance, the Owners of the Series 2018A and 2018B Notes will have a lien upon the taxes of such Districts on a parity with the Owners of the Notes. See SECURITY FOR THE NOTES - Additional Notes.

[2] Final assessed valuation amounts are required by State law to be certified by each county assessor to each school district located in such county no later than December 15 of each year. The amounts in this column have been provided by the State Department of Education based upon information provided by the applicable county assessors. See FORWARD-LOOKING STATEMENTS.

[3] For each District, this amount was calculated by (a) multiplying the 2018/19 assessed value of the District's by the estimated 2018/2019 mill levy (other than mill levies for the District's bond redemption fund and special building and technology fund, if any); (b) assuming collections of 100% of taxes collected by all of the Districts normally during the months of March, April, May and June 2018; See FORWARD-LOOKING STATEMENTS.@ The actual mill levies for the 2018/2019 fiscal year was certified by the Districts in December 2018. The estimated mill levies used to calculate the estimated Taxes collected during the 2018/2019 fiscal year are based upon information provided by the Colorado Department of Education. See SCHOOL DISTRICT FINANCIAL OPERATIONS - Sources of School District Revenue.

[4] Based on each participating District's actual collection data for Fiscal Years 2015-2016, 2016-2017, and 2017-2018.

Source: Financial Advisor.

Largest Borrowers

Denver School District No. 1. School District No. 1, commonly known as Denver Public Schools ("**DPS**"), is expected to be the largest borrower of proceeds of the Series 2018A Notes and the Series 2018B Notes. DPS expects to borrow approximately 60.31% of the net proceeds of the Series 2018A Notes and approximately 46.82% of the net proceeds of the Series 2018B Notes, or approximately 54.08% of the combined amount of the Series 2018A Notes and the Series 2018B Notes.

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 683,000. For the 2017-18 school year, the district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, is 86,294.0. The equivalent October 1 pupil counts for the 2016-17, 2015-16, and 2014-15 school years were 85,849.5, 85,584.6 and 83,221.0, respectively. See "State Equalization Funding of School Districts—*Total Program Funding Formula*" above in this section.

The 2018 certified assessed valuation of DPS (for ad valorem property tax collections in 2019), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $16,824,261,116, as specified in the table above. The district's total tax levy for the 2017 levy year (2018 tax collection year) is 48.244 mills, of which 25.541 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 12.547 mills is for voter-approved override revenues, 9.650 mills is for debt service on general obligation bonds and 0.506 mills is to recover lost revenue due to prior year tax abatements and credits.

Boulder Valley School District RE-2. Boulder Valley School District RE-2 ("**BVSD**") is expected to be the second largest borrower of proceeds of the Series 2018A Notes and the Series 2018B Notes. BVSD expects to borrow approximately 15.28% of the net proceeds of the Series 2018A Notes and approximately 25.71% of the net proceeds of the Series 2018B Notes, or approximately 20.10% of the combined amount of the Series 2018A Notes and the Series 2018B Notes.

BVSD encompasses approximately 500 square miles in Boulder and Gilpin Counties and the City and County of Broomfield approximately 20 miles northwest of Denver, including the cities of Boulder, Lafayette, Louisville and Superior, a large portion of the City and County of Broomfield, the towns of Gold Hill, Jamestown, Nederland and Ward, a portion of the town of Erie and certain unincorporated areas within the counties. The district serves an estimated population of approximately 211,000. For the 2017-18 school year, the district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, is 29,584.5. The equivalent October 1 pupil counts for the 2016-17, 2015-16, and 2014-15 school years were 29,433.5, 29,702.3 and 28,556.5, respectively. See "State Equalization Funding of School Districts *Total Program Funding Formula*" above in this section.

The 2018 certified assessed valuation of BVSD (for ad valorem property tax collections in 2019), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $6,658,125,768, as specified in the table above. The district's total tax levy for the 2018 levy year (2019 tax collection year) is 48.967 mills, of which 25.023 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 10.722 mills is for voter-approved override revenues, 8.150 mills is for debt service on general obligation bonds, 0.264 mills is to recover lost revenue due to prior year tax abatements and credits and 4.808 mills is for transportation, operations and technology.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2019. 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 5.5 million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX C—STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018" 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 2015 (following the general election held in November of 2014) and will expire on the second Tuesday in January of 2019. No elected executive official may serve more than two consecutive terms in the same office.

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

STATE FINANCIAL INFORMATION

The information in this section, "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 2018 REVENUE FORECAST" describes general State finances and particularly funds that are eligible for investment in the District Notes. On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2018-19 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2018B Notes from the Closing Date to the Series 2018B Notes Maturity Date. The Authorizing Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2019, in repayment of their Program Loans. Prospective investors are advised that in the event the amounts received by the State Treasurer from Participating Districts as repayment of their Program Loans on or before June 25, 2019, together with investment earnings thereon, is insufficient to pay the principal of the Series 2018B Notes when due, the principal of the Series 2018B Notes will be payable solely from funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The Series 2018B Notes are not general obligations of the State. See also "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes Repayment Account*" and "INVESTMENT CONSIDERATIONS—Repayment of Program Loans," and "Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds."

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" under this caption 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.

SB 17-267

The State constitutionality of Senate Bill 17-267 adopted by the General Assembly in 2017, portions of which are described below, is currently being challenged in Denver District Court. The State executed $500,000,000 of Certificates of Participation in September of 2018 pursuant to authorization contained in Senate Bill 17-267 (the "**2018 Certificates**".) The impact of such challenge on the application of SB 17-267 and the State's ability to make payments on the 2018 Certificates is unknown as of the date hereof.

Taxpayer's Bill of Rights

General. As discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS—Taxpayer's Bill of Rights," 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."

Thirdly, TABOR requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the "**TABOR Reserve**"), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "**Long Bill**") designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The amounts of the TABOR Reserve for Fiscal Years 2017-18 and 2018-19 have been estimated in the OSPB DECEMBER 2018 Revenue Forecast to be $411.1 million and $430.8 million, respectively.

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

The maximum annual percentage change in State fiscal year spending is limited by TABOR to inflation (determined as the percentage change in U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index) plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991, being the base year for calculating fiscal year spending. TABOR provides for an automatic decrease in the State fiscal year spending limit when State TABOR revenues decline without a corresponding automatic increase in State fiscal year spending limit when State TABOR revenues increase. This can result in what is commonly referred to as the "ratchet down effect" whenever there is a decline in TABOR revenues. The ratchet down effect occurs because each year's TABOR limit is calculated based on the lesser of the prior year's TABOR revenues or the prior year's TABOR limit. In a year in which the State's TABOR revenues are below the existing TABOR limit, the lesser amount is required to be used to calculate the following year's TABOR limit. Unlike this automatic reduction, the only means of increasing the TABOR limit is with the approval of State voters. The State experienced the ratchet down effect when TABOR revenues declined by 13.1% between Fiscal Years 2000-01 and 2002-03, followed by an increase of 8.0% in Fiscal Year 2003-04.

Several measures were passed by the General Assembly during the 2005 legislative session in an effort to relieve State budget challenges, including statutory changes designed to mitigate the ratchet down effect of TABOR on the State's finances. One of two measures that were referred by the General Assembly to a statewide vote in November of 2005, designated "Referendum C," was approved by State voters and thereafter codified as Sections 24-77-103.6 and 106.5, C.R.S. The immediate impact of Referendum C was to preclude any ratchet down effect on the State beginning in Fiscal Years 2005-06. It also authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. 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, being 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 2018-19 is to be an amount equal to (i) the ESRC for Fiscal Year 2017-18 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 2018-19 as the base amount.

SB 17-267, also (i) replaces the Hospital Provider Fee with the Healthcare Affordability and Sustainability Fee, which fee will be exempt from TABOR as it will be collected by a new 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 will result in less revenue subject to TABOR in Fiscal Years 2018-19 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 the following amounts in excess of the previously applicable TABOR limit: $1.116 billion in Fiscal Year 2005-06, $1.308 billion in Fiscal Year 2006-07 and $1.169 billion in Fiscal Year 2007-08. TABOR revenues did not exceed the TABOR limit in either of Fiscal Years 2008-09 or 2009-10. TABOR revenues exceeded the TABOR limit by $0.771 billion in Fiscal Year 2010-11, $1.473 billion in Fiscal Year 2011-12, $1.860 billion on Fiscal Year 2012-13 and $2.125 billion in Fiscal Year 2013-14, although no refunds were required because such revenues were below the applicable ESRC. TABOR revenues exceeded the TABOR limit by $2.384

billion in Fiscal Year 2014-15, resulting in the State being $169.7 million above the applicable ESRC and triggering a refund.

The OSPB DECEMBER 2018 Revenue Forecast states that TABOR revenues came in $18.5 million above the ESRC in Fiscal Year 2017-18 and is projected under this forecast and the Governor's November budget request to be above the ESRC by $394.4 million in Fiscal Year 2018-19 and $525.8 million in Fiscal Year 2019-20.

SB 17-267 also changed the TABOR refund mechanisms. Under prior law, the means by which revenues in excess of the ESRC could be refunded to taxpayers included: (i) a sales tax refund to all taxpayers, (ii) the earned income tax credit to qualified taxpayers and (iii) a temporary income tax rate reduction, the particular refund mechanism used to be determined by the amount that needs to be refunded. Per SB 17-267, beginning with Fiscal Year 2018-19, there is added as the first refund mechanism the amount reimbursed by the State Treasurer to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the property tax exemptions discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS—Ad Valorem Property Taxation Procedure—*Homestead Exemption.*" See also "APPENDIX A—THE STATE GENERAL FUND—General Fund Overview."

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

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend $66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("**Marijuana Taxes**") authorized by Proposition AA approved by the State's voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which referred the measure (Proposition BB) to the State's voters, 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 2018 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 2018B Notes. Voter approval under TABOR is not required for the issuance of the Series 2018B 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 2018A Notes, the Series 2018B Notes and any Parity Lien Notes.

State Funds

The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. The State also maintains a large number of statutorily created special State funds for which specific revenues are designated for specific purposes, and, if necessary, are available for paying the principal of the Series 2018B Notes. Some of the State funds are considered Borrowable Resources available to pay the principal of and interest on any outstanding State General Fund Tax and Revenue Anticipation Notes, including, without limitation, the State Series 2018 General Fund Notes. See "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes Repayment Account*," "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," "Borrowable Resources," and "The State General Fund," "APPENDIX A—THE STATE GENERAL FUND" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST."

Budget Process and Other Considerations

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

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2018-19 (HB 18-1322) was adopted by the General Assembly in April of 2018.

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. The Long Bill for Fiscal Year 2018-19 was approved and signed by the Governor in April of 2018.

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

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

State of Colorado
Unappropriated Reserve Requirement

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

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required 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 2018 Revenue Forecast captioned "CASH FUND REVENUE FORECAST—Severance Tax Revenue."
[2] Per SB 15-251, in Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. See "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS—The State, State Departments and Agencies."
[3] Per SB-18-276 the Unappropriated Reserve requirement was increased to 7.25% starting with Fiscal Year 2018-19. The legislation also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirements.
Source: State Treasurer's Office.

The OSPB DECEMBER 2018 Revenue Forecast indicates that the State ended Fiscal Year 2017-18 with reserves of $691.1 million above the Unappropriated Reserve requirement, under this forecast and the Governor's November budget request and will end Fiscal Years 2018-19 and 2019-20 with reserves of $289.0 million and $2.6 million, above the Unappropriated Reserve requirement, respectively. During the 2018 legislative session, the reserve requirement was increased to 7.25 percent beginning in FY 2018-19. The Governor's November budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY 2019-20. The projected reserve balance for FY 2019-20 reflects this higher reserve percentage. These figures are based on revenue and budget information available when the OSPB DECEMBER 2018 Revenue Forecast was completed and are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also generally "APPENDIX A—THE STATE GENERAL FUND—General Fund Overview—Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST."

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

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

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

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

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

Fiscal Controls and Financial Reporting

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

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

The State implemented a new integrated financial system in July 2014 and has been experiencing various issues, including the labor allocation process which continues to utilize the State's legacy payroll system. The longer time period to complete labor allocation, the first time closing in the new system and developing financial statement reports caused delays in closing the books and producing the State's financial statements. This resulted in delays in the release of the State's CAFRs for Fiscal Years 2014-15 and 2016-17 and the inability of the State to timely submit its audited financial statements for posting on EMMA as required by various continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit. See "CONTINUING DISCLOSURE—Compliance With Other Continuing Disclosure Undertakings."

Basis of Accounting

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

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

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

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

Investment and Deposit of State Funds

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

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

See also Notes 3 and 4 to the State's Fiscal Year 2016-17 CAFR 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 Series 2018-19 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2018B Notes from the Closing Date to the Series 2018B Notes Maturity Date. See "The State General Fund" below and "APPENDIX A—THE STATE GENERAL FUND."

The Authorizing Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2019, in repayment of their Program Loans. However, if on June 26, 2019, the amount credited to the Principal Subaccount of the Series 2018-19 Notes Repayment Account is less than the principal amount of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, the Authorizing 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 Authorizing 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 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes 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 Series 2018-19 Notes 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 2018-19, including, without limitation, the State Series 2018 General Fund Notes. 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 Series 2018-19 Notes Repayment Account on June 25, 2019, 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 Series 2018-19 Notes Repayment Account in order to fund a deficiency therein, the Authorizing 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 2018B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2019. 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 Series 2018-19 Notes 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 Series 2018-19 Notes 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— Taxpayer's Bill of Rights." 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 of School Districts—*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 actual cash and short term investment balances in the State Education Fund at June 30 of Fiscal Years 2011-12 through 2017-18.

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

At June 30	Cash and Investment Balance
2012	$ 140.6
2013 [1]	192.9
2014	1,012.2
2015	693.8
2016	302.4
2017	102.2
2018	204.8
2019 [2]	107.2

[1] This amount does not include the $1,073.5 million receivable as a transfer of the Fiscal Year 2012-13 General Fund Surplus per HB 13-1338 (Section 24-75-220(2), C.R.S.). The receivable was converted to cash in December 2013 at the date of publication of the State's Fiscal Year 2012-13 CAFR. See also "APPENDIX A—THE STATE GENERAL FUND—General Fund Overview."

[2] Estimated

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 actual cash balances in the State Highway Fund at June 30 of Fiscal Years 2012-13 through 2017-18.

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

At June 30	Cash and Investment Balance
2013	$ 1,116.2
2014	1,019.2
2015	795.3
2016	706.9
2017	541.2
2018	572.1
2019 [1]	560.0

[1] Estimated
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 Series 2018-19 Notes 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 2018-19, including, without limitation, the State Series 2018 General Fund Notes. 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 2017-18 and 2018-19. 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 notices 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 2017-18[1, 2, 3]

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

	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
State & Local Severance Tax Funds	$ 119.5	$ 119.0	$ 112.0	$ 116.2	$ 108.5	$ 115.4	$ 117.3	$ 119.5	$ 124.0	$ 131.0	$ 135.7	$ 134.6
Mineral Impact Fund	97.1	107.2	66.2	80.1	91.0	77.6	86.4	96.5	88.2	102.2	114.0	87.7
College Scholarship Fund	37.5	40.2	14.5	14.5	36.5	144.2	142.1	95.7	36.1	38.8	38.0	26.3
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
School Capital Construction Assistance	268.1	308.5	300.6	295.8	309.5	318.8	327.4	372.9	346.9	348.9	373.9	378.4
Colo Student Obligation Bond Authority- Admin	43.8	44.5	55.0	53.5	51.2	42.2	44.9	43.9	44.1	43.8	44.3	56.7
Aviation Fund	18.4	18.8	19.1	18.3	19.3	19.1	18.6	19.6	20.4	19.6	19.4	19.8
Water Conservation Construction Fund	181.8	185.6	213.5	210.2	205.6	216.8	211.5	204.3	213.5	228.1	233.7	240.9
Capital Construction Fund	115.9	122.2	120.0	113.6	105.5	100.0	86.9	69.4	60.7	74.1	47.0	47.7
Lottery Fund	46.4	51.2	34.9	44.0	51.7	42.0	49.6	53.0	35.3	44.7	54.4	37.7
Limited Gaming Fund	2.8	0.2	0.3	0.5	0.7	1.0	1.2	1.5	1.7	2.0	2.3	2.7
Hazardous Substance Fund	14.9	14.8	15.2	15.2	15.1	14.8	15.1	14.9	14.8	15.0	15.1	15.6
Worker's 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
State Public School Fund	17.0	9.0	20.9	11.5	2.4	11.9	3.9	0.4	14.5	7.2	4.6	1.5
Higher Education Funds[4]	1,347.6	1,658.4	1,828.9	1,771.2	1,700.6	1,625.5	1,807.0	1,877.7	1,877.8	1,800.2	1,684.8	1,780.3
Tobacco Tax Funds	2.5	2.7	2.3	2.6	2.8	2.5	2.8	2.9	2.5	2.7	2.8	0.2
Other Borrowable Resources	2,197.6	2,185.2	2,479.5	2,126.5	2,340.5	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,405.8
Total Borrowable Resources	4,582.8	4,888.8	5,305.7	4,904.2	5,078.4	5,135.1	5,227.4	5,307.0	5,177.6	5,069.8	5,215.8	4,258.9
Total General Fund	314.6	178.9	(284.4)	63.6	254.1	(752.1)	86.1	138.4	(623.6)	376.9	796.3	1,273.8
Less: Notes issued and outstanding	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	
NET BORROWABLE RESOURCES	**$4,297.5**	**$4,467.8**	**$4,421.3**	**$4,367.8**	**$4,732.5**	**$3,783.0**	**$4,713.5**	**$4,845.4**	**$3,954.0**	**$4,846.7**	**$5,412.2**	**$5,532.7**

[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 CAFRs, which is presented on the modified accrual and accrual basis.
[3] Amounts in this table shown as estimates have been 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 notices in this Official Statement regarding forward-looking statements.
[4] 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 2018-19 [1, 2, 3]

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

	Actual	Estimated										
	July 2018	**Aug 2018**	**Sept 2018**	**Oct 2018**	**Nov 2018**	**Dec 2018**	**Jan 2019**	**Feb 2019**	**Mar 2019**	**Apr 2019**	**May 2019**	**June 2019**
Aviation Fund	$ 18.1	$ 18.4	$ 18.8	$ 18.0	$ 19.0	$ 18.8	$ 18.3	$ 19.3	$ 20.1	$ 19.3	$ 19.1	$ 19.5
Capital Construction Fund	122.1	128.7	126.4	119.7	111.1	105.4	91.6	73.2	63.9	78.1	49.5	50.3
College Scholarship Fund	28.2	30.2	10.9	10.9	27.4	108.4	106.7	71.9	27.1	29.2	28.6	19.7
Colorado Student Obligation Bond Authority—Administration	42.9	43.7	54.0	52.5	50.2	41.4	44.1	43.1	43.3	42.9	43.5	55.7
Hazardous Substance Fund	14.8	14.7	15.1	15.1	15.0	14.7	15.0	14.8	14.7	14.9	15.0	15.5
Higher Education Funds [4]	1,229.4	1,513.0	1,668.6	1,615.9	1,551.5	1,483.0	1,648.6	1,713.0	1,713.2	1,642.4	1,537.1	1,624.2
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	51.2	56.6	38.6	48.6	57.1	46.4	54.8	58.6	39.0	49.4	60.1	41.7
Mineral Impact Fund	96.8	106.9	66.0	79.8	90.7	77.3	86.1	96.2	87.9	101.8	113.6	87.4
School Capital Construction Assistance	293.4	337.6	329.0	323.8	338.8	348.9	358.3	408.1	379.6	381.9	409.2	414.1
State and Local Severance Tax Funds	134.1	133.5	125.6	130.3	121.7	129.4	131.6	134.1	139.0	146.9	152.2	151.0
State Public School Fund	59.0	31.4	72.5	39.9	8.3	41.3	13.4	1.5	50.4	24.9	15.9	5.1
Tobacco Tax Funds	24.7	26.6	22.5	25.9	27.2	24.2	27.0	28.0	24.3	26.6	27.5	1.7
Water Conservation Construction Fund	178.7	182.5	209.9	206.6	202.1	213.2	207.9	200.8	209.9	224.3	229.8	236.8
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	2,103.1	2,091.3	2,372.9	2,035.0	2,239.9	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,405.8
Total Borrowable Resources	**4,472.9**	**4,736.7**	**5,153.9**	**4,753.4**	**4,898.7**	**5,057.1**	**5,118.0**	**5,199.5**	**5,112.2**	**4,997.0**	**5,150.2**	**4,155.6**
Total General Fund	561.6	401.2	(92.3)	291.5	475.8	(662.3)	146.6	145.6	(738.0)	211.5	590.9	1,068.5
Less: Notes Issued and Outstanding	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	
Net Borrowable Resources	**$4,434.5**	**$4,537.9**	**$4,461.7**	**$4,444.9**	**$4,774.5**	**$3,794.8**	**$4,664.6**	**$4,745.1**	**$3,774.2**	**$4,608.5**	**$5,141.2**	**$5,224.1**

[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 CAFR, which will be presented on the modified accrual and accrual basis.

[3] Amounts in this table 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 estimates will be realized. See also the preliminary notices in this Official Statement regarding forward-looking statements.

[4] 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 recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2017-18 CAFR as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2018-19 Notes 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 2018-19, including, without limitation, the State Series 2018 General Fund Notes. 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 2018B 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's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2018, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2017-18 and thereafter. See also Note 21 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2018, but before publication of the Fiscal Year 2017-18 CAFR.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 10 and 12 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2018, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2017-18 and thereafter.

The Colorado Department of Transportation ("**CDOT**") financed the relocation and consolidation of its main headquarters and District 1 Regional headquarters facilities into a single building by the sale on December 29, 2016, of $70 million in principal amount of certificates of participation in an annually renewable lease-purchase agreement entered into by CDOT in connection with the new facility. CDOT also sold $58,665,000 in principal amount of certificates of participation on April 26, 2017, for the purpose of funding the costs, or reimbursing CDOT for the prior payment of the costs, of the acquisition, construction, improvement and equipping of CDOT's Pueblo and Greeley Headquarters Buildings and Aurora Platteville Maintenance Facilities.

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's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2018, and of those issued after June 30, 2018, but before publication of the Fiscal Year 2017-18 CAFR. 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's Fiscal Year 2017-18 CAFR appended to this Official Statement.

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

State Tax and Revenue Anticipation Notes

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more State funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes, such as the State Series 2018 General Fund Notes, in order to fund cash flow shortfalls in the General Fund. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of Borrowable Resources. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes, such as the Series 2018B Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See Notes 10 and 21 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2018, and of such notes issued after June 30, 2018, but before publication of the Fiscal Year 2017-18 CAFR. The State Series 2018 General Fund Notes were issued by the State Treasurer on July 19, 2018 in the principal amount of 600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2018-19.

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

State Authorities

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

Pension and 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 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "**State Division DC Plan**"), although the majority of State employees participate in the State Division Plan. State employees may also elect to participate in a limited healthcare plan. Each plan is administered by the Public Employees' Retirement Association ("**PERA**"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits, other than the direct distribution of $225 million pursuant to C.R.S. § 24-51-414. 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, the limited healthcare plan and PERA, see Note 6, 7 and 8 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2017 (the "**PERA 2017 CAFR**"). The information in the State's Fiscal Year 2017-18 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2017, while the information in this Official Statement is derived from the PERA 2017 CAFR.

The State Division Plan. The State Division Plan is funded with contributions made by the State and by each participating State employee at rates and amounts that are established by statute. The State has consistently made all statutorily required contributions to the State Division Plan. Nevertheless, at December 31, 2016, the State Division Plan had an unfunded actuarial accrued liability of approximately $11.6 billion and a funded ratio of only 54.6%. This UAAL would amortize over a 65-year period based on contribution rates as of the date of calculation and scheduled employer contributions, as well as an investment rate of return on Plan assets and discount rate on actuarially accrued liabilities of 7.25%.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, during the 2018 legislative session, the General Assembly enacted, and on June 4, 2018, the Governor signed SB 18-200, which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans, and thereby reach a 100% funded ratio for each of such plans, with in the next 30 years. SB 18-200 makes changes to certain benefit and contribution provisions of the defined benefit plans administered by PERA, including implementing a provision that automatically adjusts employee and employer contribution rates, annual cost of living increases and the

State's annual direct distribution 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.

Taking into account changes made by SB 18-200, the PERA 2017 CAFR reports that at December 31, 2017, the State Division Plan had a UAAL of approximately $10.526 billion and a funded ratio of 57.5%, which would amortize over a 33-year period[1]. The actuarial value of assets for the State Division Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in the assets of the State Division Plan as a result of economic and market conditions is not reflected in the aforementioned funded ratio. Based on the market value of assets of the State Division Plan, at December 31, 2017, the Plan had an unfunded accrued liability of approximately $9.677 billion and a funded ratio of 61.0%.

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

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

The Health Care Trust Fund. The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance to State employees is provided through PERA's Health Care Trust Fund, in which members from all divisions of PERA are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple employer plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2017, taking into account the changes made by SB 18-200, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately $1.321 billion, a funded ratio of 16.5% and a 37-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, PERA's actuary has not determined the portion of the unfunded actuarial accrued liability that applies to each Division participant. The benefit provided by the Health Care Trust Fund is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 9 and 11 to the PERA 2017 CAFR for additional information regarding the Health Care Trust Fund.

Implementation of Changes in Pension Accounting Standards Applicable to the State—GASB 68. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("**GASB 68**"), which is related to GASB 67 but is applicable to the State, is effective for fiscal years beginning after June 15, 2014, and accordingly was first implemented in the State's Comprehensive Annual Financial Report for

[1] This amortization period is based on the actuarial valuation for funding purposes as of December 31, 2017, and exceeds the SB 18-200 goal of funding 100% of the AAL of the State Division Plan within 30 years because it does not include the full effect of changes to the State Division Plan implemented by the General Assembly in 2006 and 2010 or the full effect of changes to the State Division Plan required by SB 18-200, which are designed to lower the normal cost over the time as new members are added to the Plan, allow a greater proportion of the State's contribution to the Plan to be used to amortize the unfunded liability and increase future contributions to the Plan in order to accelerate the amortization of the UAAL. On projected basis, the amortization period for the State Division Plan is 27 years. For future information, see the PERA 2017 CEFR.

Fiscal Year 2014-15 (the "**Fiscal Year 2014-15 CAFR**"). GASB 68 revises and establishes new financial reporting requirements for most governments, such as the State, that provide their employees with pension benefits. GASB 68 requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division had an unfunded actuarial accrued liability of approximately $11.643 billion as of December 31, 2016, and $10.526 billion as of December 31, 2017.

The State reported a liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.3 billion at June 30, 2018, for its proportionate share of the net pension liability for the State Division and the Judicial Division, compared to a reported liability in the State's Fiscal Year 2016-17 CAFR of approximately $17.779 billion at June 30, 2017, for its proportionate share of the net pension liability, consisting of approximately $17.540 billion for the State Division and $0.239 billion for the Judicial Division. Schedules presenting a ten year history of the State's contribution to PERA for the State and Judicial Divisions, are set forth in the Statistical Section in the State's Fiscal Year 2017-18 CAFR. See also Notes 6 - 8 in the State's Fiscal Year 2017-18 CAFR and "APPENDIX E—STATE PENSION SYSTEM" and particularly the section thereof entitled "Implementation of Changes in Pension Accounting Standards Applicable to the State—GASB 68."

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

Effect of Pension Liability on the Series 2018B Notes. The Series 2018B Notes are short-term obligations maturing on June 27, 2019, 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, 2019, as repayment of their Program Loans and a portion of the proceeds of the Series 2018B Notes deposited to the Series 2018-19 Notes Repayment Account as discussed in "THE SERIES 2018B 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 2018B Notes. See also the discussion of the State's pension liability in Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR 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 2018B 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 2018B Notes or questioning or affecting the validity of the Series 2018B 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 Authorizing Resolution and to secure the Series 2018B Notes in the manner provided in the Authorizing 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 on or after January 1, 2018 and before January 1, 2022: (a) for any injury to one person in any single occurrence, the sum of $387,000; and (b) for any injury to two or more persons in any single occurrence, the sum of $1,093,000, except that, in such instance, no 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.

Sovereign immunity of the State is waived 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 1F, 9, and 19 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 19 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. The lawsuit described in Note 19 filed by the TABOR Foundation was amended on June 30, 2018 to challenge the State constitutionality of SB 17-267 described herein. 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. As of the date hereof, there can be no prediction of the financial impact of the State following an unfavorable decision. 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

Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") have assigned to the Series 2018B 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 2018B 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 2018B Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2018B 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 2018B 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 Authorizing Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2018B Notes, that during such time as any of the Series 2018B 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 2018B 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 2018B Notes; (iv) modifications to rights of owners of the Series 2018B Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2018B 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 2018B Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2018B 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; and (h) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2018B 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 Authorizing Resolution, and none of the rights and remedies provided in the Authorizing Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2018B Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

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

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

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

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

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

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

MCDC Settlement Order with the Securities and Exchange Commission

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

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

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

In a letter dated August 22, 2017 to the U.S. SEC, the State Treasurer stated that written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance have been implemented. The State Treasurer also stated that the State was in compliance with all continuing disclosure obligations, including updating past delinquent filings if the State Treasurer was not in compliance with its continuing disclosure obligations. The State's Annual Financial Information disclosure as of June 30, 2016 was posted to EMMA on March 8, 2017. The State Treasurer has and intends to continue to fully disclose in a clear and conspicuous fashion the terms of the settlement accompanying the Order in any final official statement for offering by the State Treasurer within 5 years of the institution of proceedings.

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

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

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2018B Notes, as well as the treatment of interest on the Series 2018B 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 Ballard Spahr LLP, 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 2018B 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 2018B 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 2018B Notes. Failure to comply with such covenants could cause interest on the Series 2018B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018B 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 2018B Notes.

Bond Counsel is further of the opinion that interest on the Series 2018B 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 2018B Notes may otherwise affect the federal income tax liability of the owners of the Series 2018B 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 2018B 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 2018B Notes.

The amount treated as interest on the Series 2018B 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 2018B 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 2018B Notes and the aggregate amount to be paid at maturity of the Series 2018B Notes (the "**original issue discount**"). For this purpose, the issue price of the Series 2018B Notes is the first price at which a substantial amount of the Series 2018B 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 2018B Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2018B Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2018B 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 2018B Note over its stated redemption price at maturity constitutes original issue premium on such Series 2018B Note. An initial purchaser of a Series 2018B Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2018B 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 2018B 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 2018B 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 2018B 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 2018B Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2018B 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 2018B 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 2018B 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 2018B 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 2018B Notes will be purchased from the State by Wells Fargo Bank, National Association, Merrill Lynch, Pierce, Fenner and Smith Incorporated, Morgan Stanley & Co. LLC., J.P. Morgan Securities, LLC and Barclays Capital Inc. (collectively, the "**Underwriters**"), pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $327,642,550.00, being the principal amount of the Series 2018B Notes plus an aggregate original issue premium of $2,656,150.00 and less an aggregate underwriting discount of $13,600.00.

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2018B 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 2018B 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 2018B Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2018B Notes is contingent upon the issuance and delivery of the Series 2018B 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 2018B Notes, copies of the Authorizing 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 Authorizing Resolution requires that if on June 26, 2019, the amount credited to the Principal Subaccount of the Series 2018-19 Notes Repayment Account is less than the principal amount of the Series 2018A Notes, the Series 2018B Notes and any 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 Series 2018-19 Notes 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 2018-19, including, without limitation, the State Series 2018 General Fund Notes. See "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes 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 2018-19. See also "APPENDIX B—OSPB DECEMBER 2018 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 recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2017-18 CAFR as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2018-19 and 2019-20. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

STATE OF COLORADO
GENERAL FUND REVENUE SOURCES [1]
(Accrual basis; dollar amounts expressed in millions)

	Actual												OSPB DECEMBER 2018 Revenue Forecast	
	Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Tax:														
Sales Tax [2]	$2,211.7	5.7%	$2,425.3	9.7%	$2,619.2	8.0%	$ 2,652.6	1.3%	$2,826.1	6.5%	$3,093.6	9.5%	3,276.7	5.9%
Use Tax	242.7	21.0	241.3	(0.6)	260.3	7.8	241.2	(7.3)	259.5	7.6	309.9	19.4	363.6	17.3
Total Sales and Use Tax	2,454.4	7.0	2,666.6	8.6	2,879.5	8.0	2,893.8	0.5	3,085.6	6.6	3,403.5	10.3	3,640.3	9.4
Cigarette Tax	38.3	(3.1)	36.6	(4.5)	37.9	3.6	37.2	(1.8)	36.6	(1.7)	34.6	(5.5)	32.9	(4.9)
Tobacco Products	15.6	(2.9)	16.9	8.5	17.8	5.3	21.1	18.5	21.2	0.6	16.4	(22.7)	23.6	43.8
Liquor Tax	39.2	2.2	40.3	2.9	41.5	2.8	43.6	5.0	45.0	3.3	46.5	3.3	48.1	3.6
Subtotal [1]	93.1	(0.9)	93.8	0.8	97.2	3.6	101.9	4.8	102.8	0.9	97.5	(5.2)	104.6	7.3
Total Excise Taxes	2,547.5	6.7	2,760.4	8.4	2,976.7	7.8	2,995.7	0.6	3,188.4	6.4	3,501.0	9.8	3,744.9	7.0
Income Taxes:														
Net Individual Income Tax	5,596.3	11.7	5,696.1	1.8	6,350.1	11.5	6,526.5	2.8	6,760.9	3.6	7,577.2	12.1	8,143.2	7.5
Net Corporate Income Tax	636.3	30.8	720.7	13.3	692.9	(3.9)	652.3	(5.8)	509.3	(21.9)	781.9	53.5	903.4	15.5
Total Income Taxes	6,232.6	13.4	6,416.8	3.0	7,043.0	9.8	7,178.8	1.9	7,270.2	1.3	8,359.1	15.0	9,046.6	8.2
Less State Education Fund Diversion [3]	(486.3)	19.3	(478.8)	(1.6)	(519.8)	8.6	(522.6)	0.5	(540.0)	(3.3)	(617.0)	(14.3)	(669.4)	(8.5)
Total Income Taxes to the General Fund	5,746.2	12.9	5,938.0	3.3	6,523.1	9.9	6,656.2	2.0	6,730.2	1.1	7,742.1	15.0	8,377.2	8.2
Other Revenues:														
Estate	(0.1)	--	--	--	--	--	--	--	--	--	--	--	--	--
Insurance	210.4	6.7	239.1	13.6	256.7	7.4	280.3	9.2	290.5	3.6	303.6	4.5	315.3	3.9
Interest Income	17.4	28.6	15.2	(12.8)	8.9	(41.7)	12.4	40.3	14.7	18.6	19.5	32.4	14.2	(27.1)
Pari-Mutuel	0.7	10.3	0.6	(8.8)	0.6	0.2	0.6	0.5	0.6	(6.6)	0.5	(10.7)	0.5	(2.0)
Court Receipts	2.3	(9.0)	2.6	9.5	2.6	0.3	3.5	34.5	4.1	17.5	4.4	7.6	4.5	2.3
Other Income	18.1	(21.6)	21.3	17.9	34.0	59.3	22.6	(33.7)	47.3	109.7	152.2 [4]	221.7	23.4	(84.6)
Total Other	249.0	4.9	279.2	12.1	302.7	8.4	319.4	5.5	357.2	11.8	480.2	34.4	357.9	(25.5)
Gross General Fund	**$8,542.7**	**10.7%**	**$8,977.7**	**5.1%**	**$9,802.6**	**9.2%**	**$9,971.4**	**1.7%**	**$10,275.8**	**3.1%**	**$11,723.2**	**14.1%**	**$12,480.0**	**6.5%**

[1] Historically, gaming revenue was reported by OSPB as a source of revenue to the General Fund. The "Other Revenues" in this table for Fiscal Years 2011-12 and 2012-13 have been restated to reflect a change in OSPB's reporting of gaming revenue to the General Fund that began with the OSPB September 2014 Revenue Forecast. Because revenue from gaming is transferred to the General Fund annually from a cash fund, the money is more appropriately reflected in "Transfers to the General Fund" in the General Fund overview table hereafter rather than as a General Fund revenue source in this table. This change does not affect the overall amount of "Total General Fund Revenue Available for Expenditure" in the General Fund overview table.

[2] State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Per SB 17-267, this tax is increased to 15% effective July 1, 2017. The revenue derived from this sales tax is shared by the State and local governments where such sales occur. Through Fiscal Years 2016-17, the entire State share of this revenue is first credited to the General Fund and then transferred to the Marijuana Tax Cash Fund. Per SB 17-267, for Fiscal Year 2018-19, 15.56% of the State share of this revenue is to be retained in the General Fund, 71.85% is to be transferred to the Marijuana Tax Cash Fund and 12.59% of the State share is to be credited to the Public School Fund and distributed to rural school districts. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights—*Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.*"

[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. See Note 12 to the table in "General Fund Overview" hereafter.

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 2012-13 through 2017-18, as well as the forecasts for Fiscal Years 2018-19 and 2019-20 from the OSPB DECEMBER 2018 Revenue Forecast. The overview incorporates the budget under the Governor's November budget request as of the publication of the OSPB DECEMBER 2018 Revenue Forecast for Fiscal Years 2018-19 and 2019-20. 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 2018 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

STATE OF COLORADO
GENERAL FUND OVERVIEW
FISCAL YEARS 2012-13 THROUGH 2018-19
(Dollar amounts expressed in millions; totals may not add due to rounding)

	Actual (Unaudited) [1]						OSPB DECEMBER 2018 Revenue Forecast	
	Fiscal Year 2012-13	**Fiscal Year 2013-14**	**Fiscal Year 2014-15**	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**
REVENUE:								
Beginning Reserve	$ 795.8	$ 373.0	$ 435.9	$ 689.6	$ 512.7	$ 614.5	$ 1,366.0	$ 1,103.8
Gross General Fund Revenue [2]	8,542.7	8,977.7	9,802.6	9,971.4	10,275.8	11,723.2	12,480.0	13,213.0
Transfers to the General Fund [2]	12.4	14.1	64.9	24.1	44.8	98.6	19.2	20.1
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	9,351.0	9,364.8	10,303.4	10,685.1	10,833.4	12,436.3	13,865.2	14,336.9
EXPENDITURES:								
Appropriation Subject to Limit [3]	7,459.2	8,218.7	8,869.0	9,335.6	9,784.5	10,430.9	11,239.1	11,926.9
Dollar Change From Prior Year	431.5	759.5	650.3	466.6	448.9	646.4	808.2	687.8
Percent Change From Prior Year	6.1%	10.2%	7.9%	5.3%	4.8%	6.6%	7.7%	6.1%
Spending Outside Limit:	452.3	545.5	785.7	895.1	640.1	784.0	1,522.3	1,453.3
TABOR Refund under Subsection (7)(d) [4]	--	--	169.7	--	0.0	39.8	394.4	528.1
TABOR Refund under Subsection (3)(c) [5]	--	--	58.0	(58.0)	--	--	--	--
Rebates and Expenditures [6]	380.9	250.2	257.4	281.3	285.0	290.7	244.8	149.2
Transfer to Capital Construction [7]	61.4	186.7	248.5	271.1	84.5	112.1	180.0	264.4
Transfers to Highway Users Tax Fund [7]	--	--	--	199.2	79.0	79.0	495.0	200.0
Transfers to State Education Fund per SB 13-234 [8]	--	45.3	25.3	25.3	25.3	25.3	25.0	--
Transfers to Other Funds [9]	4.6	30.9	42.2	176.2	164.8	208.2	183.1	311.6
Other Expenditures Exempt from General Fund Appropriations Limit [10]	5.4	32.4	0.5	--	1.5	29.0	--	--
TOTAL GENERAL FUND OBLIGATIONS	7,911.5	8,764.3	9,654.7	10,230.7	10,424.6	11,214.9	12,761.4	13,380.1
Percent Change from Prior Year	9.6%	10.8%	10.2%	5.7%	1.9%	7.6%	13.8%	4.8%
Reversions and Accounting Adjustments[11]	7.1	(50.4)	(60.6)	(58.3)	(205.7)	(144.6)	--	--
RESERVES								
Year-End General Fund Balance	1,446.5	650.9	709.2	512.7	614.5	1,366.0	1,103.8	956.8
Year-End General Fund as a % of Appropriations	19.4%	7.9%	8.0%	5.5%	6.3%	13.1%	9.8%	8.0%
General Fund Statutory Reserve Amount [12]	373.0	410.9	576.5	463.9	584.3	674.9	814.8	954.1
Unappropriated Reserve Percentage [12]	5.0%	5.0%	6.5%	5.6%	6.0%	6.5%	7.25%	7.25%
Amount Above (Below) Statutory Reserve	1,073.5	240.0	132.7	48.8	30.2	691.1	289.0	2.6
Transfer of Excess Reserve to State Education Fund/ Other Funds [13]	(1,073.5)	(215.0)	--	--	--	--	--	--
Balance After Any Funds Above Statutory Reserve are Allocated [14]	--	435.9	132.7	48.8	30.2	691.1	289.0	2.6

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

[2] Historically, gaming revenue was reported by OSPB as a source of revenue to the General Fund. The amounts in these line items for Fiscal Year 2012-13 has been restated to reflect a change in OSPB's reporting of gaming revenue to the General Fund that began with the OSPB September 2014 Revenue Forecast. Because revenue from gaming is transferred to the General Fund annually from a cash fund, the money is more appropriately reflected in this table as a transfer to the General Fund rather than as General Fund revenue. This change does not affect the overall amount of Total General Fund Revenue Available for Expenditure.

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

[4] Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected. TABOR refunds of $18.5 million are projected for Fiscal Years 2017-18. The amount shown in the table for Fiscal Year 2017-18 includes $21.3 million in prior year refunds, which are to be distributed in Fiscal Year 2018-19 along with the Fiscal Year 2017-18 refund amount. Under the December 2018 Forecast and the Governor's November budget request, TABOR refunds are projected for Fiscal Years 2018-19 and 2019-20 in the amounts of $394.4 million and $528.1 million, respectively. See "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights—*Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST—Taxpayer's Bill of Rights: Revenue Limit."

[5] The amount shown in Fiscal Year 2014-15 reflects the amount that was set aside by HB 15-1367 in a special account to cover a potential TABOR refund relating to Proposition AA. HB 15-1367 also submitted to the State's voters at the November 3, 2015, general election the question of authorizing the State to retain and expend such amount. The question, designated Proposition BB, was approved by the voters and permitted the State to use the money for the uses specified in HB 15-1367. Consequently, a reversal of the $58 million set aside is shown in Fiscal Year 2015-16. See "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights—*Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA*," as well as Note 4 to this table and Note 2 to the table in "General Fund Revenue Sources" above.

[6] This generally includes the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; the Marijuana Rebate, which distributes 15% of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; the Old Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; the Property Tax, Heat and Rent Credit, which provides property tax, heating bill or rent assistance to qualifying low-income disabled or elderly individuals; and the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans. The homestead exemption for qualified seniors was suspended for Fiscal Years 2009-10 through 2011-12. The homestead exemption for qualified disabled veterans was not affected by this suspension. See "SOURCE OF PAYMENT OF PROGRAM LOANS—Ad Valorem Property Taxation Procedure—*Homestead Exemption*."

[7] Section 24-75-219, C.R.S., requires certain transfers from the General Fund to the Highway Users Tax Fund and the Capital Construction Fund, commonly referred to as "228" transfers based on SB 09-228 which originally provided for the transfers. The amounts of the 228 transfers have been revised per HB 16-1416 and SB 17-262. The current required 228 transfers to the Highway Users Tax Fund are $199.2 million in Fiscal Year 2015-16 and $79.0 million in each of Fiscal Years 2016-17 and 2017-18, and the required 228 transfers to the Capital Construction Fund are $49.8 million in Fiscal Year 2015-16 and $52.7 million in Fiscal Year 2016-17. The amount of the capital construction transfers in Fiscal Years 2015-16, 2016-17 and 2017-18 also includes transfers of General Fund money in addition to the required 228 transfers. SB 18-001 resulted in $495 million in transfers to transportation funds in FY 2018-19 and $200 million in FY 2019-20. Additional transfers may also occur contingent on potential ballot measures that may go before the voters.

[8] Annual General Fund transfers to the State Education Fund are required to be made in Fiscal Years 2013-14 through 2017-18 per SB 13-234.

[Notes continued on next page]

[9] State law requires transfers of General Fund money to various State cash funds. Commencing in Fiscal Year 2013-14, this line item includes transfers of amounts credited to the General Fund from the retail marijuana sales tax to a cash fund. See Note 1 to the table in "General Fund Revenue Sources" above. However, for Fiscal Year 2015-16 only, $40.0 million of the transfer to other funds amount is a transfer to public school capital construction related to the passage of Proposition BB. The Fiscal Years 2015-16 and 2016-17 amounts also include a diversion of income tax revenue out of the General Fund to a separate severance tax fund pursuant to SB 16-218, which was passed in response to the April 2016 Colorado Supreme Court's decision in *BP America Production Company v. Colorado Department of Revenue* that allows for taxpayers to claim additional severance tax deductions. The amount of the diverted revenue under SB 16-218 totaled $56.8 million in Fiscal Year 2015-16 and $53.8 million in Fiscal Year 2016-17. Due to the risk of lower than expected severance tax revenues in Fiscal Year 2017-18 and subsequent years, HB 18-1338 requires General Fund transfers to various severance tax cash funds to protect program funding. HB 18-1338 also requires an equivalent amount of future severance tax revenue to be diverted to the General Fund to repay these transfers. See also "STATE FINANCIAL INFORMATION—Budget Process and Other Considerations—*Revenues and Unappropriated Amounts*" and the sections of the OSPB DECEMBER 2018 Revenue Forecast captioned "CASH FUND REVENUE FORECAST—Severance Tax Revenue" and "GENERAL FUND AND STATE EDUCATION FUND BUDGET—General Fund Overview Table – Expenditures."
[10] Spending by the Medicaid program above the appropriated amount, called "Medicaid Over expenditures," is usually the largest amount in this line.
[11] The Fiscal Year 2016-17 amount in this line is an atypically large amount, mostly due to a large reversion of Medicaid-related expenditures
[12] The Unappropriated Reserve requirement, codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. For Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required to be diverted to a reserve fund to fund severance tax refunds as discussed in Note 9 above. In Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. These appropriations amount to $37.8 million in Fiscal Year 2015-16, $46.0 million in Fiscal Year 2016-17 and $48.1 million in Fiscal Year 2017-18. SB18-276 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."
[13] In past years, all or a portion of the amount in excess of the statutory reserve was required by law to be credited to other State funds, primarily the State Education Fund. For example, all of the Fiscal Year 2012-13 excess was required to be transferred to the State Education Fund. All of the Fiscal Year 2013-14 excess, except for $25 million that remained in the General Fund, was transferred to various other State funds in a specified order of priority per HB 14-1339, HB 14-1342 and SB 14-223. The amount remaining in the General Fund became part of the beginning reserve and funds available in Fiscal Year 2014-15. Under current law, all amounts remaining in the General Fund in excess of the statutory reserve in Fiscal Years 2016-17 through 2017-18 have or will become part of the beginning reserve and funds available in the following Fiscal Year.
[14] The Fiscal Year 2018-19 and 2019-20 ending balances are projected to be above the required reserve level under current law.
Source: Office of State Planning and Budgeting

Revenue Estimation; OSPB Revenue and Economic Forecasts

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

The most recent OSPB Revenue Forecast was issued on December 20, 2018, and is included in this Official Statement as "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST." The OSPB DECEMBER 2018 Revenue Forecast projects revenues for Fiscal Years 2018-19 through 2020-21. The amounts forecast for Fiscal Years 2018-19 and 2019-20 are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast for the OSPB DECEMBER 2018 Revenue Forecast was provided by Moody's Analytics. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations and identities. Moody's Analytics forecasts for national variables are inputs to many of the Colorado equations. The model of the State economy generates forecasts of key indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

The econometric model used to forecast General Fund revenue relies on the economic data estimated using the model of the State economy discussed above. The models used for forecasting General Fund revenues incorporate changes in policy, both State and federal, as well as changes in the economic climate and historical patterns. The General Fund models are comprised of regression equations for many of the revenue categories. There are three main categories of tax revenues: excise tax receipts, income tax receipts and other tax receipts. The General Fund models forecast the majority of the categories of General Fund receipts separately. For example, the model forecasts each type of income tax receipt (withholding, estimated payments, cash with returns and refunds) individually and then aggregates the numbers to arrive at a net individual income tax receipts forecast. However, for corporate income tax receipts and sales tax collections, the model forecasts only the aggregate amount for these revenues. For many of the smaller tax revenue categories, simple trend analyses are generally utilized to derive a forecast.

Revenue Shortfalls. The State's Fiscal Year budgets are prepared and surplus revenues are determined using the modified accrual basis of accounting in accordance with the standards promulgated by GASB, with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon the current forecast, there is anticipated to be an Unappropriated Reserve, the State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid. Also, prior forecasts of General Fund revenue may have overestimated the amount the State would receive for the Fiscal Year.

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures.

The next OSPB revenue forecast will be released in March of 2019. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB DECEMBER 2018 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2018-19 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 2016-17 and 2017-18 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 2016-17 and 2017-18 for which information is available.

STATE OF COLORADO
STATE POOL PORTFOLIO MIX
FISCAL YEAR 2017-18
(AMOUNTS EXPRESSED IN MILLIONS) [1]

	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
Agency CMOs	$ 1.9	$ 1.7	$ 1.6	$ 1.4	$ 1.3	$ 1.2	$ 1.0	$ 0.9	$ 0.8	$ 0.7	$ 0.7	$ 0.6
Commercial Paper	931.2	828.4	532.8	657.5	612.5	638.7	867.7	702.9	767.5	1,131.4	1,125.7	977.3
U.S. Treasury Notes	884.0	1,123.8	1,153.8	914.4	894.1	894.3	1,073.7	1,422.3	1,371.9	1,277.2	1,322.7	1,116.7
Federal Agencies	948.2	809.7	979.4	834.6	1,223.9	1,303.7	1,342.7	1,292.2	1,307.1	1,546.6	1,715.8	864.1
Asset-Backed Securities	581.1	519.1	514.3	546.3	562.8	609.4	644.9	654.1	672.3	674.2	781.5	789.3
Money Market	260.0	425.0	485.0	275.0	180.0	215.0	220.0	270.0	330.0	370.0	350.0	783.0
Corporates	3,847.5	3,553.3	3,628.9	3,824.4	3,156.3	3,143.8	3,803.6	3,328.6	3,550.8	3,737.1	3,523.0	3,199.4
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$7,453.9**	**$7,261.0**	**$7,295.8**	**$7,053.6**	**$6,630.9**	**$6,806.1**	**$7,953.6**	**$7,671.0**	**$8,000.4**	**$8,737.2**	**$8,819.4**	**$7,730.4**

[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 2018-19
(AMOUNTS EXPRESSED IN MILLIONS) [1]

	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018
Agency CMOs	$ 0.4	$ 0.5	$ 0.5	$ 0.4	$ 0.4
Commercial Paper	832.4	887.9	968.7	1,331.0	1,329.1
U.S. Treasury Notes	1,294.8	1,159.0	1,279.0	1,224.4	1,156.0
Federal Agencies	1,356.6	1,249.7	1,219.8	677.6	553.3
Asset-Backed Securities	851.8	935.8	947.6	955.5	946.5
Money Market	350.0	255.0	540.0	450.0	470.0
Corporates	3,481.7	3,396.2	3,577.1	3,670.1	3,522.5
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0
Totals	$8,167.7	$7,884.1	$8,532.7	$8,309.0	$7,977.8

[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 2018B 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 2017-18 and 2018-19 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 2017-18 and 2018-19 are based upon (i) the General Fund appropriations for Fiscal Years 2017-18 and 2018-19 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 2018 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 notices in this Official Statement regarding forward-looking statements.

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STATE OF COLORADO
ACTUAL GENERAL FUND CASH FLOW
FISCAL YEAR 2017-18
CURRENT LAW [1]
(AMOUNTS EXPRESSED IN MILLIONS; TOTALS MAY NOT ADD DUE TO ROUNDING)

	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018	Total
Beginning Cash and Investments Balance													
Revenues:													
General Fund Revenue:													
Sales and Use Tax	$ 222.0	$ 296.1	$ 307.9	$ 297.0	$ 279.2	$ 281.0	$ 337.0	$ 255.2	$ 258.9	$ 289.2	$ 279.7	$ 300.4	$ 3,403.5
Individual Income Tax	379.5	472.8	662.6	605.4	539.6	608.1	820.4	227.6	312.6	894.0	618.7	819.0	6,960.2
Corporate Income Tax	13.2	4.8	114.4	42.9	(33.0)	76.8	64.8	10.2	105.8	170.8	34.8	176.2	781.9
Other	52.0	3.1	27.1	(42.5)	(22.8)	(53.0)	11.8	88.5	50.7	271.7	(32.2)	218.0	572.3
Total General Fund Revenue	672.0	776.8	1,112.0	902.8	763.0	913.0	1,234.0	581.5	727.9	1,625.6	901.0	1,513.6	11,723.2 [2]
Federal Revenue	460.0	539.1	689.7	439.1	589.8	694.3	579.1	596.2	715.9	511.3	604.1	1,261.6	7,680.3
Total Revenues	1,132.1	1,315.9	1,801.8	1,341.9	1,352.8	1,607.3	1,813.0	1,177.7	1,443.8	2,137.0	1,505.1	2,775.2	19,403.6
Expenditures:													
Payroll	141.2	158.0	157.3	158.3	156.9	145.4	153.7	148.4	150.3	145.6	147.6	160.6	1,823.3
Medical Assistance	472.8	553.1	401.9	396.6	599.6	507.9	342.9	550.4	436.3	730.1	727.3	486.7	6,205.6
Public School Distribution	817.3	(13.6)	868.2	0.2	1.9	862.9	3.1	0.3	863.2	0.3	0.2	2.2	3,406.4
Higher Education Distribution	3.3	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	106.4
Grants and Contracts	44.7	275.2	326.9	218.4	252.8	312.0	266.1	255.6	289.6	252.8	259.9	292.7	3,046.7
Other	472.9	460.2	509.8	191.0	149.4	736.5	240.5	150.8	479.0	(42.8)	(125.5)	412.3	3,634.2
Total Expenditures:	(1,952.1)	(1,478.0)	(2,266.2)	(968.6)	(1,164.8)	(2,607.3)	(1,006.7)	(1,105.9)	(2,218.8)	(1,086.5)	(1,009.8)	(1,353.8)	(18,218.7) [2]
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(205.7) [3]	(162.1)	(464.4)	373.3	187.9	(1,000.0)	806.3	71.8	(775.0)	1,050.4	495.3	1,421.4	1,799.3 [3]
Revenue Accrual Adjustment	155.6	(20.1)	2.1	6.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	56.4
Expenditure Accrual Adjustment	(122.6)	46.5	(1.1)	(31.8)	34.6	(10.6)	29.9	(19.2)	14.9	77.8	(23.3)	(323.9)	(328.8)
Extraordinary Items Impacting Cash:													
TABOR Refund													0.0
Net Transfer In/Out – From/To Cash Funds Per Statute													0.0
Homestead Exemption										(138.0)			(138.0)
General Fund Notes – Including Interest	600.0											(602.4)	(2.4)
Capital Construction Transfer	(112.7)												(112.7)
General Fund Reserve Transfer to Highway Users Tax Fund--													0.0
State Education Fund Transfer													0.0
Actual Monthly Cash Change	314.6	(135.7)	(463.3)	348.0	190.5	(1,006.2)	838.2	52.3	(762.0)	1,000.5	419.4	477.5	1,273.8

[1] General Fund revenues in this table are derived from the OSPB DECEMBER 2018 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 notices in this Official Statement regarding forward-looking statements.
[2] DECEMBER 2018 OSPB estimate.
[3] Includes beginning cash balance in July
Source: State Treasurer's Office

State Of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2018-19
Current Law [1, 2]

(Amounts Expressed In Millions; Totals May Not Add Due To Rounding)

	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019	Total
Beginning Cash and Investments Balance	1,273.8												
Revenues:													
General Fund Revenue:	673.3	856.6	1,226.2	995.5	841.3	948.6	1,282.1	604.2	756.3	1,689.1	936.1	1,572.7	12,382.1 [2]
Sales and Use Tax	232.6	319.2	331.9	320.1	300.9	304.9	365.6	276.9	281.0	313.8	303.5	326.0	3,676.3
Individual Income Tax	390.0	520.1	728.9	666.0	593.5	630.2	851.5	236.5	323.9	926.3	641.1	848.6	7,356.6
Corporate Income Tax	23.6	8.0	190.6	71.5	(54.9)	77.7	65.5	10.4	107.0	172.7	35.2	178.2	885.5
Other	52.5	9.3	(25.2)	(62.0)	1.8	(64.2)	(0.5)	80.4	44.5	276.2	(43.6)	219.9	489.1
Federal Revenue	481.2	536.0	685.7	436.6	586.4	677.8	565.3	582.0	698.9	499.2	589.8	1,231.7	7,570.5
Total Revenues	1,154.5	1,392.6	1,911.9	1,432.1	1,427.7	1,626.4	1,847.5	1,186.2	1,455.2	2,188.3	1,525.9	2,804.3	19,952.6
Expenditures:													
Payroll	151.9	165.9	164.7	165.7	164.3	151.6	161.0	155.4	157.4	152.5	154.5	168.6	1,913.6
Medical Assistance	483.4	564.8	410.5	405.0	612.3	518.6	350.2	562.0	445.5	745.6	742.7	497.0	6,337.5
Public School Distribution	827.9	(14.2)	906.3	0.2	2.0	900.8	3.3	0.4	901.2	0.4	0.2	2.3	3,530.8
Higher Education Distribution	3.5	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	106.7
Grants and Contracts	145.4	273.5	324.9	217.1	251.2	310.1	264.5	254.0	287.8	251.2	258.3	290.9	3,129.0
Other	483.5	534.7	598.4	236.6	203.1	836.7	286.6	198.7	556.8	0.3	(86.9)	475.2	4,323.7
Total Expenditures:	(2,095.6)	(1,569.8)	(2,406.9)	(1,028.8)	(1,237.2)	(2,760.5)	(1,065.8)	(1,170.9)	(2,349.1)	(1,150.3)	(1,069.2)	(1,433.3)	(19,337.3)
Total Revenues Minus Total Expenditures	332.8	(177.2)	(495.0)	403.3	190.5	(1,134.1)	781.6	15.3	(893.9)	1,037.9	456.8	1,371.0	1,889.1 [3]
Revenue Accrual Adjustment	155.6	(22.1)	2.4	7.2	(35.3)	4.9	2.2	(0.3)	(2.1)	11.3	(57.7)	(19.4)	46.5
Expenditure Accrual Adjustment	(122.6)	39.0	(0.9)	(26.7)	29.1	(8.9)	25.0	(16.1)	12.5	65.3	(19.6)	(271.7)	(295.5)
Extraordinary Items Impacting Cash:													
TABOR Refund													0.0
Net Transfer In/Out – From/To Cash Funds Per Statute	(225.0)												(225.0)
Homestead Exemption										(165.0)			(165.0)
General Fund Notes – Including Interest	600.0											(602.4)	(2.4)
Capital Construction Transfer	(179.2)												(179.2)
General Fund Reserve Transfer to Highway Users Tax Fund--													0.0
State Education Fund Transfer													0.0
Actual/Projected Monthly Cash Change	561.6	(160.4)	(493.5)	383.8	184.3	(1,138.1)	808.9	(1.0)	(883.5)	949.5	379.4	477.6	1,068.5

[1] General Fund revenues in this table are derived from the OSPB DECEMBER 2018 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 notices in this Official Statement regarding forward-looking statements.
[2] DECEMBER 2018 OSPB estimate.
[3] Includes beginning cash balance in July
Source: State Treasurer's Office

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APPENDIX B

OSPB DECEMBER 2018 REVENUE FORECAST

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COLORADO
Office of State Planning
& Budgeting

December | 2018




The Colorado Outlook

Economic and Fiscal Review

Table of Contents

John W. Hickenlooper
Governor

Lauren Larson
Director

Jason Schrock
Deputy Director

Leila Kleats
Chief Economist

Luke Teater
Senior Economist

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Summary

- The General Fund revenue forecast for FY 2018-19 is higher by $93.0 million, or 0.8 percent, compared to the September 2018 forecast. These revisions are largely in response to year-to-date collections that have been stronger than anticipated. The forecast for FY 2019-20 is higher by $91.2 million, or 0.7 percent.

- After a strong 14.1 percent increase in FY 2017-18, General Fund revenue is forecast to increase at a more moderate 6.5 percent rate in FY 2018-19. General Fund revenue is projected to increase at a rate of 5.9 percent in FY 2019-20.

- Under the Governor's November 2018 budget request, the State's General Fund reserve is projected to be $289.0 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19. The Governor's November budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY 2019-20. Under this forecast and the November budget request, the State's General Fund reserve is projected to be $2.6 million above the higher required reserve amount.

- Cash fund revenue subject to TABOR decreased 15.8 percent in FY 2017-18 as the Hospital Provider Fee was replaced with the Healthcare Affordability and Sustainability Fee program, which is a TABOR-exempt enterprise in accordance with SB 17-267. Cash fund revenue in FY 2018-19 is forecast to increase 6.8 percent. This forecast is $40.9 million, or 1.7 percent, higher compared with projections in September due primarily to an increase in expectations for severance tax revenue and other "miscellaneous" cash funds. Cash fund revenue is expected to decrease 0.1 percent in FY 2019-20 as larger ad valorem tax credits reduce severance tax collections.

- TABOR revenue was above the State's revenue cap by $18.5 million in FY 2017-18. TABOR revenue is expected to exceed the cap by $394.4 million in FY 2018-19 and $525.8 million in FY 2019-20. This represents an increase in the projected TABOR surplus compared to the September forecast of $133.9 million in FY 2018-19 and $144.5 million in FY 2019-20.

- Colorado's economic expansion has continued at a healthy pace in 2018. Employment growth has been strong, while wage growth has outpaced inflation each month for the past year. Oil and gas production continues to set record highs, but recent price declines may limit growth. Housing price growth has slowed in recent months, in part due to rising mortgage rates, but rental rates remain stable. Colorado's economic activity is forecast to remain positive over the forecast period, but growth will moderate under tighter labor market conditions and constraints on construction activity.

- The U.S. economy continued to expand in the third quarter, driven by ongoing business investment and increases in consumer spending. Although financial market data have been mixed, consumer expectations remain at some of the highest levels of the expansion and industrial production remains at solid levels. Recession risk remains low, but has increased since the September forecast as concerns of slower global growth and the ongoing trade dispute cause increased caution among investors. However, certain developments could change this outlook. Overtightening of monetary policy as growth moderates is a risk. Moreover, a worsening of the ongoing trade dispute continues to be a risk factor to business costs and agricultural prices. A larger slowdown in global economic growth or a geopolitical crisis could also have an unforeseen adverse impact on the U.S. economy.

The Economy: Issues, Trends, and Forecast

The following section discusses overall economic conditions in Colorado, nationally, and internationally. The OSPB forecast for economic conditions is slightly revised from the September 2018 Colorado Outlook. The economy has performed as expected in recent months. However, recent financial market volatility and lower oil prices, as well as expectations of a slowing global economy, suggest a more cautious outlook. This section includes an analysis of:

- Economic and labor market conditions in Colorado (page 5)
- Housing market conditions for Colorado and the nation (page 13)
- Economic, financial, and labor market conditions for the nation (page 15)
- International economic conditions (page 21)

Trends and forecasts for key economic indicators — A summary of key economic indicators with their recent trends and statistics, as well as forecasts, is provided at the end of this section. This summary of indicators is intended to provide a snapshot of the economy's performance and OSPB's economic projections, which are informed by the following analysis of the economy.

Summary — Colorado has continued to experience strong growth in the second half of 2018. Employment growth has continued at a healthy pace, but an increase in the labor force without a proportionate increase in job growth has pushed up the unemployment rate slightly in recent months. Oil and gas production continue to set record highs, but recent price declines may slow growth. Business confidence has slipped in recent months as expectations of national economic conditions slipped below neutral, but expectations of the Colorado economy remain firmly positive. Housing price growth has slowed in recent months, in part due to rising mortgage rates, but rental rates remain stable. Colorado's economic activity is expected to remain positive over the forecast period, but growth will moderate from its recent robust pace.

The U.S. economy continued to expand at a robust pace in the third quarter, driven by ongoing business investment and increases in consumer spending. Although financial market data have been mixed with some indicators suggesting ongoing expansion and other signals indicating a slowdown, consumer expectations remain at some of the highest levels of the expansion. Industrial production also remains at solid levels, while corporate profits continue to display strong year-over-year growth. However, overall U.S. economic growth is expected to moderate over the remainder of the forecast period as the economy reaches full employment, labor force growth slows, and the Federal Reserve reduces monetary support for the economy. These factors are contributing to the recent pessimism and volatility in financial markets.

Economic risks — Most indicators suggest ongoing expansion, but at a moderating pace. Recession risk has increased since the September forecast as concerns of slower global growth and the ongoing trade dispute cause increased caution among investors, but still remains low. Certain developments, however, could change this outlook. A worsening of the ongoing trade dispute continues to be a risk factor to business costs and agricultural prices. Moreover, the uncertainty of trade policy has heightened anxiety among investors, and could cause a harmful reduction in spending and investment in the economy. Overtightening of monetary policy amidst the moderating economic activity is now a risk. On the other hand, the Federal Reserve has recently signaled consideration of possibly adopting a lower path of target interest rate increases, which could alleviate concerns of slowing business investment and a faltering housing market. A larger slowdown in global economic growth or a geopolitical crisis could have an adverse impact on the U.S. economy. As the current economic expansion nears the record for longest historical expansion, recession risk rises.

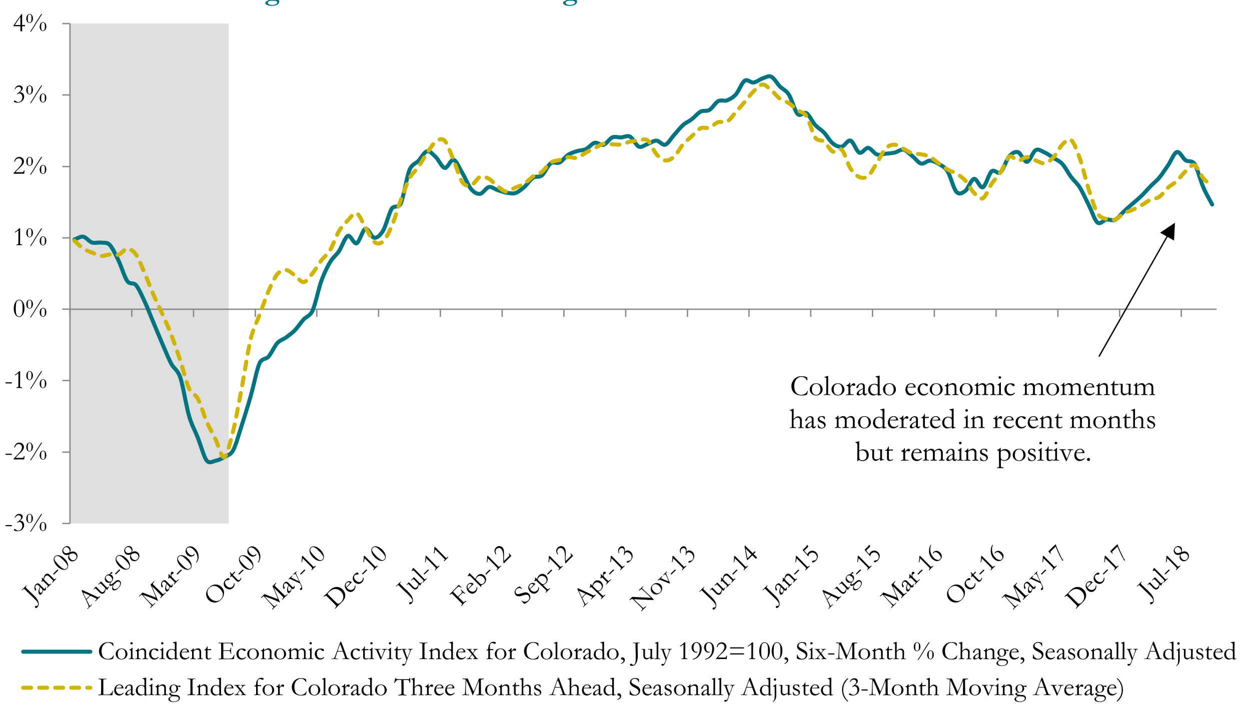
Colorado Economic Conditions

Indices that measure Colorado's economy show moderating growth in recent months – As shown in Figure 1, the Federal Reserve Bank of Philadelphia's monthly Leading Index for Colorado indicates moderating growth for Colorado's economy in the near term. The Leading Index combines economic indicators found to precede changes in overall economic momentum. These include housing permits, initial unemployment insurance claims, and delivery times from vendors to producers.

Economic indices that measure broad economic activity show moderating growth for Colorado in recent months.

Another index of broad economic activity for Colorado shows that economic growth has lost some momentum but remains positive. The Federal Reserve Bank of Philadelphia's Coincident Economic Activity Index provides a broad, up-to-date measure of state economic activity and matches growth in a state's gross domestic product (GDP) over time. It combines four state-level indicators to track current economic conditions: employment, average hours worked in manufacturing, the unemployment rate, and inflation-adjusted wage and salary disbursements. Movement in the Coincident Economic Activity Index is predicted by the Leading Index. To show this relationship, Figure 1 overlays the leading index (yellow dashed line), advanced three months ahead, with the coincident index (blue solid line).

Figure 1. Colorado Leading and Coincident Economic Indices



Source: Federal Reserve Bank of Philadelphia

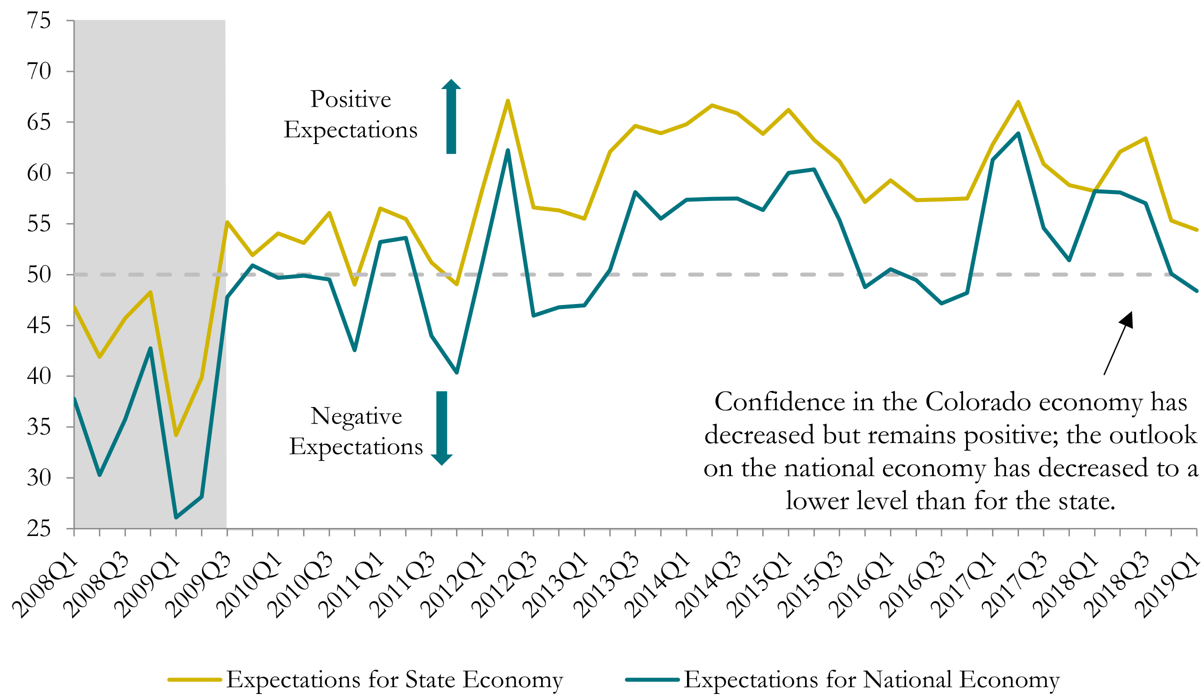
Businesses' expectations for the state economy remain positive, but businesses express less confidence in the national economy – The Leeds Business Confidence Index, published by the University of Colorado at Boulder's Leeds School of Business, measures business expectations for the two upcoming quarters. Figure 2 shows the index for business expectations for the overall state economy as well as for capital expenditures since the Great Recession and through the first quarter of 2019.

Businesses' expectations for the Colorado economy are cautiously optimistic.

Expectations for Colorado's economic growth have decreased in recent quarters but remain positive. Colorado has experienced strong employment and income growth in 2018, which is contributing to the optimistic expectations. Survey panelists are less confident in national economic conditions with this component of the index slipping below 50 in the first quarter of 2019, indicating negative expectations for the beginning of next year. Panelists have noted some relaxing of hiring requirements as qualified employees become increasingly difficult to find.

Expectations for the economy are a key factor for future performance. When expectations for the economy are positive, businesses are more likely to hire and invest, which in turn facilitates economic growth. The recent trend in the index suggests that economic growth will likely slow but will remain positive in the near term.

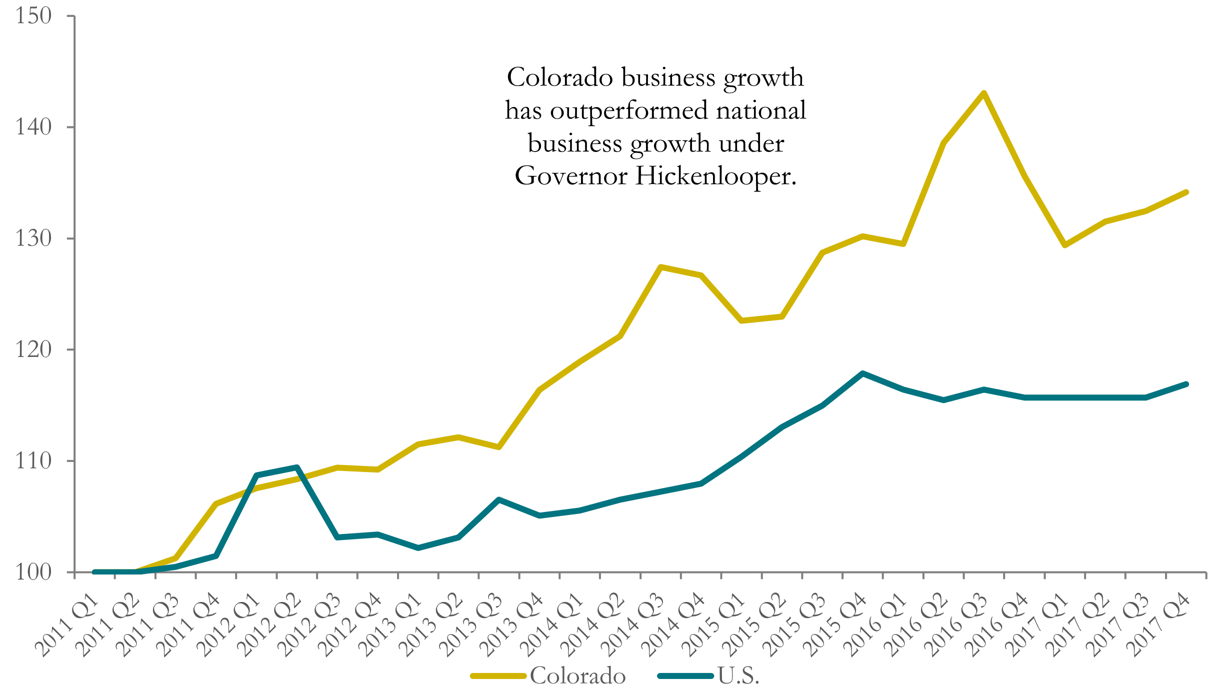
Figure 2. CU Leeds Business Confidence Index*



* Readings above 50 indicate positive expectations, with higher readings signifying greater business confidence, while readings below 50 represent negative expectations.
Source: CU Leeds School of Business, Business Research Division

***Colorado business growth surpassed national growth under the Hickenlooper Administration* –** Colorado has been one of the best performing economies over the past eight years. The state experienced a faster economic recovery, supported by a diverse and highly skilled workforce and business-friendly environment. One of the Governor's priorities has been to make Colorado the best place to start and grow a business. As shown in Figure 3, Colorado has experienced a faster rate of new business formation than the U.S. overall since January 2011 and boasts the 8th highest growth rate in new business establishments during this time period.

Figure 3. New Business Growth, Indexed to Second Quarter 2011



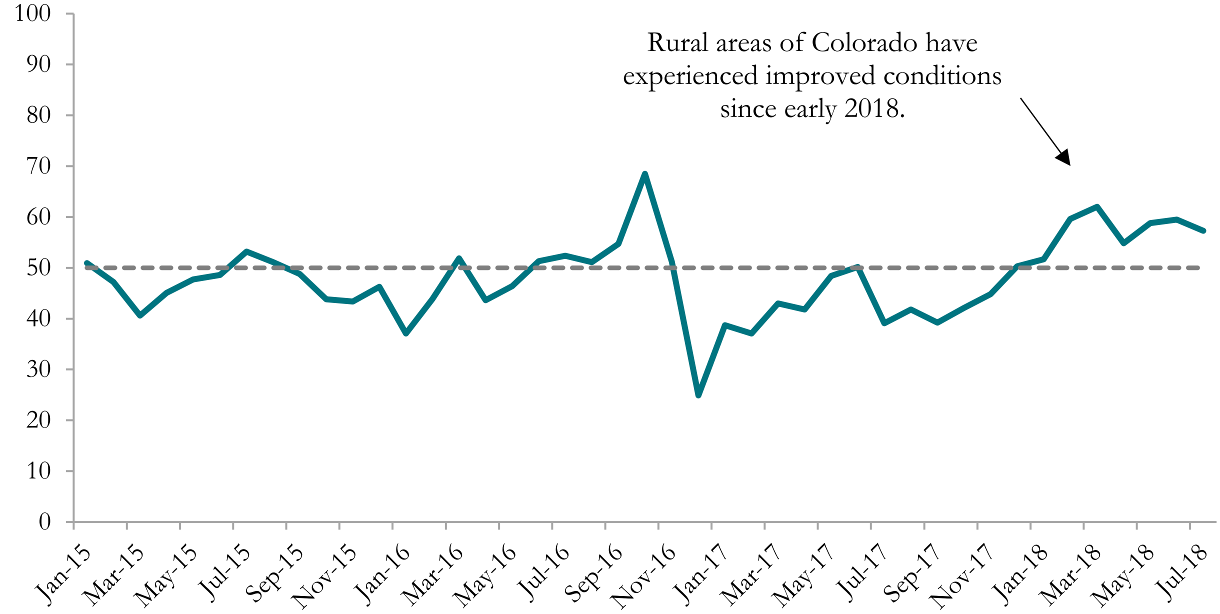
Seasonally Adjusted, Two-Quarter Moving Average
Index 100=2011 Q2
Source: U.S. Bureau of Labor Statistics

Economic conditions in Colorado's rural areas continue to show improvement despite decreasing commodity prices — Colorado's rural economies, as measured by Colorado's Rural Mainstreet Index published by Creighton University, continued to experience improved economic conditions in October, as shown in Figure 4. The index measures economic activity in rural areas by surveying community banks on current and expected future economic conditions. Index readings above 50 signify growth.

Colorado's agriculture sector continues to weather weak commodity prices.

The index climbed to a 16-month high of 59.6 in February but has since declined with a reading of 54.6 in October. Rural economies have generally experienced positive hiring conditions, which posted a reading of 65.7 in the latest month, while low agriculture prices continue to constrain further growth. The farmland prices index registered a dismal 35.1 in October, as increased supply expectations and U.S. trade policy pushed down prices. Lower farm income has increased demand for farm loans, which experienced the fastest growth since the second quarter of 2016. In September, the U.S. Department of Agriculture began a $12 billion subsidy program to assist farmers affected by the trade dispute. Some of the largest product recipients of that program include hogs and dairy, which should help some Colorado farmers.

Figure 4. Colorado's Rural Mainstreet Index



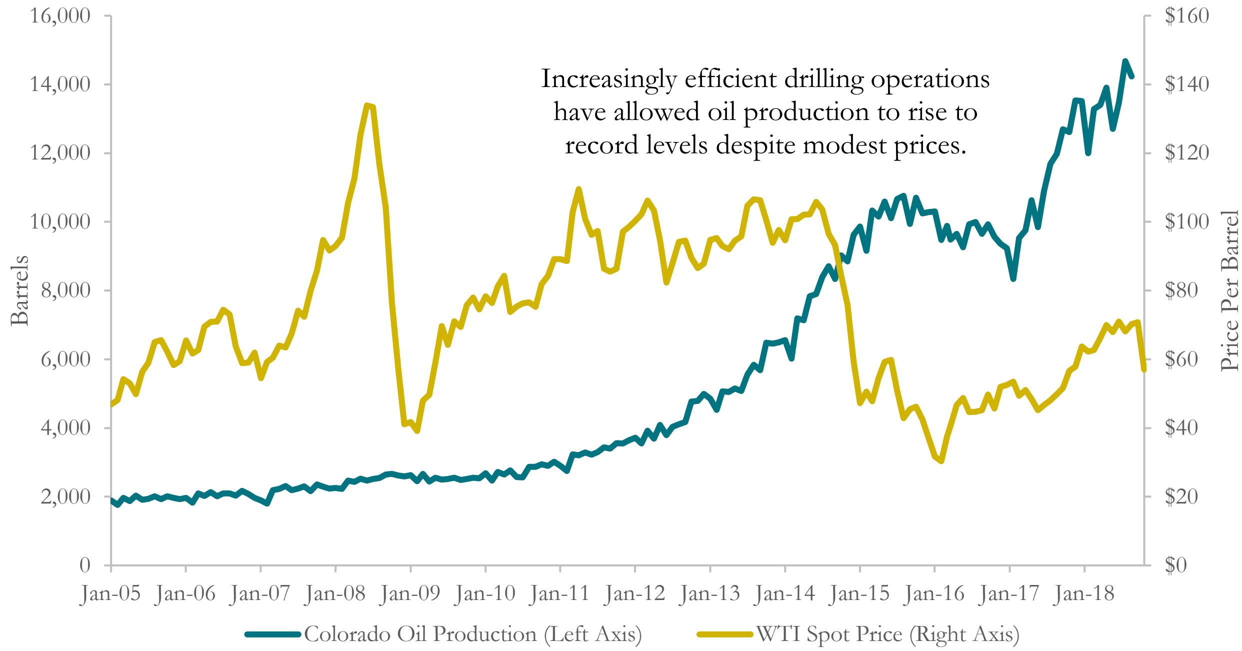
Source: Creighton University

Colorado oil production remains at record levels despite a drop in prices – Colorado oil production was at its highest level on record in August despite muted oil price growth during that time period, as seen in Figure 5. New drilling techniques have made oil production more efficient, allowing oil drillers to increase production and remain profitable even at lower price levels. In the third quarter of 2014, regional oil prices averaged more than $95 per barrel, while producers reported needing a price of at least $79 per barrel to remain profitable, on average. Four years later, oil prices averaged less than $70 per barrel, but producers reported profitability at only $55 per barrel, on average. Monthly production increased by 70 percent over that period despite a 30 percent decline in prices.

Oil pipeline and processing capacity is expected to increase in 2019 and 2020, allowing continued growth in Colorado oil production despite the recent decline in oil prices.

Since early October, the price for West Texas Intermediate has fallen from around $70 per barrel to around $50 per barrel. The decline was primarily driven by expectations of increased oil supply, as the U.S., Saudi Arabia, and Russia – the world's three largest oil producing nations – are all at record production levels. At the same time, demand expectations have declined due to slower global economic growth. Despite these lower prices, Colorado oil production is expected to remain positive, as infrastructure constraints have caused producers to increase output more slowly than market conditions warranted. These infrastructure constraints are expected to ease in 2019 and 2020 as more pipeline and processing capacity comes online.

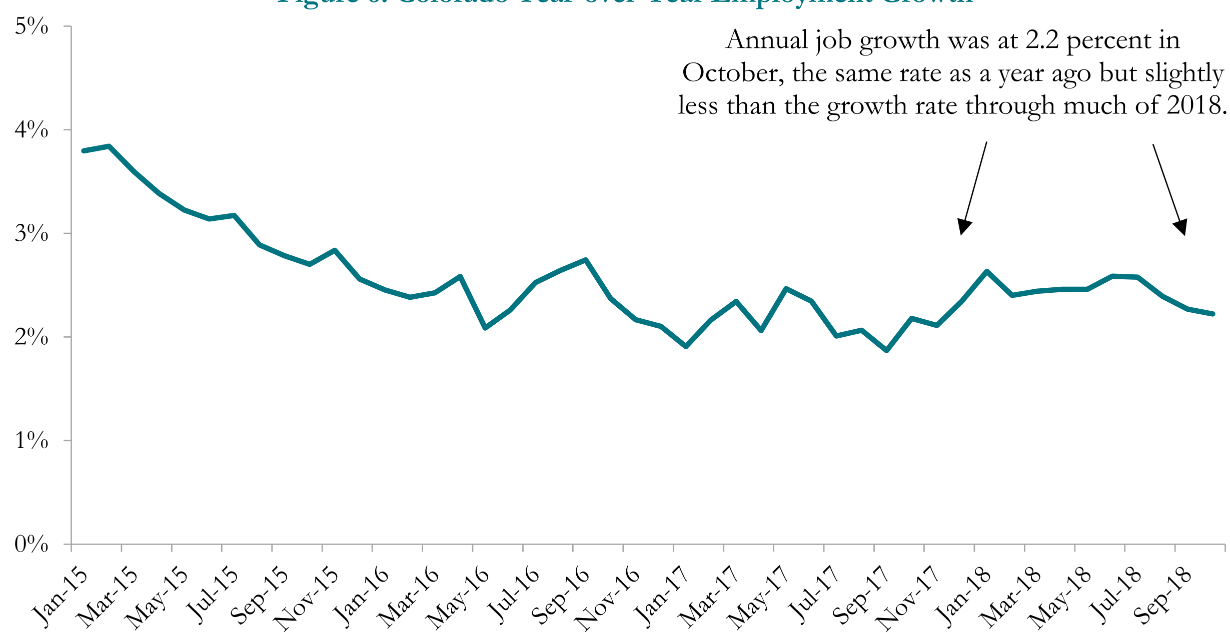
Figure 5. Colorado Oil Production and Prices



Source: U.S. Energy Information Administration

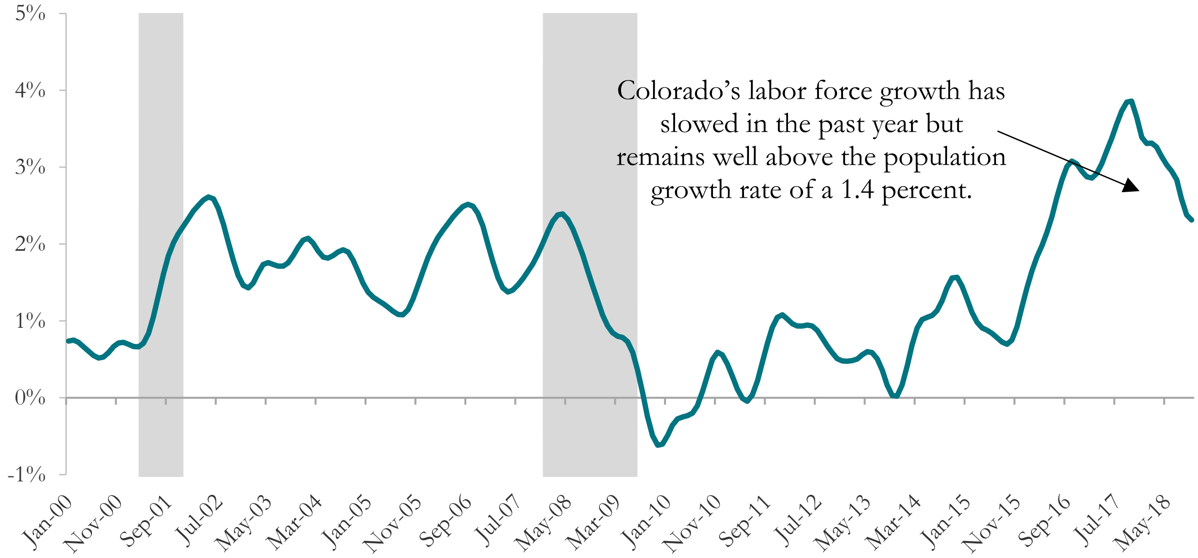
Higher Colorado labor force participation rates have supported continued job growth despite a tighter labor market – Colorado's year-over-year job growth was 2.2 percent in October, the same rate as a year ago, as seen in Figure 6. Employment has continued to increase as more workers enter the labor force. The labor force in Colorado has grown by 2.3 percent over the last year, as shown in Figure 7, while the population has grown by only 1.4 percent. This robust labor force growth is expected to slow in coming years to a rate slightly less than population growth, with lower employment growth anticipated as well.

Figure 6. Colorado Year-over-Year Employment Growth



Source: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment modified estimates

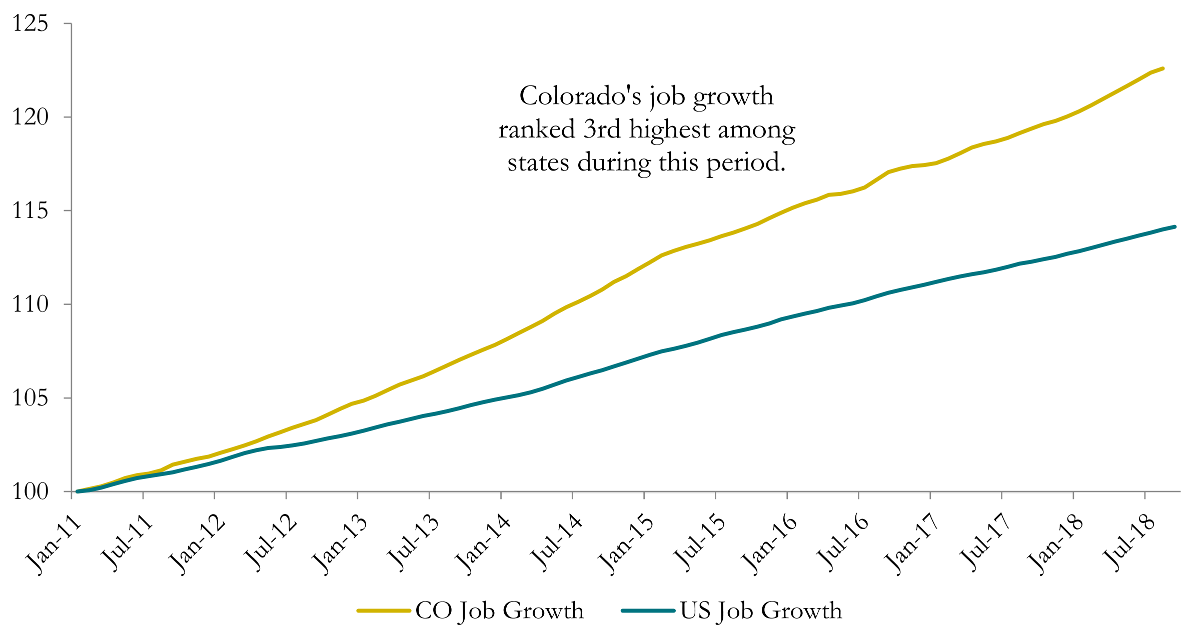
Figure 7. Colorado Year-over-Year Labor Force Growth



Source: U.S. Bureau of Labor Statistics

Colorado's labor market has grown significantly faster than national employment under the Hickenlooper Administration – Colorado's labor market recovered faster than the U.S. average from the high unemployment experienced during the Great Recession. The state's job growth ranked 3rd among all states during this time period, while the unemployment rate sank to the lowest rate in the nation in recent years. New business activity has been a main reason for Colorado's strong employment growth and robust economic performance.

Figure 8. Colorado and U.S. Job Growth, Indexed to January 2011



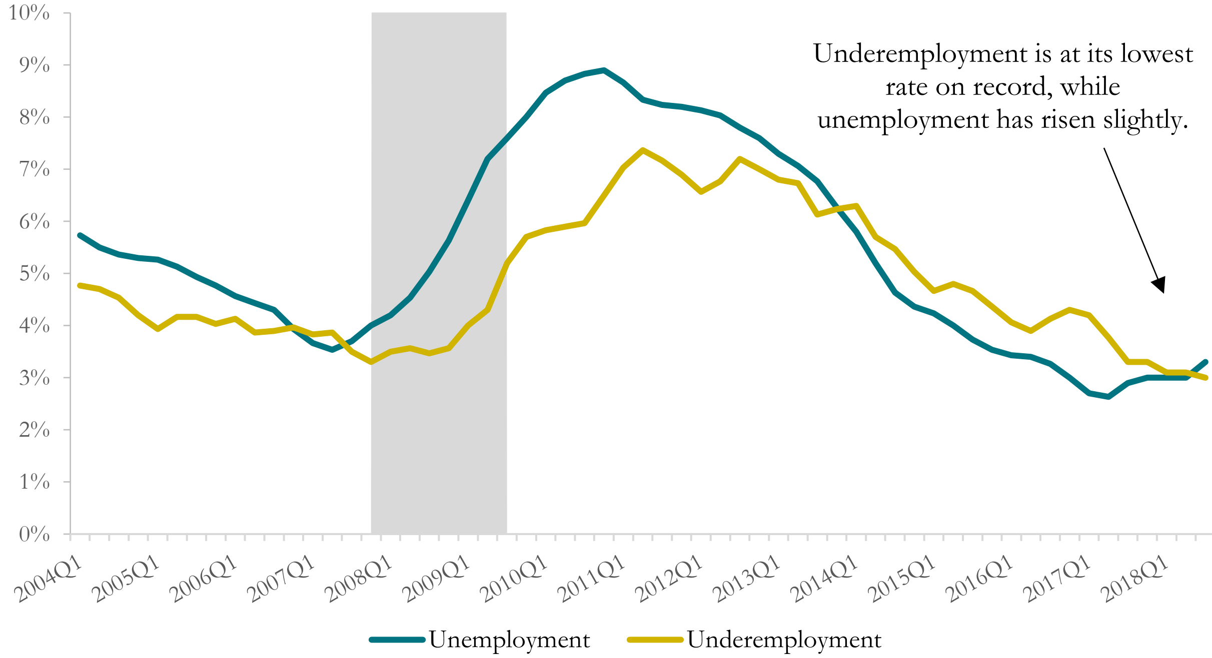
The graph compares the change in the number of jobs nationally and in Colorado since January 2011 using a three month moving average.
Index: January 2011=100
Source: U.S. Bureau of Labor Statistics

Colorado's unemployment rate has risen slightly as more workers enter the labor force, while underemployment continues to decline – The unemployment rate in Colorado rose to 3.2 percent in October, continuing to rise slightly from its 2018 low of 2.7 percent in June as the size of the labor force continues to grow faster than employment. Despite the recent increase in the unemployment rate, underemployment continues to fall.

While Colorado unemployment has ticked up, underemployment continues to decline, hitting a record low of 3.0 percent in the year leading up to the third quarter of 2018.

A useful measure of underemployment is the difference between the "U-3" rate and the "U-6" rate. The U-6 rate is a measure of unemployment that also counts individuals who would like to work but have not looked for a job in the prior four weeks, along with part-time workers who would like full-time employment. The difference between the U-3 rate and the U-6 rate was at 3.0 percent in the 12 months leading up to the third quarter of 2018, below the pre-recession low of 3.3 percent in 2007.

Figure 9. Colorado Unemployment and Underemployment



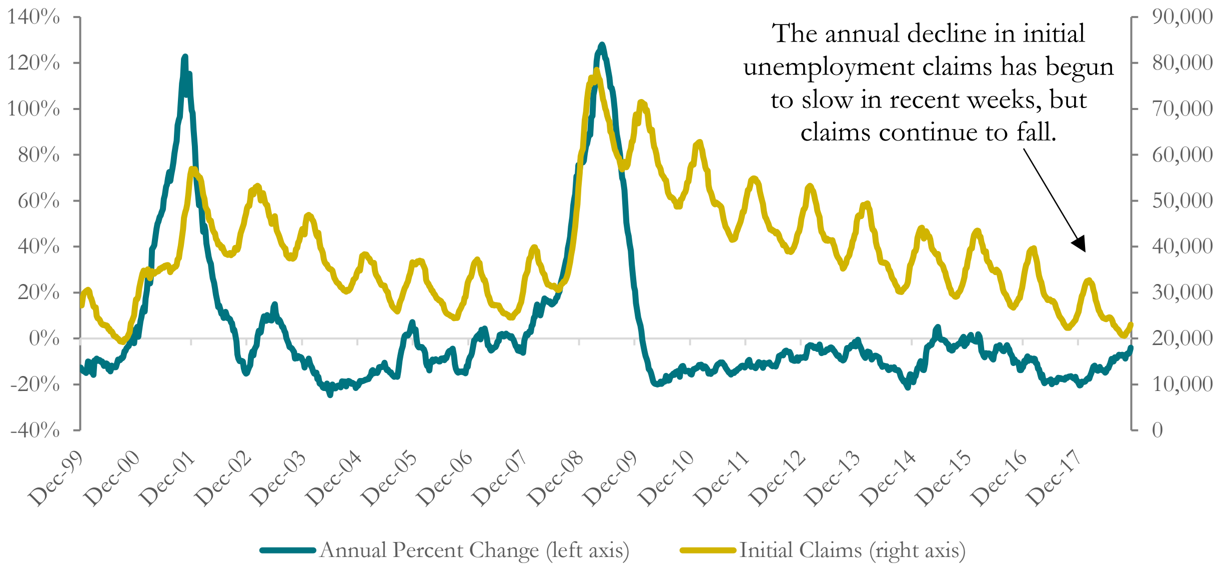
Source: U.S. Bureau of Labor Statistics

Initial claims for unemployment are still near historical lows, but year-over-year declines have begun to slow — Initial claims for unemployment benefits averaged 2,079 per week in November, a slight decline from the 2,170 average weekly claims in November 2017. Rising initial unemployment claims are often considered an early indicator of economic slowing as businesses begin to lay off workers in response to falling demand. This typically occurs before most other major economic indicators begin to reflect weaker conditions.

Initial claims for unemployment benefits began leveling out in recent months after experiencing years of substantial annual declines.

Data from the Colorado Department of Labor and Employment indicates that the year-over-year decline in initial claims for unemployment has begun to slow. This leveling out reflects Colorado's tight labor market. However, a sustained year-over-year increase in initial claims could signal weakening economic conditions.

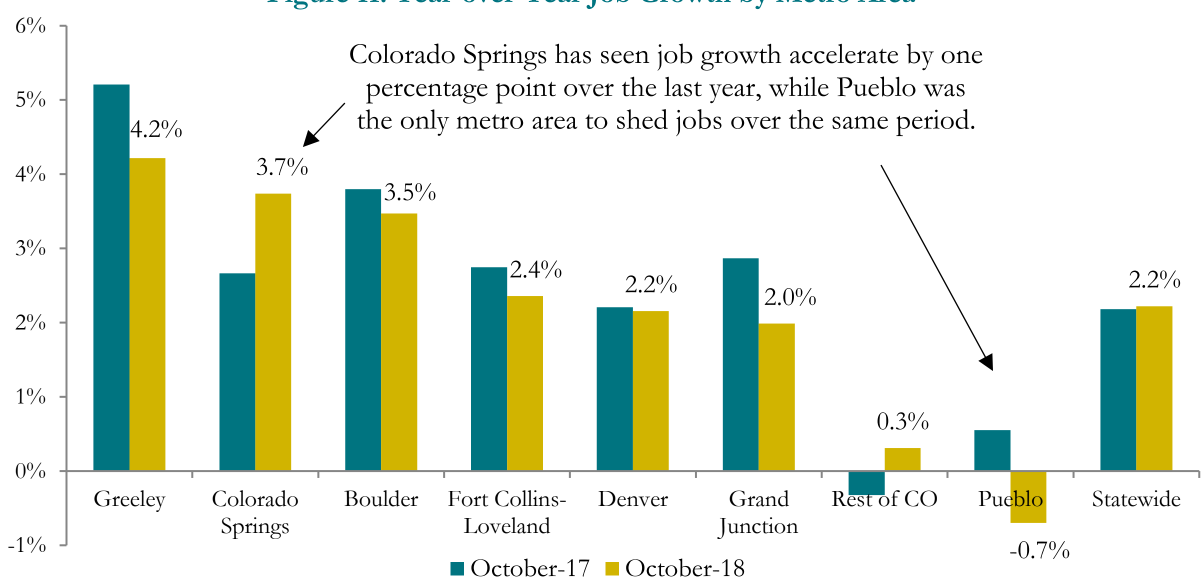
Figure 10. Colorado Initial Unemployment Claims, 13-Week Moving Average



Source: Colorado Department of Labor and Employment

Most parts of Colorado experienced moderating job growth over the last 12 months – Among metro areas, Greeley has experienced the most job growth over the past 12 months, increasing 4.2 percent, reflecting continued growth in the energy industry. Colorado Springs and Boulder each experienced growth above 3 percent. Pueblo was the only metro area to shed jobs over the last 12 months. Most metro areas experienced slower job growth in the last 12 months than in the year before, as seen in Figure 11.

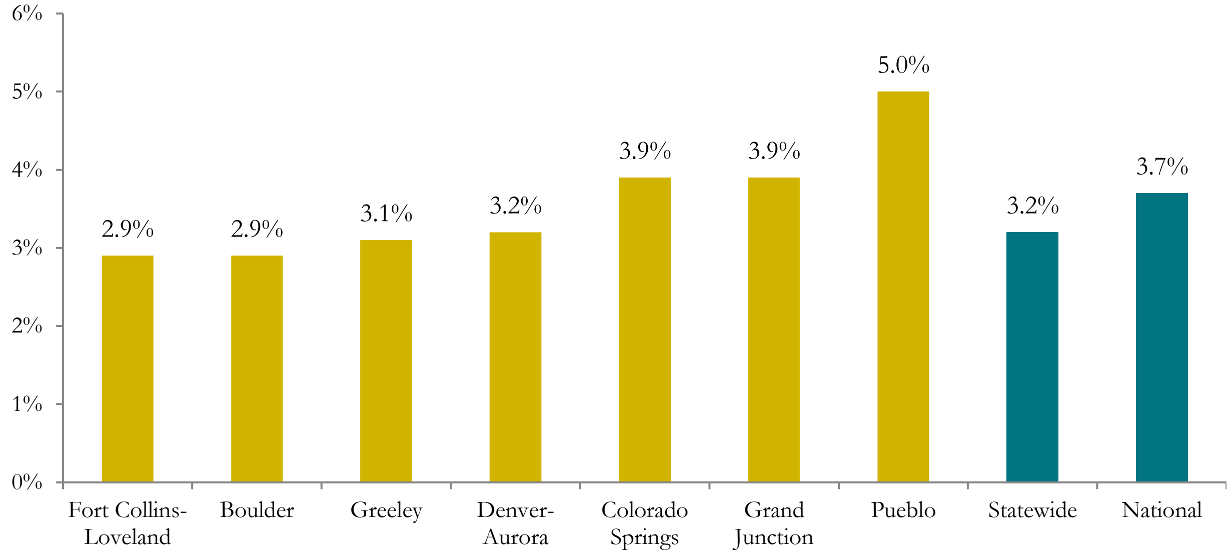
Figure 11. Year-over-Year Job Growth by Metro Area



Source: Colorado Department of Labor and Employment modified estimates

Pueblo also had the highest unemployment rate in October at 5.0 percent, and is the only metro area with an unemployment rate above 4.0 percent. Fort Collins and Boulder have the lowest unemployment in the state, with rates below 3.0 percent, while Greeley and Denver have unemployment rates below the national average of 3.7 percent.

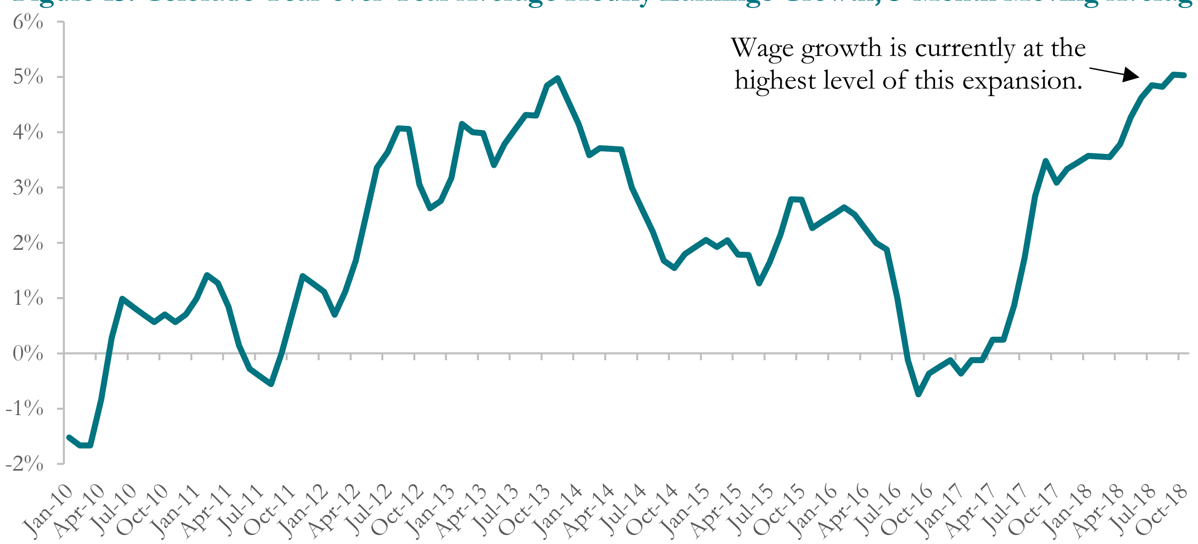
Figure 12. Unemployment Rates by Metro Area, October 2018



Source: U.S. Bureau of Labor Statistics

Colorado wage growth continues to exceed inflation – The 3-month average of Colorado's year-over-year average hourly wage growth remained at 5.0 percent in October and has been above 3.0 percent for more than a year. This increase is due to the state's acceleration in economic growth over this period as well as the lack of available workers. As employers struggle to fill positions, they often need to raise wages in order to recruit and retain employees.

Figure 13. Colorado Year-over-Year Average Hourly Earnings Growth, 3-Month Moving Average



Source: U.S. Bureau of Labor Statistics

U.S. and Colorado housing markets have slowed in recent months, but new construction and price growth are expected to continue – U.S. and Colorado housing prices continued to accelerate to new highs in the third quarter, but sales growth has slowed in recent months as mortgage interest rates rise. As shown in Figure 14, the U.S. Federal Housing Finance Authority's House Price Indices indicate that home values have been growing in the U.S. and Colorado since 2011. This is due to increased demand amidst low housing inventory and record-low interest rates. As interest rates rise, buyers are facing reduced affordability, which is slowing demand, especially in high home price areas. Potential buyers are choosing to remain in rental housing for longer periods, while trade-up buyers are opting for renovations and remodels rather than relinquish their low-rate mortgage.

Although mortgage rates remain at historically low levels, greater student loan debt combined with higher housing prices have discouraged some potential buyers from entering the market – a situation that is not likely to change in the near term. U.S. new home sales fell 8.9 percent in October, despite a 1.1 percent decrease in the median price. U.S. existing home sales are down 5 percent compared to the same period the prior year. U.S. homebuilders are reporting weaker sentiment as buyers pause, resulting in an 8 point loss in November in the National Association of Home Builders/Wells Fargo Housing Market Index. Sentiment is now at the lowest level since August 2016, but remains well above the 50 mark that is considered positive, with a raw score of 60.

At the national level, price increases for existing homes have moderated to just 4.4 percent year-over-year but remain higher than wage growth. In Colorado, housing prices are expected to continue to increase in 2019, though at a slower rate of 6.8 percent, while sales are expected to fall 6.7 percent. Realtor.com attributes the continued run up in prices to trade-up buyers, as entry-level buyers sit out of the market.

Figure 14. Colorado and U.S. Housing Price Index and 30-Year Fixed Rate Mortgage

Source: U.S. Federal Housing Finance Agency and Freddie Mac

U.S. Economic Conditions

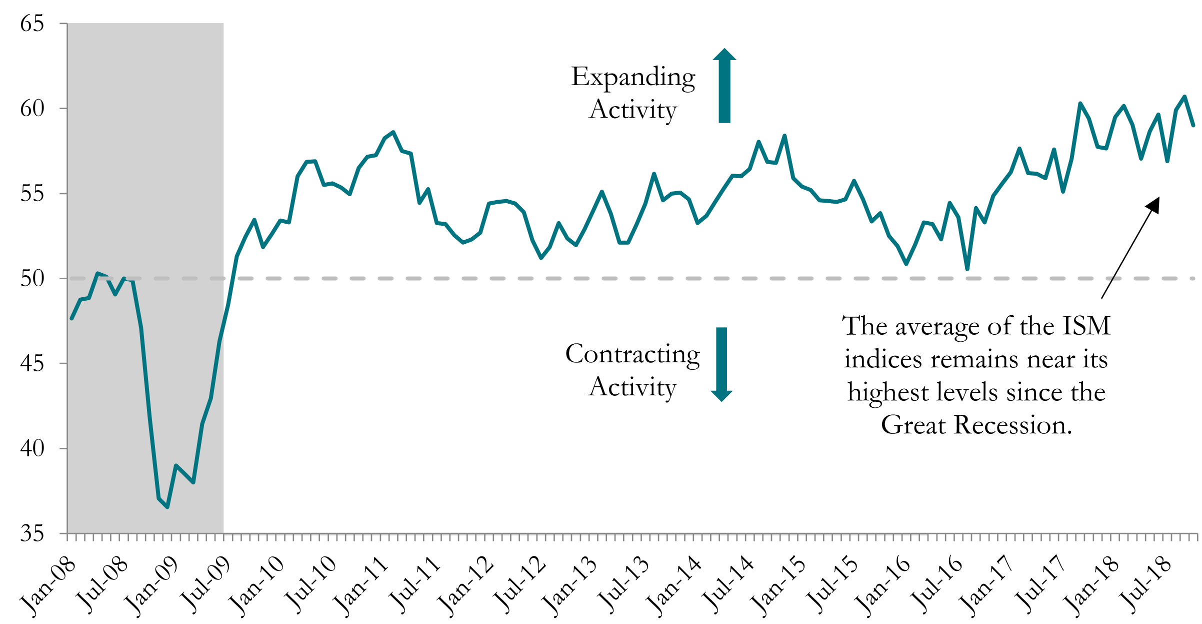
U.S. economic momentum remains strong, despite recent pessimism in financial markets – The average of the Manufacturing Composite Index and the Non-Manufacturing Composite Index, both published by the Institute for Supply Management (ISM), remained at the highest levels of the current expansion in October after reaching a post-recession peak in September at 60.7. The indices capture the momentum of economic activity as assessed by businesses across the country and in most industries. These indices use data collected from business surveys that gauge activity by tracking key behaviors such as placing new orders, increasing production volume, hiring new employees, and making deliveries. An average of the two indices, reported in Figure 15, provides a reliable barometer of overall U.S. economic activity. In October, the most recent month of data available, both the manufacturing and non-manufacturing sectors experienced continuing expansion.

The ISM manufacturing index shows continued production growth and ongoing confidence in the U.S. economy.

The Non-Manufacturing Composite Index tracks the largest portion of economic activity in the U.S., covering wide-ranging industries such as agriculture, professional, scientific, and technical services, retail, and construction. This Index registered 60.3 in October, representing 105 consecutive months of growth. A reading above 50 indicates improving conditions. Survey respondents continue to be concerned about capacity constraints, logistics, and tariffs, but they expressed confidence in business conditions and the economy.

The ISM manufacturing sector index registered 57.7 in October, representing a slight decline from September. Of the 18 manufacturing industries surveyed, 13 reported growth in production activity from the prior month. The four industries reporting a contraction include manufacturers of wood products, primary metals, nonmetallic mineral products, and fabricated metal products. Those surveyed noted that supplier labor issues and transportation continue to serve as bottlenecks to production, but at "more manageable levels". Multiple respondents noted concerns that tariffs are inflating materials costs.

Figure 15. Average of ISM Manufacturing and Non-Manufacturing Indices*



*Readings above 50 indicate expansion in the industry while readings below 50 indicate contraction.
Source: Institute for Supply Management

Financial markets are signaling expectations of slower economic growth — U.S. financial markets have been volatile in recent months, with declining equity values, lower commodity prices, and decreasing long-term interest rates. Financial indicators appear to be signaling expectations of slower economic growth as the Federal Reserve reduces monetary support for the economy.

Figure 16 shows trends in key financial indicators that tend to be associated with future economic growth – the S&P 500 stock market index, 5-year Treasury inflation-protected securities (TIPS) spreads, copper prices, 3-month Treasury bill yields, 2-year Treasury yields, the U.S. dollar index, and oil price futures.

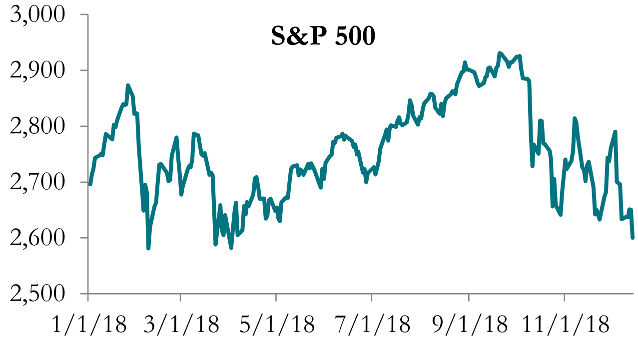
Financial markets are volatile, generally signaling expectations for slower economic growth. Expectations are an important factor in how the economy will actually perform.

The combination of lower equity values and lower commodity prices, along with declining interest rates, suggests slower economic growth going forward. While real economic activity appears to be stable, recent trends in financial markets add a note of caution to the outlook. However, these signals can change quickly based on new information and updated assessments on the expected path of the economy.

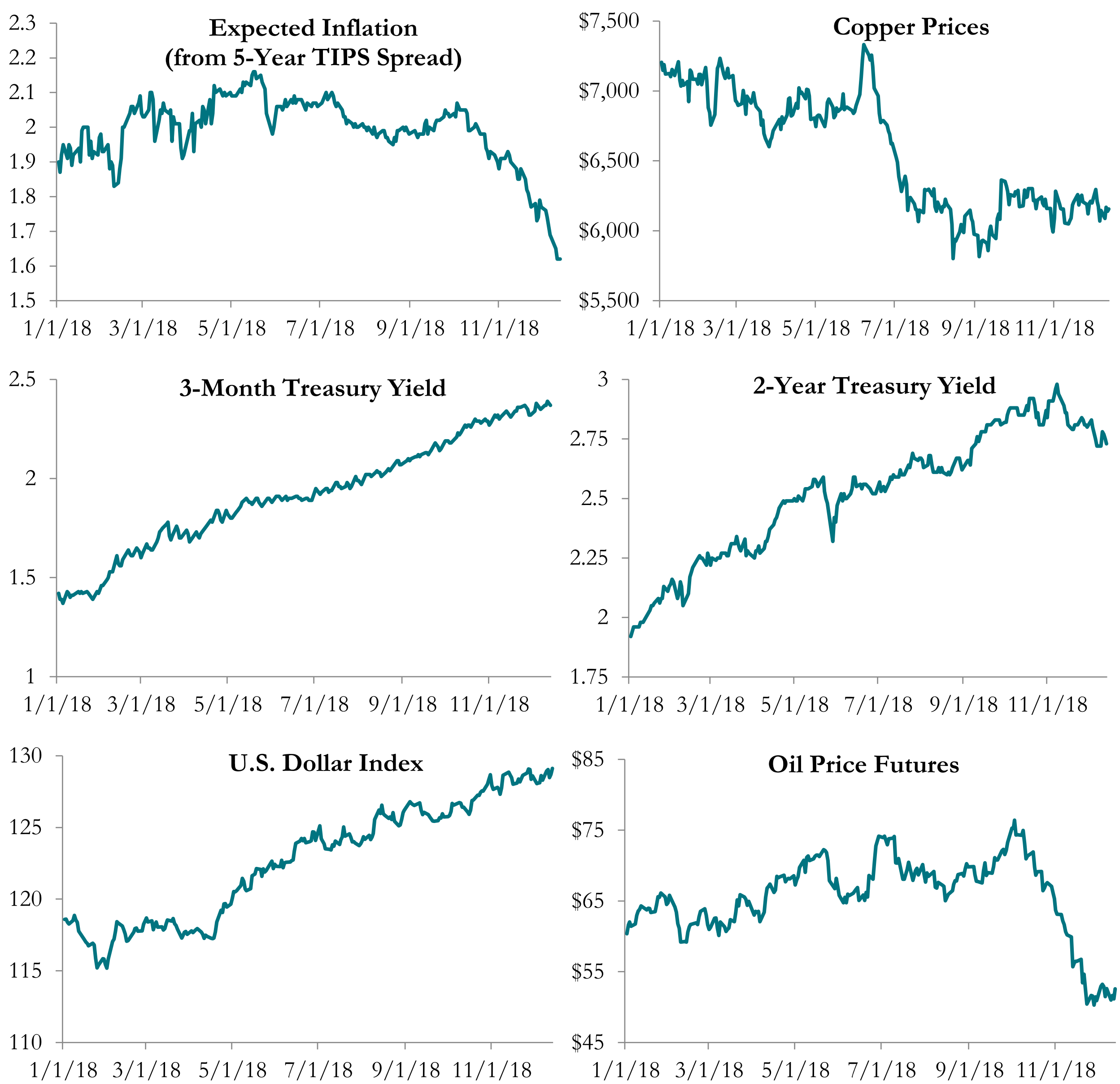
OSPB utilizes financial market information to help inform its forecast. Financial markets are forward-looking, reflecting expectations for the future path of the economy — which are an important factor in determining how the economy will actually perform. In addition, financial conditions determine businesses' access to funding to meet their needs for operations and expansion. Further, financial markets incorporate sound forecasting principles. They reflect the many different perspectives of investors and risk managers who are evaluating a large amount of information, and are powerful aggregators of information on the condition of the economy. Moreover, financial market indicators are continually updated based on new information, and investors have a financial incentive to make accurate assessments.

There are concerns that monetary policy, which can exert a large influence on economic conditions, may become too restrictive to support continued expansion — Indications from financial markets can also be used to determine the appropriate stance of monetary policy. Monetary policy can have a large influence on economic conditions by helping ensure a stable flow of money in the economy and by setting expectations for future growth. The U.S. Federal Reserve raised its target for the federal funds rate three times so far in 2018, and at print time was expected to raise target interest rates a fourth time at their December meeting. The Federal Reserve has also signaled that additional rate increases are likely, depending upon future economic data. Tightening financial conditions amidst these recent monetary policy changes indicate that the expected path of monetary policy may be too restrictive given anticipated economic conditions.

Figure 16. Key Financial Market Indicators on Expectations for Economic Growth, Daily since January 2018



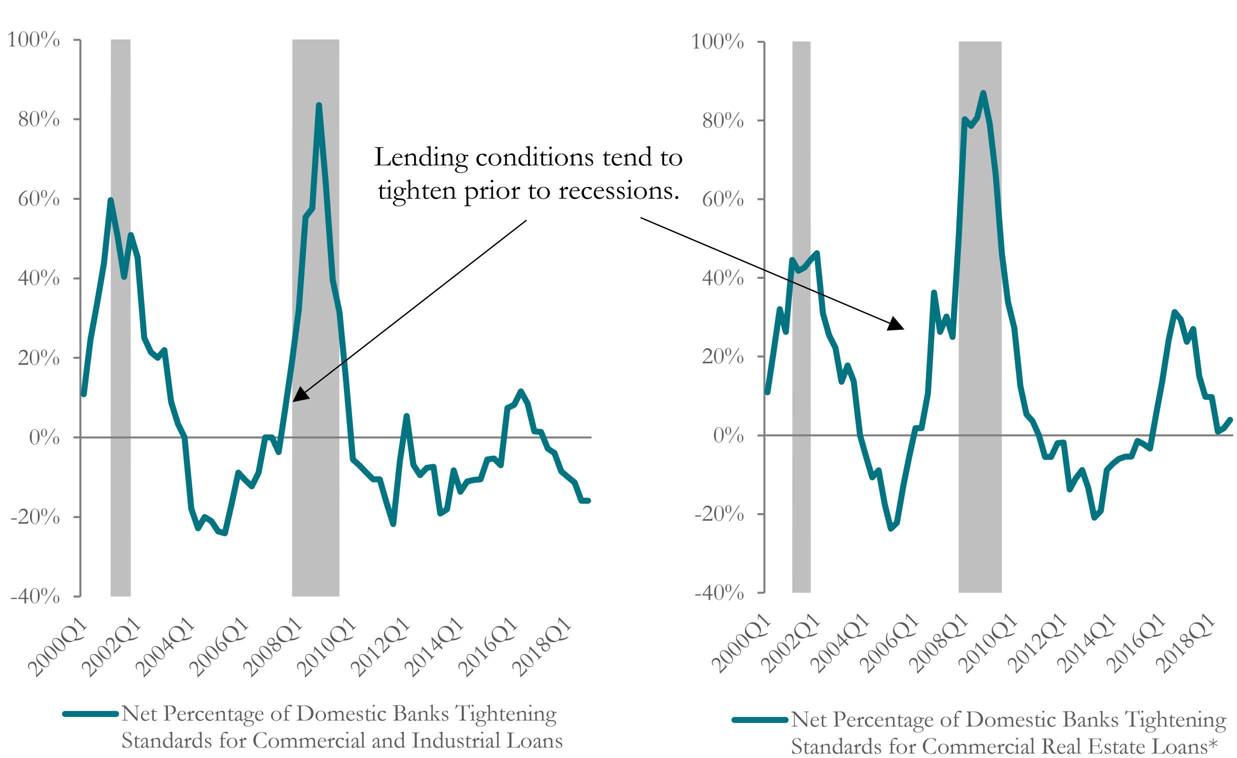
Trends in equity values and commodity prices currently signal expectations for slowing growth in the economy, though interest rates and the U.S. Dollar's value continue to rise. Combined, these indicators can be reliable predictors of future economic activity.



Source: Board of Governors of the Federal Reserve System and Bloomberg

***Lending standards continue to loosen for business operations and are neutral for commercial real estate*—** Lending standards for business operations overall have continued to loosen since the middle of 2016. This indicates that lenders see more positive growth prospects and less risk for businesses, which will help fuel continued expansion. Lending standards for commercial real estate development, however, have been tightening since 2015 and have recently returned to neutral. This tightening has recently abated and, in the last two quarters, almost as many banks have loosened lending standards for commercial real estate as have tightened them. Lending standards are important to monitor to assess economic conditions and the prospects for continued growth. They provide information on the economic expectations of banks and risk assessment managers as well as the availability of funding for businesses. Bank lending standards for commercial operations and real estate loans are shown in Figure 17.

Figure 17. Measures of Commercial Lending Conditions



*Data on lending standards for commercial real estate loans overall was discontinued in 2013, thus the data in the figure starting in the last quarter of 2013 represent an average of bank lending standards for loans with construction and land development purposes, loans secured by nonfarm nonresidential structures, and loans secured by multifamily residential structures.

Source: Board of Governors of the Federal Reserve System

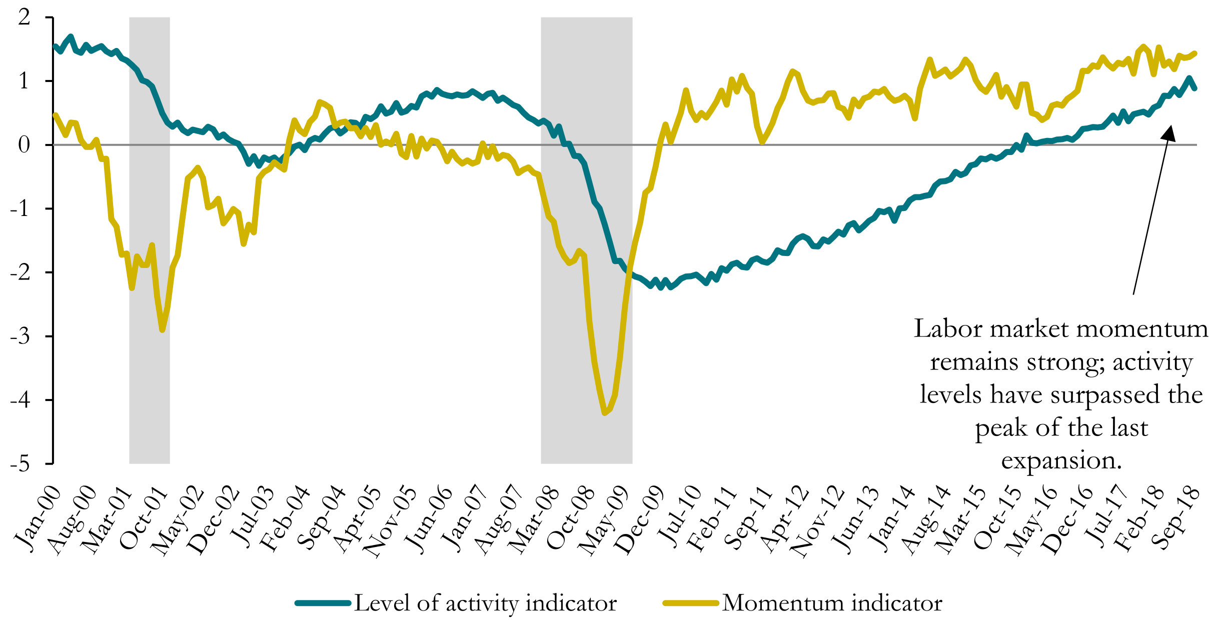
Strong labor market momentum continues to benefit from historically low unemployment and stabilizing labor force participation.

***Labor market momentum continues at robust levels as the economy continues to expand* –** The official U.S. unemployment rate – known as the "U-3" rate – fell to an historical low of 3.7 percent in September and remained at that level through November. The low unemployment rate indicates the U.S. labor market is nearing full employment, or the level of employment that can be sustained without causing increased inflation.

The Federal Reserve Bank of Kansas City tracks labor market conditions with a proprietary index measuring both momentum and activity levels. The momentum index measures how rapidly conditions are improving compared to their historical average, while the level of activity index measures how far labor market conditions are from their historical average. The index shows that labor market momentum has continued at the highest levels experienced under the current expansion. This momentum is fueled by ongoing decreases in initial claims for jobless benefits and a stabilizing labor force participation rate following a long period of decline.

In Figure 18 below, positive values indicate that labor market conditions are above their long-run average, while negative values indicate that conditions are below their long-run average.

Figure 18. Kansas City Fed Labor Market Conditions Indices

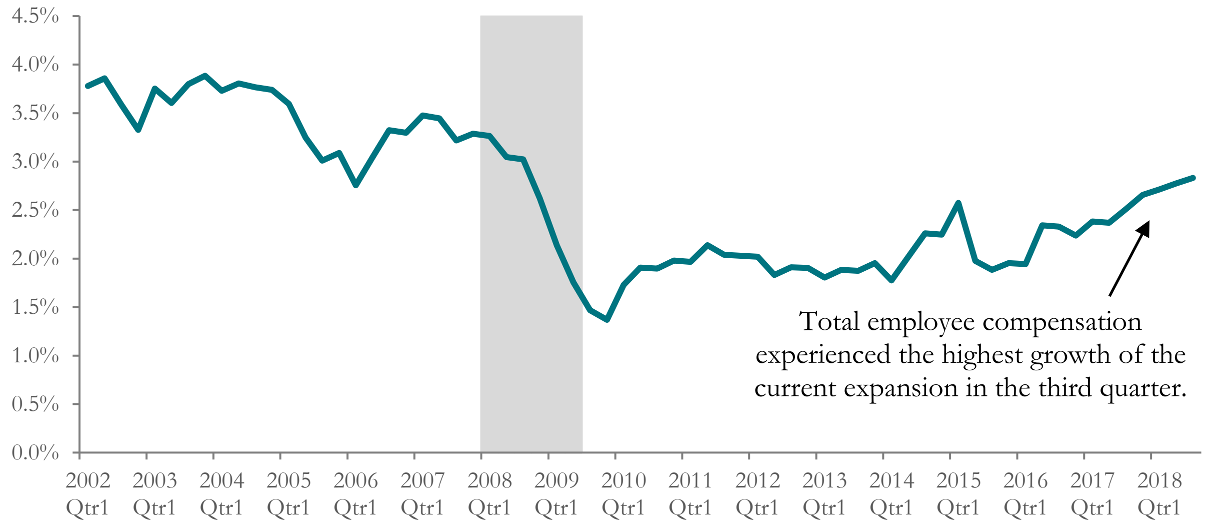


Source: Federal Reserve Bank of Kansas City

Growth in total employee compensation in the third quarter was at the highest level since the Great Recession.

Employee compensation continued to increase in the third quarter, driven primarily by stronger wage and salary growth – The Employment Cost Index, which is the U.S. Labor Department's broadest measure of employee compensation, showed continued growth in the third quarter, led by the strongest year-over-year increase in wage and salary growth since 2008, increasing 2.9 percent over the prior year. Benefits grew 2.6 percent in the third quarter, leading to a third-quarter gain in total compensation of 2.8 percent over the year. The Employment Cost Index provides a snapshot of labor costs for businesses and, as such, can be an early indicator of potential future price inflation.

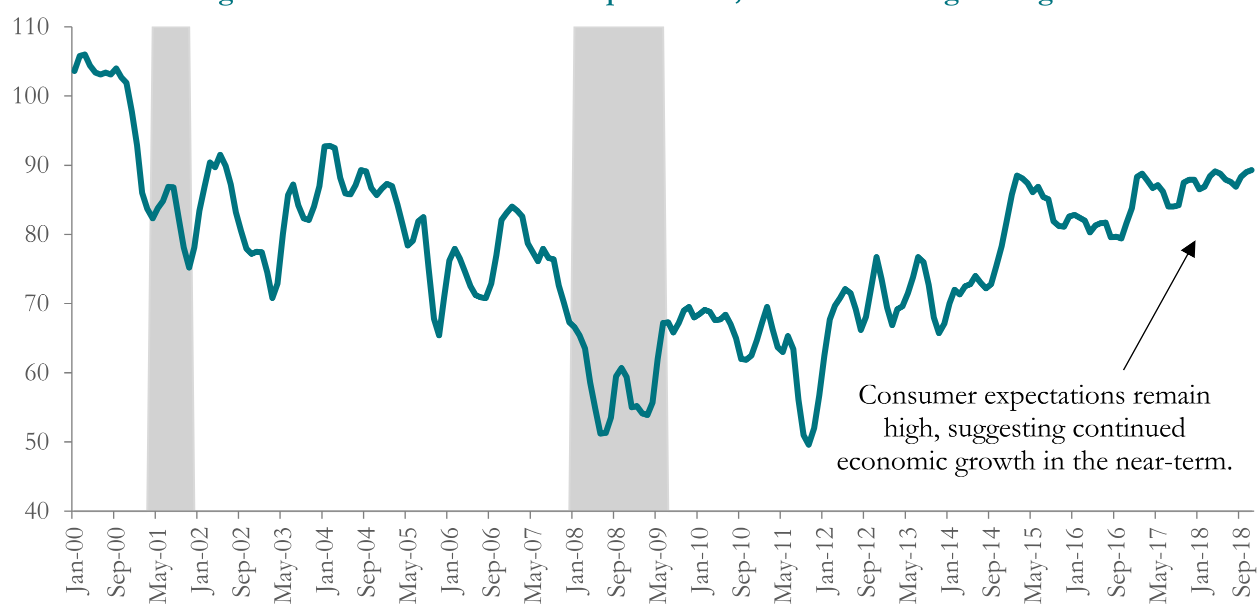
Figure 19. Employment Cost Index, Year-Over-Year Change



Source: U.S. Bureau of Labor Statistics

Consumer confidence remains high with steady growth – As shown in Figure 20, the Michigan Index of Consumer Expectations shows continued consumer optimism about the economy, as consumer expectations on income and employment growth remain positive despite pessimistic expectations of higher inflation and interest rates. Consumer expectations in 2018 are on pace for their best year since 2000. In November, the index's 3-month moving average reached a new post-Great Recession peak at 89.3. Since consumer spending represents the largest component of gross domestic product (GDP), strong consumer confidence in the U.S. economy suggests continued economic growth in the near term.

Figure 20. Index of Consumer Expectations, 3-Month Moving Average



Source: University of Michigan

Corporate profits experienced continued growth in the third quarter — According to the U.S. Commerce Department, U.S. corporate pre-tax profits increased by 3.4 percent in the third quarter, one of the strongest quarter-over-quarter growth rates since 2014. After-tax profits increased 3.3 percent, a slight increase from the second quarter, but significantly less than the robust growth seen in the first quarter of 2018. According to the *Wall Street Journal*, third-quarter corporate earnings grew 24 percent from a year earlier, near the strong growth of the prior two quarters. This was largely a result of the 2017 federal tax law changes, which lowered corporate income tax rates and allowed more accelerated expensing of equipment and other purchases. However, analysts are predicting a slowdown in earnings growth to 6 percent in each of the first two quarters of 2019 as the impact of the tax law fades.

Strong and stable economic growth pushed up corporate earnings in the third quarter.

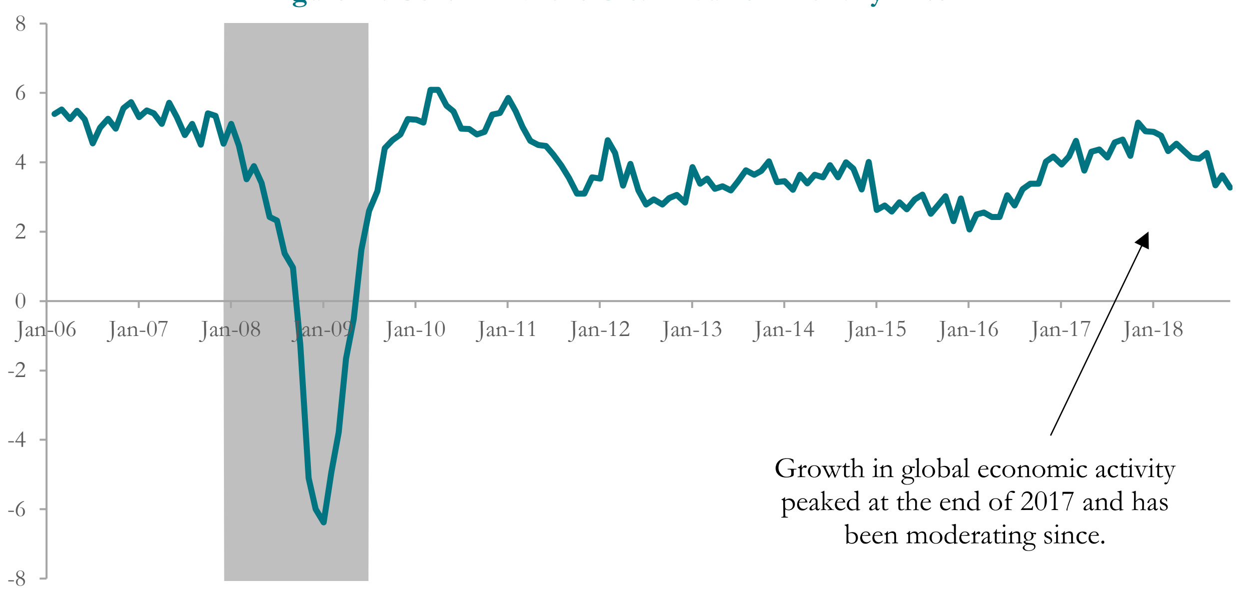
International Economic Conditions

Global economic growth is slowing – In October, the International Monetary Fund (IMF) reduced its forecast for global economic growth from 3.9 percent to 3.7 percent for both 2018 and 2019. This reduction was due to the impacts of trade policy and uncertainty, especially with respect to the ongoing U.S. tariffs and trade disputes and the negotiations surrounding the United Kingdom's pending exit from the European Union.

Global economic growth is expected to continue at a slower rate over the next few years.

In addition to these political risks, there are also concerns regarding a potential slowdown in China's economy. The moderating global economy is captured by the Goldman Sachs Global Current Activity Index, which is a measure of real-time economic activity, which indicates that current global economic growth is at its lowest level since 2016.

Figure 21. Goldman Sachs Global Current Activity Index

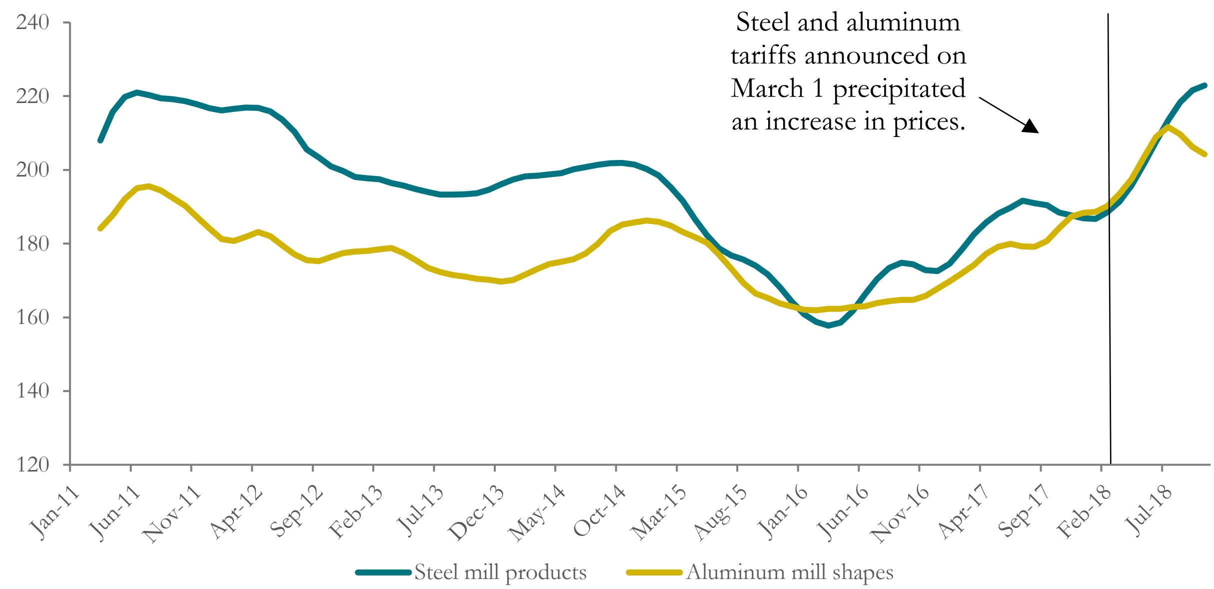


Source: Goldman Sachs

Construction labor and materials cost increases are reducing contractors' profits.

Steel and aluminum product prices climb following imposition of tariffs — Steel products have experienced double-digit price growth in each month since June, when U.S. tariffs on certain steel and aluminum products went into effect. Aluminum products also saw an acceleration in price growth during this period, though that increase has slowed in the most recent month. The price inflation for metals has led to higher input costs for construction, particularly in non-residential building and the extraction industry. The producer price index for final demand construction jumped 4.7 percent in October over the same period last year. Craft laborer shortages and higher diesel costs have added to the challenge faced by contractors. According to data provided by the Associated General Contractors of America, materials costs have been rising faster than bid prices, reducing contractors' profits.

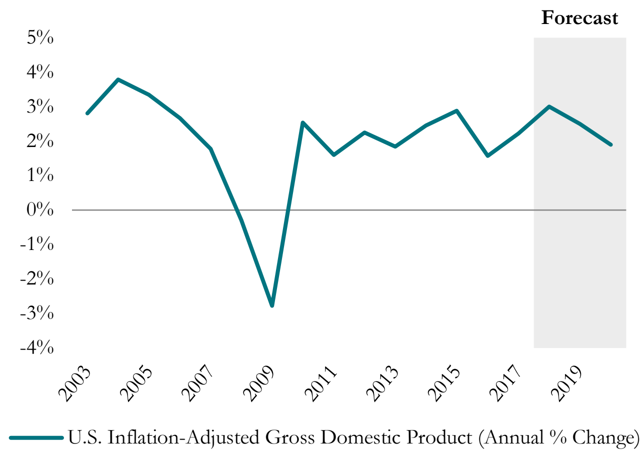
Figure 22. Producer Price Index for Steel and Aluminum Products, 3-Month Moving Average



Source: U.S. Bureau of Labor Statistics

Summary of Key Economic Indicators
Actual and Forecast

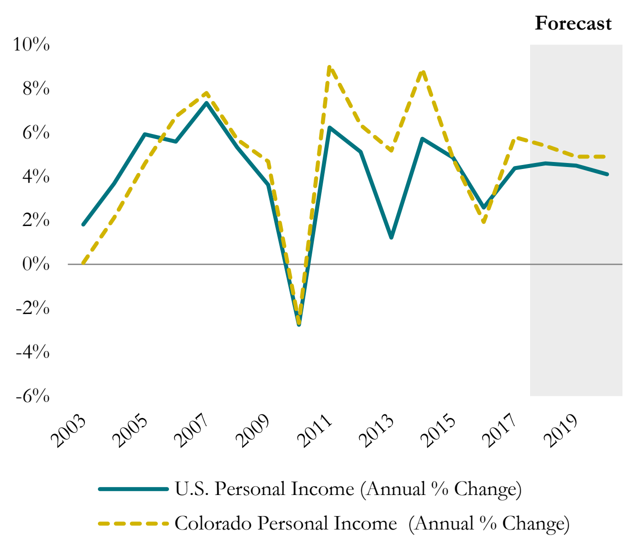
U.S. Gross Domestic Product (GDP)



- GDP is a standard barometer for the economy's overall performance and reflects the value of final output produced in the U.S.

- The U.S. economy is expected to grow 3.0 percent in 2018 and 2.5 percent in 2019 as the economic expansion continues at a more moderate rate. GDP growth is expected to continue to decline in 2020 primarily due to slower labor force growth.

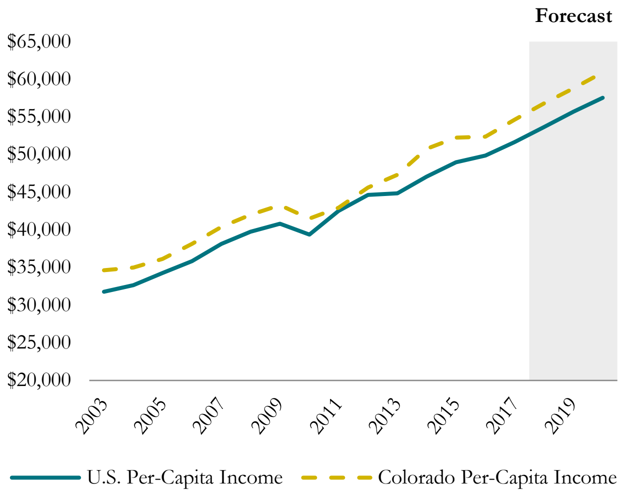
U.S. and Colorado Personal Income



- Colorado personal income growth is expected to reach 5.4 percent in 2018, and then increase 4.9 percent in 2019 and 2020 as lower energy prices and a tighter labor market contribute to moderating economic growth.

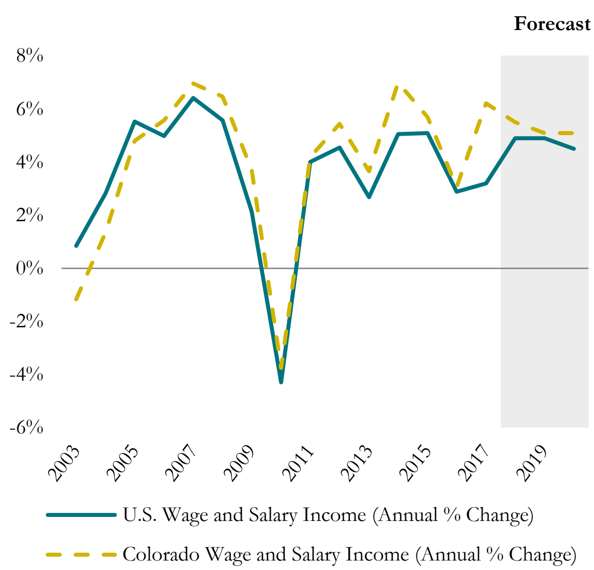
- U.S. personal income growth is expected to rise to 4.6 percent in 2018 due to continued job and wage growth, before slowing to 4.5 percent in 2019 and to 4.1 percent in 2020 as national labor market growth moderates.

U.S. and Colorado Per-Capita Income



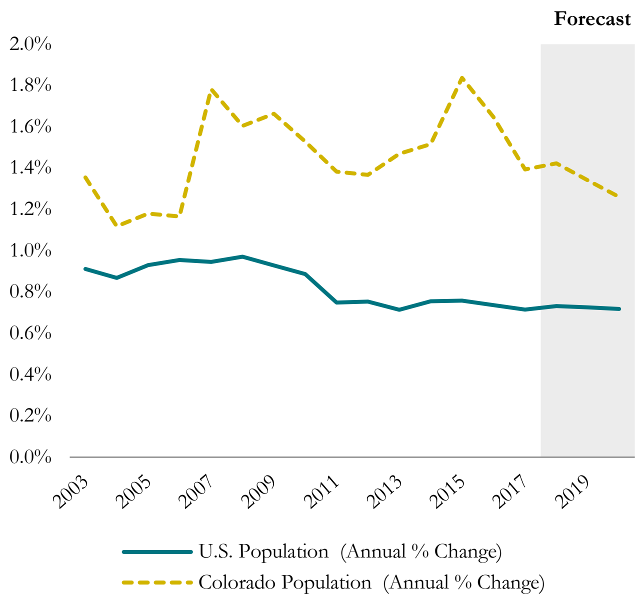
- Colorado per-capita income is expected to grow slightly faster than the nation overall in 2018, rising to an estimated $56,790. The forecast predicts per capita growth of 3.5 percent to $58,784 in 2019 and 3.6 percent to $60,897 in 2020.
- U.S. per-capita income is expected to grow 3.8 percent in 2018 to $53,658, then increase 3.7 percent in 2019 and 3.4 percent in 2020 to $55,669 and $57,538, respectively.

U.S. and Colorado Wage and Salary Income



- Colorado wage and salary growth is expected to increase at a slightly slower pace in 2018, rising 5.5 percent. Continued growth in employment and wages is driving this increase. Wage and salary growth for the state is expected to moderate to 5.1 percent in 2019 and 2020.
- U.S. wages and salaries are expected to rise by 4.9 percent in 2018 and in 2019. In 2020, U.S. wage and salary growth is expected to moderate to 4.5 percent.

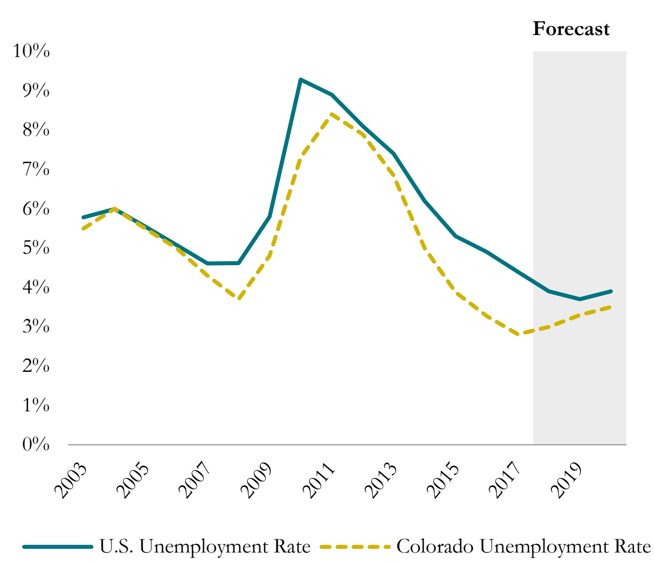
U.S. and Colorado Population



- After an increase of 1.6 percent in 2016, Colorado's population growth increased at a lower rate of 1.4 percent in 2017, as net migration decreased from prior elevated levels. Population growth is expected to continue at the same rate in 2018 before slowing to 1.3 percent in 2019 and 2020. The state's total population is expected to reach 5.8 million by 2020.

- The national population is expected to grow by 0.7 percent each year throughout the forecast, reaching 332.9 million by 2020.

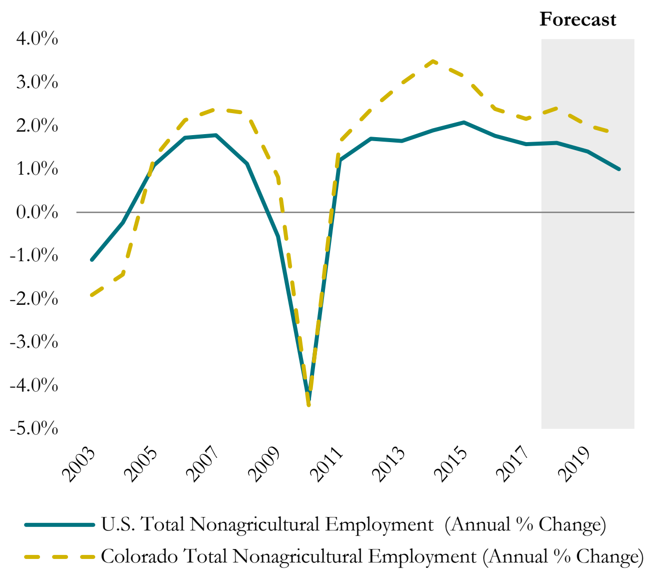
U.S. and Colorado Unemployment



- Colorado's unemployment rate reached a post-recession low of 2.8 percent in 2017. Colorado unemployment is projected to increase slowly over the next few years, to 3.0 percent in 2018, 3.3 percent in 2019, and 3.5 percent in 2020.

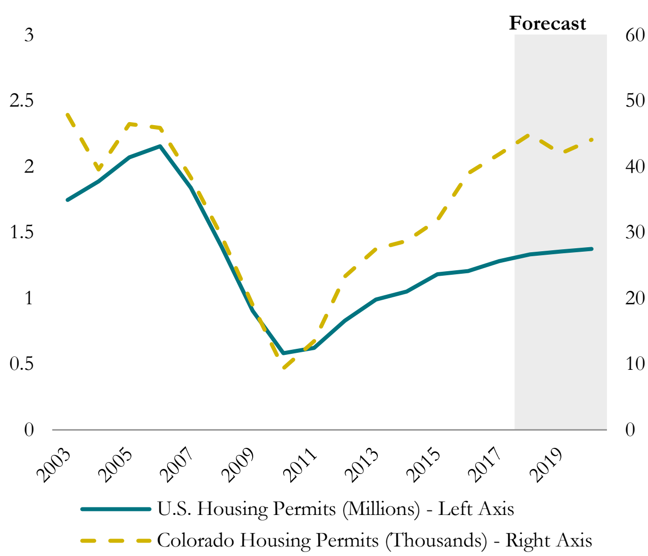
- The national unemployment rate is expected to fall to 3.9 percent in 2018 due to strong employment growth, and to 3.7 percent in 2019, before rising to 3.9 percent in 2020.

U.S. and Colorado Total Nonagricultural Employment



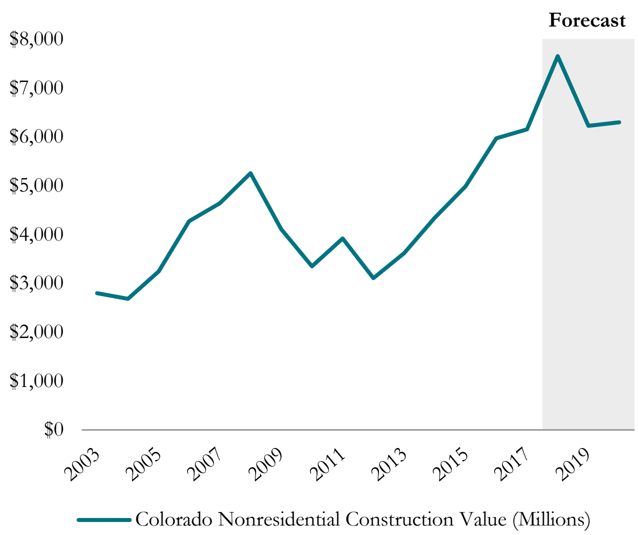
- Total employment in Colorado is expected to increase 2.4 percent in 2018 before moderating to 2.0 percent in 2019 and 1.8 percent in 2020 as a slower growth in the labor force constrains job growth.
- National job growth is expected to slow as the labor market approaches full employment, growing 1.6 percent in 2018, 1.4 percent in 2019, and 1.0 percent in 2020.

U.S. and Colorado Housing Permits Issued



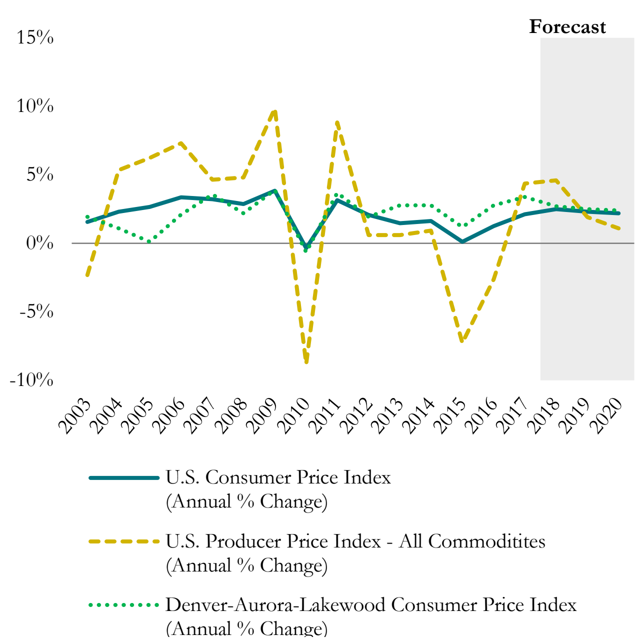
- Colorado housing permits are projected to increase 7.1 percent to 44,900 in 2018, driven by continued demand for new housing construction. Housing permit growth is expected to decline 6.5 percent to 42,000 permits in 2019 before returning to 44,100, a growth rate of 5.0 percent, in 2020.
- U.S. housing permits are expected to grow 4.1 percent to 1.3 million in 2018. Growth is then expected to slow to 1.5 percent in each of 2019 and 2020.

Colorado Nonresidential Construction Value



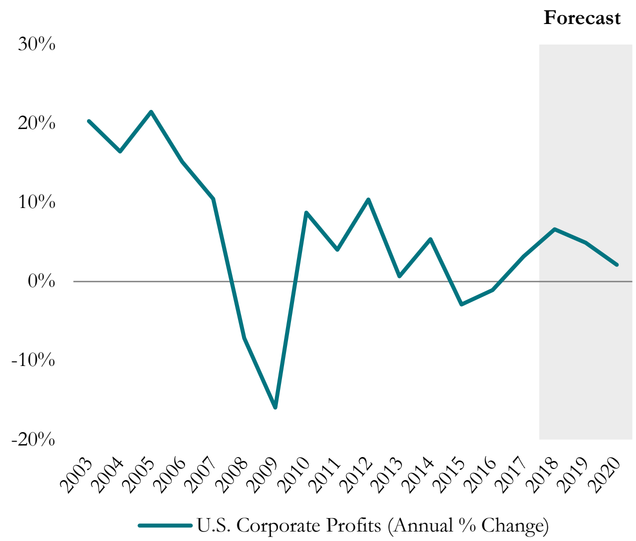
- Colorado's nonresidential construction value is expected to reach double-digit growth at 24.4 percent in 2018 before moderating in 2019 and 2020. The slowdown in nonresidential construction will be slightly offset by the $937 million in construction projects authorized through the Denver bond package approved by voters in November 2017.

Consumer Price Index and Producer Price Index



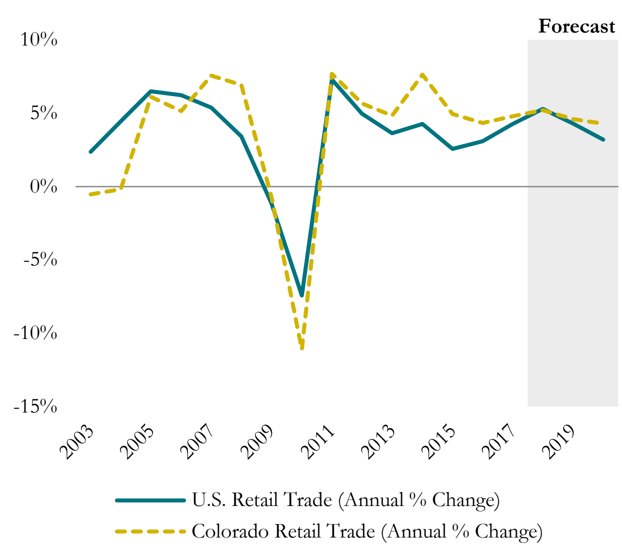
- National consumer prices are expected to rise 2.5 percent in 2018 and 2.3 percent in 2019 before slowing to 2.2 percent in 2020.
- Producer prices are expected to grow by 4.6 percent in 2018 followed by more moderate gains of 1.9 percent in 2019 and 1.1 percent in 2020.
- The Denver-Aurora-Lakewood Consumer Price Index (formerly the Denver-Boulder-Greeley Consumer Price Index) is projected to grow faster than the national average, with 2.7 percent growth in 2018, before moderating to 2.5 percent in 2019 and 2.4 percent in 2020.

U.S. Corporate Profits



- Pre-tax U.S. corporate profits grew 3.2 percent in 2017 as global economic growth and stronger energy prices increased earnings.
- Pre-tax profit growth is expected to peak at 6.6 percent in 2018 before slowing to 4.9 percent and 2.1 percent in 2019 and 2020 as tariffs, higher wages, and higher interest rates reduce profit margins.

Retail Trade



- Colorado retail sales are expected to grow, with projected increases of 5.2 percent in 2018. Retail sales will experience a slight moderation to 4.6 percent in 2019 and 4.3 percent in 2020 as employment and wage growth increase at a lower rate.
- Nationwide retail trade is expected to grow 5.3 percent in 2018 and 4.3 percent in 2019 as the economic expansion continues. Retail sales growth is expected to slow to 3.2 percent in 2020 in response to more moderate economic growth.

General Fund and State Education Fund Revenue Forecast

Relative to the September projections, the revenue forecast for FY 2018-19 is higher by $93.0 million, or 0.8 percent. General Fund revenue increased at a robust rate of 14.1 percent in FY 2017-18 due to an acceleration in economic growth and several one-time factors. Ongoing, though moderating, economic expansion and the increasing impacts of federal tax reform implementation will lead to a revenue growth rate of 6.5 percent in FY 2018-19 followed by a 5.9 percent increase in FY 2019-20.

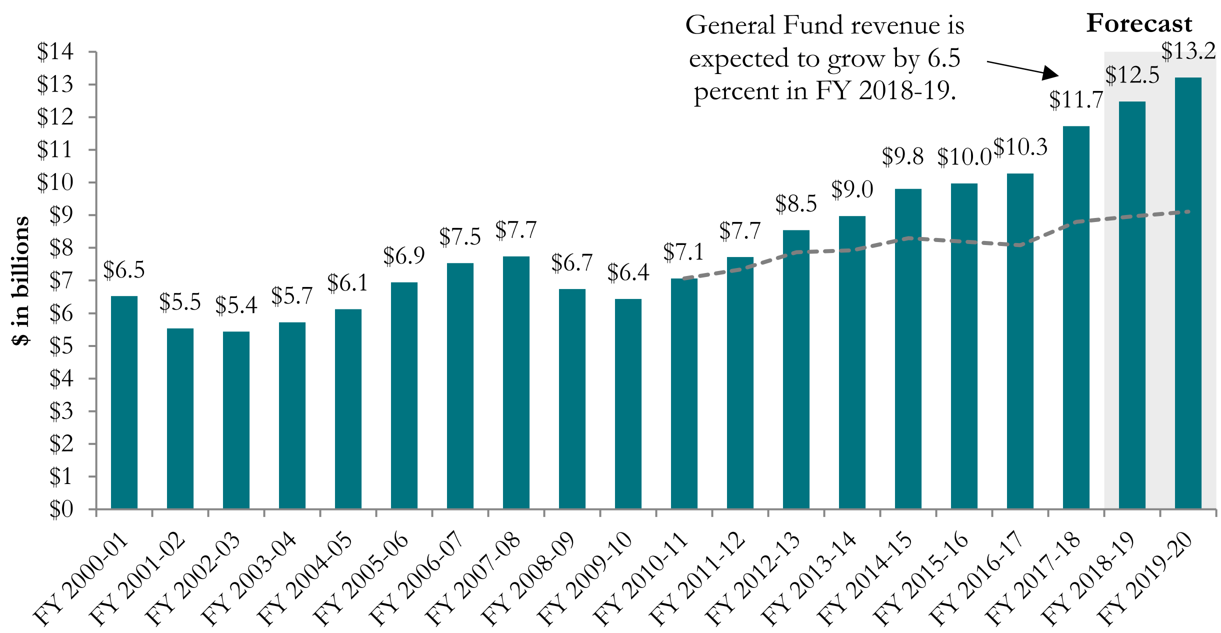
Individual and corporate income taxes continue to benefit from strong employment growth and an expanding economy. After the robust increase experienced in FY 2017-18, revenue will continue to grow in FY 2018-19 and FY 2019-20 at moderate rates, as economic growth continues at a slower rate.

Revenue growth will increase 6.5 percent in FY 2018-19 as the economic expansion continues, and will moderate to 5.9 percent in FY 2019-20.

The revenue growth in FY 2017-18 and subsequent years can partly be attributed to an increase in Colorado taxable income resulting from the repeal of certain deductions and exemptions under the 2017 federal Tax Cuts and Jobs Act (TCJA). Beginning in FY 2018-19, General Fund revenue will also grow as result of the *South Dakota vs. Wayfair, Inc.* U.S. Supreme Court decision, which allows states to collect sales tax from out-of-state online retailers that were previously not required to collect the tax.

Figure 23 shows actual and projected total General Fund revenue from FY 2000-01 through FY 2019-20. A more detailed forecast of General Fund revenue by source is provided in Table 3 in the Appendix. For more details on the economy, the main determinant of General Fund revenue, see "The Economy: Issues, Trends, and Forecast" section of this forecast, which starts on page 4.

Figure 23. General Fund Revenue*



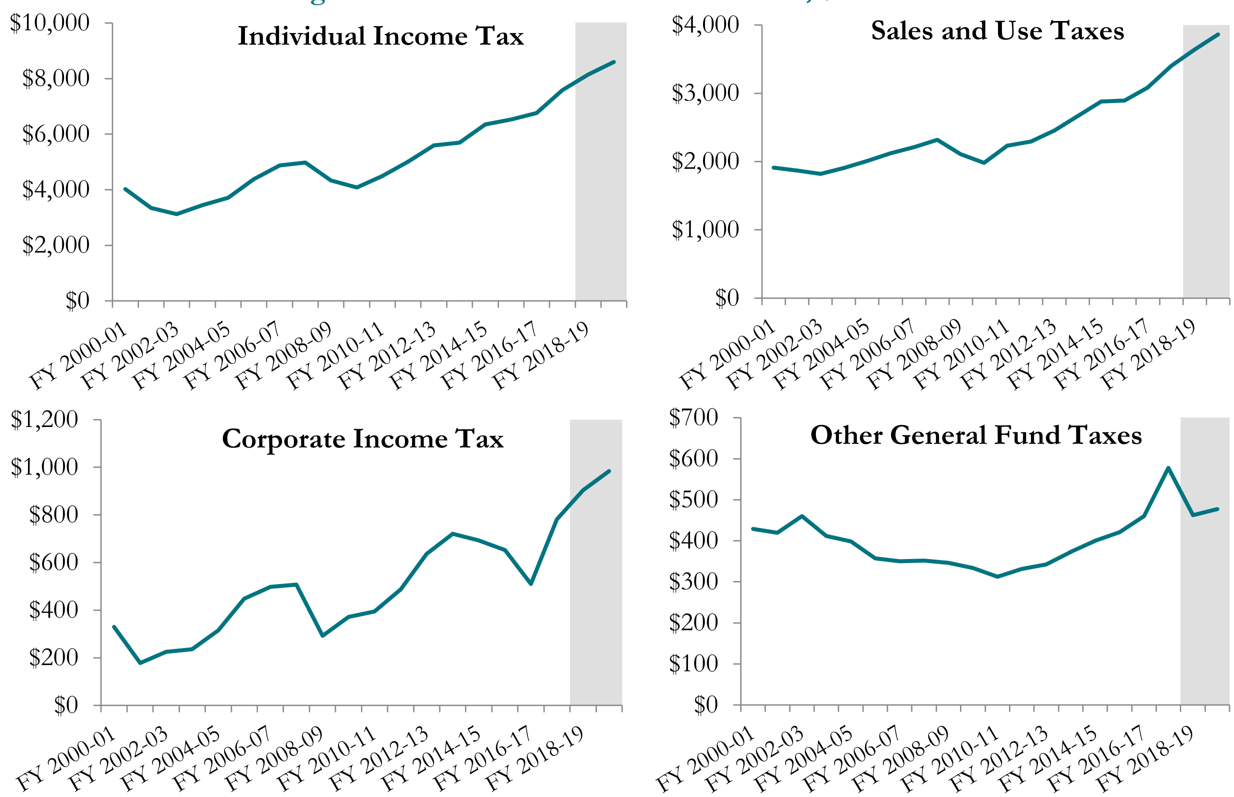
Source: Office of the State Controller and OSPB forecast

*Dotted line represents revenue growth adjusted for inflation and population growth. Totals shown include revenue in excess of the Referendum C revenue limit.

Discussion of Forecasts for Major General Fund Revenue Sources

The following section discusses the forecasts for the three major revenue sources that together make up 95 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the other remaining General Fund sources — such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor — remain largely unchanged from the September forecast. Figure 24 shows actual revenue collections as well as the forecast for General Fund revenue from FY 2000-01 through FY 2019-20.

Figure 24. General Fund Revenue Sources, $ in Millions



Source: Office of the State Controller and OSPB forecast

Individual income tax – Individual income tax collections grew at a robust rate of 12.1 percent in FY 2017-18. Individual income tax revenue growth is projected to increase 7.5 percent in FY 2018-19 and will moderate to a 5.6 percent rate in FY 2019-20.

Individual income tax revenue is expected to increase 7.5 percent in FY 2018-19 due to strong employment and wage growth before moderating to 5.6 percent growth FY 2019-20.

The strong growth in individual income tax collections in FY 2017-18 was due to a combination of factors, some of which are contributing to growth in FY 2018-19 as well. Stronger employment and wage growth, increases in business activity in an expanding economy, and an increase in taxable income resulting from federal tax changes have bolstered FY 2018-19 income tax revenue. However, the recent declines in equity values is expected to temper income tax revenue growth this fiscal year. Individual income tax revenue is expected to grow at a more moderate pace in FY 2019-20 as economic and job growth slow.

FY 2018-19 and FY 2019-20 individual income tax revenue projections were revised upwards as a result of sizeable year-over-year increases in collections through November and expectations for stronger wage withholdings and estimated payments, along with lower tax refunds.

The enactment of the federal Tax Cuts and Jobs Act in December 2017 is expected to increase individual and corporate income tax revenue. This is because the legislation on balance increases federal taxable income, upon which Colorado taxable income is based. It is important to note that there is a high degree of uncertainty surrounding the current forecast of individual income tax collections. The effects of the federal Tax Cuts and Jobs Act on state individual income tax revenue may differ from our estimates due to possible delays in timing or potential taxpayer responses to the tax law changes that may be unforeseen at this time.

Corporate income tax – Corporate income tax collections are projected to increase 15.5 percent in FY 2018-19 and 8.9 percent in FY 2019-20 after increasing 53.5 percent in FY 2017-18. Corporate income tax receipts are expected to rise modestly throughout the forecast period due to continued economic expansion and the effects of the federal Tax Cuts and Jobs Act.

Corporate income tax revenue will continue to grow as the economic expansion continues, increasing by 15.5 percent in FY 2018-19 and 8.9 percent in FY 2019-20.

Corporate income tax revenue is among the most volatile General Fund revenue sources as it is influenced by special economic factors and the structure of the corporate income tax code. Trends in corporate profits are a primary determinant of corporate income tax collections. Corporate profits weakened starting in 2015, leading to a decline in corporate income tax revenue. While corporate profits began to grow again in the second half of 2016, corporate income tax revenue continued to decline as corporations deferred tax liabilities in anticipation of favorable federal tax law changes.

With the passage of the Tax Cuts and Jobs Act in December 2017, state corporate income tax payments rebounded and are expected to continue to grow with higher corporate earnings and the ongoing economic expansion. Although renewed growth in corporate income tax collections is expected, future increases will be constrained by higher business costs, especially for employee compensation and borrowing, which will reduce profit margins and lower tax liabilities.

Sales and use tax – Sales tax revenue increased 9.5 percent in FY 2017-18 and is expected to increase an additional 5.9 percent in FY 2018-19 and 6.4 percent in FY 2019-20.

Colorado's strong economic growth is providing consumers with more disposable income, which, combined with more business spending, is causing sales tax revenue to grow. Auto sales, a major source of sales tax revenue, remain at a high level even as growth has slowed. In addition, the composition of auto sales is shifting from cars towards higher-priced light trucks, SUVs, and minivans, which result in more sales tax revenue to the State.

A portion of the 9.5 percent increase in FY 2017-18 was due to the higher net tax rate on retail marijuana sales pursuant to SB 17-267. This legislation increased the special tax rate on retail sales from 10 percent to 15 percent while exempting retail marijuana from the state's 2.9 percent sales tax, making the net tax rate increase 2.1 percentage points.

Increased consumer and business activity and online sales tax collections will drive sales tax revenue increases. Sales tax revenue is forecast to increase 5.9 percent in FY 2018-19.

The growth rates in FY 2018-19 and subsequent years are bolstered partially by online sales tax collections from certain out-of-state retailers, which the U.S. Supreme Court allowed states to begin collecting with its June 2018 ruling in *South Dakota v. Wayfair, Inc.* Colorado is expected to begin enforcing online sales tax collections in June 2018. This will result in an estimated sales tax revenue increase of about $7 million in FY 2018-19 and $67 million in FY 2019-20, the first full fiscal year of implementation.

The use tax is a companion to the sales tax and is paid by Colorado residents and businesses on purchases that did not include the State sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the State's use tax revenue comes from Colorado businesses paying the tax on transactions involving out-of-state sellers.

Use tax collections increased 19.4 percent in FY 2017-18 and are projected to increase another 17.3 percent in FY 2018-19. Much of the increase in use tax collections is due to stronger economic growth and the rebound in the oil and gas industry. However, a portion of the FY 2017-18 increase is due to the implementation of reporting requirements on online sales, pursuant to House Bill 10-1193. This law requires out-of-state retailers that do not collect Colorado sales tax to notify the purchasers of their tax liability as well as the Colorado Department of Revenue. Implementation of this law was delayed due to litigation that has now been resolved. The revenue impact of this law will be temporary, as these retailers will now be required to collect sales taxes as allowed by the *Wayfair* decision.

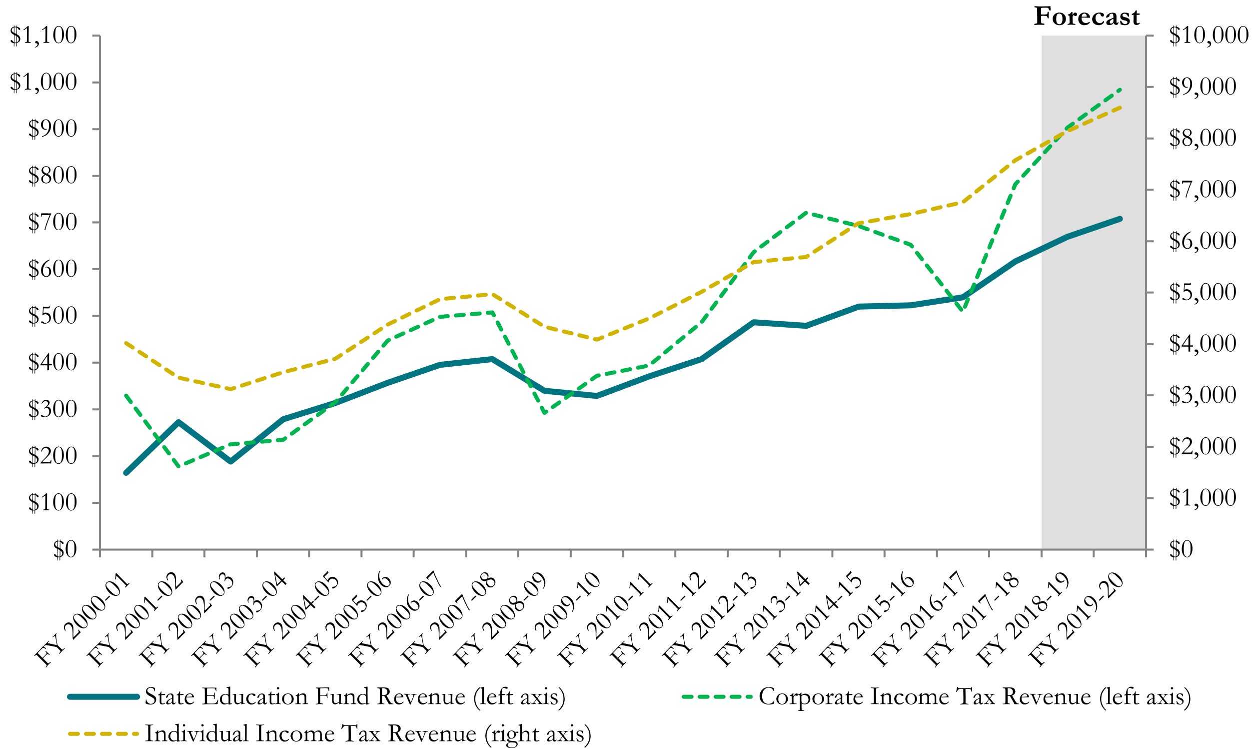
State Education Fund Revenue Forecast

Revenue to the State Education Fund increased 14.3 percent in FY 2017-18 and is expected to grow another 8.5 percent in FY 2018-19 and 5.7 percent in FY 2019-20.

Tax revenue to the State Education Fund will increase 8.5 percent and 5.7 percent in FY 2018-19 and FY 2019-20, respectively.

The Colorado Constitution requires that one-third of one percent of taxable income from Colorado taxpayers be credited to the State Education Fund. Because State Education Fund revenue is derived from taxable income, it follows the trends in individual income and corporate income tax revenue collections discussed above. The strong growth rate in FY 2017-18 was due to the robust gain in corporate income tax collections as well as higher individual income tax collections driven by the strong economy, labor conditions, and the stock market. The revenue impact of federal tax law changes is also contributing to the growth seen in FY 2017-18 and throughout the forecast period.

Figure 25. State Education Fund Revenue from One-Third of One Percent of Taxable Income, $ in Millions



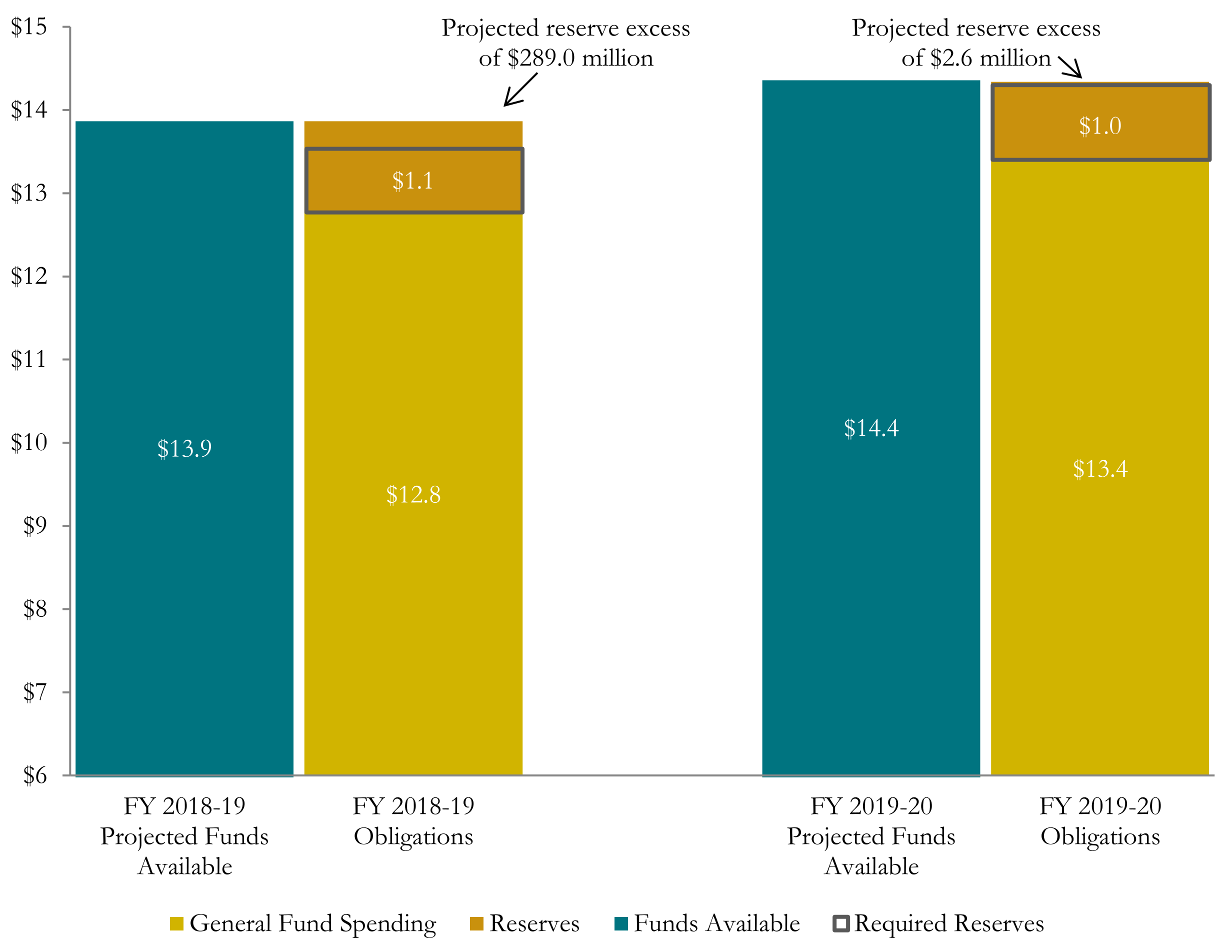
Source: Office of the State Controller and OSPB forecast

General Fund and State Education Fund Budget

General Fund – As discussed in the "General Fund and State Education Fund Revenue Forecast" section starting on page 39, the General Fund revenue forecast for FY 2018-19 is $93.0 million, or 0.8 percent, higher than estimated in the September forecast. The forecast for FY 2019-20 is $91.2 million higher, or 0.7 percent. With the Governor's November 2018 budget request, the State's General Fund reserve is projected to be $280.1 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19. The Governor's November budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY 2019-20. Under this forecast and the Governor's November budget request, the State's General Fund reserve is projected to be $2.6 million above the higher required statutory reserve amount. These projections do not reflect the forthcoming budget adjustments for FY 2018-19 and FY 2019-20 that will be submitted to the legislature in January.

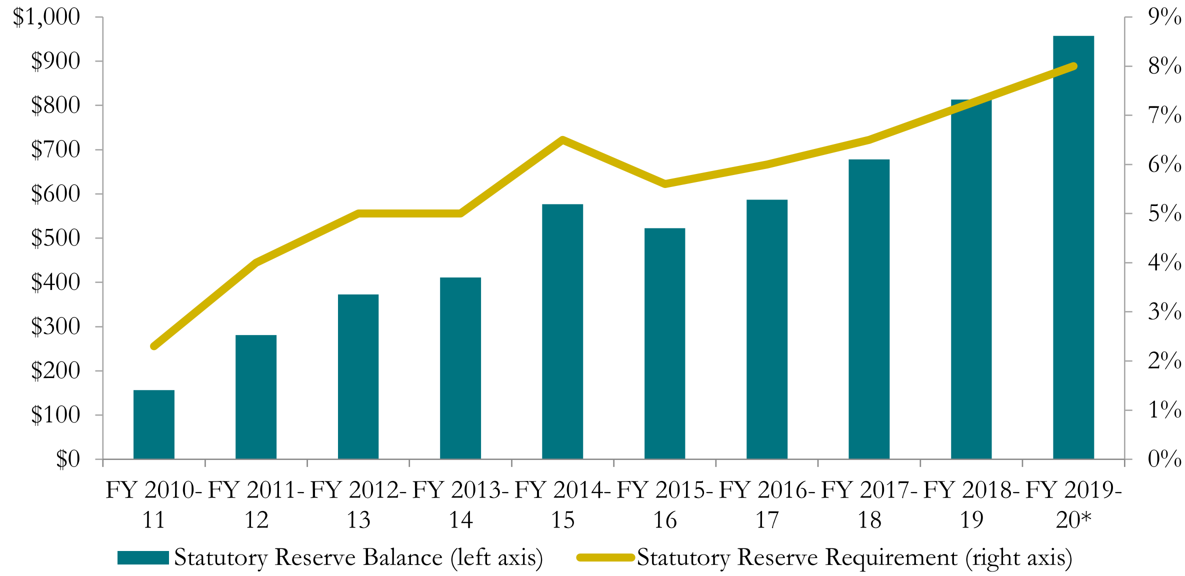
Figure 26 summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2018-19 and FY 2019-20 under the Governor's November budget request.

Figure 26. General Fund Available, Obligations, and Reserves under the Governor's November Budget Request, $ in Billions



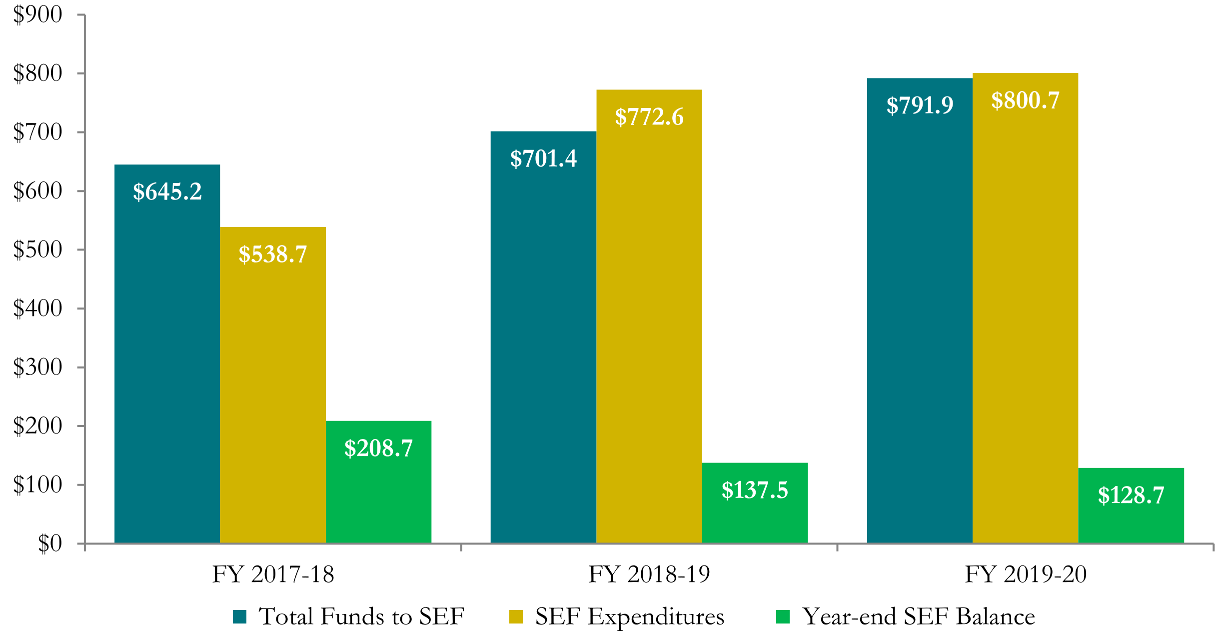
Under the Hickenlooper Administration, the General Fund statutory reserve requirement more than tripled from 2.3 percent of appropriations in FY 2010-11 to 7.25 percent in FY 2018-19. The Governor's November budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY 2019-20 to help the State be better prepared for a potential future economic downturn. The revenue loss to the General Fund during the prior two recessions was about 17 percent.

Figure 27. Statutory Reserve Requirement as a Percent of Appropriations and Statutory Reserve Balance, $ in Millions



State Education Fund – In FY 2018-19, the State Education Fund's year-end balance is projected to decrease from its FY 2017-18 level of $208.7 million to $137.5 million. This decrease is the result of a higher level of State Education Fund expenditures in FY 2018-19, which reduced the need for General Fund appropriations for funding K-12 public education. However, FY 2018-19's lower ending balance leaves less funding available for FY 2019-20, resulting in an increased need for General Fund next fiscal year. The Governor's November 1, 2018, budget request includes a General Fund increase of $261.1 million in FY 2019-20 for K-12 education. Further, the request includes a $77 million transfer from the General Fund to the State Education Fund for FY 2019-20 in order to further pay down the Budget Stabilization Factor. Figure 28 summarizes total State Education Fund revenue available, total spending, and ending balance levels for FY 2017-18 through FY 2019-20 under the Governor's November budget request.

Figure 28. State Education Fund Money, Spending, and Balances under the Governor's November Budget Request, $ in Millions



FY 2018-19 appropriations reflect current law and FY 2019-20 appropriations represent the Governor's November 2018 budget request. The request will be updated in January to reflect new information on local school property tax revenue and student enrollment.

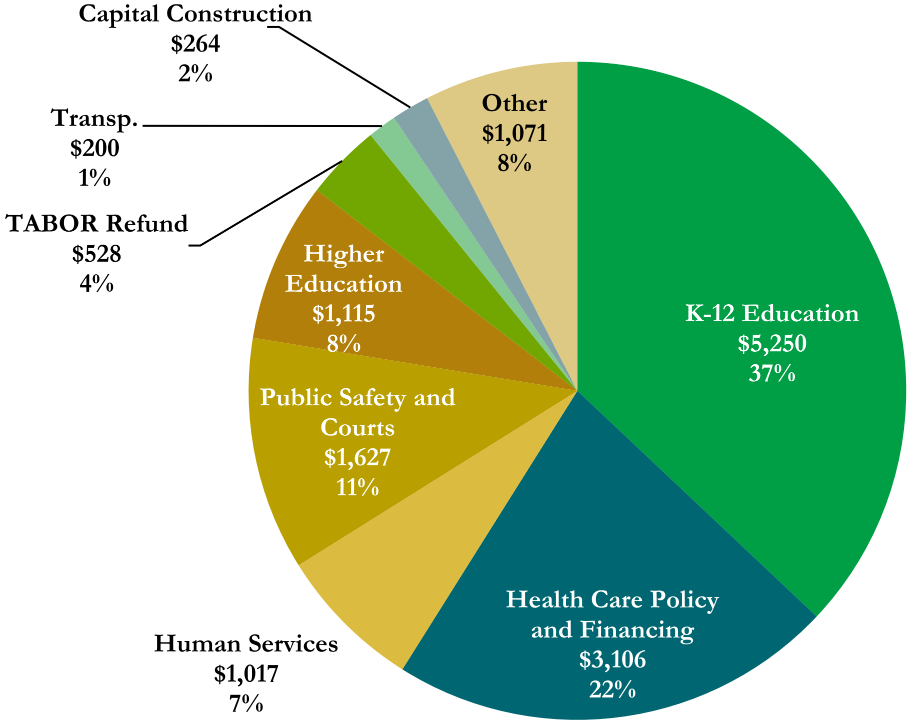
Overview Tables – An overview of the amount of money available in the General Fund and State Education Fund, expenditures, and end-of-year reserves is provided in Tables 4 and 5 in the Appendix at the end of this document beginning on page 50. A discussion of the information presented in these tables can be found on the Office of State Planning and Budgeting's website at this link: https://bit.ly/2S6ghmQ.

Spending by Major Department or Program Area

The General Fund provides funding for the State's core programs and services, including K through 12th grade education, higher education, services for low-income populations, including the disabled and elderly, courts, and public safety. It also helps fund capital construction and maintenance needs for State facilities and, in some years, transportation projects. Under the state constitution, the State Education Fund helps fund K through 12th grade education and annually receives one-third of one percent of taxable income. In some years, it has also received supplemental money from the General Fund as authorized by statute.

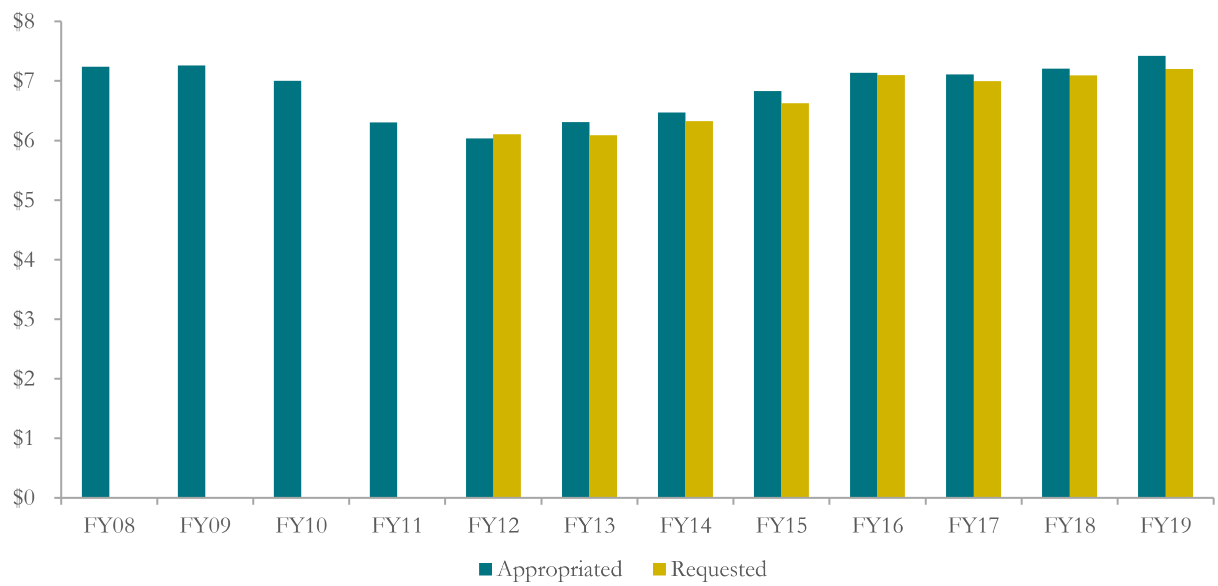
Figure 29 depicts the major areas of the combined General Fund and State Education Fund FY 2019-20 budget as reflected in the Governor's November 2018 budget request. Approximately 85 percent of General Fund and State Education Fund spending encompasses the following areas: K through 12th grade education, Medicaid and related costs at the Department of Health Care Policy and Financing, human services, public safety, the correctional system, courts, and higher education. More detail on the Governor's November Budget Request can be found on the Office of State Planning and Budgeting's website.

Figure 29. FY 2019-20 General Fund and State Education Fund Budget under the Governor's November Budget Request and the December Revenue Forecast, $ in Millions



As shown in Figure 30, strong revenue growth during Governor Hickenlooper's time in office has helped the State's General Fund operating budget to recover from recessionary levels, having only recently exceeded its pre-recession peak, adjusted for population and inflation. The figure shows both Governor Hickenlooper's annual budget requests and actual appropriations enacted.

Figure 30. General Fund Operating Budget, Adjusted for Population and Inflation Growth, $ in Billions



Risks to the Outlook and Budget Implications

This budget outlook is based on OSPB's economic analysis and forecast, discussed in more detail in the section titled "The Economy: Issues, Trends, and Forecast," beginning on page 4. Changes to the Colorado economy determine revenue to the General Fund and State Education Fund. In addition to revenue, changes in economic conditions impact the budget outlook through associated changes in the use of many state services, such as higher education and Medicaid.

Colorado's economic expansion continued at a healthy pace in 2018. Colorado's employment growth has been strong but expected to slow, while wage growth continues to outpace inflation. Recession risk has increased since the September forecast due to concerns about the ongoing trade dispute and slower global growth, but remains low. However, potential unforeseen developments could change this outlook. Trade policy continues to be a risk factor to business costs and agricultural prices. Overtightening of monetary policy amidst the moderating economic activity is now a risk. A larger slowdown in global economic growth or a geopolitical crisis could have an adverse impact on the U.S. economy.

Cash Fund Revenue Forecast

A wide array of state programs collect taxes, fees, fines, and interest to fund services and operations. When these revenue sources are designated for a particular program, they are typically directed to that program's cash fund. OSPB's forecast of cash fund revenue subject to TABOR and the Referendum C cap is shown in Table 6 in the Appendix.

FY 2017-18 cash fund revenue decreased by 15.8 percent as the Hospital Provider Fee was replaced with the Healthcare Affordability and Sustainability Fee program, which is a TABOR-exempt enterprise in accordance with SB 17-267. In addition to the change in the Hospital Provider Fee, cash fund revenue was also reduced by the exemption of retail marijuana sales from the 2.9 percent state sales tax pursuant to SB 17-267.

Forecasted cash fund revenue collections for FY 2018-19 are $40.9 million, or 1.7 percent, higher than projections in September, largely due to higher-than-expected revenue to severance tax cash funds and to the large group of cash funds referred to as "other miscellaneous cash funds." Cash fund revenue collections for FY 2019-20 are higher than the September forecast by $10.1 million, or 0.4 percent.

Transportation-related cash funds **—** Transportation-related cash fund revenue is forecast to grow 3.4 percent in FY 2018-19 and 2.7 percent in FY 2019-20 after growing by 4.4 percent in FY 2017-18. The December forecast for FY 2018-19 is 0.3 percent, or $4.1 million, higher than the September forecast.

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a number of smaller cash funds including emissions fees and professional licenses. HUTF collections are distributed by statutory formula to the Colorado Department of Transportation, local counties and municipalities, and the Colorado State Patrol. The primary revenue sources for the HUTF cash funds are motor fuel taxes and registration fees, but also include special transport permits and DUI fines.

After accounting for the effects of inflation and improved automotive fuel efficiency, fuel tax revenues provide for less road construction and maintenance than they did in 1991.

State gasoline taxes, which have remained at 22 cents per gallon since their last increase in 1991, represent more than 75 percent of motor fuel tax revenue. Fuel tax revenue to the HUTF has averaged 2.0 percent growth per year during the current economic expansion. As inflation has averaged 2.8 percent per year since the fuel tax was last increased, current fuel taxes allow for less road construction and maintenance than they did in 1991. Growth is expected to continue at a modest rate, with improvements in fuel-efficiency and growing numbers of electric vehicles largely offset by the state's strong economic activity, population growth, and an increasing consumer preference for larger vehicles.

Vehicle registration revenue growth is driven by auto sales and in-migration to the state. Auto sales grew steadily from the end of the Great Recession in 2009 through 2017. As interest rates rise and the pent-up demand experienced since the Great Recession decreases, new auto sales are leveling off. Colorado vehicle sales are expected to remain slightly stronger than nationwide sales due to greater economic and population growth.

Figure 31. Transportation Funds Forecast by Source, $ in Millions

Transportation Funds Revenue	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$654.4**	**$682.4**	**$696.6**	**$711.2**
Change	4.0%	4.3%	2.1%	2.1%
Total Registrations	**$265.7**	**$275.1**	**$282.2**	**$290.3**
Change	5.9%	3.5%	2.6%	2.9%
Other HUTF Receipts	**$187.2**	**$195.8**	**$200.5**	**$204.8**
Change	1.9%	4.5%	2.4%	2.1%
Total HUTF	**$1,107.3**	**$1,153.3**	**$1,179.3**	**$1,206.2**
Change	4.1%	4.1%	2.3%	2.3%
State Highway Fund	**$40.6**	**$43.9**	**$48.0**	**$49.1**
Change	5.9%	8.0%	9.3%	2.5%
Other Transportation Funds	**$127.4**	**$121.4**	**$126.8**	**$129.1**
Change	7.3%	-4.7%	4.4%	1.9%
Total Transportation Funds	***$1,275.4***	***$1,318.5***	***$1,354.0***	***$1,384.5***
Change	*4.4%*	*3.4%*	*2.7%*	*2.3%*

*Totals may not sum due to adjustments from recent policy changes that impact revenue.

Limited gaming revenue — Revenue from limited gaming grew $8.0 million, or 6.7 percent, in FY 2017-18, reaching a total of $127.1 million. It is projected to reach $129.6 million in FY 2018-19 and $132.5 million in FY 2019-20, growth rates of 2.0 percent and 2.2 percent, respectively.

Of the $127.1 million total limited gaming revenue in FY 2017-18, $106.8 million is subject to TABOR, as reflected in Figure 32. Of this amount, $105.0 million is classified as "base limited gaming revenue" in accordance with Amendment 50. In FY 2018-19, $109.0 million is subject to TABOR, with $107.1 million classified as "base limited gaming revenue." Base limited gaming revenue is distributed by statutory formula to the State General Fund, the State Historical Society, cities and counties affected by gaming activity, and programs related to economic development. In FY 2019-20, $111.4 million of the total projected limited gaming revenue is subject to TABOR, with $109.5 million designated as base limited gaming revenue.

Gaming revenue attributable to Amendment 50 is not subject to TABOR. This revenue is distributed mostly to community colleges, with a smaller portion going to local governments with communities affected by gaming. These distributions totaled $16.7 million in FY 2017-18 and are projected to total $17.9 million in FY 2018-19, and $18.4 million in FY 2019-20. Figure 32 shows the distribution of limited gaming revenue in further detail.

Figure 32. Distribution of Limited Gaming Revenues, $ in Millions

Distribution of Limited Gaming Revenues	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
A. Total Limited Gaming Revenues	**$127.1**	**$129.6**	**$132.5**	**$135.6**
Annual Percent Change	6.7%	2.0%	2.2%	2.3%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.0**	**$107.1**	**$109.5**	**$112.0**
Annual Percent Change	3.0%	2.0%	2.2%	2.3%
C. Gaming Revenue Subject to TABOR	**$106.8**	**$109.0**	**$111.4**	**$114.0**
Annual Percent Change	3.0%	2.0%	2.2%	2.3%
D. Total Amount to Base Revenue Recipients	**$94.8**	**$96.6**	**$98.9**	**$101.5**
Amount to State Historical Society	$26.5	$27.0	$27.7	$28.4
Amount to Counties	$11.4	$11.6	$11.9	$12.2
Amount to Cities	$9.5	$9.7	$9.9	$10.2
Amount to Distribute to Remaining Programs (State Share)	$47.4	$48.3	$49.4	$50.8
Amount to Local Government Impact Fund	$5.4	$5.7	$6.1	$6.4
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
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1	$2.1
Transfer to the General Fund	$16.9	$17.5	$18.3	$19.2
E. Total Amount to Amendment 50 Revenue Recipients	**$16.7**	**$17.9**	**$18.4**	**$18.8**
Community Colleges, Mesa and Adams State (78%)	$13.1	$14.0	$14.3	$14.7
Counties (12%)	$2.0	$2.2	$2.2	$2.3
Cities (10%)	$1.7	$1.8	$1.8	$1.9

Severance tax revenue **—** Severance tax revenue totaled $143.0 million in FY 2017-18 and is expected to grow by 45.0 percent to $207.3 million in FY 2018-19 before falling to $131.6 million in FY 2019-20. This forecast reflects increased oil and gas production and slightly lower commodity prices. Larger ad valorem credits coupled with slightly lower oil and gas price projections are expected to cause the decline in severance tax revenue in FY 2019-20.

As a result of the Colorado Supreme Court's April 2016 decision in *BP America v. Colorado Department of Revenue*, taxpayers can claim additional severance tax deductions related to their transportation, manufacturing, and processing costs incurred in oil and gas extraction activities. In addition to lowering severance tax collections on an ongoing basis, this decision also increased the refunds being made to severance taxpayers for past tax years.

Federal Mineral Leasing (FML) revenue **—** FML revenue decreased in FY 2017-18, declining 5.3 percent to $86.2 million. It is expected to grow 23.8 percent to $106.6 million in FY 2018-19 and 5.1 percent to $112.1 million in FY 2019-20. The rebound in growth in FY 2018-19 is a result of increased production and the end of refunds of FML "bonus" payments to mineral extraction leaseholders on the Roan Plateau. Note that while FML revenue is exempt from TABOR, it is included here because a portion of the money is used for the State's share of K-12 school finance.

FML royalties are derived from a percentage of the value of resources produced on leased federal lands. FML activity includes the production of natural gas and oil as well as propane, carbon dioxide, coal, and other mineral resources. The Bureau of Land Management (BLM) sells leases to extract mineral resources from federal lands. Producers then remit royalties and other payments to the federal government that are then shared with the state in which production occurs.

On March 13, 2018, the U.S. Department of the Interior announced that $18.2 million of previously withheld FML revenue would be disbursed to the State. HB 18-1249 changed the distribution of this disbursement. Instead of being deposited into the State's Mineral Leasing Fund, the revenue was distributed to the affected counties – Garfield, Rio Blanco, Mesa, and Moffat – to return funding that the federal government had previously withheld from them in order to pay for the cleanup of the Anvil Points oil shale site.

Figure 33. Federal Mineral Leasing (FML) Payments, $ in Millions

Fiscal Year	Bonus	Non-Bonus	Total FML	% Change
FY 2017-18	$0.4	$85.8	$86.2	-5.3%
FY 2018-19	$4.1	$102.6	$106.6	23.8%
FY 2019-20	$4.3	$107.8	$112.1	5.1%
FY 2020-21	$4.5	$113.0	$117.4	4.8%

FY 2017-18 figures are actual collections, FY 2018-19 through FY 2020-21 are projections.
Figures do not include $18.2 million of previously withheld revenue disbursed in accordance with HB18-1249.

Other cash funds **—** Cash fund revenue to the Department of Regulatory Agencies (DORA) increased 6.5 percent to $80.5 million in FY 2017-18. This revenue is projected to decrease 4.2 percent to $77.1 million in FY 2018-19 and to increase 3.4 percent to $79.8 million in FY 2019-20. DORA regulates businesses and professionals in certain industries through licensing, rulemaking, enforcement, and approval of rates charged to consumers. Revenue from licensing fees and other services fund many of the Department's activities.

Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance programs. Following a general trend of increasing insurance premiums, the surcharge rate, which is determined through a series of rule hearings, was revised up by 0.4 percentage points in FY 2017-18. Revenue from this source grew 72.5 percent to $17.8 million in FY 2017-18 due to the increased surcharge rate and is estimated to grow 15.6 percent to $20.6 million in FY 2018-19 before falling 14.4 percent to $17.6 million in FY 2019-20. Each year, the Division of Workers' Compensation performs a comprehensive review to determine the funding needed to operate its programs.

The "Other Miscellaneous Cash Funds" category in Table 6 in the Appendix includes revenue from over 300 cash funds, which generally collect revenue from fines, fees, and interest earnings. Approximately 75 percent of the revenue comes from the largest 30 of these funds. Included among these are the Employment Support Fund, Medicaid Nursing Facility Cash Fund, and cash funds that collect marijuana industry-related revenue.

Revenue to miscellaneous cash funds totaled $676.1 million in FY 2017-18, an increase of 4.6 percent. In FY 2018-19, revenue to these funds is expected to increase 6.9 percent to $722.4 million, followed by an estimated increase of 5.1 percent to $759.3 million in FY 2019-20. Of the FY 2018-19 increase, $6.4 million can be attributed to the impacts of legislation passed during the 2018 legislative session.

Marijuana-related revenue **—** Figure 34 shows revenue from the special taxes on the legal marijuana industry authorized by Proposition AA in November 2013, along with revenue from the 2.9 percent sales tax collected on marijuana sales.

Figure 34. Tax Revenue from the Marijuana Industry, $ in Millions

Tax Revenue from the Marijuana Industry	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$167.2	$187.0	$198.2	$205.4
Retail Marijuana 15% Excise Tax	$68.0	$55.6	$50.5	$48.2
Total Proposition AA Taxes	**$235.1**	**$242.6**	**$248.7**	**$253.7**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$10.6	$8.7	$8.1	$7.6
Retail Marijuana 2.9% State Sales Tax	$5.2	$0.4	$0.4	$0.4
Total 2.9% Sales Taxes	**$15.8**	**$9.1**	**$8.5**	**$8.0**
Total Marijuana Taxes	**$251.0**	**$251.7**	**$257.2**	**$261.7**

*Totals may not sum due to rounding.

SB 17-267 made changes to marijuana taxation and revenue beginning in FY 2017-18. The bill exempted retail marijuana from the 2.9 percent state sales tax, while increasing the special sales tax rate on retail marijuana from the prior 10 percent to 15 percent in FY 2017-18 and subsequent years. Note that the table above shows some revenue from the 2.9 percent state sales tax on retail marijuana in FY 2017-18 and later years. This is because marijuana accessories and other non-marijuana items sold in marijuana shops were not exempted from the 2.9 percent tax.

Revenue from the 2.9 percent sales tax on marijuana and fees related to regulation of the marijuana industry are included in the Miscellaneous Cash Funds category in Table 6 in the Appendix. The table does not include the proceeds from marijuana taxes authorized by Proposition AA, as they are not subject to TABOR.

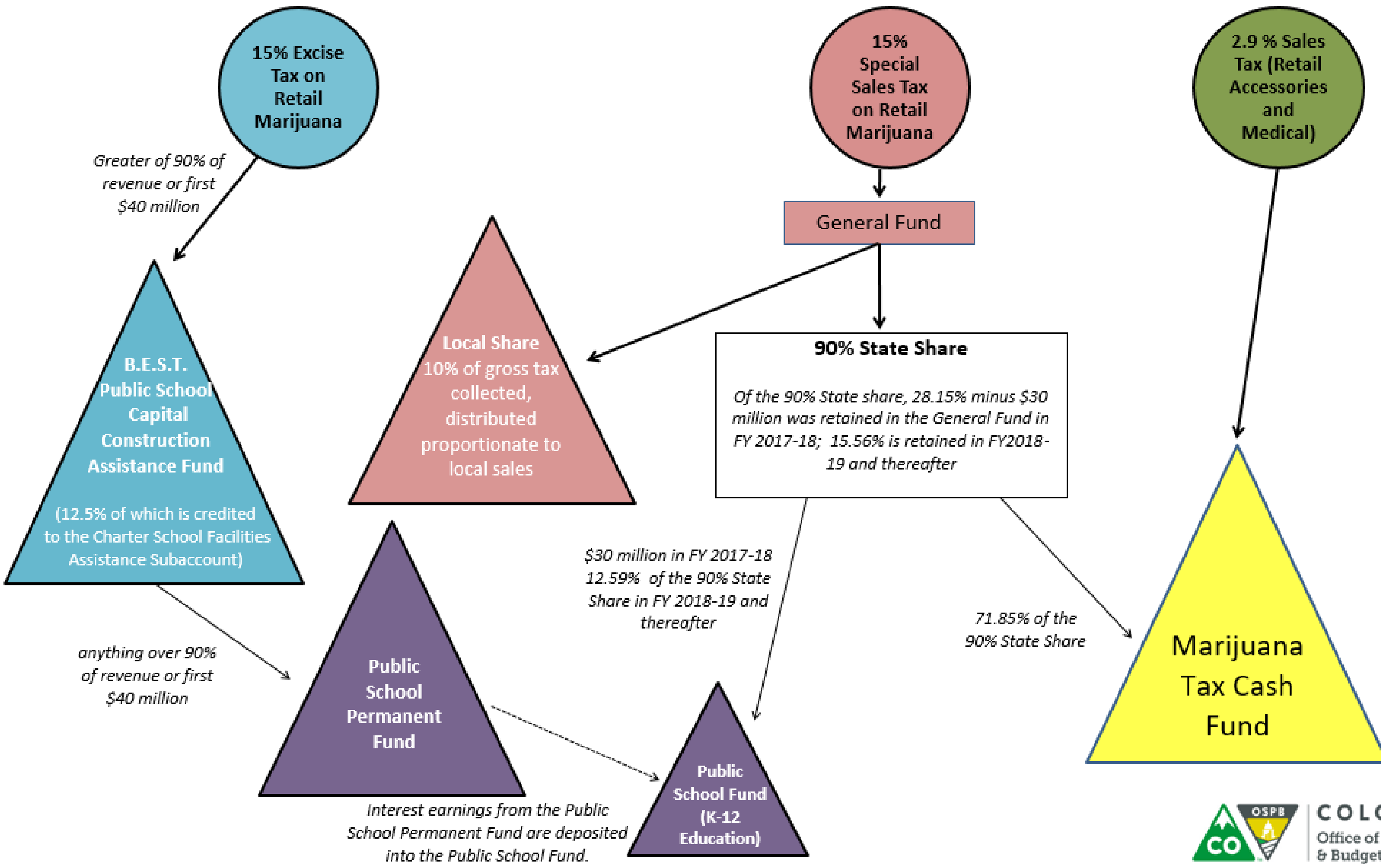
The revenue from the retail marijuana sales tax in Proposition AA goes first to the General Fund ─ and is included as sales tax revenue in Table 3 in the Appendix ─ before being transferred to the Marijuana Tax Cash Fund, local governments, and the Public School Fund. The remaining amount after these transfers stays in the General Fund. Proposition AA also included an excise tax of 15 percent on retail marijuana that is credited to public school cash funds. Figures 35 and 36 show the distribution of marijuana tax revenue.

Figure 35. Distributions from Marijuana Tax Revenues, $ in Millions

Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2017-18	$251.0	$16.7	$12.4	$40.0	$28.0	$30.0	$123.9
FY 2018-19	$251.7	$18.7	$26.2	$50.0	$5.6	$21.2	$130.0
FY 2019-20	$257.2	$19.8	$27.8	$45.5	$5.1	$22.5	$136.7

*Totals may not sum due to rounding.
*FY 2017-18 figures are actual distributions, FY 2018-19 and FY 2019-20 are projections.

Figure 36. Distribution of Tax Revenue from the Marijuana Industry Starting in FY 2018-19



Taxpayer's Bill of Rights: Revenue Limit

Background on TABOR – Provisions in the Taxpayer's Bill of Rights (TABOR) – Article X, Section 20 of the Colorado Constitution – limit the growth of certain State revenue to the sum of inflation and population growth. Revenue collected above the TABOR limit must be returned to taxpayers unless voters decide the State can retain the revenue.

In November 2005, voters approved Referendum C, which allowed the State to retain all revenue received through FY 2009-10 during a five-year TABOR "time out." Referendum C also set a new cap on revenue starting in FY 2010-11. Starting with FY 2010-11, the amount of revenue that the State may retain under Referendum C (line 9 of Table 7 found in the Appendix) is calculated by multiplying the revenue limit between FY 2005-06 and FY 2009-10 associated with the highest TABOR revenue year (FY 2007-08) by the allowable TABOR growth rates (line 6 of Table 7) for each subsequent year. The passage of SB 17-267 during the 2017 legislative session reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by the sum of inflation and population growth in subsequent years.

Most General Fund revenue and a portion of cash fund revenue are included in calculating the revenue cap under Referendum C. Revenue that is not subject to TABOR includes revenue exempt by Colorado voters; federal money; and revenue received by entities designated as enterprises, such as public universities and colleges. Table 7 found in the Appendix summarizes the forecasts of TABOR revenue, the TABOR revenue limit, and the revenue cap under Referendum C.

TABOR revenue exceeded the revenue cap in FY 2017-18 and will remain above the cap throughout the forecast period – TABOR revenue came in $18.5 million above the cap in FY 2017-18 and is projected to be above the cap by $394.4 million in FY 2018-19 and $525.8 million in FY 2019-20.

TABOR revenue is expected to be above the Referendum C cap by $394.4 million in FY 2018-19 and $525.8 million in FY 2019-20.

TABOR revenue last exceeded the Referendum C cap in FY 2014-15, by $169.7 million. Of this amount, $153.7 million was scheduled to be refunded to taxpayers via their 2015 tax returns, which included $3.6 million in outstanding refunds from prior years. The remaining $19.6 million of the $169.7 million in excess FY 2014-15 revenue resulted from a reclassification of revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund as subject to TABOR. The legal analysis and audit review on the correct classification of this revenue occurred after refund amounts had been established for state income tax forms. In situations like this the reclassified revenue is to be refunded in the next year a refund is due, which is FY 2017-18, as discussed below.

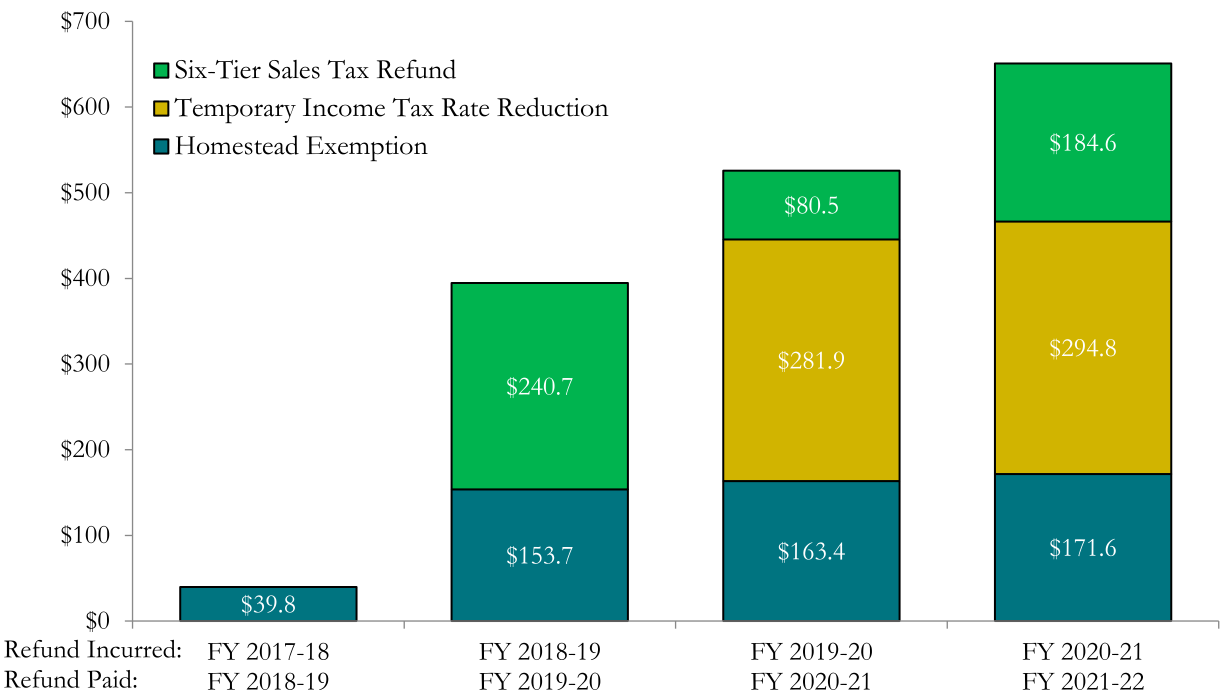
In addition to this $19.6 million adjustment, after the close of FY 2014-15, a net $14.2 million in FY 2014-15 revenue previously treated as nonexempt was reclassified as exempt from TABOR. This reclassification offsets a portion of the aforementioned $19.6 million due to be refunded to taxpayers in the next year a refund is due.

Under this forecast, TABOR refunds of $39.8 million are required for FY 2017-18, as shown in the table below and in line 11 in Table 7. This amount includes the $18.5 million in excess of the Referendum C cap in FY 2017-18, plus a net $5.4 million outstanding from the FY 2014-15 refund requirement due to those adjustments discussed above, plus $15.9 million in FY 2014-15 refunds that remain unclaimed by taxpayers. Any TABOR refund amount that is not refunded is required to be refunded the next year a refund is due. The following table illustrates these adjustments.

Projected FY 2017-18 TABOR Refund with Adjustments	
Revenue Above the Referendum C Cap	$18.5
Adjustments from Prior Fiscal Years	
Reclassification of Transfer to Adult Dental Fund	$19.6
Other Reclassifications	-$14.2
Remaining Amount not Refunded from 2015 Tax Returns	$15.9
Total Adjustments	$21.2
Total Refund	**$39.8**

Colorado law specifies three mechanisms by which revenue in excess of the cap needs to be refunded to taxpayers in future years: the senior homestead and disabled veterans property tax exemptions, a sales tax refund to all taxpayers ("six-tier sales tax refund"), and a temporary income tax rate reduction. The refund amount determines which refund mechanisms are used. The Governor's November budget request proposed to change the TABOR refund mechanism. Figure 37 shows the anticipated refund that will be distributed through each statutorily defined refund mechanism under current law, while the Governor's request is presented in Figure 39.

Figure 37. Distribution of TABOR Refunds, $ in Millions*



* The FY 2017-18 total includes the amount above Referendum C cap in FY 2017-18 plus adjustments from prior years. TABOR refunds are paid in the fiscal year following the fiscal year in which they are obligated.

As specified by Section 39-22-627, C.R.S, the refund of the FY 2017-18 excess revenue will occur through paying $39.8 million of the total $140.7 million senior homestead and disabled veterans property tax exemption expenditures in FY 2018-19. The refund amount is not sufficient to trigger a sales tax refund or temporary income tax rate reduction.

In FY 2018-19, the excess revenue is not sufficient to trigger a temporary income tax rate reduction, and refunds in excess of the homestead exemption will instead be refunded via a six-tier sales tax refund. The sales tax refund is estimated to average $68 per taxpayer.

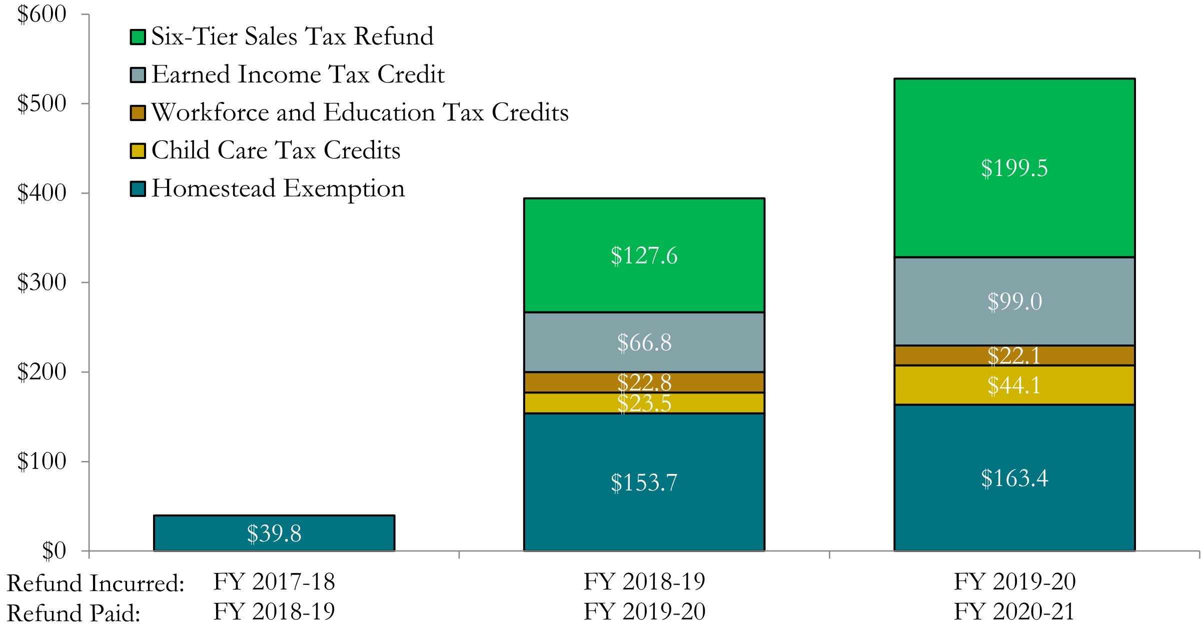
In FY 2019-20 and FY 2020-21, required refunds will exceed homestead exemption refund expenditures by an amount sufficient to fund a temporary income tax rate cut, from 4.63 percent to 4.5 percent. In FY 2019-20, this rate reduction will reduce income tax payments by an average of $44 for taxpayers filing single returns and an average of $152 for taxpayers filing joint returns. In FY 2020-21, the rate reduction will reduce income tax payments by $45 for single returns and $160 for joint returns, on average. The income tax rate reduction leaves additional required refunds of $80.5 million in FY 2019-20 and $184.6 million in FY 2020-21. These amounts will be disbursed via a six-tier sales tax refund according to Section 39-22-2002 C.R.S., and will average $23 per taxpayer in FY 2019-20 and $51 per taxpayer in FY 2020-21.

Figure 38. Average TABOR Refund per Taxpayer by Fiscal Year Paid Under Current Law (Excluding Homestead Exemption)

Average Refund Paid	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Single Filers	0	$68	$67	$97
Joint Filers	0	$137	$197	$263

The November 1, 2018, budget request proposes changing TABOR refund mechanisms to strategically target benefits to middle-class Coloradans – The Governor's November 1, 2018 budget request proposed using the TABOR surplus to fund targeted tax credits to assist working families. The proposal expands tax credits for child care, expands the Earned Income Tax Credit, and creates two new state tax credits that assists individuals with education and job training costs. Combined, these credits would represent $113.1 million in TABOR refunds in FY 2018-19 and $165.2 million in FY 2019-20. As the revenue forecast has increased beyond what was included as the basis for the November budget request, anticipated TABOR refunds are now large enough to allow a full implementation of the tax credits for distribution of the FY 2018-19 refund, rather than the phased-in implementation proposed in November. These credits would be utilized after applying the TABOR refund to homestead exemption expenditures, but before applying the temporary income tax rate reduction and sales tax refund, as shown in Figure 39.

Figure 39. Distribution of TABOR Refunds under Governor's November 1, 2018 Budget Request
$ in Millions*



* FY 2017-18 total includes the amount above Referendum C cap in FY 2017-18 plus adjustments from prior years. TABOR refunds are paid in the fiscal year following the fiscal year in which they are obligated.

Governor's Revenue Estimating Advisory Committee

The Governor's Office of State Planning and Budgeting would like to thank the following individuals that provided valuable feedback on key national and Colorado-specific economic indices included in this forecast. All of these individuals possess expertise in a number of economic and financial disciplines and were generous with their time and knowledge.

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- David Kelly – Chief Risk Officer, FirstBank
- Ronald New – Capital Markets Executive
- Jessica Ostermick – Director, Capital Markets, Industrial and Logistics, CBRE
- Paul Rochette – Senior Partner, Summit Economics
- Patricia Silverstein – President, Development Research Partners
- Richard Wobbekind – Associate Dean, Leeds School of Business; University of Colorado, Boulder

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Appendix – Reference Tables

Table 1. History and Forecast for Key Colorado Economic Variables
Calendar Year 2012-2020

Line No.		Actual						December 2018 Forecast		
		2012	2013	2014	2015	2016	2017	2018	2019	2020
	Income									
1	Personal Income (Billions) /A	$236.7	$249.0	$271.1	$284.1	$289.6	$306.4	$323.0	$338.8	$355.4
2	Change	6.3%	5.2%	8.9%	4.8%	1.9%	5.8%	5.4%	4.9%	4.9%
3	Wage and Salary Income (Billions) /A	$124.9	$129.5	$138.6	$146.5	$151.0	$160.4	$169.2	$177.8	$186.9
4	Change	5.4%	3.7%	7.0%	5.7%	3.1%	6.2%	5.5%	5.1%	5.1%
5	Per-Capita Income ($/person) /A	$45,637	$47,308	$50,746	$52,228	$52,372	$54,646	$56,790	$58,784	$60,897
6	Change	5.0%	3.7%	7.3%	2.9%	0.3%	4.3%	3.9%	3.5%	3.6%
	Population & Employment									
7	Population (Thousands)	5,186.3	5,262.6	5,342.3	5,440.4	5,530.1	5,607.2	5,686.2	5,762.5	5,835.1
8	Change	1.4%	1.5%	1.5%	1.8%	1.6%	1.4%	1.4%	1.3%	1.3%
9	Net Migration (Thousands)	38.7	45.3	47.7	69.1	59.6	47.6	52.0	50.0	47.0
10	Unemployment Rate	7.9%	6.9%	5.0%	3.9%	3.3%	2.8%	3.0%	3.3%	3.5%
11	Total Nonagricultural Employment (Thousands)	2,312.2	2,381.1	2,464.2	2,541.7	2,602.4	2,658.6	2,722.4	2,776.9	2,826.8
12	Change	2.4%	3.0%	3.5%	3.1%	2.4%	2.2%	2.4%	2.0%	1.8%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	23.3	27.5	28.7	31.9	39.0	41.9	44.9	42.0	44.1
14	Change	72.6%	18.1%	4.3%	11.1%	22.3%	7.5%	7.1%	-6.5%	5.0%
15	Nonresidential Construction Value (Millions) /B	$3,112.3	$3,624.0	$4,350.9	$4,988.3	$5,972.4	$6,157.6	$7,657.7	$6,229.4	$6,305.5
16	Change	-5.8%	16.4%	20.1%	14.6%	19.7%	3.1%	24.4%	-18.7%	1.2%
	Prices & Sales Variables									
17	Retail Trade (Billions) /C /D	$80.2	$84.1	$90.5	$95.0	$99.1	$103.9	$109.3	$114.3	$119.2
18	Change	5.7%	4.8%	7.6%	4.9%	4.3%	4.8%	5.2%	4.6%	4.3%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /E	224.6	230.8	237.2	240.0	246.6	255.0	261.9	268.4	274.9
20	Change	1.9%	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	2.5%	2.4%

/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. 2017 data represent OSPB estimates.

/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial and manufacturing facilities, educational institutions, and medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

/C 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. In addition, the above dollar amounts include sales from food and drink vendors (bars and restaurants). E-commerce retail trade and other sales by a retailer that does not have a state sales tax account are not included in these figures.

/ D 2016 and 2017 data are not final and represent OSPB's estimates.

/ E In 2018 the geography and data frequency of this series were revised. 2017 and prior years represent Denver-Boulder-Greeley regional prices.

Table 2. History and Forecast for Key National Economic Variables
Calendar Year 2012 – 2020

Line No.		Actual						December 2018 Forecast		
		2012	2013	2014	2015	2016	2017	2018	2019	2020
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,197.0	$16,495.4	$16,899.8	$17,386.7	$17,659.2	$18,050.7	$18,592.2	$19,057.0	$19,419.1
2	Change	2.2%	1.8%	2.5%	2.9%	1.6%	2.2%	3.0%	2.5%	1.9%
3	Personal Income (Billions) /B	$14,010.1	$14,181.1	$14,991.8	$15,719.5	$16,125.1	$16,830.9	$17,605.1	$18,397.4	$19,151.6
4	Change	5.1%	1.2%	5.7%	4.9%	2.6%	4.4%	4.6%	4.5%	4.1%
5	Per-Capita Income ($/person)	$44,619	$44,844	$47,052	$48,964	$49,860	$51,673	$53,658	$55,669	$57,538
6	Change	4.3%	0.5%	4.9%	4.1%	1.8%	3.6%	3.8%	3.7%	3.4%
7	Wage and Salary Income (Billions) /B	$6,928	$7,113.2	$7,473.2	$7,854.4	$8,080.7	$8,453.8	$8,868.0	$9,302.6	$9,721.2
8	Change	4.6%	2.7%	5.1%	5.1%	2.9%	3.2%	4.9%	4.9%	4.5%
	Population & Employment									
9	Population (Millions)	314.0	316.2	318.6	321.0	323.4	325.7	328.1	330.5	332.9
10	Change	0.8%	0.7%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
11	Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	3.9%
12	Total Nonagricultural Employment (Millions)	134.2	136.4	139.0	141.8	144.4	146.6	149.0	151.1	152.6
13	Change	1.7%	1.6%	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	1.0%
	Price Variables									
14	Consumer Price Index (1982-84=100)	229.6	233.0	236.7	237.0	240.0	245.1	251.2	257.0	262.7
15	Change	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.5%	2.3%	2.2%
16	Producer Price Index - All Commodities (1982=100)	202.2	203.4	205.3	190.4	185.4	193.5	202.4	206.2	208.5
17	Change	0.6%	0.6%	0.9%	-7.3%	-2.6%	4.4%	4.6%	1.9%	1.1%
	Other Key Indicators									
18	Corporate Profits (Billions)	$1,997.4	$2,010.7	$2,118.8	$2,057.3	$2,035.0	$2,099.3	$2,237.9	$2,347.5	$2,396.8
19	Change	10.4%	0.7%	5.4%	-2.9%	-1.1%	3.2%	6.6%	4.9%	2.1%
20	Housing Permits (Millions)	0.830	0.991	1.052	1.183	1.207	1.282	1.335	1.355	1.375
21	Change	32.9%	19.4%	6.2%	12.4%	2.0%	6.2%	4.1%	1.5%	1.5%
22	Retail Trade (Billions)	$4,826.4	$5,001.8	$5,215.7	$5,349.5	$5,514.9	$5,750.4	$6,055.1	$6,315.5	$6,517.6
23	Change	5.0%	3.6%	4.3%	2.6%	3.1%	4.3%	5.3%	4.3%	3.2%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts. Inflation-adjusted, in 2009 dollars.

/B Personal Income as reported by the U.S. Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

Table 3. General Fund – Revenue Estimates by Tax Category
(Accrual Basis, Dollar Amounts in Millions)

Line No.	Category	Actual FY 2017-18	% Chg	December 2018 Estimate by Fiscal Year FY 2018-19	% Chg	FY 2019-20	% Chg	FY 2020-21	% Chg
	Excise Taxes:								
1	Sales	$3,093.6	9.5%	$3,276.7	5.9%	$3,487.0	6.4%	$3,661.9	5.0%
2	Use	$309.9	19.4%	$363.6	17.3%	$375.0	3.1%	$387.5	3.3%
3	Cigarette	$34.6	-5.5%	$32.9	-4.9%	$31.7	-3.7%	$30.7	-3.0%
4	Tobacco Products	$16.4	-22.7%	$23.6	43.8%	$24.6	4.2%	$25.8	4.9%
5	Liquor	$46.5	3.3%	$48.1	3.6%	$48.3	0.2%	$47.4	-1.7%
6	**Total Excise**	**$3,501.0**	**9.8%**	**$3,744.9**	**7.0%**	**$3,966.5**	**5.9%**	**$4,153.3**	**4.7%**
	Income Taxes:								
7	Net Individual Income	$7,577.2	12.1%	$8,143.2	7.5%	$8,597.8	5.6%	$8,951.5	4.1%
8	Net Corporate Income	$781.9	53.5%	$903.4	15.5%	$984.1	8.9%	$1,065.7	8.3%
9	**Total Income**	**$8,359.1**	**15.0%**	**$9,046.6**	**8.2%**	**$9,581.9**	**5.9%**	**$10,017.2**	**4.5%**
10	*Less: State Education Fund Diversion*	*$617.0*	*14.3%*	*$669.4*	*8.5%*	*$707.8*	*5.7%*	*$751.3*	*6.1%*
11	**Total Income to General Fund**	**$7,742.1**	**15.0%**	**$8,377.2**	**8.2%**	**$8,874.1**	**5.9%**	**$9,265.9**	**4.4%**
	Other Revenue:								
12	Insurance	$303.6	4.5%	$315.3	3.9%	$327.8	4.0%	$341.0	4.0%
13	Interest Income	$19.5	32.4%	$14.2	-27.1%	$15.2	6.6%	$15.8	4.1%
14	Pari-Mutuel	$0.5	-10.7%	$0.5	-2.0%	$0.5	-2.0%	$0.5	-2.0%
15	Court Receipts	$4.4	7.6%	$4.5	2.3%	$4.6	2.2%	$4.6	0.0%
16	Other Income	$152.2	221.7%	$23.4	-84.6%	$24.4	4.4%	$25.4	4.1%
17	**Total Other**	**$480.2**	**34.4%**	**$357.9**	**-25.5%**	**$372.5**	**4.1%**	**$387.3**	**4.0%**
18	**GROSS GENERAL FUND**	**$11,723.2**	**14.1%**	**$12,480.0**	**6.5%**	**$13,213.0**	**5.9%**	**$13,806.5**	**4.5%**

Table 4. General Fund Overview under the Governor's November Budget Request /A /B
(Dollar Amounts in Millions)

Line No.		Actual FY 2017-18	December 2018 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
Revenue					
1	**Beginning Reserve**	**$614.5**	**$1,366.0**	**$1,103.8**	**$956.8**
2	**Gross General Fund Revenue**	**$11,723.2**	**$12,480.0**	**$13,213.0**	**$13,806.5**
3	*Transfers to the General Fund*	$98.6	$19.2	$20.1	$21.1
4	**TOTAL GENERAL FUND AVAILABLE**	**$12,436.3**	**$13,865.2**	**$14,336.9**	**$14,784.3**
Expenditures					
5	**Appropriation Subject to Limit**	**$10,430.9**	**$11,239.1**	**$11,926.9**	**$12,660.3**
6	*Dollar Change (from prior year)*	$646.4	$808.2	$687.8	$733.4
7	*Percent Change (from prior year)*	6.6%	7.7%	6.1%	6.1%
8	**Spending Outside Limit**	**$784.0**	**$1,522.3**	**$1,453.3**	**$1,111.2**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$39.8	$394.4	$528.1	$650.9
10	*Rebates and Expenditures*	$290.7	$244.8	$149.2	$155.1
11	*Transfers for Capital Construction*	$112.1	$180.0	$264.4	$89.4
12	*Transfers for Transportation*	$79.0	$495.0	$200.0	$50.0
13	*Transfers to State Education Fund under SB 13-234*	$25.3	$25.0	$0.0	$0.0
14	*Transfers to Other Funds*	$208.2	$183.1	$311.6	$165.8
15	*Other Expenditures Exempt from General Fund Appropriations Limit*	$29.0	$0.0	$0.0	$0.0
16	**TOTAL GENERAL FUND OBLIGATIONS**	**$11,214.9**	**$12,761.4**	**$13,380.1**	**$13,771.5**
17	*Percent Change (from prior year)*	7.6%	13.8%	4.8%	2.9%
18	Reversions and Accounting Adjustments	-$144.6	$0.0	$0.0	$0.0
Reserves					
19	**Year-End General Fund Balance**	**$1,366.0**	**$1,103.8**	**$956.8**	**$1,012.8**
20	*Year-End General Fund as a % of Appropriations*	13.1%	9.8%	8.0%	8.0%
21	*General Fund Statutory Reserve*	$674.9	$814.8	$954.1	$1,012.8
22	*Above/Below Statutory Reserve*	$691.1	$289.0	$2.6	$0.0

/A See the section discussing the General Fund and State Education Fund Budget starting on page 34 for information on the figures in this table.
/B FY 2019-20 revenues and expenditures reflect the Governor's November Budget Request. FY 2020-21 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only.

Table 5. General Fund and State Education Fund Overview under the Governor's November Budget Request /A
(Dollar Amounts in Millions)

Line No.		Actual	December 2018 Estimate by Fiscal Year		
		FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Revenue					
1	**Beginning Reserves**	**$716.6**	**$1,574.7**	**$1,241.3**	**$1,085.5**
2	*State Education Fund*	$102.2	$208.7	$137.5	$128.7
3	*General Fund*	$614.5	$1,366.0	$1,103.8	$956.8
4	**Gross State Education Fund Revenue**	**$645.2**	**$701.4**	**$791.9**	**$758.8**
5	**Gross General Fund Revenue /B**	**$11,821.8**	**$12,499.2**	**$13,233.1**	**$13,827.5**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$13,183.7**	**$14,775.3**	**$15,266.3**	**$15,671.8**
Expenditures					
7	General Fund Expenditures /C	$11,214.9	$12,761.4	$13,380.1	$13,771.5
8	State Education Fund Expenditures	$540.7	$772.6	$800.7	$753.5
9	**TOTAL OBLIGATIONS**	**$11,755.7**	**$13,534.0**	**$14,180.8**	**$14,525.0**
10	*Percent Change (from prior year)*	5.0%	15.1%	4.8%	2.4%
11	*Reversions and Accounting Adjustments*	-$146.6	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,574.7**	**$1,241.3**	**$1,085.5**	**$1,146.8**
13	State Education Fund	$208.7	$137.5	$128.7	$134.0
14	General Fund	$1,366.0	$1,103.8	$956.8	$1,012.8
15	*General Fund Above/Below Statutory Reserve*	$691.1	$289.0	$2.6	$0.0

/A See the section discussing the General Fund and State Education Fund Budget starting on page 34 for information on the figures in this table.
/B This amount includes transfers to the General Fund shown in line 3 of 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.
/D FY 2019-20 expenditures reflect the Governor's November Budget Request. FY 2020-21 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only.

Table 6. Cash Fund Revenue Subject to TABOR Forecast by Major Category
(Dollar amounts in Millions)

Category	Actual FY 2017-18	December 2018 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
Transportation-Related /A	**$1,275.4**	**$1,318.5**	**$1,354.0**	**$1,384.5**
Change	4.4%	3.4%	2.7%	2.3%
Limited Gaming Fund /B	**$106.8**	**$109.0**	**$111.4**	**$114.0**
Change	3.0%	2.0%	2.2%	2.3%
Capital Construction - Interest	**$4.7**	**$6.5**	**$6.0**	**$5.5**
Change	-0.5%	39.9%	-7.7%	-8.3%
Regulatory Agencies	**$80.5**	**$77.1**	**$79.8**	**$81.8**
Change	6.5%	-4.2%	3.4%	2.6%
Insurance-Related	**$17.8**	**$20.6**	**$17.6**	**$16.6**
Change	72.5%	15.6%	-14.4%	-5.7%
Severance Tax /C	**$143.0**	**$207.3**	**$131.6**	**$176.9**
Change	634.3%	45.0%	-36.5%	34.4%
Other Miscellaneous Cash Funds	**$676.1**	**$722.4**	**$759.3**	**$787.4**
Change	4.6%	6.9%	5.1%	3.7%
TOTAL CASH FUND REVENUE	***$2,304.2***	***$2,461.5***	***$2,459.7***	***$2,566.8***
Change	-15.8%	6.8%	-0.1%	4.4%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40% of FASTER-related revenue is directed to State Enterprises. Revenue to State Enterprises is exempt from TABOR and is thus not included in the figures reflected by this table.

/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in House Bill 09-1272.

Table 7. TABOR Revenue & Referendum C Revenue Limit
(Dollar Amounts in Millions)

Line No.		Actual FY 2017-18	December 2018 Estimate by Fiscal Year FY 2018-19	FY 2019-20	FY 2020-21
	TABOR Revenues:				
1	General Fund /A	$11,416.6	$12,293.0	$13,014.9	$13,601.0
	Percent Change from Prior Year	12.4%	7.7%	5.9%	4.5%
2	Cash Funds /A	$2,304.2	$2,461.5	$2,459.7	$2,566.8
	Percent Change from Prior Year	-15.8%	6.8%	-0.1%	4.4%
3	**Total TABOR Revenues**	**$13,720.9**	**$14,754.5**	**$15,474.6**	**$16,167.8**
	Percent Change from Prior Year	6.4%	7.5%	4.9%	4.5%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.7%	1.4%	1.4%	1.3%
5	Previous calendar year inflation	2.8%	3.4%	2.7%	2.5%
6	**Allowable TABOR Growth Rate**	4.5%	4.8%	4.1%	3.8%
7	TABOR Limit /B	$11,220.7	$11,759.3	$12,241.5	$12,706.7
8	General Fund Exempt Revenue Under Ref. C /C	$2,481.6	$2,600.7	$2,707.4	$2,810.2
9	**Revenue Cap Under Ref. C /B, /D**	**$13,702.4**	**$14,360.1**	**$14,948.8**	**$15,516.9**
10	***Amount Above/Below Cap***	**$18.5**	**$394.4**	**$525.8**	**$650.9**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$39.8**	**$394.4**	**$525.8**	**$650.9**
12	TABOR Reserve Requirement	$411.1	$430.8	$448.5	$465.5

/A Amounts differ from the General Fund and Cash Fund revenue 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 are adjusted to account for changes in the enterprise status of various state entities.

/C Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of money collected in excess of the TABOR limit in accordance with voter-approval of Referendum C.

/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" or the "Revenue Cap under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by inflation and population growth in subsequent years.

/E These adjustments are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years was different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers.

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APPENDIX C

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

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COLORADO

Comprehensive Annual Financial Report

COLORADO
Office of the State Controller
Department of Personnel & Administration

For the Fiscal Year Ended June 30, 2018

Comprehensive Annual Financial Report

John Hickenlooper
Governor

Department of Personnel
& Administration

June Taylor
Executive Director

Robert Jaros
State Controller

For the Fiscal Year
Ended June 30, 2018

COLORADO
Office of the State Controller
Department of Personnel
& Administration

REPORT LAYOUT

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the controller's transmittal letter and the state's organization chart. The Financial Section includes the auditor's opinion, management's discussion and analysis, the basic financial statements, and the combining statements and schedules. The Statistical Section includes fiscal, economic, and demographic information about the state.

INTERNET ACCESS

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

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

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

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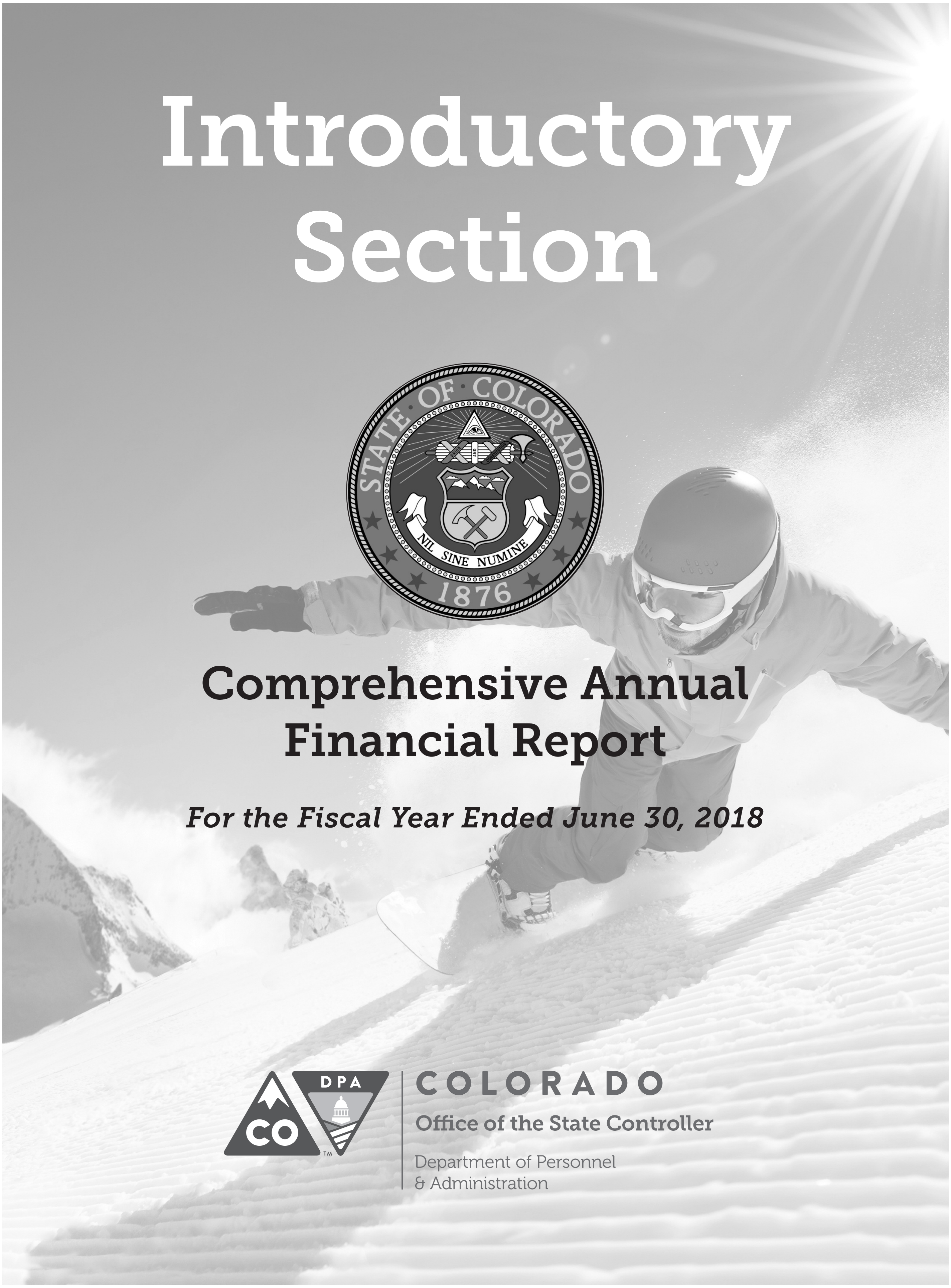
STATISTICAL SECTION

Introductory Section



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

COLORADO

Office of the State Controller

Department of Personnel & Administration

COLORADO
Office of the State Controller
Department of Personnel
& Administration

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

December 18, 2018

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

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

We believe the Basic Financial Statements contained in the CAFR are fairly presented in all material aspects. They are presented in a manner designed to set forth the financial position, results of operations, and changes in net position or fund balances of the major funds and nonmajor funds in the aggregate. All required disclosures have been presented to assist readers in understanding the State's financial affairs.

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

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

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

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

PROFILE OF THE STATE GOVERNMENT

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

Structure of the State Government

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

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

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

Component Units

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

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

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

Budgetary Process and Budgetary Control

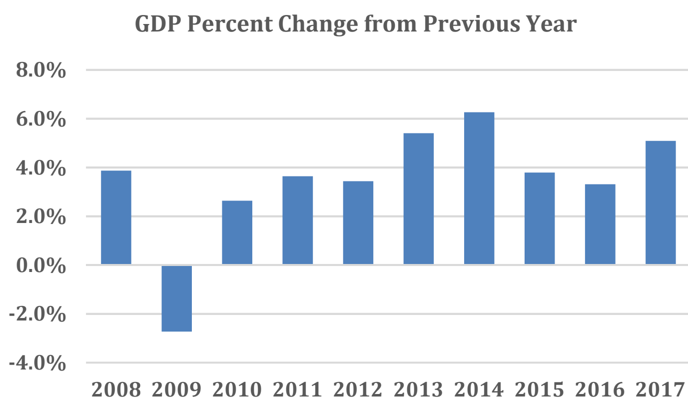
The State's budget consists of appropriated and non-appropriated General-funded, Federally-funded, and Cash-funded amounts. The appropriated portion of the budget is determined annually by the General Assembly, which creates the annual Long Appropriation Act as well as other special and supplemental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

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

The State's Economy

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

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



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

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

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

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Colorado for its CAFR for the fiscal year ended June 30, 2017. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

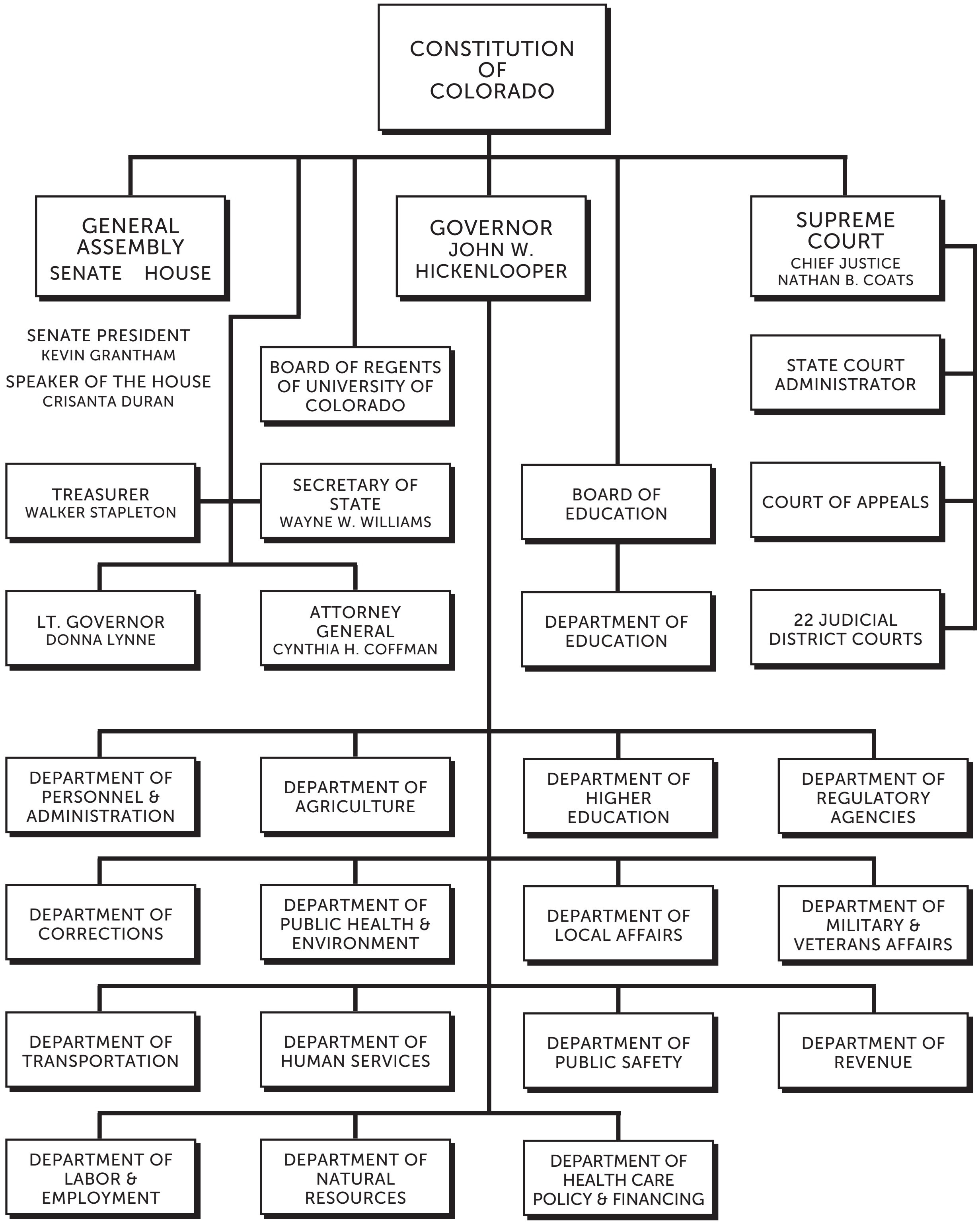
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

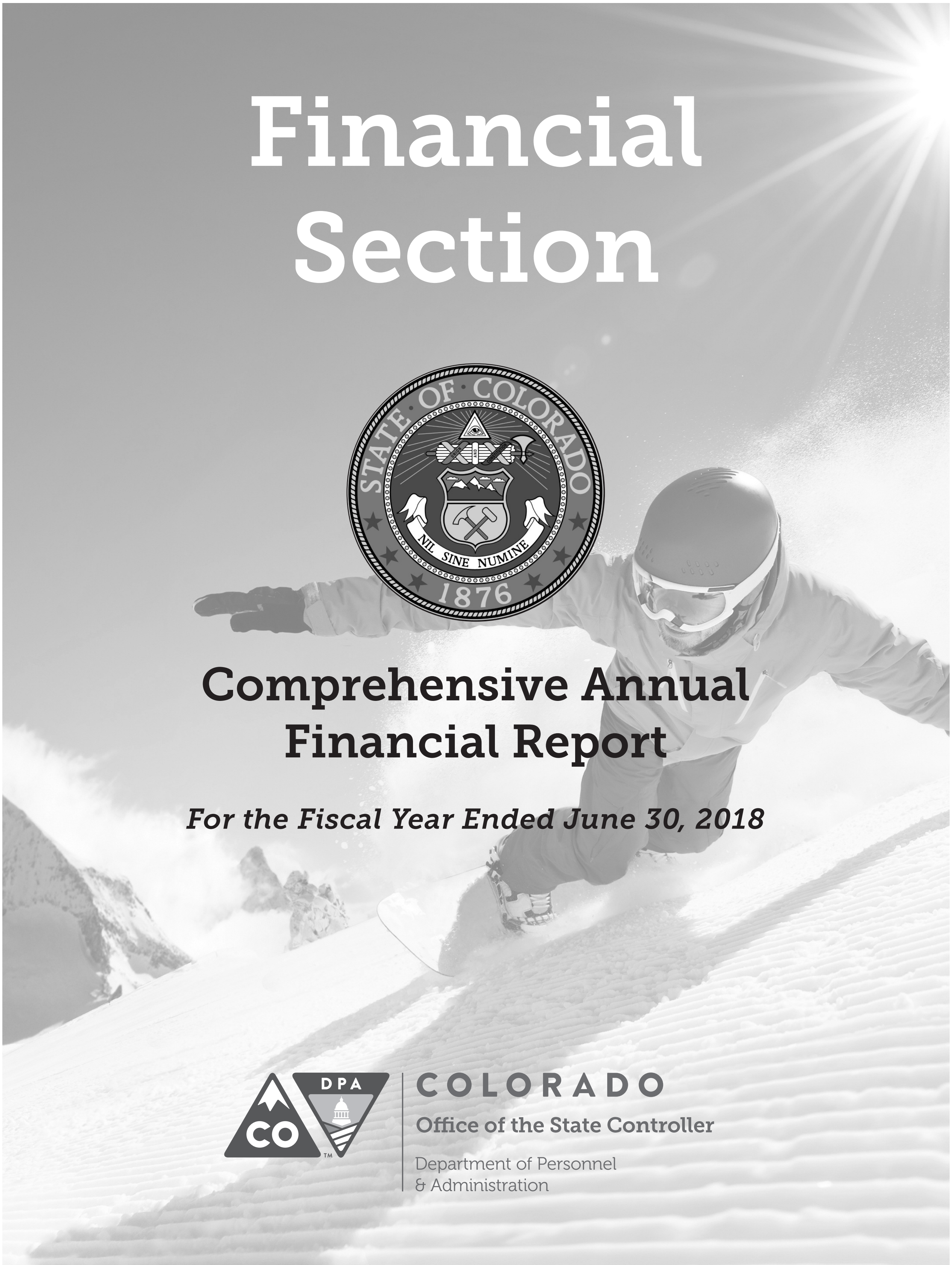
Christopher P. Morrill

Executive Director/CEO

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS



Financial Section



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

COLORADO

Office of the State Controller

Department of Personnel
& Administration

Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINIONS

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

EMPHASIS OF MATTER

Change in Accounting Principle

As discussed in Note 15B to the financial statements, in Fiscal Year 2018 the State of Colorado adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

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

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

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

Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, and notes to required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

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

Denver, Colorado
December 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

Government-wide Financial Statements

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

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

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

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

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

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

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

Fund-Level Financial Statements

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

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

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

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

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

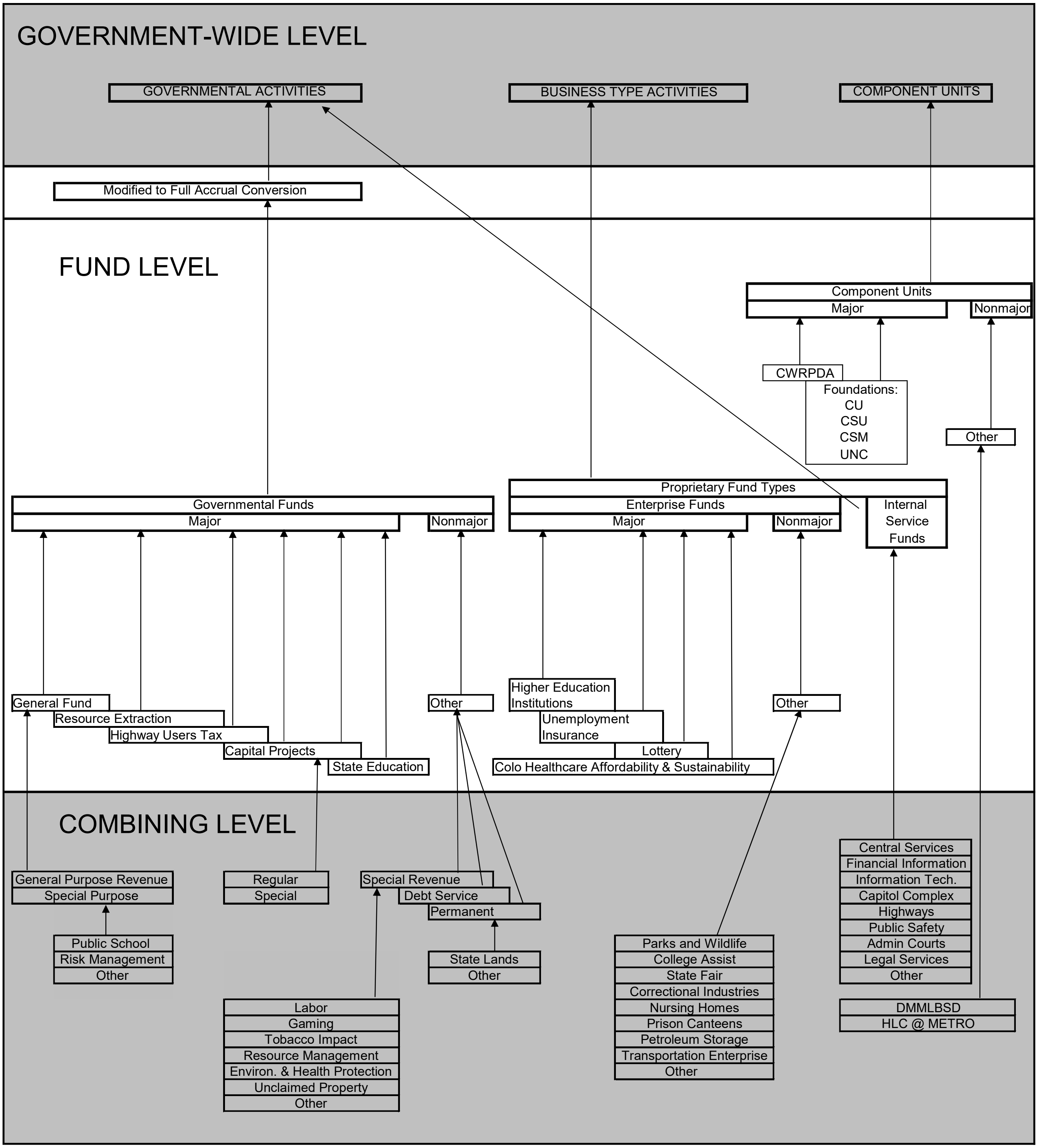
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

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

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


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

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Government-wide Statement of Net Position

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

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

(Amounts in Thousands)

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

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

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

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

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

Governmental Activities:

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

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

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

Business-Type Activities:

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

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

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

Government-wide Statement of Activities

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

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

(Amounts in Thousands)

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

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

FUND-LEVEL FINANCIAL ANALYSIS

Governmental Funds:

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

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

General Fund

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

General Fund Components & Legal Reserve Requirement

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

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

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

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

Resource Extraction Fund

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

Highway Users Tax Fund

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

Capital Projects Fund

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

State Education Fund

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

Proprietary Funds:

Higher Education Institutions

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

Unemployment Insurance

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

State Lottery

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

Healthcare Affordability

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

TABOR Revenue, Debt, and Tax-Increase Limits

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

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

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

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

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

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

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

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

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

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

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

ANALYSIS OF BUDGET VARIANCES

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

Differences Between Original and Final Budgets

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

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

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

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

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

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

Differences Between Final Budget and Actual Expenditures

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

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

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

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

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

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

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

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

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

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

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

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

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

Fiscal Year 2018
(Amounts in Millions)

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

Fiscal Year 2017
(Amounts in Millions)

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

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

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

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

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

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

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

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

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

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2018

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Change in Net Position

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

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

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

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

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

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

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

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

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

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

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

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

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

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

(E) Other measurement focus adjustments include:

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

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

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

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

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

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

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

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

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

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

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

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

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

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

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

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

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

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2018

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

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

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

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

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

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

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

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

(DOLLARS IN THOUSANDS)

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. NEW ACCOUNTING STANDARDS

The following accounting standards were implemented in Fiscal Year 2018:

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

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

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

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

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

B. FINANCIAL REPORTING ENTITY

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

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

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

Discretely Presented Component Units:

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. The Governor appoints the Board of Directors, subject to approval by the Senate. In addition, all water projects are subject to General Assembly authorization giving the state the ability to impose its will.

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

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

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

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

Other Component Units (Nonmajor):

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

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

Blended Component Units:

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

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

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

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

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPE (MAJOR):

General Fund

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

Resource Extraction

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

Highway Users Tax Fund

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

Capital Projects Fund

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

State Education Fund

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

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Unemployment Insurance

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

Lottery

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

Healthcare Affordability

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

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

GOVERNMENTAL FUND TYPE (NONMAJOR):

General Fund

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

Capital Projects

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

Special Revenue Funds

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

Debt Service Fund

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

Permanent Funds

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

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPE:

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

Pension and Other Employee Benefit Trust Funds

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

Private Purpose Trust Funds

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

Agency Funds

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

E. BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

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

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

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

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

Expenditures are recognized in governmental funds when:

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

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

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

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

Proprietary and Fiduciary Funds

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

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

CASH AND POOLED CASH

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

RECEIVABLES

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

INVENTORIES AND PREPAIDS

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

INVESTMENTS

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

CAPITAL ASSETS

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

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

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

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

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

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

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

UNEARNED REVENUE AND DEFERRED INFLOWS

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

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

ACCRUED COMPENSATED ABSENCES LIABILITY

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

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

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

INSURANCE

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

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

NET POSITION

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

FUND BALANCES

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

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

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

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

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

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

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

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

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

G. ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

PROGRAM REVENUES

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

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

INDIRECT COST ALLOCATION

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

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

OPERATING REVENUES AND EXPENSES

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

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

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

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

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

NOTE 2 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

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

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

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

Approved Medicaid Overexpenditures:

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

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

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

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

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

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

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

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

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

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

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

- None at June 30, 2018

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

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

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

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

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 3 – CASH AND RECEIVABLES

CASH AND POOLED CASH

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

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

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

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

NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

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

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

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

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

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

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

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

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

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

RECEIVABLES

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

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

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

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

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

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

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

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

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

- $23.9 million recorded by the Resource Extraction Fund.

INVENTORIES

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

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

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

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

PREPAIDS, ADVANCES, AND DEPOSITS

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

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

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

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

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

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

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

OTHER LONG-TERM ASSETS

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

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

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

NOTE 4 – INVESTMENTS

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

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

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

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

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

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

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

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

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

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

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

(Amounts in Thousands)

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

Custodial Credit Risk

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

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

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

(Amounts in Thousands)

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

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

(Amounts in Thousands)

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

Credit Quality Risk

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

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

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

CREDIT QUALITY RATINGS
(Amounts In Thousands)

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

Interest Rate Risk

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

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

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

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

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

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

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

(Dollar Amounts in Thousands, Duration in Years)

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

Unrealized Gains and Losses

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

(Amounts in Thousands)

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

Fair Value Measurements

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

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

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

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

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

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

(Amounts in Thousands)

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

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

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

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

Treasurer’s Investment Pool

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

NOTE 5 – CAPITAL ASSETS

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

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

(Amounts in Thousands)

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

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

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

NOTE 6 – DEFINED BENEFIT PENSIONS

Recent Legislation

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

Summary of Pension Plans and Significant Accounting Policies

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

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

- University of Colorado – Alternate Medicare Plan

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

PERA Defined Benefit - General Information about the Pension Plan

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

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF and the JDTF.

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

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

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

As of June 30, 2018	
Employer contribution rate[1]	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	-1.02%
Amount apportioned to the SDTF[1]	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	19.13%

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

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

As of June 30, 2018	
Employer contribution rate[1]	12.85%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	-1.02%
Amount apportioned to the SDTF[1]	11.83%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	21.83%

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

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

As of June 30, 2018	
Employer contribution rate[1]	13.66%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	-1.02%
Amount apportioned to the JDTF[1]	12.64%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	1.50%
Total employer contribution rate to the JDTF[1]	16.34%

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

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

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

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

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

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

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

$270.5 million reported as deferred outflows of resources related to pensions for the SDTF, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

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

$3.9 million reported as deferred outflows of resources related to pensions for the JDTF, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 4.72 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

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

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

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

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

- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

Sensitivity of the State of Colorado's proportionate share of the net pension liability to changes in the discount rate. The table below presents the proportionate share of the net pension liability for the SDTF calculated using the discount rate of 4.72 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.72 percent) or 1-percentage-point higher (5.72 percent) than the current rate:

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

The table below presents the proportionate share of the net pension liability for the JDTF calculated using the discount rate of 5.41 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.41 percent) or 1-percentage-point higher (5.41 percent) than the current rate:

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

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

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

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

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

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

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

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

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

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

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

Special Funding Situation – PERA Defined Benefit

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

University of Colorado - Alternate Medicare Plan

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

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

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

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

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

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

The following table illustrates the impact of interest rate sensitivity on the AMP liability.

Sensitivity to AMP Liability (in thousands)				
		1% Increase	Current Rate	1% Decrease
Fiscal Year Ending June 30		(4.6%)	(3.6%)	(2.6%)
2018	$	62,639	73,211	86,429

The following table illustrates the deferred outflows and inflows of resources as of June 30, 2018.

AMP Deferred Outflows and Inflows (in Thousands)	2018	
	Deferred Outflows	Deferred Inflows
Changes in assumptions	$ 8,411	2,806
Differences between expected and actual experience	-	3,057
Contributions subsequent to the measurement date	1,566	-
Total	$ 9,977	$ 5,863

Between the June 30, 2017 measurement date of the total AMP liability and the University's June 30, 2018 reporting date, the University made contributions of $1,566,000 during fiscal year 2018, that impacted the total AMP liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the deferred outflows and inflows of resources.

Amortization of AMP Deferred Outflows and Inflows (in Thousands)		Period		Balance		Annual
		Original	Remaining	Original	Remaining	Amortization
July 1, 2016	Difference between expected and actual experience	8.5	6.5	(101)	(77)	(12)
July 1, 2016	Changes in assumptions	8.5	6.5	10,999	8,411	1,294
July 1, 2017	Difference between expected and actual experience	8.5	7.5	(3,377)	(2,980)	(397)
July 1, 2017	Changes in assumptions	8.5	7.5	(3,180)	(2,806)	(374)
	Total Changes			$ 4,341	2,548	511

The deferred outflow from contributions subsequent to the measurement date of $1,566,000 will be recognized as a reduction to the AMP liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows related to the AMP liability will be recognized in AMP expense as summarized in the following table.

Future Amortization of AMP Deferred Outflows and Inflows (in thousands)		
Years ending June 30:		
2019	$	511
2020		511
2021		511
2022		511
2023		511
2024-2024		(7)
	$	2,548

Component Units

Refer to Note 22 for information on the Colorado Water Resources and Power Development Authority's participation in the pension plan described above. The activity and balances related to the Authority's participation are not included in the amounts disclosed above.

Note 7 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Summary of OPEB Plans and Significant Accounting Policies

The State of Colorado participates in the following OPEB plans:

- PERA Health Care Trust Fund (HCTF) OPEB
- University of Colorado OPEB
    - Healthcare and Life Insurance Subsidy
- Colorado State University OPEB
    - Retiree Medical Premium Refund Plan for DCP Participants
    - Retiree Medical Premium Subsidy for PERA Participants
    - Retiree Umbrella Rx Plan for PERA Participants
    - Long-Term Disability Plan

The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined using the economic resources measurement focus and the accrual basis of accounting in accordance with Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

General Information about the PERA HCTF OPEB

Plan description. Eligible employees of the State of Colorado are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the State of Colorado is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the State of Colorado were $29.3 million for the year ended June 30, 2018.

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

At June 30, 2018, the State of Colorado reported a liability of $438.1 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The State of Colorado proportion of the net OPEB liability was based on June 30, 2018 contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the State of Colorado's proportion was 33.71 percent, which was a decrease of .12 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the State of Colorado recognized OPEB expense of $34.2 million. At June 30, 2018, the State of Colorado reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,072	$ -
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	0	7,330
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,782	5,592
Contributions subsequent to the measurement date	14,441	N/A
Total	$ 21,295	$ 12,922

$14.4 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	(Amounts in thousands)
2019	($1,585)
2020	(1,585)
2021	(1,585)
2022	(1,585)
2023	247
Thereafter	21

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

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

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

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

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

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

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

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

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

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

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

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

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

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

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

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

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

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

Sensitivity of the State of Colorado's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$426,058	$438,113	$452,631

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

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

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

- Benefit payments and contributions were assumed to be made at the end of the month.

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

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

(Amount in Thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the OPEB liability	$492,576	$438,113	$391,626

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

University of Colorado OPEB

The University-administered single-employer postemployment benefit (non-pension) program, was established by the Regents who have the authority to amend the program provisions. Under this program, the University subsidizes a portion of healthcare and life insurance premiums on a pay-as-you-go basis. This program does not issue a separate financial report.

Funded Status and Funding Progress. There are no assets accumulating in a trust for the University's OPEB plan. The University contributed $19,304,000 for the fiscal year ended June 30, 2018.

The actuarial valuation for the fiscal year ending June 30, 2018 had a measurement date of June 30, 2017. Based on the March 1, 2017 participant data, there were 19,146 participants in the medical/dental plan, with 17,143 active employees and 2,003 retirees and beneficiaries, and 23,984 participants in the life insurance plan, with 20,315 active employees and 3,669 retirees and beneficiaries.

The University recognized $59,631,000 in OPEB expense in fiscal year 2018. The table below provides the details regarding the University's total OPEB plan liability from June 30, 2017 to June 30, 2018.

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

	Total OPEB Liability	
Balance recognized at June 30, 2017	$	343,570
Cumulative effect of adoption of new accounting principles		459,516
Contributions made subsequent to the measurement date		17,211
Changes recognized for the fiscal year:		
Services cost		53,099
Interest on total OPEB liability		24,648
Differences between expected and actual experience		(87,654)
Changes of assumption		(46,406)
Benefit payments		(17,211)
Net changes		(73,524)
Balance recognized at June 30, 2018 (based on June 30, 2017 measurement date)	$	746,773

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

The entry age normal actuarial cost method is used. The discount rate used in the valuation is 3.60 percent as of the June 30, 2017 measurement date, and 2.85 percent as of the June 30, 2016 measurement date, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 7.0 percent long-term average increase for medical benefits, and an 11 percent increase for prescriptions, both trending down to an ultimate 4.5 percent increase for 2027 and later years. The dental trend rate is 4.00 percent, and the administrative expenses trend rate is 3.00 percent. The RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to the rates for ages below 80 and a 108 percent factors applied to the rates for ages 80 and above, projected to 2018 using the MP-2015 projection scale for males, and a 78 percent factor applied to the rates for ages below 80 and a 109 percent factor applied to the rates for ages 80 and above, projected to 2020 using the MP-2015 projection scale for females.

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

- Interest rate changed from 2.85 percent to 3.60 percent
- Health care trend rates were changed as noted above and detailed in the actuarial report
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females for PERA participants
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
    - Mortality rates
    - Withdrawal rates
    - Retirement rates (apply to PERA participants only)

The following table illustrates the impact of interest rate sensitivity on the University's total OPEB liability for the fiscal year ending June 30, 2018.

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

	1% Increase (4.60%)	Discount Rate (3.6%)	1% Decrease (2.60%)
1% decrease	552,706	630,561	725,579
Health Care Trend Rates	647,343	746,773	869,745
1% increase	767,054	895,755	1,057,191

Deferred outflows and inflows of resources as of June 30, 2018 are as follows:

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

	2018	
	Deferred Outflows	Deferred Inflows
Liability experience	-	75,809
Assumption changes	-	40,135
Contributions subsequent to the measurement dat	19,304	-
Total	19,304	115,944

Between the June 30, 2017 measurement date of the University's total OPEB liability and the University's June 30, 2018 reporting date, the University made contributions of $19,304,000 during fiscal year 2018 that impacted the total OPEB liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2018.

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

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Liability experience	7.4	6.4	$ (87,654)	(75,809)	(11,845)
July 1, 2017	Assumption change	7.4	6.4	(46,406)	(40,135)	(6,271)
	Total Charges			$ (134,060)	(115,944)	(18,116)

The deferred outflow from contributions subsequent to the measurement date of $19,304,000 will be recognized as a reduction to the University's OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows related to the University's OPEB liability will be recognized in OPEB expense as summarized in the following table.

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

Years ending June 30:	
2019	$ (18,116)
2020	(18,116)
2021	(18,116)
2022	(18,116)
2023	(18,116)
2024-2025	(25,364)
Total	$ (115,944)

Prior to the adoption of Statement No. 75, the University only recorded a liability for the annual required contribution (ARC) not funded. As of June 30, 2017, based on the July 1, 2016 actuarial valuation, the unfunded actuarial accrued liability was $625,035,000. For the year ended June 30, 2017, the annual OPEB cost was $69,366,000. The University contributed $14,929,000, which was 21.5 percent of the annual OPEB cost. The net OPEB obligation was $343,570,000. The actuarial method used was the projected unit credit cost method and the discount rate used was 4.5 percent. The UAAL was being amortized straight-line over a closed period of 30 years. The following table presents changes in the University's OPEB plan for the year ended June 30, 2017.

University's OPEB *(in thousands)*

	2017
Annual required contribution (ARC)	$ 74,105
Interest on net obligation	13,011
Adjustment to ARC	(17,750)
Annual OPEB expense	69,366
Estimated benefit payments	(14,929)
Increase in OPEB	54,437
Beginning of year	289,133
End of year	$ 343,570

Colorado State University OPEB

Summary of Significant Accounting Policies

The net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the OPEB Trust have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of healthcare participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

The financial statements for the irrevocable trust, included in the basic financial statements section, have been prepared using the accrual basis of accounting. Plan members' contributions will be recognized in the period in which the contributions are due. Employee contributions to each plan will be recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair market value and administrative costs are direct expenditures of the plan.

Plan Descriptions

CSU contributes to three single-employer defined benefit healthcare plans: CSU Retiree Medical Premium Refund Plan for DCP Participants (DCP Refund), CSU Retiree Medical Premium Subsidy for PERA Participants (PERA Subsidy), and the CSU Retiree Umbrella Rx Plan for PERA Participants (Rx Subsidy). Each plan provides premium support or medical benefits to eligible retired CSU faculty and nonclassified employees with the Rx Subsidy extending benefit coverage to spouses and dependents that elect to participate. CSU also has a self-insured Long-Term Disability Plan (LTD or LTD Income Replacement). This plan provides income replacement after the 91st consecutive calendar day of total disability. Benefit provisions for each of the plans are established and amended through the Board of Governors of the Colorado State University System.

Membership of each plan consisted of the following as of June 30, 2018 (dollars in thousands):

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Active plan members	4,696	167	167	5,342
Former employees receiving income replacement	-	-	-	26
Retirees receiving a subsidy	505	497	372	-
Retirees eligible for a subsidy but not yet receiving one	58	167	167	-
Total	5,259	831	706	5,368

CSU Retiree Medical Premium Refund Plan for DCP Participants

Employees who retire from the University at age 55 with 20 or more years of service or age 60 with 5 or more years of service are eligible for this benefit. For eligible retirees with 20 or more years of service, CSU pays a healthcare premium refund of the lesser of $200 per month or the actual cost of the retiree's (not including dependents) health insurance. Benefits are prorated for service between 5 and 20 years. DCP Refund participants include employees who were hired after April 1, 1993, who have no previous participation in PERA or have less than one year of participation in PERA or employees with at least one year of previous participation in PERA who elect to enroll in DCP Refund at the time of appointment. DCP Refund participants also include certain employees hired prior to April 19, 1993 who made a one-time, irrevocable election at the time of implementation to terminate participation in PERA and join DCP Refund. DCP Refund is administered by HealthSmart.

On an annual basis, funds equal to the actuarially determined contribution (ADC), provided by the actuarial valuation, are transferred to the irrevocable trust. The funds available to cover the plan benefits were $46.0 million the fiscal year ended June 30, 2018. No funds were provided for the benefit of the program for fiscal year ended June 30, 2018. Total amounts paid to retirees for this healthcare subsidy were $966 thousand for the fiscal year ended June 30, 2018.

CSU Retiree Medical Premium Subsidy for PERA Participants

University faculty and nonclassified staff participating in the PERA retirement plan who meet CSU's age and years of service requirements and retire from the University with at least 10 years of University service, are eligible to receive a subsidy. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. The amount of the subsidy for eligible retirees is their out-of-pocket expenses for retiree only coverage or an amount equal to the premium for single coverage under the lowest cost plan available to active faculty and nonclassified staff, whichever is less. The plan is administered by PERA which bills CSU on a monthly basis for the applicable premiums.

On an annual basis, funds equal to the ADC, provided by the actuarial valuation, are transferred to the irrevocable trust. The funds available to cover the plan benefits were $24.8 million and $23.6 million for the fiscal years ended June 30, 2018 and 2017, respectively. The funds contributed to the plan were $1.9 million and $2.0 million for the fiscal years ended June 30, 2018 and 2017, respectively. The benefits paid by the University were $1.6 million and $1.4 million for the fiscal years ended June 30, 2018 and 2017, respectively.

CSU Retiree Umbrella Rx Plan for PERA Participants

The University provides reimbursement for the prescription copayments made by eligible faculty and nonclassified staff who retire from the University under the PERA retirement plan with at least 10 years of service. Retirees have to be age 65 or older or eligible for Medicare and enrolled in the PERA Medicare supplement plan to be eligible for this plan. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. PERA provides a prescription insurance program for retirees enrolled in any medical insurance plan. The PERACare Prescription insurance program covers the cost of prescriptions after the member pays a copay which varies depending on whether the prescription is purchased through a local retail pharmacy or through a mail-order pharmacy, and whether the drug is generic or a brand-name drug. The Umbrella Rx plan reimburses the retiree for the complete cost of the prescription copay less a $10 copay for retail and a $20 copay for mail-order drugs. Spouses and dependents of retirees enrolled in the plan can be covered with the payment of $44 per month for those enrolled in Medicare or $99 per month for those not enrolled in Medicare. The plan is administered by Employee Benefit Management Services, Inc.

On an annual basis, funds equal to the ADC, provided by the actuarial valuation, are transferred to the irrevocable trust. The funds contributed to the plan for the fiscal years ended June 30, 2018 and 2017 were $260 thousand and $264 thousand, respectively. These funds, along with the amounts paid in by participants of $28 thousand in fiscal year 2018, and the related interest income, have resulted in total funds available of $899 thousand and $737 thousand as of fiscal years ended June 30, 2018 and 2017, respectively, for this plan. Plan members were reimbursed $83 thousand and $58 thousand for prescription claims for the fiscal years ended June 30, 2018 and 2017, respectively.

CSU Long-Term Disability Plan

The University contributes to the LTD Income Replacement plan. This plan provides a monthly income replacement benefit which begins on the 91st consecutive calendar day of total disability. The LTD coverage provides the eligible PERA or Federal Retirement Plan participants with up to 60 percent of pre-disability covered monthly salary, not to exceed $6,000 per month, or up to 69 percent of covered monthly salary, not to exceed $6,900 per month for DCP Refund participants. The income replacement benefit will increase three percent annually. The plan is offset by any other benefits or earnings received or eligible to be received from other sources such as PERA, Federal Retirement, Social Security, or Workers' Compensation. The minimum income replacement benefit is $50 per month. Employees are eligible to receive benefits until one of the following circumstances occur: recovery, death, age 65 if disabled when less than 60, four and three-fourths years if disabled between the ages of 60 and 65, or age 70 if disabled between the ages of 65 and 68 ¾. This plan is administered by Assurant Insurance Company.

CSU funds the LTD plan by providing an allowance to each employee and then deducting the cost of the premium. The premiums collected are transferred to the irrevocable trust as an employee contribution. The University contributed $1.5 million to the plan for the fiscal year ended June 30, 2018. These funds, which include those previously set aside and the related interest income, have resulted in total funds available of $9.6 million as of the fiscal year ended June 30, 2018. Plan members received $907 thousand in benefits for the fiscal year ended June 30, 2018.

Contributions

CSU funds the plans using the ADC amount, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43, which referred to it as annual required contribution. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. CSU's related information for each plan for the fiscal year ended June 30, 2018, are as follows:

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Contribution rates:				
CSU	Based on ADC	Based on ADC	Based on ADC	Based on ADC
Participants	N/A	N/A	$0-$99 / month based on eligibility	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the ADC of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedules of contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information comparing actuarially determined contributions, and the methods and assumptions used to calculate them, to actual contributions.

Net OPEB (Asset) Liability

The net OPEB (asset) liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation based on census data as of January 1, 2017, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

Actuarial Methods and Assumptions

The total OPEB (asset) liability in the fiscal year ended June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Valuation date	1/1/2017	1/1/2017	1/1/2017	1/1/2017
Measurement date	1/1/2018	1/1/2018	1/1/2018	1/1/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	30 Years Open, Level Percent of Pay	30 Years Closed, Level Percent of Pay	30 Years Closed, Level Percent of Pay	30 Years Open, Level Percent of Pay
Remaining amortization period	30 Years	20 Years	20 Years	30 Years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	5.23%	5.23%	5.23%	5.23%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Salary increase rate	N/A	N/A	N/A	4.00%
Healthcare cost trend rate	7% initial, 5% ultimate	7% initial, 5% ultimate	7% initial, 5% ultimate	N/A

Participant mortality was determined by separate mortality rates for non-annuitants and annuitants. Non-annuitants mortality was based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB, and annuitants mortality was based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB. For the LTD Income Replacement plan, the long-term disabled participant mortality is based on the 1987 Commissioner's Group Disability Table with a three month elimination period.

The actuarial assumptions used in the June 30, 2018 valuation were based on plan experience that was provided for the 1997 study and reviewed for reasonableness in 2011.

The CSU OPEB Trust Investment Committee, in conjunction with Innovest Portfolio Solutions, LLC, developed a forward looking, five to 10 year outlook for the overall global economy along with individual asset classes. The process was iterative where preliminary return, risk and correlation values are chosen for each asset class and entered into an optimization program. The resulting optimal portfolios were subjected to a careful examination and the return, risk, and correlation values were adjusted until portfolios produced were appropriately diversified and reasonable considering the current and expected economic conditions and were consistent with the tenets of modern portfolio theory. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for fiscal year ended June 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	10.0%	6.50%
Small/mid cap equity	4.0%	7.00%
International equity	9.0%	7.00%
Emerging market equity	3.0%	8.00%
Domestic fixed income	38.0%	2.50%
Floating rate corp loans	9.0%	5.25%
Low correlated hedge	10.0%	5.25%
Private equity	5.0%	9.00%
MLP's	7.0%	9.50%
Real estate	5.0%	6.25%
	100.0%	

Discount Rate

The discount rate used to measure the total OPEB (asset) liability was as follows for each of the plans as of fiscal year ended June 30, 2018:

Plan	Discount Rate
DCP Refund	5.23%
PERA Subsidy	5.23%
Rx Subsidy	5.23%
LTD Income Replacement	4.91%

The projection of cash flows used to determine the discount rate assumed that the contributions were made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net positon was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB (asset) liability.

The discount rate is equal to the investment rate of return for the DCP Refund, PERA Subsidy, and Rx Subsidy plans. The investment rate of return for the fiscal years ended June 30, 2018 and 2017, were 5.23 percent and 5.33 percent, respectively. The LTD Income Replacement plan's discount rate for the fiscal years ended June 30, 2018 and 2017, were 4.91 percent and 5.03 percent, respectively, and incorporated a municipal bond rate, which was obtained from the Bond buyer 20-Bond General Obligation Index. The LTD Income Replacement plan's municipal bond rate for the fiscal year ended June 30, 2018 was 3.44 percent.

Changes in the Net OPEB (Asset) Liability

Changes in the net OPEB asset for the DCP Refund plan as of fiscal year ended June 30, 2018, are as follows:

(Amounts in thousands)	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Measurement period beginning balance, January 1, 2017	$ 34,491	42,542	(8,051)
Changes for the year:			
Service cost	1,648	-	1,648
Interest	1,815	-	1,815
Change in plan provisions	-	-	-
Differences between expected and actual experience	(243)	-	(243)
Change in assumptions	285	-	285
Contributions-employer	-	1,850	(1,850)
Net investment income	-	3,114	(3,114)
Benefit payments	(903)	(903)	-
Administrative expense	-	(47)	47
Net changes	2,602	4,014	(1,412)
Measurement period ending balance, December 31, 2017	$ 37,093	46,556	(9,463)

Changes in the net OPEB liability are a combination of the following plans: PERA Subsidy, Rx Subsidy, and LTD Income Replacement. The total of the three plans as of fiscal year ended June 30, 2018, are as follows:

(Amounts in thousands)	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Measurement period beginning balance, January 1, 2017	$ 58,325	31,402	26,923
Changes for the year:			
Service cost	1,811	-	1,811
Interest	3,013	-	3,013
Change in plan provisions	-	-	-
Differences between expected and actual experience	(458)	-	(458)
Change in assumptions	192	-	192
Contributions-employer	-	3,760	(3,760)
Net investment income	-	2,267	(2,267)
Benefit payments	(2,489)	(2,489)	-
Administrative expense	-	(148)	148
Net changes	2,069	3,390	(1,321)
Measurement period ending balance, December 31, 2017	$ 60,394	34,792	25,602

The net OPEB assets and liabilities as of June 30, 2018, are recorded in net OPEB assets, noncurrent and other net OPEB liabilities, noncurrent on the Statements of Net Position.

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of fiscal year ended June 30, 2018:

(Amounts in thousands)	1% Decrease	
Plan	Discount Rate	Net OPEB (Asset) Liability
DCP Refund	4.23%	(4,294)
PERA Subsidy	4.23%	27,137
Rx Subsidy	4.23%	3,112
LTD Income Replacement	3.91%	2,442

(Amounts in thousands)	Current Rate	
Plan	Discount Rate	Net OPEB (Asset) Liability
DCP Refund	5.23%	(9,463)
PERA Subsidy	5.23%	21,071
Rx Subsidy	5.23%	2,692
LTD Income Replacement	4.91%	1,839

(Amounts in thousands)	1% Increase	
Plan	Discount Rate	Net OPEB (Asset) Liability
DCP Refund	6.23%	(13,728)
PERA Subsidy	6.23%	16,081
Rx Subsidy	6.23%	2,345
LTD Income Replacement	5.91%	1,273

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of fiscal year ended June 30, 2018:

(Amounts in thousands)	1% Decrease	
Plan	Healthcare Cost Trend Rate	Net OPEB (Asset) Liability
DCP Refund	6.00%	(9,472)
PERA Subsidy	6.00%	14,939
Rx Subsidy	6.00%	2,314
LTD Income Replacement	N/A	N/A

(Amounts in thousands)	Current Rate	
Plan	Healthcare Cost Trend Rate	Net OPEB (Asset) Liability
DCP Refund	7.00%	(9,463)
PERA Subsidy	7.00%	21,071
Rx Subsidy	7.00%	2,692
LTD Income Replacement	N/A	N/A

(Amounts in thousands)	1% Increase	
Plan	Healthcare Cost Trend Rate	Net OPEB (Asset) Liability
DCP Refund	8.00%	(9,456)
PERA Subsidy	8.00%	28,457
Rx Subsidy	8.00%	3,149
LTD Income Replacement	N/A	N/A

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

For the fiscal year ended June 30, 2018, CSU recognized OPEB expense of $4.1 million. At June 30, 2018, CSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	408
Changes of assumptions or other inputs	304	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,105
Contributions subsequent to measurement date	1,923	-
Total	$ 2,227	1,513

$1.9 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB (asset) liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30:	(Amounts in thousands)
2019	$ (287)
2020	(285)
2021	(285)
2022	(285)
2023	(9)
Thereafter	(58)
Total	$ (1,209)

Payable to the OPEB Plan

For the fiscal year ended June 30, 2018, CSU reported a payable of zero for the outstanding amount of contributions to the Trust.

NOTE 8 – OTHER EMPLOYEE BENEFITS

A. MEDICAL AND DISABILITY BENEFITS

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

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2018, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $20 depending on the level of participation.

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

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

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

B. DEFINED CONTRIBUTION RETIREMENT PLANS

<u>Voluntary Investment Program</u>

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions.

<u>Defined Contribution Retirement Plan (DC Plan)</u>

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

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

	As of June 30, 2018
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	**10.00%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed $11,411,000 and the State of Colorado recognized pension contributions of $14,309,000, respectively, for the PERA DC Plan.

457 Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2017, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of $18,500. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $6,000 contribution in 2017. Special 457(b) catch-up contributions allow a participant for 3 years prior to the normal retirement age to contribute the lesser of (1) Twice the annual limit ($37,000 in 2015, 2016, and 2017), or (2) The basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions). Contributions and earnings are tax deferred. At December 31, 2017, the plan had 18,211 participants.

University of Colorado - Optional Retirement Plan

Under the University's optional retirement plan (ORP), certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation. For the year ended June 30, 2018, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $152,606,000 during the year ended June 30, 2018. The employees' contribution under the ORP approximated $76,182,0000 during the years ended June 30, 2018. Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

University of Colorado – Voluntary Retirement Savings Plan

The University provides a voluntary retirement savings plan to most employees referred to as a 403(b) plan. Employee salary deferrals into the 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. For calendar year 2017 and 2016, the plan had a contribution limit of $18,000. In addition, the plan allowed catch-up contributions of $6,000. The plan is administered by the University and the benefit terms are established and can be amended under the Employee Retirement Income Security Act (ERISA). The employees' contributions to this 403(b) plan approximated $48,640,000 for the year ended 2018.

Colorado State University - University Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)

Under the University's optional retirement plan, all Academic Faculty, Administrative Professionals, Post-Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns appointed on or after April 1, 1993, are required as a condition of employment under Colorado law to participate in either the University's Defined Contribution Plan (DCP) for Retirement or, in very limited cases, in the PERA Defined Benefit plan (as eligibility permits). DCP participants may select from three investment companies as follows:

- Fidelity Investments / MetLife (eligible Faculty/Staff at CSU-Pueblo do not have access to this investment company)
- Teachers Insurance and Annuity Association (TIAA)
- Variable Annuity Life Insurance Corporation (VALIC)

The defined contribution retirement plans are established pursuant to state statute (24-54.5-101 to 24-54.5-107 C.R.S.). The CSU plan was adopted by the Board of Governors in December 1992 and the CSU-Pueblo plan was adopted in April 1993. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU and CSU-Pueblo are the Plan Sponsors. All participants contribute the required eight percent of eligible salary. As required, CSU provides a matching contribution of 12 percent of eligible salary for all "permanent" appointees (those with regular, special and senior teaching appointments at half-time or greater) and for temporary appointees with appointments of half-time or greater for the second and subsequent consecutive year(s). CSU-Pueblo provides a matching contribution of 10.7 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half-time and nonstudent temporary, hourly employees. Both employee and employer contributions are vested immediately. Investments are participant-directed within the funds available through the authorized investment companies. The System's aggregate contribution to the above three vendors was equal to 11 percent of covered payroll or approximately $47.4 million for the fiscal year ended June 30, 2018. The employee aggregate contribution to the above three vendors was equal to eight percent of covered payroll or approximately $34.5 million for the fiscal year ended June 30, 2018.

The Federal retirement system covers a very limited number of employees at CSU Extension. The System's contribution to this plan was approximately $68 thousand for the fiscal year ended June 30, 2018.

Colorado State University - Student Employee Retirement Program

Eligible student employees contribute 7.5 percent of covered payroll to the student employee retirement program (SERP). The SERP is funded entirely through employee contributions with no employer match. The SERP is a mandatory plan for all student employees who are enrolled at CSU but are not classified as a half-time student or greater. The SERP was established pursuant to state statute (24-54.6-101 through 24-54.6-106 C.R.S.) as a mandatory nonqualified plan under 403(b) of the IRC in lieu of mandatory old age, survivors, and disability insurance (OASDI) coverage. The student retirement plan is a defined contribution plan administered by the individual agencies that make up the System, as applicable. All contributions are vested immediately and are participant-directed within the funds available through the sole investment company, TIAA-CREF. The contribution by student employees for the fiscal year ended June 30, 2018 was approximately $1.3 million.

Colorado State University - Health Insurance Programs

The System's contribution to the various third-party health insurance programs was approximately $21.7 million for the fiscal year ended June 30, 2018.

Employer Contributions to Other Retirement Plans

The State of Colorado made contributions to other retirement plans totaling $205.2 million during fiscal year 2018.

NOTE 9 – RISK MANAGEMENT

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. Per statute, individual Department property claims have a $5,000 deductible per occurrence. Pursuant to the Colorado Governmental Immunity Act, CRS 24-10-101, claims that accrued before January 1, 2018 brought under state law are limited to $350,000 per person and $990,000 per accident. Claims that accrue after January 1, 2018 and before January 1, 2022 brought under state law are limited to $387,000 per person and $1,093,000 per accident. The Colorado Governmental Immunity Act requires the Secretary of State to certify adjusted limits for claims that accrue after January 1, 2022 by that date based on the percentage change of the consumer price index over the preceding four years. The Risk Management Fund is reported as a Special Purpose General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State. Workers compensation losses are self-insured per the Risk Management Act (CRS 24-30-1501); the State has purchased $50.0 million of excess insurance per occurrence ($10.0 million deductible). Property claims are self insured as well; $450.0 million of property loss insurance ($500,000 deductible). The State has also purchased excess liability coverage for automotive liability outside Colorado $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty and theft loss coverage ($250,000 deductible). Settlements have not exceeded insurance coverage in any of the three prior years.

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

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

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

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $375,000 per individual. In Fiscal Year 2017-18, the State recovered approximately $4.7 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State's contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded approximately $18.5 million of insurance recoveries during Fiscal Year 2017-18. Of that amount approximately $7.9 million was related to asset impairments that occurred in prior years. The remaining $10.6 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.7 million, as noted above), a Pension and Other Employee Benefits Fund, and $1.2 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2017-18, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $325,000 per person. There were no reductions of insurance coverage in Fiscal Year 2017-18 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $345,775 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $500,000 per claimant, $1.5 million per occurrence, and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2017-18, however, the University collected $652,675 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 per occurrence and has purchased reinsurance for individual claims up to statutory limits. There was no significant reduction in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 per occurrence with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University carries cyber risk liability insurance up to $5.0 million ($100,000 deductible for cyber extortion; $20,000 deductible for foreign notification; and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $25.0 million of aviation liability insurance ($1,000 deductible for each occurrence), and $1.0 million per occurrence of unmanned aerial vehicles liability insurance. The University also carries liability, professional liability, and pollution liability for the Center for Environmental Management Military Lands (CEMML) operations, including prescribed burn operations, which includes a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. During Fiscal Year 2017-18, the University purchased additional limits of $40.0 million for CEMML operations including additional responsibility for prescribed burning. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, automobile, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2005-06.

The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability

($10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Colorado School of Mines manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($0 deductible). Before Fiscal Year 2017-18, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded coverage during the fiscal year.

Colorado School of Mines manages other liability risks through the purchase of insurance. The University purchased $2.0 million of general liability insurance ($0 deductible), $4.0 million of educator's legal liability insurance ($10,000 deductible), $1.0 million of automobile liability ($1,000 deductible), $1.0 million of fiduciary ($0 deductible), $4.0 million of employment practices liability ($25,000 deductible), $3.0 million of umbrella liability ($10,000 self-insured retention), $1.0 million of employee dishonesty ($10,000 deductible), $1.0 million of property ($50,000 deductible), $750,000 of inland marine ($5,000 deductible), and $1.0 million of aviation ($150 deductible). Before Fiscal Year 2017-18, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded coverage during the fiscal year.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the College was covered under the State's risk management program. The College retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $481.9 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $7.0 million of fine arts insurance ($2,500 deductible). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2011-12, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $1.0 million of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased $2.0 million of general liability insurance ($1,000 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $2.0 million ($1,000 deductible for accidents and acts of nature, $10,000 for loss to property). Before Fiscal Year 2012-13, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2012-13. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million ($0 deductible) and $2.0 million aggregate. Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2017-18	23,885	2,816	4,302	22,399
2016-17	24,926	3,054	4,095	23,885
2015-16	27,429	1,767	4,270	24,926
Workers' Compensation				
2017-18	134,393	23,503	30,988	126,908
2016-17	133,672	35,984	35,263	134,393
2015-16	130,357	36,072	32,757	133,672
Group Benefit Plans:				
2017-18	16,077	233,694	231,312	18,459
2016-17	15,766	201,105	200,794	16,077
2015-16	14,717	188,021	186,972	15,766
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2017-18	16,119	7,913	7,263	16,769
2016-17	16,726	7,388	7,995	16,119
2015-16	13,858	10,180	7,312	16,726
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2017-18	2,309	13,012	12,632	2,689
2016-17	1,666	10,357	9,714	2,309
2015-16	1,799	7,233	7,366	1,666
Medical Malpractice				
2017-18	9,428	1,451	1,112	9,767
2016-17	11,469	1,006	3,047	9,428
2015-16	9,498	2,883	912	11,469

Changes in Claims Liabilities
(Amounts in Thousands)

(Continued) Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2017-18	29,917	57,038	56,407	30,548
2016-17	26,760	54,124	50,967	29,917
2015-16	28,660	46,728	48,628	26,760
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2017-18	135	(25)	32	78
2016-17	355	(172)	48	135
2015-16	56	367	68	355
Colorado School of Mines:				
General Liability, Property, and Workers' Compensation				
2017-18	-	321	26	295
Fort Lewis College:				
Workers' Compensation				
2017-18	2	3	3	2
2016-17	-	5	3	2
2015-16	13	15	28	-
General Liability				
2017-18	3	(3)	-	-
2016-17	39	3	39	3
2015-16	-	44	5	39
Colorado Mesa University:				
Workers' Compensation				
2017-18	36	27	34	29
2016-17	220	(130)	54	36
2015-16	28	220	28	220
General Liability				
2017-18	-	18	(18)	36
2016-17	3	10	13	-
2015-16	-	35	32	3

NOTE 10 – LEASES AND SHORT-TERM DEBT

LEASE COMMITMENTS

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

At June 30, 2018, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Capital Assets Under Lease (Before Depreciation)

	Land	Buildings	Equipment and Other
Governmental Activities	$ 5,559	$ 111,962	$ 342,820
Business-Type Activities	-	40,964	44,945
Total	$ 5,559	$ 152,926	$ 387,765

At June 30, 2018, the State expected future minimum sublease rentals relating to operating leases of $1.7 million in business-type activities and $229,000 in governmental activities. No future minimum sublease rentals related to capital leases are expected.

During the year ended June 30, 2018, the State incurred no contingent rentals related to capital and operating leases.

For Fiscal Year 2017-18, the State recorded building and land rent of $62.4 million for governmental-type activities, $24.8 million for business-type activities, and $30,186 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $11.4 million and $45.2 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $3.3 million of capital lease interest costs for governmental activities and $1.5 million for business-type activities in Fiscal Year 2017-18.

In Fiscal Year 2017-18, the State entered into approximately $18.8 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2018, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases			
			Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Principal	Interest	Principal	Interest
2019	$ 53,304	$ 28,539	$ 25,789	$ 3,621	$ 6,529	$ 1,446
2020	43,061	22,664	23,119	3,073	5,918	1,272
2021	38,016	17,582	20,424	2,592	4,851	1,104
2022	32,621	15,815	18,734	2,147	4,376	958
2023	27,614	11,840	11,859	1,321	3,902	828
2024 to 2028	80,863	42,591	30,227	2,346	19,667	1,822
2029 to 2033	2,175	11,943	1,721	134	2,909	132
2034 to 2038	1,160	823	-	-	-	-
2039 to 2043	666	667	-	-	-	-
2044 to 2048	661	608	-	-	-	-
2049 to 2053	661	111	-	-	-	-
2054 to 2058	661	111	-	-	-	-
Thereafter	2,050	-	-	-	-	-
Total	$ 283,513	$ 153,294	$ 131,873	$ 15,234	$ 48,152	$ 7,562

SHORT-TERM DEBT

On July 18, 2017, the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2017A. The notes were due and payable on June 27, 2018, at a coupon rate of 4.133 percent. The total interest related to this issuance was $23.4 million; however, the notes were issued at a premium of $18.0 million, resulting in net interest costs (including the cost of issuance) of $5.6 million and a yield of 0.914 percent. The notes were issued for cash management purposes and were repaid by June 27, 2018, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 20, 2017, the State Treasurer issued $290.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2017A. The notes were due and payable on June 28, 2018, at a coupon rate of 4.138 percent. The total interest related to this issuance was $11.3 million; however, the notes were issued at a premium of $8.8 million, resulting in net interest costs (including cost of issuance) of $2.8 million or 0.886 percent. The notes matured on June 28, 2018, and were repaid.

On January 16, 2018, the State Treasurer issued $375.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2017B. The notes were due and payable on June 28, 2018, at a coupon rate of 4.000 percent. The total interest related to this issuance was $6.8 million; however, the notes were issued at a premium of $4.6 million, resulting in net interest costs (including cost of issuance) of $2.2 million or 1.251 percent. The notes matured on June 28, 2018, and were repaid.

On June 5, 2018, the University of Colorado issued Commercial Paper in the amount of $40.0 million with a maturity of September 6, 2018. The initial issuance of commercial paper is being used to fund the construction of Williams Village East Housing and the Aerospace Engineering Building at the CU Boulder. The initial rate was 1.30 percent. It is expected that future issuance of commercial paper will be used to fund the balance of these two CU Boulder capital construction projects before permanent financing is issued in the summer of 2019.

On June 20, 2018, the Board of Governors of the Colorado State University System was authorized to issue Commercial Paper Notes in the aggregate principal amount not to exceed $50.0 million as part of the Series A and Taxable Series B issuance. The maturity date of any Notes issued may not exceed two hundred and seventy days from the date of issuance and no maturity may be later than March 1, 2037. Pursuant to the Bond Resolution, the obligations are payable solely from Net Revenues, as defined. The Notes are being used to finance certain projects, as determined by the Board, including but not limited to: the construction, acquisition, renovation, improvement, and equipping of the Michael Smith Natural Resources Building in Fort Collins; the Richardson Design Center in Fort Collins; the Institute for Biological and Translational Therapies in Fort Collins; the JBS Global Food Innovation Center in Honor of Gary and Kay Smith in Fort Collins; the Residence and Dining Corbett remodel project; and the Western Slope CVMBS/Extension Project; any other improvements to any of the campuses for which the Board has spending authority; and such other capital projects as may be designated by the Board (collectively the "Commercial Paper Improvement Projects").

The following schedule shows the changes in short-term financing for the period ended June 30, 2018:

(Amount in Thousands)

	Beginning Balance July 1	Changes: Additions	Changes: Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 600,000	$ (600,000)	$ -
Education Loan Anticipation Notes	-	665,000	(665,000)	-
Total Governmental Activities Short-Term Financing	-	1,265,000	(1,265,000)	-
Business Type Activities:				
Tax Exempt Commercial Paper	-	50,000	-	50,000
Total Business Type Activities Short-Term Financing	-	50,000	-	50,000
Total Short-Term Financing	$ -	$ 1,315,000	$ (1,265,000)	$ 50,000

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

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

Collectively, the State's business-type activities had $1,753.4 million in available net revenue after operating expenses to meet the $307.1 million of debt service requirement related to revenue bonds.

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

During Fiscal Year 2017-18 the State recorded $273.5 million of interest costs, of which $64.6 million was recorded by governmental activities and $208.9 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $6.7 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.2 million of interest on Certificates of Participation issued by the Judicial Branch, $31.3 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $5.3 million of interest on Education and General Fund Tax and Revenue Anticipation Notes issued by the State Treasurer. The business-type activities interest cost primarily comprises $181.3 million of interest on revenue bonds issued by institutions of higher education, $12.7 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $14.8 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise. College Assist and the Transportation Enterprise are nonmajor enterprise funds.

Annual maturities of notes, bonds, and COPs payable at June 30, 2018, are as follows:

(Amounts in Thousands)

	Governmental Activities							
Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2019	$ -	$ -	$ 2,175	$ 187	$ 53,340	$ 57,344	$ 55,515	$ 57,531
2020	-	-	2,220	142	31,365	55,793	33,585	55,935
2021	-	-	2,270	95	32,520	54,491	34,790	54,586
2022	-	-	2,314	48	33,805	52,832	36,119	52,880
2023	-	-	-	-	34,095	51,392	34,095	51,392
2024 to 2028	-	-	-	-	402,275	229,810	402,275	229,810
2029 to 2033	-	-	-	-	300,070	161,851	300,070	161,851
2034 to 2038	-	-	-	-	254,045	95,372	254,045	95,372
2039 to 2043	-	-	-	-	181,000	36,355	181,000	36,355
2044 to 2048	-	-	-	-	40,530	2,844	40,530	2,844
Subtotals	-	-	8,979	472	1,363,045	798,084	1,372,024	798,556
Unamortized Prem/Discount	-	-	-	-	63,269	-	63,269	-
Totals	$ -	$ -	$ 8,979	$ 472	$ 1,426,314	$ 798,084	$ 1,435,293	$ 798,556

(Amounts in Thousands)

Business-Type Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Mortgages Payable Principal	Mortgages Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2019	$ 128,914	$ 191,001	$ 116	$ 1,177	$ 503	$ 445	$ 23,970	$ 18,029	$ 153,503	$ 210,652
2020	139,029	180,558	134	1,174	372	429	35,460	17,080	174,995	199,241
2021	145,587	175,841	37	1,171	387	414	35,570	15,700	181,581	193,126
2022	150,181	170,278	37	1,171	404	397	37,075	14,185	187,697	186,031
2023	163,686	175,185	6,538	2,222	2,290	1,716	32,040	12,691	204,554	191,814
2024 to 2028	840,383	716,983	42,164	5,324	2,817	1,189	148,085	41,336	1,033,449	764,832
2029 to 2033	878,160	521,621	-	-	4,248	164	65,850	15,581	948,258	537,366
2034 to 2038	828,235	322,651	-	-	-	-	37,050	5,569	865,285	328,220
2039 to 2043	515,750	152,858	-	-	-	-	8,350	169	524,100	153,027
2044 to 2048	195,990	70,431	-	-	-	-	-	-	195,990	70,431
2049 to 2053	114,780	37,559	-	-	-	-	-	-	114,780	37,559
2054 to 2058	88,600	9,846	-	-	-	-	-	-	88,600	9,846
Subtotals	4,189,295	2,724,812	49,026	12,239	11,021	4,754	423,450	140,340	4,672,792	2,882,145
Unamortized Prem/Discount	314,753	-	-	-	-	-	38,012	-	352,764	-
Unaccreted Interest	(5,755)	-	-	-	-	-	-	-	(5,755)	-
Totals	$ 4,498,293	$ 2,724,812	$ 49,026	$ 12,239	$ 11,021	$ 4,754	$ 461,461	$ 140,340	$ 5,019,801	$ 2,882,145

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2018, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

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

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2019	$ 550	$ 497	$ 1,039	$ 2,086
2020	575	490	1,024	2,089
2021	575	482	1,008	2,065
2022	850	472	987	2,309
2023	925	460	963	2,348
2024 to 2028	6,500	2,093	4,376	12,969
2029 to 2033	13,300	1,399	2,925	17,624
2034 to 2038	14,610	470	983	16,063
Totals	$ 37,885	$ 6,363	$ 13,305	$ 57,553

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2018, Colorado State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2019	$ -	$ 1,006	$ -	$ 1,006
2020	-	1,009	270	1,279
2021	-	1,006	269	1,275
2022	-	1,006	269	1,275
2023	-	1,006	269	1,275
2024 to 2028	7,625	4,839	1,294	13,758
2029 to 2033	18,625	3,959	1,059	23,643
2034 to 2038	12,805	2,601	696	16,102
2039 to 2043	14,375	1,592	426	16,393
2044 to 2047	13,225	441	118	13,784
Totals	$ 66,655	$ 18,465	$ 4,670	$ 89,790

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

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 21,075	$ -	$ 1,604,875	$ 1,625,950
Business Type Activities	5,761,515	49,768	12,670	594,343	$ 6,418,296
Total	$ 5,761,515	$ 70,843	$ 12,670	$ 2,199,218	$ 8,044,246

Derivative Instruments

Colorado School of Mines: On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement (the Agreement) in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2010A debt issuance. In May 2018, the University refunded the 2010A variable rate demand bonds with the issuance of the 2018A variable rate institutional enterprise revenue bonds. The agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred inflow of $0.1 million as of June 30, 2018.

The Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing variable rate revenue bonds. The Agreement, with current notional amount of $37.9 million, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London Interbank Offering Rate (payable by Morgan Stanley), which was 1.23 percent at June 30, 2018. Cash flows between the parties are settled on the net difference. The fair value to the Colorado School of Mines as of June 30, 2018, using Level 2 Significant Other Observable Inputs, was $6.8 million liability as determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2038. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

There are inherent risks associated with interest rate swaps that the Colorado School of Mines monitors and addresses including:

- Termination Risk – Terminating the transaction while the fair value is negative would likely require a termination payment by the School.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School considers the swap agreement counterparty's (Morgan Stanley) credit quality rating and the ability of the counterparty to withstand credit market turmoil. As of June 30, 2018, Morgan Stanley's credit rating is A3 by Moody's, and BBB+ by Standards & Poor's.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices.

Colorado State University: On January 16, 2018, the University entered into a floating to fixed interest rate swap agreement (The Swap Agreement) in connection with the 2015D System Enterprise Revenue Bonds. The agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred inflow of $0.7 million as of June 30, 2018.

The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The Swap Agreement has a notional amount of $66.7 million and a fair value of $654 thousand at June 29, 2018 and provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.91 percent payable by the University and 70 percent of the one month UDS-LIBOR-BBA, payable by RBC. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. RBC, counterparty to the Swap Agreement, determined the fair value as of June 29, 2018 using a discounted forecasted cash flow. The Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

There are inherent risks associated with interest rate swaps that the Colorado State University monitors and addresses including:

- Termination Risk – Terminating the transaction while the fair value is negative would likely require a termination payment by the University.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2018 RBC's credit rating is rated A1 by Moody's and AA- by S&P.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the University. Basis risk can also result from the use of floating, but different, indices.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2017-18:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 6,760	$ 23	$ (6,647)	$ 136	$ -
Accrued Compensated Absences	170,300	19,097	(13,994)	175,403	12,758
Claims and Judgments Payable	306,904	43,066	(126,293)	223,677	42,812
Capital Lease Obligations	142,153	23,106	(33,386)	131,873	25,789
Bonds Payable	-	-	-	-	-
Certificates of Participation	1,302,382	177,649	(53,717)	1,426,314	53,340
Notes, Anticipation Warrants, Mortgages	11,115	2,175	(4,311)	8,979	2,175
Net Pension Liability	10,919,603	1,014,249	-	11,933,852	-
Other Postemployment Benefits	-	272,038	-	272,038	-
Other Long-Term Liabilities	407,912	301,911	(252,256)	457,567	-
Total Governmental Activities Long-Term Liabilities	13,267,129	1,853,314	(490,604)	14,629,839	136,874
Business-Type Activities					
Deposits Held In Custody For Others	43,468	45,210	(43,448)	45,230	45,210
Accrued Compensated Absences	342,451	52,880	(30,121)	365,210	26,203
Claims and Judgments Payable	37,361	7,044	(8,900)	35,505	-
Capital Lease Obligations	49,891	12,284	(14,023)	48,152	6,529
Derivative Instrument Liabilities	9,251	7,035	(9,449)	6,837	-
Bonds Payable	4,376,802	1,065,409	(839,378)	4,602,833	129,464
Certificates of Participation	346,769	176,251	(61,559)	461,461	23,970
Notes, Anticipation Warrants, Mortgages	61,396	623	(1,972)	60,047	619
Net Pension Liability	6,934,505	514,070	-	7,448,575	-
Other Postemployment Benefits	343,570	594,880	-	938,450	-
Other Long-Term Liabilities	17,541	47,372	(3,265)	61,648	-
Total Business-Type Activities Long-Term Liabilities	12,563,005	2,523,058	(1,012,115)	14,073,948	231,995
Fiduciary Activities					
Deposits Held In Custody For Others	465,456	624,191	(425,607)	664,040	610,145
Accrued Compensated Absences	50	23	(18)	55	24
Other Long-Term Liabilities	373	217	(374)	216	-
Total Fiduciary Activities Long-Term Liabilities	465,879	624,431	(425,999)	664,311	610,169
Total Primary Government Long-Term Liabilities	$ 26,296,013	$ 5,000,803	$ (1,928,718)	$ 29,368,098	$ 979,038

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

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

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

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

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

NOTE 13 – DEFEASED DEBT AND POLLUTION REMEDIATION OBLIGATIONS

DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2017-18, debt was defeased in both governmental and business-type activities.

At June 30, 2018, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency		Amount
Governmental Activities:		
Department of Treasury	$	253,660
Department of Corrections		44,670
Business-Type Activities:		
University of Colorado		739,950
Colorado State University		420,585
Colorado School of Mines		65,160
Western State College		33,890
Colorado Community College System		13,465
Adams State College		23,482
Total	$	1,594,862

The Department of Treasury issued $115,790,000 of its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2017K to partially defease its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2011G. The defeased debt had an interest rate of 4.87 percent, and the new debt had an interest rate of 2.54 percent. The remaining term of the debt was 14.27 years and the estimated debt service cash flows decreased by $21,339,349. The defeasance resulted in an economic gain of $9,059,462 and book loss of $4,349,246 that will be amortized as an adjustment of interest expense over the remaining 13.27 years of the new debt.

The Board of Regents of the University of Colorado issued $43,325,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its 2012B Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.5 percent. The remaining term of the debt was 23 years and the estimated debt service cash flows decreased by $5,374,712. The defeasance resulted in an economic gain of $3,781,593 and book gain of $1,289,071 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Regents of the University of Colorado issued $125,150,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its 2013A Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.33 percent. The remaining term of the debt was 28 years and the estimated debt service cash flows decreased by $12,951,048. The defeasance resulted in an economic gain of $9,059,497 and book loss of $11,284,565 that will be amortized as an adjustment of interest expense over the remaining 28 years of the new debt.

The Board of Regents of the University of Colorado issued $161,630,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its 2014A Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.26 percent. The remaining term of the debt was 28 years and the estimated debt service cash flows decreased by $15,544,609. The defeasance resulted in an economic gain of $10,458,485 and book loss of $3,771,786 that will be amortized as an adjustment of interest expense over the remaining 28 years of the new debt.

The Board of Governors of Colorado State University issued $117,610,000 of its Enterprise Revenue and Refunding Bonds, Series 2017AB to partially defease its Enterprise Revenue Bonds, Series 2012A and 2013C. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 4.1 percent. The remaining term of the debt was 26 years and the estimated debt service cash flows decreased by $13,760,067. The defeasance resulted in an economic gain of $9,634,569 and book loss of $5,346,605 that will be amortized as an adjustment of interest expense over the remaining 26 years of the new debt.

The Board of Governors of Colorado State University issued $204,710,000 of its Enterprise Revenue and Refunding Bonds, Series 2017CD to partially defease its Enterprise Revenue Bonds, Series 2013C, 2013E, 2015A, 2015E-1, and 2015E-2. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 4.4 percent. The remaining term of the debt was 29 years and the estimated debt service cash flows decreased by $16,500,248. The defeasance resulted in an economic gain of $11,540,110 and book loss of $18,712,630 that will be amortized as an adjustment of interest expense over the remaining 29 years of the new debt.

The Board of Governors of Colorado State University issued $55,485,000 of its Enterprise Revenue and Refunding Bonds, Series 2017EF to partially defease its Enterprise Revenue Bonds, Series 2015A and 2015E-1. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 4 percent. The remaining term of the debt was 27 years and the estimated debt service cash flows decreased by $2,945,648. The defeasance resulted in an economic gain of $2,071,938 and book loss of $4,875,089 that will be amortized as an adjustment of interest expense over the remaining 27 years of the new debt.

The State Board for Community Colleges and Occupational Education issued $13,785,000 of its Systemwide Revenue Refunding and Improvement Bonds (Arapahoe Community College – Castle Rock Collaboration Campus), Series 2017A and 2017B to partially defease its Systemwide Revenue Bonds (Front Range Community College – Larimer & Westminster Campus Projects), Series 2013. The defeased debt had an interest rate of 4-5 percent, and the new debt had an interest rate of 2-5 percent. The remaining term of the debt was 17 years and the estimated debt service cash flows remained the same. The defeasance resulted in an economic gain of $849,534 and book loss of $881,832.78 that will be amortized as an adjustment of interest expense over the remaining 17 years of the new debt.

The Board of Trustees of Colorado School of Mines issued $37,885,000 of its Institutional Enterprise Revenue Refunding Bonds, Series 2018A to defease its Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds, Series 2010A. The defeased debt and new debt both had a variable interest rate. The remaining debt was defeased, and the estimated debt service cash flows increased by $326,494. The defeasance resulted in an economic loss of $619,160 and book loss of $2,049,218 that will be amortized as an adjustment of interest expense over the remaining 20 years of the new debt.

The Board of Trustees of Colorado School of Mines issued $35,030,000 of its Institutional Enterprise Revenue Refunding Bonds, Series 2017C to defease its Institutional Enterprise Revenue Refunding Bonds, Series 2012B. The defeased debt and new debt both had a variable interest rate. The remaining term of the debt was 25 years, and the estimated debt service cash flows decreased by $3,355,078. The defeasance resulted in an economic gain of $2,523,337 and book loss of $1,030,000 that will be amortized as an adjustment of interest expense over the remaining 25 years of the new debt.

The Auraria Board of Directors issued $12,560,000 of its Series 2017 Refunding Certificate of Participation to defease its Series 2008 Certificate of Participation (Land Acquisition Project). The defeased debt had an interest rate of 6 percent, and the new debt had an interest rate of 2.42 percent. The remaining term of the debt was 11 years and the estimated debt service cash flows decreased by $1,522,130. The defeasance resulted in an economic gain of $1,334,422 and book loss of $836,562 that will be amortized as an adjustment of interest expense over the remaining 11 years of the new debt.

POLLUTION REMEDIATION OBLIGATIONS

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

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

The State's total amount of pollution remediation obligations as of June 30, 2018 was $197.9 million ($5.6 million of which was a current liability). Superfund sites account for approximately $197.1 million ($4.8 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $69.6 million related to the operation of a water treatment plant. The operating and maintenance costs of the treatment plant are to be shared with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in 2023, the State will assume 100 percent of the operating costs of the treatment plant. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. As of June 30, 2018, the State has received $4.7 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $84.2 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a new water treatment plant whose construction was completed in 2017. Current operating and maintenance costs are estimated at approximately $1.8 million in 2019, increasing to approximately $3.0 million in 2028, and continuing into perpetuity. The department shares the remaining costs to complete the remediation projects with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the operating and maintenance costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $6.1 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. Construction cost estimates of approximately $80,000 in 2019, with additional costs until the project's completion in 2022. Beginning in 2023, the State's share of operation and monitoring costs will be 10 percent and will continue in perpetuity. Construction cost estimates were based upon an engineering study and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $23.2 million related to the clean-up of contamination from mine waste piles and drainage. The State will be liable for a share of construction costs for a new subsurface remedy, a bulkhead, at an estimated cost of $1.7 million and is expected to be completed in 2019. These construction costs, and future operating and maintenance costs are split in a cost-sharing ratio of 10 percent State, 90 percent EPA commencing in 2035 and continuing in perpetuity. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

NOTE 14 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2018.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Refunding Losses	$ 5,147	$ 185,215
Other	734	-
Other Postemployment Benefits	14,733	28,093
Pensions	2,542,420	1,536,971
	2,563,034	1,750,279
Deferred Inflows of Resources:		
Refunding Gains	-	822
Other	18,523	2,554
Service Concession Arrangements	-	136,550
Other Postemployment Benefits	6,822	123,557
Pensions	535,558	357,462
	$ 560,903	$ 620,945

REFUNDING GAINS AND LOSSES

Refunding gains and losses on debt refunding transactions are recorded as deferred inflows or deferred outflows, respectively, and generally amortized over the life of the new debt.

SERVICE CONCESSION ARRANGEMENTS

Service Concession Arrangements are arrangements between a government and a governmental or nongovernmental entity in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Refer to Note 19 for additional information on Service Concession Arrangements.

PENSIONS

Additional information on the components of deferred inflows and deferred outflows for pensions can be found in Note 6.

OTHER POSTEMPLOYMENT BENEFITS

Additional information on the components of deferred inflows and deferred outflows for Other Postemployment Benefits can be found in Note 7.

OTHER

Includes deferred inflows and outflows for nonexchange transactions, derivative instruments and unavailable revenue.

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

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

Capital Construction: Capitalization of Fiscal Year 2017 Office of Information Technology and Department of Corrections Capital Construction expenditures.

The Venture Capital Authority no longer met the criteria for reporting as a component unit effective for fiscal year 2016 after tax credits expired in fiscal year 2015.

(Amounts in Thousands)

	Government-Wide Statements		Fund Financial Statements
Subject	Governmental Activities	Component Units	Capital Projects
Capital Construction	8,583		(1,700)
Colorado Venture Capital Authority		(62,172)	
	8,583	(62,172)	(1,700)

B. ACCOUNTING CHANGES

The State of Colorado implemented GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, beginning equity was reduced by $909.3 million.

University of Colorado (CU) implementation of GASB Statement No. 81 – Irrevocable Split-Interest Agreements. Beginning net position was reduced by $1.7 million.

(Amounts in Thousands)

	Government-Wide Statements		Fund-Level Statements				
			Proprietary Funds				
			Enterprise Funds				
Subject	Governmental Activities	Business-Type Activities	Higher Education Institutions	Unemployment Insurance	State Lottery	Other Enterprises	Internal Services
GASB Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*	(260,689)	(648,610)	(630,011)	(648)	(1,001)	(16,950)	(14,795)
GASB Statement 81 - *Irrevocable Split-Interest Agreements*		(1,705)	(1,705)				
	(260,689)	(650,315)	(631,716)	(648)	(1,001)	(16,950)	(14,795)

Refer to Note 1A for additional information regarding new accounting standards.

FUND BALANCE

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

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 236,673	$ 732,444	$ 29,641
Business, Community and Consumer Affairs	-	68,483	-
Education	389,394	94,715	-
Health and Rehabilitation	-	6,137	-
Justice	1	22,404	-
Natural Resources	-	987	-
Social Assistance	-	44,886	-
Transportation	-	179	-
TOTAL	$ 626,068	$ 970,235	$ 29,641
RESOURCE EXTRACTION			
General Government	$ 66,000	$ 210	$ -
Business, Community and Consumer Affairs	-	167,198	-
Education	-	630	-
Health and Rehabilitation	-	1,026	-
Natural Resources	12,987	917,136	-
TOTAL	$ 78,987	$ 1,086,200	$ -
HIGHWAY USERS TAX			
General Government	$ 67,566	$ 40,086	$ -
Health and Rehabilitation	2,933	-	-
Justice	1,012	2,155	-
Natural Resources	300	-	-
Transportation	810,302	15,835	-
TOTAL	$ 882,113	$ 58,076	$ -
CAPITAL PROJECTS			
General Government	$ -	$ 187,230	$ -
Education	-	4,629	-
Health and Rehabilitation	-	2,102	-
Justice	5	3,586	-
Natural Resources	-	98	-
Social Assistance	-	752	-
TOTAL	$ 5	$ 198,397	$ -
STATE EDUCATION			
Education	$ 205,917	$ -	$ -
TOTAL	$ 205,917	$ -	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 178,259	$ 582,946	$ -
Business, Community and Consumer Affairs	35,865	306,292	-
Education	-	81,135	-
Health and Rehabilitation	10,429	67,330	-
Justice	-	189,404	-
Natural Resources	6,666	10,443	-
Social Assistance	-	85,691	-
Transportation	-	6,739	-
TOTAL	$ 231,219	$ 1,329,980	$ -

STABILIZATION ARRANGEMENTS

In accordance with Section 24-75-201.1(1)(d) C.R.S., the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. For fiscal year 2018, the reserve is calculated as six and one-half percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In fiscal year 2018 there was no use of the reserve.

As of June 30, 2018, on a legal budgetary basis the reserve was $674.9 million (see Note 1).

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

MINIMUM FUND BALANCE POLICIES

The appropriations process and statutory structure that governs State fiscal matters generally does not provide for the ability to set aside fund balances outside of those processes. However, in limited circumstances, boards and committees have fiscal policy and/or rulemaking authority. The following minimum fund balances were established under this type of authority.

The Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Board has established a reserve of four percent of the estimated health care expansion expenditures for the CHASE Cash Fund plus any interest accrued by the fund. For Fiscal Year 2018, the maximum amount that could be kept in reserve was $91 million – although the CHASE Board lowered the target reserve to $8 million for that year. The reserve acts as a buffer to minimize the need for mid-year fee increases in the event that expenditures are higher than estimated.

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018, were:

DUE FROM OTHER FUNDS (DOLLARS IN THOUSANDS)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 5,031	$ -	$ 164
Resource Extraction	2	-	-
Highway Users Tax	-	-	-
Capital Projects	143	-	-
Higher Education Institutions	5,049	342	119
MAJOR FUNDS SUBTOTAL	10,225	342	283
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	39	-	-
Tobacco Impact Mitigation	6	-	-
Other Special Revenue	13,984	-	304
OTHER GOVERNMENTAL FUNDS SUBTOTAL	14,029	-	304
ENTERPRISE FUNDS:			
Parks and Wildlife	30	-	-
Correctional Industries	-	-	-
Other Enterprise Activities	-	-	-
OTHER ENTERPRISE FUNDS SUBTOTAL	30	-	-
INTERNAL SERVICE FUNDS:			
Information Technology	23	-	34
INTERNAL SERVICE FUNDS SUBTOTAL	23	-	34
FIDUCIARY FUNDS:			
State Employee Benefit Plans	25	-	2
College Savings Plan	-	-	-
Treasury Agency Funds	-	-	-
FIDUCIARY FUNDS SUBTOTAL	25	-	2
TOTAL	$ 24,332	$ 342	$ 623

DUE TO OTHER FUNDS
(DOLLARS IN THOUSANDS)

Capital Projects	Higher Education Institutions	State Lottery	Healthcare Affordability	All Other Funds	Total
$ -	$ 276	$ 16,303	$ 8,539	24,030	$ 54,343
37	-	-	-	16,417	16,456
-	-	-	-	2,043	2,043
-	-	-	-	-	143
-	-	-	-	578	6,088
37	276	16,303	8,539	43,068	79,073
-	-	-	-	-	39
-	-	-	596	-	602
-	-	-	-	7,500	21,788
-	-	-	596	7,500	22,429
-	169	3,046	-	36	3,281
-	477	-	-	-	477
-	-	-	-	59	59
-	646	3,046	-	95	3,817
-	176	-	-	-	233
-	176	-	-	-	233
-	765	-	-	24	816
-	-	-	-	9,891	9,891
-	-	11,115	-	-	11,115
-	765	11,115	-	9,915	21,822
$ 37	$ 1,863	$ 30,464	$ 9,135	$ 60,578	$ 127,374

All of the material receivables and related payables shown in the schedule are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the State's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The General Fund receivable of $24.0 million from All Other Funds is primarily comprised of $16.9 million in payables from the Limited Gaming Fund and $3.9 million payable to various cash funds to support incurred Medicaid expenditures.

The General Fund receivable of $16.3 million from the State Lottery Fund consists of a payable from the State Lottery Fund to the Conservation Trust Fund for $12.2 million and the Building Excellent Schools Today Grant Program for $4.1 million.

The Resource Extraction Fund receivable of $16.4 million from All Other Funds consists of a payable for loans from the Wildlife Cash Fund to the Colorado Water Conservation Board Construction Fund.

The Other Special Revenue Fund receivable of $14.0 million from the General Fund primarily consists of $8.9 million in payables to the Technology Advancement and Emergency Fund for reversions and $5 million in payables to the Colorado Opportunity Scholarship Initiative Fund.

The Treasury Agency Fund receivable of $11.1 million from the State Lottery Fund represents the distribution of lottery proceeds to the Great Outdoors Colorado Fund.

The College Savings Plan receivable of $9.9 million from All Other Funds primarily consists of a $8.2 million payable from the CollegeInvest Administration Fund to the College Savings Program Fund.

INTERFUND TRANSFERS

Transfers between funds for the fiscal year ended June 30, 2018, were:

TRANSFER-OUT FUND (DOLLARS IN THOUSANDS)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 4,241,325	$ 8,118	$ 84,259
Resource Extraction	98,865	-	-
Highway Users Tax	16,733	-	-
Capital Projects	-	-	500
State Education	9,671	-	-
Higher Education Institutions	5,719	-	-
Unemployment Insurance	19	-	-
State Lottery	61,131	-	-
Healthcare Affordability	16,256	-	-
MAJOR FUNDS SUBTOTAL	4,449,719	8,118	84,759
NONMAJOR FUNDS:			
GOVERNMENTAL FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	330	-	303
Gaming	17,908	-	3
Tobacco Impact Mitigation	117,762	-	4
Resource Management	184	-	-
Environment and Health Protection	10,835	-	-
Unclaimed Property	57	-	-
Other Special Revenue	89,434	30,000	69
PERMANENT FUNDS:			
State Lands Trust	90,553	-	-
NONMAJOR GOVERNMENTAL FUNDS SUBTOTAL	327,063	30,000	379
ENTERPRISE FUNDS:			
Parks and Wildlife	4,088	-	-
College Assist	122	-	-
State Fair	96	-	-
Correctional Industries	992	-	-
State Nursing Homes	2,255	-	-
Prison Canteens	70	-	-
Petroleum Storage	24	-	-
Transportation Enterprise	-	-	38
Other Enterprise Activities	476	-	-
NONMAJOR ENTERPRISE FUNDS SUBTOTAL	8,123	-	38
INTERNAL SERVICE FUNDS:			
Central Services	768	-	-
Financial Information Technology	144	-	-
Information Technology	671	-	-
Capitol Complex	1,510	-	-
Administrative Courts	194	-	-
Legal Services	3,141	-	-
Other Internal Service	347	-	-
INTERNAL SERVICE FUNDS SUBTOTAL	6,775	-	-
FIDUCIARY FUNDS:			
State Employee Benefit Plans	209	-	-
Treasurer's Private Purpose	476	-	-
FIDUCIARY FUNDS SUBTOTAL	685	-	-
TOTAL	$ 4,792,365	$ 38,118	$ 85,176

TRANSFER- IN FUND
(DOLLARS IN THOUSANDS)

Capital Projects	State Education	Higher Education Institutions	All Other Funds	TOTAL
$ 100,917	$ 25,322	$ 230,255	$ 226,042	$ 4,916,238
-	-	3,439	34,041	136,345
-	-	-	9,883	26,616
-	-	58,569	6,690	65,759
-	-	8,372	34,025	52,068
-	-	-	-	5,719
-	-	-	-	19
-	-	-	14,074	75,205
-	-	-	-	16,256
100,917	25,322	300,635	324,755	5,294,225
-	-	-	13	646
1,582	-	9,304	11,042	39,839
6,090	-	14,150	2,316	140,322
-	-	2,425	-	2,609
-	-	-	286	11,121
-	-	-	32,432	32,489
9,990	-	630	41,453	171,576
-	-	779	1,062	92,394
17,662	-	27,288	88,604	490,996
-	-	-	188	4,276
-	-	-	-	122
-	-	-	-	96
-	-	-	-	992
-	-	-	-	2,255
-	-	-	-	70
-	-	-	-	24
-	-	-	-	38
52	-	-	92	620
52	-	-	280	8,493
-	-	-	-	768
-	-	-	-	144
-	-	-	-	671
50	-	-	338	1,898
-	-	-	-	194
-	-	-	73	3,214
-	-	-	-	347
50	-	-	411	7,236
-	-	-	-	209
-	-	-	-	476
-	-	-	-	685
$ 118,681	$ 25,322	$ 327,923	$ 414,050	$ 5,801,635

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the State's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund. These include $3,961.9 million from the General Purpose Revenue Fund to the State Public School Fund (both within the General Fund), $100.9 million to the Capital Projects funds (for controlled maintenance and capital projects), and $230.3 million to the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

Additional transfers-out from the General Fund include $84.3 million to the Highway Users Tax Fund and $113.6 million from the State Public School Fund to the Charter School Institute Fund (both within the General Fund). The largest of the transfer-out from the General Fund to All Other Funds is a $110.0 million transfer to the Marijuana Tax Cash Fund.

The Resource Extraction transfer-out to the General Fund includes a $41.4 million transfer the State Public School Fund and a $56.8 million transfer to the General Purpose Revenue Fund in the General Fund.

The Tobacco Impact Mitigation Fund includes transfers-out to the General Fund of $113.3 million from the Tobacco Litigation Settlement Fund.

The Other Special Revenue transfers-out to the General Fund includes $40.0 million from the Retail Marijuana Excise Tax Fund to the Public School Capital Construction Assistance Fund (a special purpose fund in the General Fund).

The State Lands Trust transfer-out to the General Fund includes $21.0 million to the State Public School Fund and $69.2 million to the Public School Capital Construction Assistance Fund.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education, the Department of Labor and Employment, and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2018, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $106 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2011, and has a final maturity date of Fiscal Year 2041. The pledged revenue represents 100 percent of the revenue stream, and $588.7 million of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise pledged $437.9 million to meet current year interest payments of $18.2 million on debt issued for the purpose of paying or reimbursing the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges, for which user fees will be collected starting in calendar year 2020. The debt was originally issued in Fiscal Year 2018, and has a final maturity date of Fiscal Year 2057. The entire amount of the pledge commitment remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1999 and furthest maturity date of Fiscal Year 2055. In some instances, the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $1.6 billion. Individually significant Higher Education Institution pledges include:

- $1.3 billion (net) pledged by the University of Colorado to secure $133.1 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2047. The pledged revenue represents approximately 76.3 percent of the revenue stream, and $2.4 billion of the pledge (principal and interest) remains outstanding.

- $162.4 million (net) pledged by Colorado State University to secure $69.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2008 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 56.8 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $45.2 million (net) pledged by the Colorado School of Mines to secure $19.6 million of current principal and interest on debt issued to finance or refinance the construction, acquisition, improvement, renovation, and equipment for certain facilities and complete qualified conservation improvement projects. The related debt was originally issued in Fiscal Year 1999 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents approximately 77.9 percent of the revenue stream, and $499.3 million of the pledge (principal and interest) remains outstanding.

- $32.6 million (gross) pledged by Metropolitan State University of Denver to secure $7 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2046. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $144.1 million of the pledge (principal and interest) remains outstanding.

- $26.1 million (net) pledged by Colorado Mesa University to secure $14.4 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2045. The pledged revenue represents approximately

56.1 percent of the revenue stream and $347 million of the pledge (principal and interest) remains outstanding.

- $42.3 million pledged by the University of Northern Colorado to secure $11 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2008 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 43.8 percent of the net total auxiliary, extended studies, and student fee revenue streams; 100 percent of gross facility & admin cost recoveries; and 10 percent of gross general fund tuition revenue. $221.7 million of the pledge (principal and interest) remains outstanding.
- $12.9 million pledged by the Auraria Higher Education Center to secure $6.3 million of current principal and interest on debt issued to finance construction of Tivoli Student Union park, coffee lounge, and patio and building parking structures. The debt issuances had an earliest origination date of Fiscal Year 2006 and furthest maturity date of Fiscal Year 2034. The pledged revenue represents 59.4 percent of the net and 100 percent of the gross auxiliary revenue stream. $80.6 million of the pledge (principal and interest) remains outstanding.
- $9.5 million (net) pledged by Colorado State University – Pueblo to secure $6.2 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2008 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents 52.2 percent of the revenue stream, and $170.8 million of the pledge (principal and interest) remains outstanding.
- $7.8 million (net) pledged by the Fort Lewis College to secure $4 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The debt issuances had an earliest origination date of Fiscal Year 2008 and furthest maturity date of Fiscal Year 2038. The pledged revenue represents 35.9 percent of the revenue stream, and $70.3 million of the pledge (principal and interest) remains outstanding.
- $10.2 million (net) pledged by the Western State Colorado University to secure $6.2 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2045. The pledged revenue represents 42.5 percent of the revenue stream, and $165.5 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements: Principal	Interest	Total
Higher Education Institutions	$ 2,290,836	$ (643,503)	$ 1,647,333	$ 127,378	$ 161,525	$ 288,903
Statewide Bridge Enterprise	106,022	-	106,022	-	18,234	18,234
	$ 2,396,858	$ (643,503)	$ 1,753,355	$ 127,378	$ 179,759	$ 307,137

DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in its institutions of higher education. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor restricted endowment appreciation reported by the State's institutions of higher education totaled $18.5 million.

The University of Colorado reported net appreciation on endowment investments of $16.1 million that was available for spending. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds.* The University spends its investment income in accordance with the University of Colorado Foundation's established spending policy.

The Colorado School of Mines reported $2.2 million of net appreciation on endowment investments that was available for spending. The School reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The School has an authorized spending rate of 4.5% of the rolling 36-month average market value of the endowment investments.

NOTE 18 –SEGMENTS AND RELATED PARTIES

SEGMENT INFORMATION

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

University of Colorado

CU Medicine, formerly University Physicians Incorporated (UPI), performs the billing, collection, and disbursement functions for professional services rendered as authorized in Section 23-20-114, Colorado Revised Statues 1973.
Campus Village Apartments, LLC (CVA) is organized, operated and dedicated exclusively to the charitable purposes of promoting the general welfare, development, growth and wellbeing of the University, and specifically for the primary purpose of acquiring, constructing, improving, equipping and operating a student housing facility, to include related improvements and amenities.

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

CONDENSED STATEMENT OF NET POSITION

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO June 30, 2018 CU MEDICINE	CAMPUS VILLAGE APARTMENTS
ASSETS:		
Current Assets	$ 343,343	$ 8,462
Other Assets	259,959	-
Capital Assets	37,670	29,217
Total Assets	640,972	37,679
DEFERRED OUTFLOW OF RESOURCES	-	-
LIABILITIES:		
Current Liabilities	66,175	1,293
Noncurrent Liabilities	6,488	51,937
Total Liabilities	72,663	53,230
DEFERRED INFLOW OF RESOURCES	-	-
NET POSITION:		
Net Investment in Capital Assets	29,899	(22,281)
Restricted for Permanent Endowments:		
Restricted Net Position	-	5,676
Unrestricted	538,410	1,053
Total Net Position	$ 568,309	$ (15,552)

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

OPERATING REVENUES:		
Tuition and Fees	$ -	$ -
Sales of Goods and Services	1,007,542	7,015
Other	-	-
Total Operating Revenues	1,007,542	7,015
OPERATING EXPENSES:		
Depreciation	4,627	1,420
Other	890,129	3,514
Total Operating Expenses	894,756	4,934
OPERATING INCOME	112,786	2,081
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	4,226	272
Gifts and Donations	(20,459)	-
Other Nonoperating Revenues	-	-
Debt Service	(296)	(2,945)
Other Nonoperating Expenses	(1,440)	(402)
Total Nonoperating Revenues(Expenses)	(17,969)	(3,075)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Transfers- In	-	-
Transfers- Out	-	-
Special and Extraordinary Items	-	-
Total Contributions, Transfers, and Other	-	-
CHANGE IN NET POSITION	94,817	(994)
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	473,492	(14,558)
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 568,309	$ (15,552)

CONDENSED STATEMENT OF CASH FLOWS

NET CASH PROVIDED (USED) BY:		
Operating Activities	$ 80,714	$ 2,017
Noncapital Financing Activities	(20,459)	(400)
Capital and Related Financing Activities	(3,176)	(4,559)
Investing Activities	(7,648)	2,574
NET DECREASE IN CASH AND POOLED CASH	49,431	(368)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	81,057	765
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 130,488	$ 397

RELATED ORGANIZATIONS

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14, as amended by GASB Statements No. 39 and 61:

- Colorado Agricultural Development Authority
- Colorado Beef Council Authority
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Benefit Exchange
- Colorado Health Facilities Authority
- Colorado Housing and Finance Authority
- Colorado New Energy Improvement District
- Colorado Sheep and Wool Authority
- Fire and Police Pension Association
- Pinnacol Assurance
- The State Board of the Great Outdoors Colorado Trust Fund
- Venture Capital Authority

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the State cannot impose its will upon these entities and it does not have a financial benefit or burden relationship with them. Detailed financial information may be obtained directly from these organizations.

RELATED PARTY TRANSACTIONS

The University of Colorado Health (UCHealth), a related party, is a legal entity separate from the University of Colorado. Faculty members of the University's School of Medicine perform a majority of their clinical practice and clinical training at UCHealth. The clinical revenue for these clinical services provided by the University's faculty is collected by the University of Colorado Medicine, a blended component unit of the State. The University enters into contracts with UCHealth to support the University's educational mission. During Fiscal Year 2017-18 UCHealth paid the University $85.3 million and the University paid UCHealth $9.6 million. At June 30, 2018, the University had accounts receivable from UCHealth of $6.0 million and had no accounts payable to UCHealth.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust's members, which are the University of Colorado, the University of Colorado Hospital Authority, and the University of Colorado Medicine. The Trust provides healthcare benefits on a self-insured basis where risks are transferred to the pool. The University is not financially accountable for the Trust. During Fiscal Year 2017-18 the Trust paid medical claims on behalf of the University of $214.6 million. The University made contributions of $230.8 million to the Trust and its employees contributed $29.6 million. At June 30, 2018, the University had accounts receivable from the Trust for $879,000 and no accounts payable to the Trust.

The State Board of the Great Outdoors Colorado (GOCO) Trust Fund is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2017-18, the Board awarded $75.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2018, GOCO owed the Department of Natural Resources $6.7 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2017-18, the Colorado Health Benefit Exchange reimbursed the State $515,172 for software programming expenses and received $2.8 million in payments from the State for eligibility determinations and system changes.

The Colorado Housing and Finance Authority (CFHA) Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S.

Rural Business Cooperative Service. The Department of Treasury holds two CHFA bonds with a face value of $3.6 million as of June 30, 2018. The Department received $786,857 in principal and interest payments in Fiscal Year 2017-18.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

On August 24, 2017, Keiwit Meridiam Partners (KMP) was selected to be the Central 70 project developer to undertake the $1.2 billion project. On November 22, 2017, Colorado Bridge Enterprise (CBE) and the HPTE Boards approved the Project Agreement and completed the commercial close of the Central 70 project. On December 21, 2017, KMP and CBE completed the financial close of the project what included CBE issuing $120,765,426 of Private Activity Bonds (PABs) and closing on a TIFIA loan totaling $416,000,000. Since CBE acted as a conduit issuer for the TIFIA loan and the PABs, CBE has no liabilities to record, and the debt will be repaid by KMP. Construction officially started in the summer of 2018 with completion estimated to be in 2022.

SERVICE CONCESSION ARRANGEMENTS

On February 25 2014, the High Performance Transportation Enterprise (HPTE) and Plenary Roads Denver (PRD) completed the financial close of a 50-year concession arrangement. The concession arrangement is HPTE and CDOT's first public private partnership (P3) project, where public and private sectors work together to provide transportation improvements.

The commercial close of the concession arrangement transferred from HPTE to PRD the operations, maintenance, and revenues related to the existing I-25 High Occupancy Toll (HOT) lanes and the U.S. 36 Phase I project once completed in July 2015. Additionally, PRD assumed HPTE's 50 year $54 million TIFIA loan at the completion of U.S. 36 Phase I. PRD also financed, designed, and constructed U.S. 36 Phase II. Once completed in March 2016, PRD transferred the Phase II capital asset with an acquisition value of $88,716,505 to HPTE. PRD subsequently assumed the operations, maintenance, and revenues from U.S. 36 Phase II. PRD has the right to collect tolls and raise rates with permission from the HPTE Board. If the Board does not approve the rate increase, HPTE must compensate PRD for any lost revenue.

HPTE reported deferred inflow of resources related to the arrangement of $136,549,878 which is included on the *Statement of Net Position*. The table below shows the carrying amount of HPTE's capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description	Carrying Amount
U.S. 36 Phase I	Tolling Equipment and Software	$ 232,717
U.S. 36 Phase I	Managed Lanes	146,246,226
U.S. 36 Phase I	36 Tolling Stations	802,428
U.S. 36 Phase II	Tolling Equipment and Software	232,135
U.S. 36 Phase II	Managed Lanes	97,304,604
U.S. 36 Phase II	36 Tolling Stations	294,966

ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Fund, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $80.5 million, $31.4 million and $1.1 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

In Fiscal Year 2010-11, Metropolitan State University of Denver's Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC @ Metro, Inc. The HLC @ Metro, Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds in October 2010, loaning the proceeds to HLC @ Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC @ Metro, Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due, and HLC @ Metro, Inc. is obligated to repay all payments made on its behalf. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2018, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

CONTINGENCIES

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

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

The State is also the defendant in lawsuits by employees accusing the State of various infractions of law or contract. These may include claims related to age and sex discrimination, sexual harassment, wrongful termination, contractual agreements for paying salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The State does not believe that any of these cases are material to its financial operations.

Significant matters that are considered as a contingent liability to the State are summarized below.

Grants

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

In 2016, the federal Department of Health and Human Services, Centers for Medicare and Medicaid (CMS) performed an onsite visit and review of the State-operated Pueblo Regional Center (PRC). As a result, CMS issued a report that claimed the PRC violated federal administrative requirements related to the Medicaid Home and Community Based Services waiver program over the period November 2014 through November 2015. CMS has informed the State that they may disallow certain payments it made to the State for services provided over the one-year period cited. The State has filed a federal administrative appeal with CMS. The State is awaiting a response from CMS. Although it is unknown what amount of related federal funding expended will be disallowed, if any, a possible loss could exceed $5 million.

General Litigation

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

A State-operated youth service center (center) is the subject of a lawsuit involving alleged negligence on the part of the center's response to an injury of a person in custody at the facility. The plaintiff has sued the State for $10 million in damages. A trial date is pending. In another case at a State correctional institution an inmate alleged negligence related to timely and effective medical treatment of an injury. The inmate is seeking approximately $8 million in damages. For both the claims at the center and correctional facility the likelihood of an unfavorable outcome is uncertain. A third case is related to alleged negligence by a State-licensed child care provider. The plaintiff is seeking $5 million in damages. As of September 10, 2018, a lawsuit had not been filed. However, the State could be potentially named as a defendant if the case is pursued by the plaintiff.

The State is a party to a lawsuit related to its refusal to pay the cost for providing Direct Acting Anti-Viral (DAAV) medications in the treatment of Hepatitis C. The lawsuit was filed as a Class Action on behalf of inmates at Colorado correction facilities. In response to this case, the State's legislative budget request for approximately $20.5 million to cover the cost of this treatment during Fiscal Year (FY) 2019 was approved. The parties have requested the case be administratively closed. However, a new lawsuit could resurface if the State is unable to obtain budget approval for FY 2020 to continue the medical treatment program.

Further, the State has been named as a defendant related to a claim that it ordered a regulatory taking by prohibiting a corporate entity from legally distributing wastewater. The plaintiff seeks $100 million in compensatory damages. The likelihood of an unfavorable outcome is uncertain.

Tax Disputes

Two large corporate entities have filed lawsuits challenging the State's Notice of Final Determination regarding the payment of State income tax, penalties, and interest assessed. They seek to reverse the State's related assessments. The State's total exposure is approximately $36 million. The likelihood of an unfavorable outcome in both instances is uncertain.

Loan Guarantees

As of June 30, 2018 the total amount of student loans outstanding awarded by the State was approximately $6.9 billion. In the event of an adverse loss, defined as a default rate of in excess of 9 percent, a liability to the State would be incurred. If this were to occur the State would be responsible for repayment of up to 25 percent of the outstanding balance, or approximately $1.7 billion. The probability of a default rate exceeding 9 percent is highly remote.

Bonds

Based on Colorado statute the State is liable for defaults on Colorado school district bonds and notes. The bonds and notes outstanding total approximately $9.2 billion. Of the total outstanding, approximately $599.4 million is insured. It is believed that defaults are highly unlikely.

Taxpayer Bill of Rights (TABOR) Compliance

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

Two separate lawsuits have been filed challenging the constitutionality of specific fees assessed by the State for certain public services. The plaintiffs allege that the State is not compliant with TABOR and consequently the fees are unconstitutional. One of the entities does not expressly seek a refund of alleged unconstitutionally collected fees, but does request declaratory and injunctive relief. It is estimated that the State's exposure on this claim is $20 million. In a separate case the plaintiff is seeking in excess of $5.59 billion in damages through Fiscal Year 2019, plus 10 percent interest from Fiscal Year 2011 to present. The likelihood for an unfavorable outcome in both cases is uncertain.

NOTE 20 – TAX ABATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The Historic Preservation Tax Credit was created under Section 39-22-514.5 C.R.S. The program issues tax credits to owners of commercial and residential properties who perform certified rehabilitations on their certified historic structures. Tax credit certificates are issued for specific dollar amount based on amount of qualifying investment made. Taxpayers that have made a qualified rehabilitation receive the credit upon completion of rehabilitation, and the provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue. For taxpayers to quality for the credit, the property must be on a historical register (national, state, or local), and the rehabilitation must maintain the historic register status. A commercial property owner must submit a Tax Credit Application. Once the project is approved by History Colorado, OEDIT will reserve the tax credits for 90 days. The tax credit may be claimed upon completion of the project and approved proof of rehabilitation. Qualified rehabilitation costs are those that support the National Historic Preservation Standard.

The maximum credit for the State Tax Credit is $50,000 for residential properties within a ten-year period; the amount resets with change of ownership. The maximum credit for the State Tax Credit for commercial properties is $1 million per year per property. The State Tax Credit for commercial properties has a cap on the amount that can be awarded to all projects during a calendar year - $5 million to projects with rehabilitation expenditures of $2 million or less and $5 million to projects with rehabilitation expenditures greater than $2 million. These credits are awarded on a first come – first serve basis.

Taxpayers must register with OEDIT and submit a tax credit application using OEDIT's project checklist. Applications are reviewed by History Colorado's Office of Archaeology and Historic Preservation, which has up to 45 days to review applications for the State Tax Credit for residential properties and the Federal ITC. History Colorado and the Colorado Office of Economic Development and International Trade have 90 days to review commercial applications for State Tax Credits.

Information relevant to disclosure of these tax abatement programs for the fiscal year ended June 30, 2018 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 54,515
Colorado Enterprise Zone Contribution Tax Credits	14,567
Job Growth Incentive Tax Credits	6,885
Regional Tourism Act[1]	6,398
Historic Preservation Tax Credit	4,148
Total	$ 86,513

[1] Amount represents Tax Credit Certificates issued for calendar year 2017.

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 18, 2018, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2018A. The notes mature on June 27, 2019. The total due on that date includes $310,000,000 in principal and $12,618,333 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $7,943,900, an average coupon rate of 4.32%, and a true interest cost of 1.57%.

On July 18, 2018, University of Northern Colorado Board of Trustees issued $19,130,000 in fixed rate Institutional Enterprise Revenue Refunding Bonds, Series 2018A and 2018B, at a $1,775,120.70 premium for total proceeds of $20,905,120.70. The 2018A bonds were issued at $7,110,000 with a coupon rate between 3.625% and 5%. They will mature on June 1, 2041. The 2018B bonds were issued at $12,020,000 are set to mature on June 1, 2036 and have coupon rates between 4% and 5%. The proceeds of $20,700,000 will refund the series 2008A and 2011B bonds, while the remaining $200,000 represents cost of issuance.

On July 19, 2018, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2018. The notes mature on June 26, 2019. The total due on that date includes $600,000,000 in principal and $24,338,889 in interest. The GTRAN was issued with a premium of $15,552,000, an average coupon rate of 4.33%, and a true interest cost of 1.53%.

On August 1, 2018, Campus Village Apartments (CVA) directed the trustee of the Series 2008 Student Housing Revenue Refunding Bonds to redeem all of the outstanding bonds and any accrued interest (2018 Redemption). The 2018 Redemption consisted of $53,040,000 in outstanding principal and $481,000 in accrued interest. The 2018 Redemption was funded with $48,015,000 in proceeds from the issuance of the Series 2018A University Enterprise Revenue Bonds (Series 2018A) by the University of Colorado, a debt service fund of $481,000 maintained by CVA, and $5,205,000 in proceeds from the August 1, 2018 maturity of the Guaranteed Investment Agreement and its accrued interest. The balance of the funding was used to pay for costs of issuance of the Series 2018A estimated at $180,000. Additionally, during the year ended June 30, 2018, the board of directors of the University of Colorado Property Corporation (CUPCO) adopted a resolution to designate CVA a “facility” under the University’s Master Bond Resolution and to pledge all net revenues generated by CVA to repayment of the Series 2018A. For Fiscal Year 2019 and forward, the board of directors of the CUPCO pledged that any net proceeds generated through any sale or long-term lease of CVA be promptly available for distribution to the University.

The University of Colorado Regents have authorized up to $200,000,000 of commercial paper to fund capital projects during their construction. On September 9, 2018, the University issued an additional $30,000,000 of commercial paper to continue funding construction projects at CU-Boulder, bringing the total outstanding to $70,000,000. The University anticipates additional issuance of commercial paper in this program during Fiscal Year 2019.

On September 18, 2018, the State issued Building Excellent Schools Today (BEST) Refunding Certificates of Participation (COP), Series 2018L in the amount of $75,290,000 and Refunding Certificates of Participation, Series 2018M in the amount of $93,535,000. These BEST COPs were issued as tax-exempt bonds with premiums of $9,264,401 and $14,359,928, respectively; average coupon rates of 4.49% and 5.00%, respectively; and true interest costs of 2.76% and 3.01%, respectively. For both series, base rents are due semiannually beginning on March 15, 2019, with Series 2018L having a final maturity date of March 15, 2030 and Series 2018M having a final maturity date of March 15, 2031.

On September 26, 2018, the State issued Rural Colorado Certificates of Participation (COPs), Series 2018A in the amount of $500,000,000. The COPs were issued with an original issue discount of $526,047, a premium of $47,368,567, an average coupon rate of 4.49%, and a true interest cost of 3.48%. Base Rents are due semiannually beginning on December 15, 2018, with a final maturity date of December 15, 2037.

On October 16, 2018, Colorado State University System issued $4,800,000 in taxable commercial paper, maturing December 11, 2018, used to short-term finance construction costs on the Translational Medicine Institute building.

On October 16, 2018, Colorado State University System issued $14,200,000 in tax-exempt commercial paper, maturing January 24, 2019, that will be used to short-term finance construction costs on the Richardson Design Center and WCRC Orchard Mesa Consolidation Center (Western Center for Research, Extension & Engagement).

On October 17, 2018, the University of Colorado issued $64,360,000 of University Enterprise Revenue Bonds, Series 2018B to fund the construction of four projects at the University of Colorado Colorado Springs (UCCS). Interest rates on the bonds ranged from 3% to 5%, and the first interest payment date is December 1, 2018. The final maturity of the bonds is June 1, 2048, with the first principal payment due on June 1, 2020.

On November 29, 2018, Colorado State University System sold $30,420,000 taxable Series 2018A Enterprise Revenue Bonds. The 2018A bonds were sold as State-Intercept backed bonds and will be used for the purpose of financing an approximately 38,000-square-foot Center for Vector-Borne Infectious Diseases, a portion of the JBS Global Food Innovation Center addition to the Animal Science building, and paying certain costs relating to the issuance of the Series 2018A bonds.

In November 2018, Colorado Mesa University entered into an agreement with Morgan Stanley to purchase Enterprise Refunding Bonds Series 2019A in the amount of $24,500,000 to (a) refund the tax-exempt Series 2009A bonds; and (b) pay the costs of issuance of the bonds. The 2019A bond is a forward direct purchase refunding of the Series 2009A bonds and includes a $2,700,000 bond premium that will be amortized over the life of the Series 2019A bonds. The average coupon rate is 4.99% and the all-in true interest cost is 3.57%. Final maturity is for the 2019A bonds is May 2033. The refunding resulted in an economic gain of $1,900,000 and an accounting gain of $2,300,000. The purchase of these bonds will occur February 19, 2019.

On December 6, 2018, the State issued Building Excellent Schools Today (BEST) Certificates of Participation (COP), Series 2018N in the amount of $240,425,000. The COPs were issued as tax-exempt bonds with a premium of $12,455,962, an average coupon rate of 4.32%, and a true interest cost of 3.96%. Base Rents are due semiannually beginning on March 15, 2019, with a final maturity date of March 15, 2043.

B. OTHER

On July 13, 2018, the Colorado School of Mines paid $2,960,000 cash for the purchase of land. The land will be used to develop a student residence hall and other mixed-use space.

On September 6, 2018, Western Colorado University announced the creation of the Paul M. Rady School of Computer Science and Engineering in partnership with the University of Colorado Boulder. The new school was made possible by an $80,000,000 gift from a private donor. The gift will fund a new 75,000-square-foot building on Western Colorado University's campus and support future operational needs of the school. The partnership with the University of Colorado Boulder will allow students to complete their first two years of coursework as Western Colorado University students and the balance of their education as University of Colorado Boulder students, all while remaining on the Western Colorado University's campus in Gunnison. The partnership will allow the University to play a key role in addressing the shortage of technologically-skilled workers in the State of Colorado.

In October 2018, Western Colorado University and its Foundation executed a new Memorandum of Understanding (MOU). The MOU details the fundraising and development services the Foundation will provide on behalf of the University and the compensation the University will provide to the Foundation for those services. The initial term of the MOU expires June 30, 2019, but the parties have the option to renew annually until June 30, 2023. Additionally, the MOU details the Foundation's intent to transfer two building assets, the Borick Business Building and the Foundation's condominium share of the University Center, to the University in fiscal year 2019. Along with the transfer of those assets, Western Colorado University will assume approximately $4,000,000 of debt related to the University Center. These transfers will lead to an increase in the University's net investment in capital assets in fiscal year 2019.

The University of Colorado has formed a Colorado limited liability company named Altitude West, L.L.C.(Altitude West), a captive insurance company. The purpose of Altitude West is to insure property, casualty, and workers' compensation exposures of the University, for the benefit of the University, and to pursue any other lawful purpose for which a captive insurance company, issued a certificate of authority in the state and operating as a limited liability company, may be organized under Colorado law. The filing of the Articles of Organization was effective August 20, 2018, with the office of Colorado's Secretary of State, and captive operations began with an effective date of October 1, 2018, with an initial contribution from the University of $2,500,000.

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNITS

As described in Note 1, the State's discretely presented component units (DPCUs) are entities that are legally separate from the State, but included in the reporting entity due to their relationships with the State. This note discusses the significant balances reported in the financial statements for DPCUs and financial items directly related to the State's financial accountability for the DPCUs. Contact information is provided in Note 1 for obtaining additional DPCU financial statement disclosures.

Basis of Accounting

The financial statements for the Colorado Water Resources and Power Development Authority (CWRPDA), a major DPCU, and the Denver Metropolitan Baseball Stadium District (the District), a nonmajor DPCU, are prepared on the accrual basis of accounting using the economic resources measurement focus and follow GASB standards for governments. The financial information presented for the CWRPDA and the District is presented for the fiscal year ended December 31, 2017.

The financial information for the University of Colorado (CU) Foundation, Colorado State University (CSU) Foundation, Colorado School of Mines (CSM) Foundation, and University of Northern Colorado (UNC) Foundation, which are major DPCUs, as well as HLC @ Metro, Inc., a nonmajor DPCU, is presented for the fiscal year ended June 30, 2018. These five DPCUs follow standards for not-for-profit accounting promulgated by the Financial Accounting Standards Board (FASB), which recommends preparing financial statements using the accrual basis of accounting.

Cash and Cash Equivalents

The CWRPDA reported cash and cash equivalents with a fair market value of $322.2 million. This amount comprises $282.8 million held by COLOTRUST (Colorado Local Government Liquid Asset Trust), $21.5 million held in the State Treasurer's Investment Pool, $17.7 million in a Federated Government Obligations Fund, and $0.2 million in bank cash deposits. The COLOTRUST and Federated deposits had nationally recognized statistical rating organization (NRSRO) credit ratings of AAAm. The COLOTRUST deposits were measured at net asset value per share (NAV) and the Federated deposits were measured using quoted market prices. The fair market value disclosures for the Treasurer's Investment Pool are disclosed in Note 4.

Investments

The CU Foundation, CSU Foundation, CSM Foundation, and UNC Foundation hold resources for the benefit of the State and the amount of those resources, the vast majority of which are investments, are significant to the State.

Since each foundations' financial statements are prepared according to FASB not-for-profit standards, the investment risk disclosures typical of government financial statements are not disclosed. Each of the foundations have adopted investment policies that seek to balance the preservation of capital while maintaining the purchasing power of those assets.

The foundations' investments are reported, to the extent possible, at fair market value. The FASB fair market value reporting requirements provide for a valuation method hierarchy similar to GASB's. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

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

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

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

The following table summarizes each foundation's investments by type within the fair value hierarchy as of June 30, 2018.

Fair Value Measurements Using
(Amounts In Thousands)

Foundation Name / Investment Type	Fair Value as of 6/30/2018	Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Per Share
University of Colorado Foundation					
Cash and Cash Equivalents	$ 13,961	$ 13,961	$ -	$ -	$ -
Domestic Equities	410,214	289,970	-	50,400	69,844
International Equities	484,964	334,672	-	-	150,292
Fixed Income	197,906	140,876	24,846	-	32,184
Real Estate	73,673	-	-	-	73,673
Private Equity	297,737	-	-	-	297,737
Absolute Return	257,316	-	-	-	257,316
Venture Capital	96,753	-	-	437	96,316
Commodities	12,239	1	-	-	12,238
Other	712	-	488	224	-
Assets Held Under Split-Interest Agreements	39,243	39,243	-	-	-
Beneficial Interest in Charitable Trusts Held by Others	8,406	-	-	8,406	-
Subtotal	**1,893,124**	**818,723**	**25,334**	**59,467**	**989,600**
Colorado State University Foundation					
Cash Equivalents	5,784	5,784	-	-	-
Public Equities	253,229	119,560	-	-	133,669
Fixed Income	63,718	35,376	-	-	28,342
Other	20,361	20,361	-	-	-
Hedge Funds	42,768	-	-	-	42,768
Private Markets	75,971	-	-	-	75,971
Short Duration	15,293	15,293	-	-	-
Opportunistic Investments	10,539	-	-	-	10,539
Student-Managed Investments	1,105	1,105	-	-	-
Subtotal	**488,768**	**197,479**	**-**	**-**	**291,289**
Colorado School of Mines Foundation					
Managed Domestic Equity Funds	92,209	62,589	29,620	-	-
International Equities	75,910	26,952	48,958	-	-
Fixed Income - Mutual Funds	28,062	28,062	-	-	-
Cash Equivalent Funds	4,066	-	4,066	-	-
Long/Short Hedge Funds	51,255	-	51,242	13	-
Private Equity Funds	58,232	-	-	-	58,232
Assets Held Under Split-Interest Agreements	14,031	13,956	-	75	-
Assets Held Under Gift Annuity Agreements	3,468	3,267	201	-	-
Beneficial Interest in Endowments Held by Others	10,769	10,254	501	14	-
Beneficial Interest in Long-Term Trusts Held by Others	197	197	-	-	-
Subtotal	**338,199**	**145,277**	**134,588**	**102**	**58,232**
University of Northern Colorado Foundation					
Cash Equivalent Mutual Funds	4,142	4,142	-	-	-
Equities	52,241	52,241	-	-	-
Fixed Income	15,442	14,872	570	-	-
Student-Managed Funds	2,646	-	2,646	-	-
Stock/Bond Mixed Mutual Funds	980	980	-	-	-
Master Limited Partnerships	7,285	7,285	-	-	-
Real Estate	2,547	2,547	-	-	-
Beneficial Interest In Long-Term Trusts Held by Others	8,131	-	-	8,131	-
Alternative Investments Measured at NAV	24,070	-	-	-	24,070
Subtotal	**117,484**	**82,067**	**3,216**	**8,131**	**24,070**
Total	**2,837,575**	**1,243,546**	**163,138**	**67,700**	**1,363,191**

Receivables

The CWRPDA loans funds to finance local government water resources projects, wastewater treatment projects, and drinking water projects. The CWRPDA reported loans receivable of $980.1 million as of December 31, 2017. The scheduled maturities of the loans receivable are below.

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

Year	Principal	Interest	Total
2018	$ 70,105	$ 16,355	$ 86,460
2019	70,411	15,074	85,485
2020	63,895	13,795	77,690
2021	62,888	12,634	75,522
2022	63,639	11,478	75,117
2023 to 2027	285,577	43,147	328,724
2028 to 2032	215,890	24,684	240,574
2033 to 2037	121,272	7,734	129,006
2038 to 2042	23,101	1,585	24,686
2043 to 2047	3,331	126	3,457
Total	**$ 980,109**	**$ 146,612**	**$1,126,721**

The CU Foundation, CSU Foundation, CSM Foundation, and UNC Foundation reported contributions receivable of $263.3 million. This amount is net of allowances for uncollectible contributions, which the foundations estimate based on historical collectability and management's analysis of specific promises outstanding and current economic conditions. Of the $263.3 million reported, $69.0 million is due within one year, $171.2 million is due within one to five years, and $19.9 million is due with five to ten years. An additional $3.2 million was reported by the CSM Foundation for contributions receivable from trusts held by others.

Debt Service Requirements

The CWRPDA has issued several bonds to finance local government water projects, which do not constitute debt of the State. One series of Drinking Water Revenue Bonds was issued in 2017 for $15.6 million. Also, the 1997 Series A bonds in the Small Water Resources Program and three series of bonds, 2004 Series B, 2004 Series E, and 2005 Series F, in the Water Revenue Bonds Program were fully retired in 2017. As of December 31, 2017, the CWRPDA reported $40.1 million in current bonds payable and $450.3 million in noncurrent bonds payable.

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

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

Year	Principal	Interest	Total
2018	$ 40,105	$ 21,070	$ 61,175
2019	39,260	19,396	58,656
2020	34,585	17,619	52,204
2021	32,890	16,045	48,935
2022	34,155	14,509	48,664
2023 to 2027	146,495	52,395	198,890
2028 to 2032	105,200	26,330	131,530
2033 to 2037	46,170	7,559	53,729
2038 to 2042	9,655	1,564	11,219
2043 to 2044	1,870	118	1,988
Total	**$ 490,385**	**$ 176,605**	**$ 666,990**

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

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

Fiscal Year	Principal	Interest	Total
2019	$ 1,250	$ 3,090	$ 4,340
2020	1,300	3,038	4,338
2021	1,350	2,981	4,331
2022	1,385	2,920	4,305
2023	1,425	2,846	4,271
2024 to 2028	7,930	12,950	20,880
2029 to 2033	9,590	10,261	19,851
2034 to 2038	11,745	6,825	18,570
2039 to 2043	15,890	2,847	18,737
Total	**$ 51,865**	**$ 47,758**	**$ 99,623**

Capital Assets

The District owns and operates a major league baseball stadium and other related capital assets. The District depreciates land improvements, buildings and other property and equipment using the straight-line method over estimated useful lives that range from three to 50 years. Changes in capital assets for the District for 2017 are below.

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

	Beginning Balance, 1/1/2017	Additions	Retirements	Ending Balance, 12/31/2017
Historical Costs				
Land	$ 20,614	$ -	$ -	$ 20,614
Land Improvements	13,215	-	-	13,215
Buildings	173,442	1,446	-	174,888
Construction in Progress	-	3,628	-	3,628
Other Property and Equipment	28,711	2,233	-	30,944
Total	**235,982**	**7,307**	**-**	**243,289**
Accumulated Depreciation				
Land Improvements	(6,026)	(227)	-	(6,253)
Buildings	(62,232)	(3,679)	-	(65,911)
Other Property and Equipment	(21,935)	(893)	-	(22,828)
Total	**(90,193)**	**(4,799)**	**-**	**(94,992)**
Net Capital Assets	**$ 145,789**	**$ 2,508**	**$ -**	**$ 148,297**

Transactions with the Primary Government

Pursuant to statutes, with the written consent of the Department of Public Health and Environment, the CWRPDA is authorized, on behalf of the State, to execute operating agreements with the United States Environmental Protection Agency. The CWRPDA entered into a memorandum of agreement with the Department of Public Health and Environment and the Department of Local Affairs, under which each has agreed to assumed specified responsibilities. The CWRPDA incurred expenses for the two state agencies totaling $8.9 million in the fiscal year ending December 31, 2017.

As described above, HLC @ Metro, Inc. operates the Hotel and Hospitality Learning Center. The Auraria Higher Education Center leases the ground on which the Hotel is built to Metropolitan State University of Denver for $1 per year. The University subleases the land to HLC @ Metro, Inc. for $1 per year. HLC @ Metro, Inc. recorded an asset for use of the land at the inception of the sublease and records rent expense at an estimated fair market value, reducing the value of the land asset. For Fiscal Year 2017-18, rent expense of $110, 311 was recorded.

The CU Foundation reported custodial funds of $428.3 million, held for investment for the University of Colorado. The Foundation collects a 1% annual advancement support fee of these funds, which was $3.5 million for Fiscal Year 2017-18. $166.7 million of distributions were transferred to the University and $21.6 million of advancement support fees were paid to the University.

On June 30, 2018, the CSU Foundation held $13.6 million of Colorado State University's funds for investment purposes. The Foundation has an agreement to provide the University with a $5 million line-of-credit, which accrues interest at the prime rate plus 1.0% witch a floor of 2.5% and a ceiling of 6.0%. At year end, the line-of-credit had a zero balance. During Fiscal Year 2017-18, the Foundation provided $112.6 million in program services support to the University.

The CSM Foundation held $34.3 million for the Colorado School of Mines for the purposes of long-term investments at year end. The Foundation provided $28.3 million to the School in school support and advancements.

The UNC Foundation provided $14.5 million for programs, scholarships, and capital support to University of Northern Colorado in Fiscal Year 2017-18. Also, the Foundation held $.5 million for the University for investment purposes on June 30, 2018. The University leases a building to the Foundation for its administrative offices at a rate of $1 per year for 99 years; an estimate of the fair value of this lease was not reported.

Pension Information

The CWRPDA participates in the PERA defined benefit pension plan disclosed in Note 6. Disclosures in Note 6 for the PERA State Division Trust Fund (SDTF) regarding general information about the plan, contributions, and actuarial assumptions are also applicable to the CWRPDA. The pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions specific to the CWRPDA are provided below.

At December 31, 2017, the CWPRDA reported a liability of $7,241,921 for its proportionate share of the collective net pension liability.

The CWRPDA recognized pension expense of $1,610,427 for the fiscal year ended December 31, 2017. At December 31, 2017 the CWRPDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 71,987	$ -
Changes of assumptions or other inputs	1,842,391	22,291
Net difference between projected and actual earnings on pension plan investments	240,075	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	126,168	-
Contributions subsequent to the measurement date	222,471	-
Total	**$ 2,503,092**	**$ 22,291**

At December 31, 2017, the CWRPDA reported $222,471 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	$ 1,268,561
2019	920,654
2020	66,574
2021	2,541
	$ 2,258,330

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,270,072	
Income Taxes			7,230,185	
Other Taxes			284,004	
Sales and Services			663	
Interest Earnings			20,840	
Other Revenues			26,054	
Transfers-In			288,049	
TOTAL REVENUES AND TRANSFERS-IN			11,119,866	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 10,506	$ 10,506	10,469	$ 37
Corrections	769,192	778,298	775,145	3,153
Education	4,102,172	4,071,448	4,070,866	582
Governor	35,325	34,525	34,114	411
Health Care Policy and Financing	2,821,772	2,796,026	2,796,562	(536)
Higher Education	894,908	893,190	892,913	277
Human Services	866,955	883,415	880,494	2,921
Judicial Branch	513,002	517,650	515,023	2,627
Labor and Employment	21,381	21,263	20,896	367
Law	16,214	16,214	15,733	481
Legislative Branch	48,281	48,281	48,281	-
Local Affairs	27,856	24,662	24,614	48
Military and Veterans Affairs	10,530	10,531	9,984	547
Natural Resources	30,865	30,865	30,840	25
Personnel & Administration	12,499	11,499	11,460	39
Public Health and Environment	48,798	46,779	46,766	13
Public Safety	123,448	124,688	124,314	374
Regulatory Agencies	1,845	1,845	1,844	1
Revenue	78,995	78,052	77,651	401
Treasury	3,448	3,448	1,186	2,262
SUB-TOTAL OPERATING BUDGETS	10,437,992	10,403,185	10,389,155	14,030
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	889	243	203	40
Corrections	6,078	33,960	13,131	20,829
Education	-	14,235	8,731	5,504
Governor	33,283	65,427	30,428	34,999
Health Care Policy and Financing	1,876	-	-	-
Higher Education	72,326	85,356	52,426	32,930
Human Services	34,697	51,666	12,287	39,379
Military and Veterans Affairs	-	7,181	1,583	5,598
Personnel & Administration	3,150	17,153	10,188	6,965
Public Health and Environment	1,445	93	-	93
Public Safety	-	3,315	3,315	-
Revenue	-	62,492	18,736	43,756
Transportation	802	1,000	500	500
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	154,546	342,121	151,528	190,593
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 10,592,538	$ 10,745,306	10,540,683	$ 204,623
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 579,183	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES, AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 15,762	
Income Taxes			617,000	
Other Taxes			99,782	
Tuition and Fees			1,800,224	
Sales and Services			1,346,738	
Interest Earnings			35,483	
Health Care Provider Fees			13	
Other Revenues			706,416	
Transfers-In			1,457,271	
Capital Contributions			1,999	
TOTAL REVENUES AND TRANSFERS-IN			6,080,688	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 33,829	$ 31,344	28,234	$ 3,110
Corrections	76,348	75,325	63,355	11,970
Education	889,108	815,821	711,802	104,019
Governor	273,263	272,903	219,039	53,864
Health Care Policy and Financing	1,289,056	1,290,170	1,260,325	29,845
Higher Education	2,947,641	2,959,598	2,867,493	92,105
Human Services	305,689	313,450	262,285	51,165
Judicial Branch	151,746	156,132	132,344	23,788
Labor and Employment	68,865	68,884	64,705	4,179
Law	61,053	60,565	57,249	3,316
Legislative Branch	1,648	1,648	1,450	198
Local Affairs	38,241	32,809	30,850	1,959
Military and Veterans Affairs	2,236	2,236	2,000	236
Natural Resources	225,266	225,007	169,642	55,365
Personnel & Administration	125,683	125,695	113,602	12,093
Public Health and Environment	239,411	240,714	212,153	28,561
Public Safety	230,937	230,880	211,454	19,426
Regulatory Agencies	85,284	86,009	79,801	6,208
Revenue	211,088	219,357	198,581	20,776
State	22,894	22,796	21,881	915
Transportation	35,572	35,572	33,487	2,085
Treasury	2,812	2,839	2,699	140
SUB-TOTAL OPERATING BUDGETS	7,317,670	7,269,754	6,744,431	525,323
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	17,319	4,607	12,712
Corrections	-	1,320	-	1,320
Governor	18,369	8,401	47	8,354
Higher Education	156,933	128,656	74,498	54,158
Human Services	1,957	1,974	426	1,548
Labor and Employment	6,300	43,620	16,907	26,713
Natural Resources	7,753	29,769	4,705	25,064
Personnel & Administration	-	1,445	925	520
Public Health and Environment	17,471	19,303	7,346	11,957
Public Safety	-	3,990	1,196	2,794
Transportation	600	500	500	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	209,383	256,297	111,157	145,140
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 7,527,053	$ 7,526,051	6,855,588	670,463
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (774,900)	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES, AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 5,742,756	
TOTAL REVENUES AND TRANSFERS-IN			5,742,756	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,588,183	$ 5,535,195	5,366,714	$ 168,481
Human Services	323,876	345,967	315,774	30,193
Labor and Employment	38,289	42,069	35,603	6,466
Military and Veterans Affairs	-	300	290	10
Public Health and Environment	19,749	19,749	14,622	5,127
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	5,970,097	5,943,280	5,733,003	210,277
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,970,097	$ 5,943,280	5,733,003	$ 210,277
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 9,753	

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

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 11,040,837	$ -	$ -	$ 79,031
Cash	844,539	81,990	271,588	95,249
Federal	3,444,100	-	-	290
Sub-Total Revenues and Transfers-In Appropriated	15,329,476	81,990	271,588	174,570
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	781,647	-	-	-
Cash	4,663,138	432,582	2,034,439	29,083
Federal	2,363,187	138,512	769,476	18,105
Sub-Total Revenues and Transfers-In Non-Appropriated	7,807,972	571,094	2,803,915	47,188
Total Revenues and Transfers-In Appropriated and Non-Appropriated	23,137,448	653,084	3,075,503	221,758
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	10,389,156	-	-	151,527
Cash Funded	710,456	48,263	264,175	87,225
Federally Funded	3,434,320	-	-	290
Expenditures/Expenses and Transfers-Out Appropriated	14,533,932	48,263	264,175	239,042
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	748,717	-	-	-
Cash Funded	4,425,192	347,189	2,131,028	7,699
Federally Funded	2,366,394	138,684	701,759	18,294
Expenditures/Expenses and Transfers-Out Non-Appropriated	7,540,303	485,873	2,832,787	25,993
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	22,074,235	534,136	3,096,962	265,035
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	795,544	33,727	7,413	(64,472)
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	267,669	85,221	(28,872)	21,195
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	(21,328)	(8,703)	(7,062)	(2,282)
Increase/(Decrease) for GAAP Expenditures Not Budgeted	168,837	160,278	830,623	72,448
Increase/(Decrease) for GAAP Revenue Adjustments	(357,988)	(299,081)	(830,623)	(74,668)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	852,734	(28,558)	(28,521)	(47,779)
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	1,154,018	1,241,863	980,720	248,124
Prior Period Adjustments (See Note 15A)	-	-	-	(1,701)
Accounting Changes (See Note 15B)	-	-	-	-
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 2,006,752	$ 1,213,305	$ 952,199	$ 198,644

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

STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,119,868	$ -
645,587	868,624	1,811,479	14,278	-	866,565	222,213	355,072	6,077,184	3,504
-	42	-	-	-	2,297,339	983	-	5,742,754	-
645,587	868,666	1,811,479	14,278	-	3,163,904	223,196	355,072	22,939,806	3,504
-	-	-	-	-	-	-	-	781,647	-
-	1,788,761	1,322,828	572,151	613,829	750	320,944	96,051	11,874,556	2,256,744
-	179,710	-	15,388	-	157,074	352,748	-	3,994,200	-
-	1,968,471	1,322,828	587,539	613,829	157,824	673,692	96,051	16,650,403	2,256,744
645,587	2,837,137	3,134,307	601,817	613,829	3,321,728	896,888	451,123	39,590,209	2,260,248
-	-	-	-	-	-	-	-	10,540,683	-
505,064	929,403	2,822,482	25,552	89,483	832,807	202,590	334,624	6,852,124	3,457
-	37	-	-	-	2,297,339	1,017	-	5,733,003	-
505,064	929,440	2,822,482	25,552	89,483	3,130,146	203,607	334,624	23,125,810	3,457
-	-	-	-	-	-	-	-	748,717	-
34,025	1,371,489	637,145	400,344	528,553	4,945	178,489	101,262	10,167,360	1,531,678
-	158,268	18,166	15,139	-	157,075	319,976	-	3,893,755	-
34,025	1,529,757	655,311	415,483	528,553	162,020	498,465	101,262	14,809,832	1,531,678
539,089	2,459,197	3,477,793	441,035	618,036	3,292,166	702,072	435,886	37,935,642	1,535,135
140,523	(60,774)	(1,011,003)	(11,274)	(89,483)	33,758	19,589	20,448	(186,004)	47
(34,025)	438,714	667,517	172,056	85,276	(4,196)	175,227	(5,211)	1,840,571	725,066
(2,713)	(50,924)	(8)	(5)	(553)	(458)	(7,657)	(487)	(102,180)	(3,054)
370	683,757	(24,472)	(2,512)	(4,285)	(18,702)	(146,734)	(151,334)	1,568,274	1,373
(369)	(874,873)	(1,232)	(875)	-	-	(19,402)	(1,613)	(2,460,724)	(15,065)
-	-	(559,682)	-	-	-	-	-	(559,682)	-
103,786	135,900	(928,880)	157,390	(9,045)	10,402	21,023	(138,197)	100,255	708,367
102,131	2,636,647	2,342,586	918,757	(27,116)	-	1,336,104	(401,113)	10,532,721	7,746,314
-	-	-	-	-	-	-	-	(1,701)	-
-	-	(631,716)	(648)	(1,001)	-	(16,949)	(14,796)	(665,110)	-
$ 205,917	$ 2,772,547	$ 781,990	$ 1,075,499	$ (37,162)	$ 10,402	$ 1,340,178	$ (554,106)	9,966,165	$ 8,454,681

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

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

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

Budgetary fund types differ from fund types proscribed by generally accepted accounting principles. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds include financial resources designated to support specific expenditures. Federal funds primarily include revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in significant duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.

- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.

- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to non-administrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.

- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.

- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the State into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure and institution of higher education capital projects.

The Governor has line item veto authority over the Long Appropriations Act, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 19. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Comprehensive Annual Financial Report.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as noted above. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 2. Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments."

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure relate to the change in fund balances/net position for the funds presented in the fund-level financial statements.

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as "GAAP Expenditures Not Budgeted." Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments."

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual schedules is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State Division and Judicial Division Trust Funds – which are defined benefit cost-sharing multiple-employer pension plans – are administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net pension liability for its retirement plan. The amounts presented for each Division were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to calendar year 2013.

State Division

(Amounts In Thousands)	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	58.70%	53.19%	60.13%	66.89%	77.41%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions as of each fiscal year ending June 30:

State & Judicial Division

(Amounts In Thousands)

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912	$ 368,468	$ 276,326	$ 256,682	$ 291,892	$ 277,229
Contributions in relation to the contractually required contributions	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)	(368,468)	(276,326)	(256,682)	(291,892)	(277,229)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135	2,504,059
Contributions as a percentage of covered payroll	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%	12.84%	11.97%	11.07%

State Division

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791	$ 272,068	$ 252,727	$ 287,394	$ 272,957
Contributions in relation to the contractually required contributions	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)	(272,068)	(252,727)	(287,394)	(272,957)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	$ 2,829,559	2,767,479	2,725,417	2,645,149	2,590,401	2,479,774	2,422,689	1,969,813	2,409,003	2,474,678
Contributions as a percentage of covered payroll	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%	12.83%	11.93%	11.03%

Judicial Division

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677	$ 4,258	$ 3,955	$ 4,498	$ 4,272
Contributions in relation to the contractually required contributions	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)	(4,258)	(3,955)	(4,498)	(4,272)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	47,454	46,181	46,332	42,088	38,057	41,019	30,766	28,577	29,132	29,381
Contributions as a percentage of covered payroll	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%	13.84%	13.84%	15.44%	14.54%

B. CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

		Fiscal Year Ending	
University Alternate Medicare Plan		**June 30, 2018**	**June 30, 2017**
Service cost	$	4,262,000	3,194,000
Interest on total AMP liability		2,231,000	2,391,000
Changes in benefit terms		-	-
Differences between expected and actual experience		(3,377,000)	(101,000)
Changes of assumptions		(3,180,000)	10,999,000
Benefit payments		(1,448,000)	(1,349,000)
Net change in total AMP liability		(1,512,000)	15,134,000
Total AMP liability (beginning)		74,723,000	59,589,000
Total AMP liability (ending)	$	73,211,000	74,723,000
Plan Fiduciary Net Position			
Contributions	$	1,448,000	1,349,000
Net investment income		-	-
Benefit payments		(1,448,000)	(1,349,000)
Administrative expense		-	-
Net change in plan fiduciary net position		-	-
Plan fiduciary net position (beginning)		-	-
Plan fiduciary net position (ending)		-	-
Total AMP liability (ending)	$	73,211,000	74,723,000
Net position as a % of AMP liability		0.00%	0.00%
Covered-employee payroll	$	1,187,065,000	942,644,000
Total AMP liability as a % of payroll		6.17%	7.93%

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

Changes in assumptions are discussed in Note 6.

NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) INFORMATION

A. PROPORTIONATE SHARE OF PERA HEALTH CARE TRUST FUNDS OPEB LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State's Health Care Trust Fund (HFTC) – a defined benefit cost-sharing multiple-employer other post-employment benefit plan – is administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net OPEB liability for its OPEB plan. The amounts presented were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to Calendar Year 2016.

(Amounts In Thousands)	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 438,113	$ 438,677
State's covered payroll	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712	$ 25,025	$ 20,384	$ 24,869	$ 25,541
Contributions in relation to the contractually required contributions	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)	(25,025)	(20,384)	(24,869)	(25,541)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135	2,504,059
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

Changes in assumptions and other inputs affecting trends in actuarial information are discussed in Note 7.

C. CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

University OPEB Plan		Fiscal Year Ending June 30, 2018
Service cost	$	53,099,000
Interest cost		24,648,000
Changes in benefit terms		-
Differences between expected and actual experience		(87,654,000)
Changes of assumptions		(46,406,000)
Benefit payments		(17,211,000)
Net change in total OPEB liability		(73,524,000)
Total OPEB liability (beginning)		820,297,000
Total OPEB liability (ending)	$	746,773,000
Plan Fiduciary Net Position		
Contributions	$	17,211,000
Net investment income		-
Benefit payments		(17,211,000)
Administrative expense		-
Net change in plan fiduciary net position		-
Plan fiduciary net position (beginning)		-
Plan fiduciary net position (ending)		-
Total OPEB liability (ending)	$	746,773,000
Net position as a % of OPEB liability		0.00%
Covered-employee payroll	$	1,475,177,000
Total OPEB liability as a % of payroll		50.62%

D. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR DCP PARTICIPANTS – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	1,648	N/A
Interest		1,815	N/A
Differences between expected and actual experience		(243)	N/A
Changes of assumptions		285	N/A
Benefit payments		(903)	N/A
Net change in total OPEB liability		2,602	N/A
Total OPEB liability (asset) - beginning		34,491	N/A
Total OPEB liability (asset) - ending (a)	**$**	**37,093**	**34,491**
Plan fiduciary net position:			
Contributions-employer	$	1,850	N/A
Net investment income		3,114	N/A
Benefit payments		(903)	N/A
Administrative expense		(47)	N/A
Net change in plan fiduciary net position		4,014	N/A
Plan fiduciary net position - beginning		42,542	N/A
Plan fiduciary net position - ending (b)	**$**	**46,556**	**42,542**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**(9,463)**	**(8,051)**
Plan fiduciary net position as a percentage of the total OPEB liability		125.5%	123.3%
Covered-employee payroll	$	370,767	348,547
Net OPEB liability (asset) as a percentage of covered-employee payroll		-2.6%	-2.3%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate/investment rate of return: For the fiscal year ended June 30, 2018, the discount rate/investment rate of return assumption was updated to 5.23 percent. For the fiscal year ended June 30, 2017, the discount rate/investment rate of return assumption was 5.33 percent.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females, and generational projection using improvement scale BB.

E. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	376	N/A
Interest		2,332	N/A
Differences between expected and actual experience		(90)	N/A
Changes of assumptions		119	N/A
Benefit payments		(1,569)	N/A
Net change in total OPEB liability		1,168	N/A
Total OPEB liability (asset) - beginning		44,523	N/A
Total OPEB liability (asset) - ending (a)	**$**	**45,691**	**44,523**
Plan fiduciary net position:			
Contributions-employer	$	2,011	N/A
Net investment income		1,628	N/A
Benefit payments		(1,569)	N/A
Administrative expense		(34)	N/A
Net change in plan fiduciary net position		2,036	N/A
Plan fiduciary net position - beginning		22,584	N/A
Plan fiduciary net position - ending (b)	**$**	**24,620**	**22,584**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**21,071**	**21,939**
Plan fiduciary net position as a percentage of the total OPEB liability		53.9%	50.7%
Covered-employee payroll	$	15,721	17,415
Net OPEB liability (asset) as a percentage of covered-employee payroll		134.0%	126.0%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate/investment rate of return: For the fiscal year ended June 30, 2018, the discount rate/investment rate of return assumption was updated to 5.23 percent. For the fiscal year ended June 30, 2017, the discount rate/investment rate of return assumption was 5.33 percent.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

F. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE UMBRELLA PRESCRIPTION PLAN FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	28	N/A
Interest		182	N/A
Differences between expected and actual experience		(147)	N/A
Changes of assumptions		4	N/A
Benefit payments		(65)	N/A
Net change in total OPEB liability		2	N/A
Total OPEB liability (asset) - beginning		3,449	N/A
Total OPEB liability (asset) - ending (a)	**$**	**3,451**	**3,449**
Plan fiduciary net position:			
Contributions-employer	$	234	N/A
Net investment income		38	N/A
Benefit payments		(65)	N/A
Administrative expense		(46)	N/A
Net change in plan fiduciary net position		161	N/A
Plan fiduciary net position - beginning		598	N/A
Plan fiduciary net position - ending (b)	**$**	**759**	**598**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**2,692**	**2,851**
Plan fiduciary net position as a percentage of the total OPEB liability		22.0%	17.3%
Covered-employee payroll	$	15,721	17,415
Net OPEB liability (asset) as a percentage of covered-employee payroll		17.1%	16.4%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate/investment rate of return: For the fiscal year ended June 30, 2018, the discount rate/investment rate of return assumption was updated to 5.23 percent. For the fiscal year ended June 30, 2017, the discount rate/investment rate of return assumption was 5.33 percent.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females, and generational projection using improvement scale BB.

G. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS LONG-TERM DISABILITY INCOME REPLACEMENT PLAN – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	1,407	N/A
Interest		499	N/A
Differences between expected and actual experience		(221)	N/A
Changes of assumptions		69	N/A
Benefit payments		(855)	N/A
Net change in total OPEB liability		899	N/A
Total OPEB liability (asset) - beginning		10,353	N/A
Total OPEB liability (asset) - ending (a)	**$**	**11,252**	**10,353**
Plan fiduciary net position:			
Contributions-employee/member	$	1,515	N/A
Net investment income		601	N/A
Benefit payments		(855)	N/A
Administrative expense		(68)	N/A
Net change in plan fiduciary net position		1,193	N/A
Plan fiduciary net position - beginning		8,220	N/A
Plan fiduciary net position - ending (b)	**$**	**9,413**	**8,220**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**1,839**	**2,133**
Plan fiduciary net position as a percentage of the total OPEB liability		83.7%	79.4%
Covered-employee payroll	$	411,443	389,965
Net OPEB liability (asset) as a percentage of covered-employee payroll		0.4%	0.5%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate: For the fiscal year ended June 30, 2018, the discount rate was updated to 4.91 percent. For the fiscal year ended June 30, 2017, the discount rate assumption was 5.03 percent.

Investment rate of return: For the fiscal year ended June 30, 2018, the investment return assumption was updated to 5.23%. For the fiscal year ended June 30, 2017, the investment return assumption was 5.33%.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

H. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS RETIREE MEDICAL SUBSIDY FOR DCP PARTICIPANTS – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	1,340	1,296
Contributions in relation to the actuarially determined contributions		-	(4,070)
Contribution deficiency (excess)	**$**	**1,340**	**(2,774)**
Covered-employe payroll	$	381,584	359,213
Contributions as a percentage of covered-employee payroll		0.0%	1.1%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open, level percent of pay
Amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	7.00% decreasing by 0.25% per year to 5.00% in 2025 and later
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

I. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS RETIREE MEDICAL SUBSIDY FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	1,942	1,981
Contributions in relation to the actuarially determined contributions		(1,942)	(1,981)
Contribution deficiency (excess)	**$**	**-**	**-**
Covered-employee payroll	$	14,903	16,396
Contributions as a percentage of covered-employee payroll		13.0%	12.1%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years closed, level percent of pay
Amortization period	20 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	7.00% decreasing by 0.25% per year to 5.00% in 2025 and later
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

J. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS RETIREE UMBRELLA PRESCRIPTION PLAN PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	232	240
Contributions in relation to the actuarially determined contributions		(232)	(240)
Contribution deficiency (excess)	**$**	**-**	**-**
Covered-employee payroll	$	14,903	16,396
Contributions as a percentage of covered-employee payroll		1.6%	1.5%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years closed, level percent of pay
Amortization period	20 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	7.00% decreasing by 0.25% per year to 5.00% in 2025 and later
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

K. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS LONG-TERM DISABILITY INCOME REPLACEMENT PLAN – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	1,426	1,373
Contributions in relation to the actuarially determined contributions		(1,550)	(1,478)
Contribution deficiency (excess)	**$**	**(124)**	**(105)**
Covered-employee payroll	$	421,858	400,340
Contributions as a percentage of covered-employee payroll		0.4%	0.4%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open, level percent of pay
Amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	4.00%
Cost-of-living adjustments	3.00%
Healthcare cost trend rates	N/A
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB. Long-term disabled participant mortality is based on the 1987 Commissioner's Group Disability Table with a three month elimination period.

L. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR DCP PARTICIPANTS – CSU SYSTEM

The amount presented are for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Total OPEB liability:			
Service cost	$	1,681	N/A
Interest		1,873	N/A
Demographics losses (gains)		(284)	N/A
Assumption changes		290	N/A
Benefit payments		(966)	N/A
Net change in total OPEB liability		2,594	N/A
Total OPEB liability - beginning		35,623	N/A
Total OPEB liability - ending	**$**	**38,217**	**35,623**
Plan fiduciary net position:			
Net investment income	$	1,639	N/A
Benefit payments		(966)	N/A
Administrative expense		(37)	N/A
Net change in plan fiduciary net position		636	N/A
Plan fiduciary net position - beginning		45,363	N/A
Plan fiduciary net position - ending	**$**	**45,999**	**45,363**
Net OPEB liability (asset) - ending	**$**	**(7,782)**	**(9,740)**
Plan fiduciary net position as a percentage of the total OPEB liability		120.4%	127.3%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

M. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Total OPEB liability:			
Service cost	$	323	N/A
Interest		2,359	N/A
Demographics losses (gains)		(399)	N/A
Assumption changes		125	N/A
Benefit payments		(1,563)	N/A
Net change in total OPEB liability		845	N/A
Total OPEB liability - beginning		45,038	N/A
Total OPEB liability - ending	**$**	**45,883**	**45,038**
Plan fiduciary net position:			
Contributions-employer	$	1,942	N/A
Net investment income		849	N/A
Benefit payments		(1,563)	N/A
Administrative expense		(24)	N/A
Net change in plan fiduciary net position		1,204	N/A
Plan fiduciary net position - beginning		23,552	N/A
Plan fiduciary net position - ending	**$**	**24,756**	**23,552**
Net OPEB liability (asset) - ending	**$**	**21,127**	**21,486**
Plan fiduciary net position as a percentage of the total OPEB liability		54.0%	52.3%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

N. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE UMBRELLA PRESCRIPTION PLAN PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are for each fiscal year

(Amounts in thousands)		FY2018	FY2017
Total OPEB liability:			
Service cost	$	24	N/A
Interest		181	N/A
Demographics losses (gains)		(159)	N/A
Assumption changes		4	N/A
Benefit payments		(83)	N/A
Contributions-employee/member		28	N/A
Net change in total OPEB liability		(5)	N/A
Total OPEB liability - beginning		3,449	N/A
Total OPEB liability - ending	**$**	**3,444**	**3,449**
Plan fiduciary net position:			
Contributions-employer	$	232	N/A
Contributions-employee/member		28	N/A
Net investment income		22	N/A
Benefit payments		(83)	N/A
Administrative expense		(37)	N/A
Net change in plan fiduciary net position		162	N/A
Plan fiduciary net position - beginning		737	N/A
Plan fiduciary net position - ending	**$**	**899**	**737**
Net OPEB liability (asset) - ending	**$**	**2,545**	**2,712**
Plan fiduciary net position as a percentage of the total OPEB liability		26.1%	21.4%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

O. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS LONG-TERM DISABILITY INCOME REPLACEMENT PLAN – CSU SYSTEM

The amounts presented are for each fiscal year.

(Amounts in thousands)	FY2018	FY2017
Total OPEB liability:		
Service cost	$ 1,440	N/A
Interest	514	N/A
Demographics losses (gains)	(188)	N/A
Assumption changes	(13)	N/A
Benefit payments	(907)	N/A
Net change in total OPEB liability	846	N/A
Total OPEB liability - beginning	10,783	N/A
Total OPEB liability - ending	**$ 11,629**	**10,783**
Plan fiduciary net position:		
Contributions-employee/member	$ 1,550	N/A
Net investment income	318	N/A
Benefit payments	(907)	N/A
Administrative expense	(60)	N/A
Net change in plan fiduciary net position	901	N/A
Plan fiduciary net position - beginning	8,716	N/A
Plan fiduciary net position - ending	**$ 9,617**	**8,716**
Net OPEB liability (asset) - ending	**$ 2,012**	**2,067**
Plan fiduciary net position as a percentage of the total OPEB liability	82.7%	80.8%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

The amounts presented are for each fiscal year.

	FY2018	FY2017
Annual money-weighted rate of return net of investment expense	3.6%	3.4%

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2018
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Budgetary fund balance, July 1	$ 30,154	$ 30,154	$ 30,154
Resources (Inflows):			
Sales and use tax	3,231,900	3,431,200	3,404,111
Other excise taxes	101,900	105,200	97,470
Individual income tax, net	6,697,115	6,912,800	7,006,031
Corporate income tax, net	537,385	482,400	736,022
Insurance tax	310,000	307,600	303,594
Pari-mutuel, courts, and other	20,800	35,300	156,416
Investment income	14,900	16,200	19,530
Transfers-in from other funds	17,200	92,300	98,614
Amounts available for appropriation	10,961,354	11,413,154	11,851,942
Charges to appropriations (outflows):			
Agriculture	10,506	10,506	10,469
Corrections	769,283	778,389	775,236
Education	4,102,245	4,071,521	4,070,939
Governor	37,612	36,812	36,402
Health Care Policy and Financing	2,825,612	2,798,838	2,799,373
Higher Education	896,445	894,727	894,450
Human Services	872,887	888,852	885,922
Judicial Branch	513,007	517,655	515,028
Labor and Employment	21,482	21,664	21,272
Law	16,214	16,214	15,733
Legislative Branch	48,271	48,297	48,297
Local Affairs	32,286	29,252	29,185
Military and Veterans Affairs	10,530	10,531	9,984
Natural Resources	30,865	30,865	30,840
Personnel and Administration	14,114	12,141	12,102
Public Health and Environment	48,798	46,779	46,766
Public Safety	123,448	124,688	124,314
Regulatory Agencies	5,995	5,995	5,994
Revenue	238,298	368,860	356,506
Treasury	359,237	359,237	356,975
Nondepartmental:			
Transfers-out to capital projects fund	89,196	92,084	92,084
Total charges to appropriations	11,066,331	11,163,907	11,137,871
Budgetary reserves and amounts not forecasted or budgeted:			
Increase in contingency reserve - C.R.S. 24-75-201.1	(5,700)	(96,000)	(90,590)
Release of prior year State Controller approved rollforwards	-	-	17,218
State Controller approved rollforwards	-	-	(29,641)
Net of revenues not forecasted and expenditures not budgeted	-	-	80,049
Total budgetary reserves and amounts not forecasted or budgeted	(5,700)	(96,000)	(22,964)
Budgetary fund balance, June 30	$ (99,277)	$ 345,247	$ 691,107

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

Budgetary Comparison Schedule
General Fund- General Purpose Revenue Component
Budget-to-GAAP Reconciliation
For the Year Ended June 30, 2018
(Dollars in Thousands)

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources / inflows of resources	
Actual amounts (budgetary basis) “available for appropriation” from the budgetary comparison schedule.	$ 11,851,942
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(30,154)
Federal revenues not forecasted	5,796,073
Fee revenues and other funding sources not forecasted	665,405
Other revenues not forecasted	4,089
Deferred Medicaid revenues are excluded from inflows of budgetary resources but are revenues for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	168,521
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	(13,661)
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(401,955)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(339,309)
Capital lease proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(4,322)
Insurance recoveries are not revenues for financial reporting purposes.	(18)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 17,696,611
Uses / outflows of resources and reserves	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule.	11,137,871
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	5,794,901
Fee revenue and other funding uses not budgeted	630,161
Other expenditures not budgeted	(39,544)
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(4,731,563)
Deferred Medicaid expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	239,826
Deferred payroll expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (III).	102,977
Deferred information technology expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (IV).	651
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(401,955)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances—general fund components	$ 12,733,325

NOTE RSI-4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND – GENERAL PURPOSE REVENUE COMPONENT

The State of Colorado reports components of the General Fund segregated by revenues being either general purpose or special purpose. Special purpose revenues are fund component revenues which are not of a sufficient original source to qualify for reporting as a special revenue fund. The special purpose components of the General Fund are: State Public Schools, Risk Management, and Other Special Purpose. General purpose revenues are not designated for a specific purpose and are reported in the General Purpose Revenue component of the General Fund. The General Purpose Revenue component of the General Fund is the primary operating fund of the state and is used to account for all financial resources and activity not required to be accounted for in another fund. Refer to the Supplementary Information section for additional information on the General Fund components and combining statements for the General Fund.

This schedule is presented primarily to report the change in budgetary fund balance from the prior fiscal year. The change in budgetary fund balance, as reconciled to the state's financial statements, supports the state's budgetary process. Ending budgetary fund balance on this schedule combined with relevant revenue forecasts are used to determine the total amount to be appropriated for the following fiscal year.

Beginning budgetary fund balances, resources (inflows), and amounts available for appropriation for the original budget and final budget are based on quarterly economic forecasts prepared by the Governor's Office of State Planning and Budgeting. The March 2017 forecast is used for the original budget and the December 2017 forecast is used for the final budget. Beginning budgetary fund balance and resources (inflows) in the actual amounts column reconcile to the accounting ledger. Charges to appropriations (outflows) and reserves for original and final budget are derived from budgeted amounts recorded in the state's accounting system and agree to appropriations and laws made by the General Assembly. Charges to appropriations (outflows) and reserves for the actual amounts column are derived from the accounting ledger.

Certain state laws result in budget-to-GAAP differences. C.R.S. 24-75-201(2)(a)(II) excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. C.R.S. 24-75-201(2)(a)(III) excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Budget-to-GAAP differences also result from activity in this component of the General Fund for which revenues are not forecasted and expenditures are not budgeted. The not forecasted and not budgeted activity is for federal grants and contracts, fees and other funding sources and uses, and revenues/expenditures not budgeted. Refer to the Budget-to-GAAP Reconciliation for the amounts related to these and other budget-to-GAAP differences.

State law (C.R.S. 24-75-201.1) restricts appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The reserve for fiscal year 2017-18 is $674.9 million. The reserve is included in this schedule and therefore reduces amounts available for appropriation in the following fiscal year. A positive ending budgetary fund balance in the actual column indicates a reserve maintained in compliance with state law.

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE	This fund is the general operating fund for state operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.
SPECIAL PURPOSE FUNDS	The State Public School fund is a statutory fund that distributes substantially all of its resources to school districts each year; most of the funds' resources are transfers into the fund from the General Purpose Revenue Fund.
	The Risk Management fund accounts for the State's liability, property, and worker's compensation insurance activities; its revenues are primarily from charges to State agencies.
	The Other Special Purpose Fund comprises all other funds without sufficient original source revenues to qualify as Special Revenue Funds. Included in this category is the Building Excellent Schools Tomorrow (BEST) program that provides grants and funds for public school construction, Lottery proceeds held by the Division of Parks and Wildlife for parks and outdoor recreation projects, the Charter School Institute, as well as over thirty smaller funds.

COMBINING BALANCE SHEET
GENERAL FUND COMPONENTS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS STATE PUBLIC SCHOOL	RISK MANAGEMENT	OTHER SPECIAL PURPOSE	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 538,897	$ 2,196	$ 23,891	$ 319,783	$ 884,767
Taxes Receivable, net	1,590,856	-	-	-	1,590,856
Other Receivables, net	525,344	-	603	235	526,182
Due From Other Governments	680,114	2,851	-	3	682,968
Due From Other Funds	36,337	-	-	18,006	54,343
Due From Component Units	18	-	-	-	18
Inventories	7,975	-	-	-	7,975
Prepaids, Advances and Deposits	37,992	-	140	35	38,167
Restricted Cash and Pooled Cash	4	90,579	-	319,783	410,366
Restricted Receivables	-	-	-	4,303	4,303
Investments	9,394	-	-	174,858	184,252
Other Long-Term Assets	-	-	-	2,872	2,872
TOTAL ASSETS	$ 3,426,931	$ 95,626	$ 24,634	$ 839,878	$ 4,387,069
LIABILITIES:					
Tax Refunds Payable	$ 890,332	$ -	$ -	$ -	$ 890,332
Accounts Payable and Accrued Liabilities	923,542	2,574	1,245	17,816	945,177
TABOR Refund Liability (Note 2B)	39,837	-	-	-	39,837
Due To Other Governments	192,604	-	-	12,649	205,253
Due To Other Funds	21,515	-	2,569	248	24,332
Unearned Revenue	74,480	-	-	162	74,642
Claims and Judgments Payable	312	-	-	-	312
Other Current Liabilities	14,369	-	-	23	14,392
Deposits Held In Custody For Others	2	-	-	-	2
TOTAL LIABILITIES	2,156,993	2,574	3,814	30,898	2,194,279
DEFERRED INFLOW OF RESOURCES:	184,764	1,274	-	-	186,038
FUND BALANCES:					
Nonspendable:					
Inventories	7,975	-	-	-	7,975
Prepaids	37,998	-	140	35	38,173
Restricted	-	-	-	626,068	626,068
Committed	674,900	91,778	20,680	182,877	970,235
Assigned	29,641	-	-	-	29,641
Unassigned	334,660	-	-	-	334,660
TOTAL FUND BALANCES	1,085,174	91,778	20,820	808,980	2,006,752
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,426,931	$ 95,626	$ 24,634	$ 839,878	$ 4,387,069

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS STATE PUBLIC SCHOOLS	RISK MANAGEMENT	OTHER SPECIAL PURPOSE	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 7,006,031	$ -	$ -	$ -	$ 7,006,031
Corporate Income	736,022	-	-	-	736,022
Sales and Use	3,404,111	-	-	-	3,404,111
Excise	97,470	-	-	-	97,470
Other Taxes	304,168	-	-	-	304,168
Licenses, Permits, and Fines	17,903	-	5	2,088	19,996
Charges for Goods and Services	18,616	-	56,765	263	75,644
Rents	298	-	-	2	300
Investment Income (Loss)	14,129	9	492	4,091	18,721
Federal Grants and Contracts	5,935,243	-	-	5,915	5,941,158
Other	162,620	1,757	47	18,734	183,158
TOTAL REVENUES	17,696,611	1,766	57,309	31,093	17,786,779
EXPENDITURES:					
Current:					
General Government	177,889	350	60,781	2,219	241,239
Business, Community, and Consumer Affairs	147,978	-	-	18,207	166,185
Education	736,099	4,662	-	4,472	745,233
Health and Rehabilitation	644,803	-	-	1,271	646,074
Justice	1,472,487	-	-	52	1,472,539
Natural Resources	39,099	-	-	2,100	41,199
Social Assistance	7,319,058	-	-	18,906	7,337,964
Capital Outlay	23,873	-	-	18,028	41,901
Intergovernmental:					
Cities	61,107	-	-	38,740	99,847
Counties	1,348,528	-	-	12,842	1,361,370
School Districts	677,118	3,815,427	-	186,181	4,678,726
Special Districts	46,750	-	-	17,416	64,166
Federal	69	-	-	-	69
Other	26,032	-	-	1,300	27,332
Debt Service	12,435	-	-	59,343	71,778
TOTAL EXPENDITURES	12,733,325	3,820,439	60,781	381,077	16,995,622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,963,286	(3,818,673)	(3,472)	(349,984)	791,157
OTHER FINANCING SOURCES (USES):					
Transfers-In	339,309	4,024,369	-	428,687	4,792,365
Transfers-Out	(4,731,563)	(120,414)	(1,745)	(62,516)	(4,916,238)
Face Amount of Bond/COP Issuance	-	-	-	156,305	156,305
Bond/COP Premium/Discount	-	-	-	21,344	21,344
Capital Lease Proceeds	4,322	-	-	-	4,322
Insurance Recoveries	18	-	3,461	-	3,479
TOTAL OTHER FINANCING SOURCES (USES)	(4,387,914)	3,903,955	1,716	543,820	61,577
NET CHANGE IN FUND BALANCES	575,372	85,282	(1,756)	193,836	852,734
FUND BALANCE, FISCAL YEAR BEGINNING	509,802	6,496	22,576	615,144	1,154,018
FUND BALANCE, FISCAL YEAR END	$ 1,085,174	$ 91,778	$ 20,820	$ 808,980	$ 2,006,752

CAPITAL PROJECTS FUND COMPONENTS

REGULAR CAPITAL PROJECTS	This fund accounts for projects that are either fully or partially funded with general-purpose revenue that is transferred from the General Purpose Revenue Fund. It also includes cash-funded or mixed funded projects.
SPECIAL CAPITAL PROJECTS	This fund accounts for certain projects that are not funded with any general-purpose revenue. This includes projects funded with the proceeds of certificates of participation such as the Colorado History Center and the Ralph L. Carr Justice Center, federal projects in the Department of Military Affairs, Lottery-funded projects in the Department of Natural Resources, and several smaller projects.

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND COMPONENTS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 80,463	$ 122,446	$ 202,909
Other Receivables, net	324	-	324
Due From Other Governments	1,513	5	1,518
Due From Other Funds	143	-	143
Prepaids, Advances and Deposits	242	-	242
Investments	423	2,307	2,730
Other Long-Term Assets	25	-	25
TOTAL ASSETS	$ 83,133	$ 124,758	$ 207,891
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 8,877	$ 166	$ 9,043
Due To Other Funds	37	-	37
Other Current Liabilities	167	-	167
TOTAL LIABILITIES	9,081	166	9,247
FUND BALANCES:			
Nonspendable:			
Prepaids	242	-	242
Restricted	-	5	5
Committed	73,810	124,587	198,397
TOTAL FUND BALANCES	74,052	124,592	198,644
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 83,133	$ 124,758	$ 207,891

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Taxes:			
Other Taxes	$ 1,014	$ -	$ 1,014
Charges for Goods and Services	7	-	7
Investment Income (Loss)	1,747	2,214	3,961
Federal Grants and Contracts	12,119	6,276	18,395
Other	4	-	4
TOTAL REVENUES	14,891	8,490	23,381
EXPENDITURES:			
Current:			
General Government	33,212	6,075	39,287
Business, Community, and Consumer Affairs	1,004	-	1,004
Education	1,990	586	2,576
Health and Rehabilitation	75	(724)	(649)
Justice	6,756	349	7,105
Social Assistance	547	500	1,047
Capital Outlay	74,653	1,820	76,473
TOTAL EXPENDITURES	118,237	8,606	126,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(103,346)	(116)	(103,462)
OTHER FINANCING SOURCES (USES):			
Transfers-In	87,992	30,689	118,681
Transfers-Out	(59,069)	(6,690)	(65,759)
Sale of Capital Assets	-	-	-
Insurance Recoveries	208	2,552	2,760
TOTAL OTHER FINANCING SOURCES (USES)	29,131	26,551	55,682
NET CHANGE IN FUND BALANCES	(74,215)	26,435	(47,780)
FUND BALANCE, FISCAL YEAR BEGINNING	149,888	98,236	248,124
Prior Period Adjustment (See Note 15A)	(1,621)	(79)	(1,700)
FUND BALANCE, FISCAL YEAR END	$ 74,052	$ 124,592	$ 198,644

OTHER GOVERNMENTAL FUNDS

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

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
ASSETS:				
Cash and Pooled Cash	$ 1,211,264	$ -	$ -	$ 1,211,264
Taxes Receivable, net	49,517	-	-	49,517
Other Receivables, net	74,574	-	9,326	83,900
Due From Other Governments	44,428	340	-	44,768
Due From Other Funds	22,429	-	-	22,429
Inventories	263	-	-	263
Prepaids, Advances and Deposits	24,943	-	3	24,946
Restricted Cash and Pooled Cash	80,798	218	226,041	307,057
Restricted Investments	2,453	-	839,668	842,121
Investments	170,934	91,392	-	262,326
Other Long-Term Assets	21,644	-	14,528	36,172
Capital Assets Held as Investments	681	-	111,365	112,046
TOTAL ASSETS	$ 1,703,928	$ 91,950	$ 1,200,931	$ 2,996,809
DEFERRED OUTFLOW OF RESOURCES:	-	-	734	734
LIABILITIES:				
Tax Refunds Payable	$ 192	$ -	$ -	$ 192
Accounts Payable and Accrued Liabilities	99,350	-	3,054	102,404
Due To Other Governments	26,158	-	13	26,171
Due To Other Funds	31,660	-	233	31,893
Unearned Revenue	59,830	-	-	59,830
Claims and Judgments Payable	113	-	-	113
Other Current Liabilities	3,113	-	-	3,113
Deposits Held In Custody For Others	134	-	-	134
TOTAL LIABILITIES	220,550	-	3,300	223,850
DEFERRED INFLOW OF RESOURCES:	1,146	-	-	1,146
FUND BALANCES:				
Nonspendable:				
Inventories	263	-	-	263
Permanent Fund Principal	-	-	1,186,138	1,186,138
Prepaids	24,944	-	3	24,947
Restricted	139,269	91,950	-	231,219
Committed	1,317,756	-	12,224	1,329,980
TOTAL FUND BALANCES	1,482,232	91,950	1,198,365	2,772,547
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,703,928	$ 91,950	$ 1,201,665	$ 2,997,543

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

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 42,921	$ -	$ -	$ 42,921
Excise	214,420	-	-	214,420
Other Taxes	176,378	-	-	176,378
Licenses, Permits, and Fines	507,895	-	-	507,895
Charges for Goods and Services	135,135	-	-	135,135
Rents	5,722	-	138,026	143,748
Investment Income (Loss)	4,708	1,380	(3,767)	2,321
Federal Grants and Contracts	179,159	-	-	179,159
Additions to Permanent Funds	-	-	277	277
Unclaimed Property Receipts	77,923	-	-	77,923
Other	35,156	-	84	35,240
TOTAL REVENUES	1,379,417	1,380	134,620	1,515,417
EXPENDITURES:				
Current:				
General Government	32,311	-	367	32,678
Business, Community, and Consumer Affairs	305,283	-	-	305,283
Education	35,978	-	1	35,979
Health and Rehabilitation	121,696	-	-	121,696
Justice	193,547	-	-	193,547
Natural Resources	2,085	-	11,935	14,020
Social Assistance	233,373	-	-	233,373
Transportation	2,865	-	-	2,865
Capital Outlay	10,739	-	1,219	11,958
Intergovernmental:				
Cities	68,160	-	-	68,160
Counties	92,419	-	44	92,463
School Districts	52,006	-	-	52,006
Special Districts	8,747	-	-	8,747
Federal	95	-	-	95
Other	56,686	-	300	56,986
Debt Service	1,522	54,457	-	55,979
TOTAL EXPENDITURES	1,217,512	54,457	13,866	1,285,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	161,905	(53,077)	120,754	229,582
OTHER FINANCING SOURCES (USES):				
Transfers-In	294,173	65,061	27,753	386,987
Transfers-Out	(398,602)	-	(92,394)	(490,996)
Sale of Capital Assets	-	-	9,819	9,819
Insurance Recoveries	508	-	-	508
TOTAL OTHER FINANCING SOURCES (USES)	(103,921)	65,061	(54,822)	(93,682)
NET CHANGE IN FUND BALANCES	57,984	11,984	65,932	135,900
FUND BALANCE, FISCAL YEAR BEGINNING	1,424,248	79,966	1,132,433	2,636,647
FUND BALANCE, FISCAL YEAR END	$ 1,482,232	$ 91,950	$ 1,198,365	$ 2,772,547

SPECIAL REVENUE FUNDS

LABOR	This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the State. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
TOBACCO IMPACT MITIGATION	This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional State tax on cigarettes and tobacco products approved by State voters in the 2004 general election and the expenditure of those tax revenues.
RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas resources of the State. Most of the related programs are managed by the Colorado Department of Natural Resources.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Position Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION
ASSETS:			
Cash and Pooled Cash	$ 119,442	$ 131,401	$ 102,450
Taxes Receivable, net	15,715	13,364	15,942
Other Receivables, net	2,768	109	45,513
Due From Other Governments	3,459	2	1,023
Due From Other Funds	39	-	602
Inventories	-	-	-
Prepaids, Advances and Deposits	-	20	3
Restricted Cash and Pooled Cash	70,984	9,814	-
Restricted Investments	2,453	-	-
Investments	1,200	-	-
Other Long-Term Assets	-	5,395	-
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 216,060	$ 160,105	$ 165,533
LIABILITIES:			
Tax Refunds Payable	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	14,672	5,627	23,178
Due To Other Governments	-	20,873	175
Due To Other Funds	24	24,405	5,145
Unearned Revenue	-	681	-
Claims and Judgments Payable	101	-	-
Other Current Liabilities	461	-	-
Deposits Held In Custody For Others	-	6	-
TOTAL LIABILITIES	15,258	51,592	28,498
DEFERRED INFLOW OF RESOURCES:	-	-	9
FUND BALANCES:			
Nonspendable:			
Inventories	-	-	-
Prepaids	1	20	3
Restricted	73,437	18,583	17,592
Committed	127,364	89,910	119,431
TOTAL FUND BALANCES	200,802	108,513	137,026
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 216,060	$ 160,105	$ 165,533

RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 6,314	$ 105,644	$ 156,347	$ 589,666	$ 1,211,264
-	-	-	4,496	49,517
6	15,594	1,321	9,263	74,574
-	30,958	-	8,986	44,428
-	-	-	21,788	22,429
-	263	-	-	263
-	18	7	24,895	24,943
-	-	-	-	80,798
-	-	-	-	2,453
-	-	164,735	4,999	170,934
-	-	-	16,249	21,644
-	-	600	81	681
$ 6,320	$ 152,477	$ 323,010	$ 680,423	$ 1,703,928
$ -	$ -	$ -	$ 192	$ 192
369	10,674	213	44,617	99,350
353	2	-	4,755	26,158
-	89	-	1,997	31,660
-	14,314	-	44,835	59,830
-	-	-	12	113
-	46	-	2,606	3,113
-	-	-	128	134
722	25,125	213	99,142	220,550
-	-	-	1,137	1,146
-	263	-	-	263
-	18	7	24,895	24,944
6,666	5,709	-	17,282	139,269
(1,068)	121,362	322,790	537,967	1,317,756
5,598	127,352	322,797	580,144	1,482,232
$ 6,320	$ 152,477	$ 323,010	$ 680,423	$ 1,703,928

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

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION
REVENUES:			
Taxes:			
Sales and Use	$ -	$ -	$ -
Excise	-	-	142,843
Other Taxes	50,141	125,273	-
Licenses, Permits, and Fines	508	811	181,071
Charges for Goods and Services	193	176	1,128
Rents	-	-	-
Investment Income (Loss)	418	661	676
Federal Grants and Contracts	(475)	(139)	4,663
Unclaimed Property Receipts	-	-	-
Other	4,193	2,641	808
TOTAL REVENUES	54,978	129,423	331,189
EXPENDITURES:			
Current:			
General Government	1,057	-	64
Business, Community, and Consumer Affairs	45,299	33,206	-
Education	-	14,697	971
Health and Rehabilitation	-	33	35,067
Justice	5,548	-	1,036
Natural Resources	-	-	-
Social Assistance	-	-	137,582
Transportation	-	-	-
Capital Outlay	67	29	283
Intergovernmental:			
Cities	4,592	18,292	1,243
Counties	7,402	22,106	23,916
School Districts	(18)	472	32,429
Special Districts	262	475	2,741
Federal	-	-	-
Other	2	1,422	10,710
Debt Service	-	-	-
TOTAL EXPENDITURES	64,211	90,732	246,042
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,233)	38,691	85,147
OTHER FINANCING SOURCES (USES):			
Transfers-In	21,325	1,515	34,298
Transfers-Out	(646)	(39,839)	(140,322)
Insurance Recoveries	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,679	(38,324)	(106,024)
NET CHANGE IN FUND BALANCES	11,446	367	(20,877)
FUND BALANCE, FISCAL YEAR BEGINNING	189,356	108,146	157,903
FUND BALANCE, FISCAL YEAR END	$ 200,802	$ 108,513	$ 137,026

RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ 42,921	$ 42,921
-	-	-	71,577	214,420
-	1	-	963	176,378
94	46,565	-	278,846	507,895
1,398	72,673	-	59,567	135,135
-	-	-	5,722	5,722
73	782	(682)	2,780	4,708
-	35,859	-	139,251	179,159
-	-	77,923	-	77,923
609	7,191	12	19,702	35,156
2,174	163,071	77,253	621,329	1,379,417
-	50	3,549	27,591	32,311
92	1,523	508	224,655	305,283
-	-	-	20,310	35,978
-	51,600	-	34,996	121,696
-	45,732	-	141,231	193,547
2,085	-	-	-	2,085
-	51,900	-	43,891	233,373
-	170	-	2,695	2,865
166	883	(457)	9,768	10,739
1,420	8,110	-	34,503	68,160
790	821	6	37,378	92,419
4	22	-	19,097	52,006
353	1,839	-	3,077	8,747
-	-	29	66	95
-	2,975	-	41,577	56,686
-	-	73	1,449	1,522
4,910	165,625	3,708	642,284	1,217,512
(2,736)	(2,554)	73,545	(20,955)	161,905
51	7,228	-	229,756	294,173
(2,609)	(11,121)	(32,489)	(171,576)	(398,602)
-	-	-	508	508
(2,558)	(3,893)	(32,489)	58,688	(103,921)
(5,294)	(6,447)	41,056	37,733	57,984
10,892	133,799	281,741	542,411	1,424,248
$ 5,598	$ 127,352	$ 322,797	$ 580,144	$ 1,482,232

PERMANENT FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and operations related to lands granted to the State by the federal government for educational purposes. This fund also includes unclaimed assets from estates or trusts with unknown beneficiaries. Per statute, these assets become property of the State after 21 years.
OTHER PERMANENT TRUST	This fund category represents several minor permanent funds including Wildlife for Future Generations Fund and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 9,326	$ -	$ 9,326
Prepaids, Advances and Deposits	3	-	3
Restricted Cash and Pooled Cash	213,817	12,224	226,041
Restricted Investments	839,668	-	839,668
Other Long-Term Assets	14,528	-	14,528
Capital Assets Held as Investments	111,365	-	111,365
TOTAL ASSETS	$ 1,188,707	$ 12,224	$ 1,200,931
DEFERRED OUTFLOW OF RESOURCES:	734	-	734
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 3,054	$ -	$ 3,054
Due To Other Governments	13	-	13
Due To Other Funds	233	-	233
TOTAL LIABILITIES	3,300	-	3,300
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	1,186,138	-	1,186,138
Prepaids	3	-	3
Committed	-	12,224	12,224
TOTAL FUND BALANCES	1,186,141	12,224	1,198,365
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,189,441	$ 12,224	$ 1,201,665

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

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Rents	135,782	2,244	138,026
Investment Income (Loss)	(3,780)	13	(3,767)
Additions to Permanent Funds	277	-	277
Other	69	15	84
TOTAL REVENUES	132,348	2,272	134,620
EXPENDITURES:			
Current:			
General Government	367	-	367
Education	-	1	1
Natural Resources	11,935	-	11,935
Capital Outlay	1,219	-	1,219
Intergovernmental:			
Counties	44	-	44
Other	300	-	300
TOTAL EXPENDITURES	13,865	1	13,866
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	118,483	2,271	120,754
OTHER FINANCING SOURCES (USES):			
Transfers-In	27,753	-	27,753
Transfers-Out	(92,394)	-	(92,394)
Sale of Capital Assets	9,819	-	9,819
TOTAL OTHER FINANCING SOURCES (USES)	(54,822)	-	(54,822)
NET CHANGE IN FUND BALANCES	63,661	2,271	65,932
FUND BALANCE, FISCAL YEAR BEGINNING	1,122,480	9,953	1,132,433
FUND BALANCE, FISCAL YEAR END	$ 1,186,141	$ 12,224	$ 1,198,365

OTHER ENTERPRISE FUNDS

These funds account for operations of State agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

PARKS AND WILDLIFE	Expenses of this fund are to preserve the State's parks, wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.
PRISON CANTEENS	This activity accounts for the various canteen operations in the State's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.
TRANSPORTATION ENTERPRISE	This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees. Before Fiscal Year 2010-11 these enterprises were reported as Other Enterprises.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities includes the State and CollegeInvest. The State includes the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in State buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at State museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 122,147	$ 120,312	$ 783	$ 3,516
Investments	-	-	-	-
Taxes Receivable, net	-	-	-	-
Contributions Receivable, net	-	-	-	-
Student and Other Receivables, net	9,021	86	111	1,675
Due From Other Governments	9,521	1,045	-	1,658
Due From Other Funds	3,281	-	-	477
Inventories	726	-	-	10,848
Prepaids, Advances and Deposits	2,806	37	62	-
Total Current Assets	147,502	121,480	956	18,174
Noncurrent Assets:				
Restricted Cash and Pooled Cash	38,161	41,708	-	-
Restricted Receivables	-	35,362	-	-
Investments	-	-	-	-
Other Long-Term Assets	-	-	-	1,987
Depreciable Capital Assets and Infrastructure, net	166,225	333	12,360	3,642
Land and Nondepreciable Capital Assets	376,698	-	687	955
Total Noncurrent Assets	581,084	77,403	13,047	6,584
TOTAL ASSETS	728,586	198,883	14,003	24,758
DEFERRED OUTFLOW OF RESOURCES:	89,556	811	2,310	12,689
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	22,315	61	244	4,260
Due To Other Governments	-	30,608	-	-
Due To Other Funds	872	-	-	-
Unearned Revenue	44,877	-	546	288
Compensated Absences Payable	897	-	13	80
Leases Payable	-	-	99	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	38	1,876	7	-
Total Current Liabilities	68,999	32,545	909	4,628
Noncurrent Liabilities:				
Due to Other Funds	15,808	-	-	-
Deposits Held In Custody For Others	20	-	-	-
Accrued Compensated Absences	7,731	104	92	1,206
Capital Lease Payable	-	-	871	-
Notes, Bonds, and COPs Payable	-	-	-	-
Net Pension Liability	429,557	3,856	11,525	62,017
Other Postemployment Benefits	9,659	72	260	1,437
Total Noncurrent Liabilities	462,775	4,032	12,748	64,660
TOTAL LIABILITIES	531,774	36,577	13,657	69,288
DEFERRED INFLOW OF RESOURCES:	23,320	1,014	806	2,479
NET POSITION:				
Net investment in Capital Assets:	542,923	333	12,077	4,597
Restricted for:				
Debt Service	-	-	-	-
Emergencies	34,000	-	-	-
Other Purposes	65,961	-	-	-
Unrestricted	(379,836)	161,770	(10,227)	(38,917)
TOTAL NET POSITION	$ 263,048	$ 162,103	$ 1,850	$ (34,320)

	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTAL
	$ 22,381	$ 8,675	$ 5,942	$ 327,222	$ 51,242	$ 662,220
	-	-	-	-	233	233
	-	-	-	4	286	290
	-	-	-	-	-	
	3,763	-	4,688	10,034	396	29,774
	3,141	-	-	1,100	310	16,775
	-	-	-	-	59	3,817
	177	699	-	-	330	12,780
	69	-	-	74	272	3,320
	29,531	9,374	10,630	338,434	53,128	729,209
	-	-	-	470	95	80,434
	-	-	-	-	-	35,362
	-	-	-	18,289	13,344	31,633
	-	-	-	-	-	1,987
	31,161	1,375	39	892,914	12,303	1,120,352
	3,673	-	-	497,626	4,256	883,895
	34,834	1,375	39	1,409,299	29,998	2,153,663
	64,365	10,749	10,669	1,747,733	83,126	2,882,872
	35,620	2,298	3,469	2,663	12,515	161,931
	4,112	1,614	2,154	46,607	2,287	83,654
	763	-	-	-	-	31,371
	-	-	-	-	9,891	10,763
	163	-	-	-	6,952	52,826
	195	-	-	41	58	1,284
	326	-	-	-	-	425
	-	-	-	-	530	530
	90	-	12	-	-	2,023
	5,649	1,614	2,166	46,648	19,718	182,876
	-	-	-	2,043	-	17,851
	-	-	-	-	-	20
	1,952	242	495	16	978	12,816
	2,039	-	-	-	-	2,910
	-	-	-	524,930	1,772	526,702
	168,846	10,449	15,968	11,575	48,007	761,800
	3,904	242	363	265	987	17,189
	176,741	10,933	16,826	538,829	51,744	1,339,288
	182,390	12,547	18,992	585,477	71,462	1,522,164
	7,622	783	780	143,308	2,349	182,461
	32,468	1,375	39	856,138	14,257	1,464,207
	-	-	-	42,916	-	42,916
	-	-	-	-	-	34,000
	-	-	-	-	-	65,961
	(122,495)	(1,658)	(5,673)	122,557	7,573	(266,906)
	$ (90,027)	$ (283)	$ (5,634)	$ 1,021,611	$ 21,830	$ 1,340,178

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

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
OPERATING REVENUES:				
License and Permits	$ 119,457	$ -	$ -	$ -
Tuition and Fees	-	-	-	-
Sales of Goods and Services	4,943	-	6,852	52,796
Investment Income (Loss)	-	4,692	-	-
Rental Income	-	-	651	-
Federal Grants and Contracts	36,256	265,536	-	3,369
Intergovernmental Revenue	20,229	-	-	-
Other	7,038	-	-	242
TOTAL OPERATING REVENUES	187,923	270,228	7,503	56,407
OPERATING EXPENSES:				
Salaries and Fringe Benefits	175,520	27,389	6,248	27,020
Operating and Travel	97,048	206,639	4,275	11,133
Cost of Goods Sold	441	-	-	31,812
Depreciation and Amortization	12,314	129	800	460
Intergovernmental Distributions	8,086	-	-	1
Debt Service	-	12,726	-	-
Prizes and Awards	18	-	913	-
TOTAL OPERATING EXPENSES	293,427	246,883	12,236	70,426
OPERATING INCOME (LOSS)	(105,504)	23,345	(4,733)	(14,019)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	1,512	-	-	-
Investment Income (Loss)	204	-	1,835	(18)
Rental Income	14,020	-	-	10
Gifts and Donations	864	-	400	2
Gain/(Loss) on Sale or Impairment of Capital Assets	1,163	-	-	-
Insurance Recoveries from Prior Year Impairments	(3,113)	-	-	-
Debt Service	(1)	-	(47)	-
Other Revenues	1	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	14,650	-	2,188	(6)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(90,854)	23,345	(2,545)	(14,025)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	62	-	203	-
Transfers-In	21,113	-	1,300	-
Transfers-Out	(4,276)	(122)	(96)	(992)
TOTAL CONTRIBUTIONS AND TRANSFERS	16,899	(122)	1,407	(992)
CHANGE IN NET POSITION	(73,955)	23,223	(1,138)	(15,017)
NET POSITION - FISCAL YEAR BEGINNING	346,480	138,973	3,252	(17,916)
Accounting Changes (See Note 15B)	(9,477)	(93)	(264)	(1,387)
NET POSITION - FISCAL YEAR ENDING	$ 263,048	$ 162,103	$ 1,850	$ (34,320)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ 280	$ -	$ 8,192	127,929
-	-	-	-	1,776	1,776
26,233	18,410	22	124,343	5,723	239,322
-	-	-	-	113	4,805
-	-	-	-	2,192	2,843
32,191	-	-	15,352	1,008	353,712
249	-	-	515	-	20,993
50	966	-	25,027	267	33,590
58,723	19,376	302	165,237	19,271	784,970
72,575	3,582	18,112	4,089	19,848	354,383
10,221	3,054	19,468	(6,037)	7,750	353,551
-	13,558	-	-	83	45,894
2,190	97	14	16,721	863	33,588
4,764	-	-	12,700	3	25,554
-	-	-	-	-	12,726
-	6	-	-	2	939
89,750	20,297	37,594	27,473	28,549	826,635
(31,027)	(921)	(37,292)	137,764	(9,278)	(41,665)
-	-	39,954	-	-	39,954
-	-	-	596	68	2,176
52	50	(62)	2,465	34	4,560
2	-	-	-	-	14,032
-	-	-	1,441	375	3,082
3	-	(49)	(131)	271	1,257
-	-	-	-	-	(3,113)
(94)	-	(4)	(14,560)	(168)	(14,874)
-	-	-	-	-	1
(37)	50	39,839	(10,189)	580	47,075
(31,064)	(871)	2,547	127,575	(8,698)	5,410
-	-	-	-	-	265
986	-	-	-	443	23,842
(2,255)	(70)	(24)	(38)	(620)	(8,493)
(1,269)	(70)	(24)	(38)	(177)	15,614
(32,333)	(941)	2,523	127,537	(8,875)	21,024
(53,931)	882	(7,820)	894,635	31,549	1,336,104
(3,763)	(224)	(337)	(561)	(844)	(16,950)
$ (90,027)	$ (283)	$ (5,634)	$ 1,021,611	$ 21,830	$ 1,340,178

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -
Fees for Service	121,697	-	5,186	15
Receipts for Interfund Services	-	-	-	8,498
Sales of Products	2,609	-	76	43,143
Gifts, Grants, and Contracts	36,079	253,168	-	3,605
Income from Property	14,020	-	651	10
Other Sources	23,356	-	2,116	242
Cash Payments to or for:				
Employees	(93,078)	(27,824)	(4,428)	(14,712)
Suppliers	(51,215)	(7,274)	(3,991)	(38,240)
Payments for Interfund Services	(3,107)	(50)	(59)	(77)
Sales Commissions and Lottery Prizes	(10,125)	-	-	-
Other Governments	(8,086)	-	-	(1)
Other	(8,482)	(213,448)	(999)	(315)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,668	4,572	(1,448)	2,168
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers- In	39,751	226	1,503	-
Transfers- Out	(21,843)	(348)	(299)	(992)
Receipt of Deposits Held in Custody	768	-	-	-
Release of Deposits Held in Custody	(752)	-	-	-
Gifts and Grants for Other Than Capital Purposes	864	-	-	2
NonCapital Debt Proceeds	-	-	-	-
NonCapital Debt Service Payments	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	18,788	(122)	1,204	(990)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(50,373)	(594)	(1,672)	(993)
Proceeds from Sale of Capital Assets	19,978	306	1,331	525
Capital Debt Service Payments	(1)	-	(9)	-
Capital Lease Payments	-	-	(137)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(30,396)	(288)	(487)	(468)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ 1,805	$ 1,805
24,758	-	-	124,140	4,137	279,933
6	1	70	1,012	729	10,316
71	18,418	-	844	1,298	66,459
32,535	-	-	41,588	1,178	368,153
2	-	-	-	2,049	16,732
94	966	38,960	2,026	8,792	76,552
(39,900)	(2,124)	(15,102)	(3,479)	(8,566)	(209,213)
(8,534)	(15,562)	(222)	(13,959)	(5,351)	(144,348)
(79)	(47)	(146)	(430)	(348)	(4,343)
-	-	-	-	-	(10,125)
(4,391)	-	-	(12,700)	(3)	(25,181)
(15)	(10)	(18,917)	-	(229)	(242,415)
4,547	1,642	4,643	139,042	5,491	184,325
2,670	-	-	21	272	44,443
(3,939)	(70)	(24)	(59)	(449)	(28,023)
-	-	-	-	-	768
-	-	-	-	-	(752)
-	-	-	-	375	1,241
75	-	-	6,682	164	6,921
(626)	-	-	(6,682)	(164)	(7,472)
(1,820)	(70)	(24)	(38)	198	17,126
(10,351)	(148)	(329)	(273,985)	(4,370)	(342,815)
9,852	14	183	60,901	2,398	95,488
-	-	(4)	(11,153)	(670)	(11,837)
(403)	-	-	-	-	(540)
(902)	(134)	(150)	(224,237)	(2,642)	(259,704)

(Continued)

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

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	1,938	6,671	1,848	28
Proceeds from Sale/Maturity of Investments	-	-	-	-
Purchases of Investments	-	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(1,734)	(1,979)	(13)	(45)
NET CASH FROM INVESTING ACTIVITIES	204	4,692	1,835	(17)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	12,264	8,854	1,104	693
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	148,044	153,166	(321)	2,823
CASH AND POOLED CASH, FISCAL YEAR END	$ 160,308	$ 162,020	$ 783	$ 3,516
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (105,504)	$ 23,345	$ (4,733)	$ (14,019)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	12,314	129	800	460
Investment/Rental Income and Other Revenue in Operating Income	-	(4,692)	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	13,859	-	400	10
Compensated Absences Expense	544	5	9	(8)
Interest and Other Expense in Operating Income	19,187	-	183	(90)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(1,375)	3,376	(62)	(742)
(Increase) Decrease in Inventories	129	-	-	6,167
(Increase) Decrease in Other Operating Assets and Deferred Outflows	3,090	(7)	1	(2)
(Increase) Decrease in Pension Deferred Outflow	37,144	627	(8)	5,147
(Increase) Decrease in OPEB Deferred Outflow	(468)	(4)	1,087	(57)
Increase (Decrease) in Accounts Payable	2,782	(21)	(33)	(1,630)
Increase (Decrease) in Pension Liability	28,604	(737)	(4)	5,083
Increase (Decrease) in OPEB Liability	182	(21)	(4)	50
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(3,079)	(17,285)	704	(128)
Increase (Decrease) in Pension Deferred Inflow	15,883	(277)	13	1,903
Increase (Decrease) in OPEB Deferred Inflow	376	134	199	24
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 23,668	$ 4,572	$ (1,448)	$ 2,168
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	-	-	203	-
Capital Assets Acquired by Grants or Donations and Payable Increases	482	-	-	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	(1,734)	(1,979)	(13)	(45)
Loss on Disposal of Capital and Other Assets	(276)	-	(41)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-	-

	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
	346	154	46	5,246	1,040	17,317
	559	-	-	15,334	1,000	16,894
	(8)	-	-	(18,506)	(362)	(18,877)
	(294)	(104)	(108)	(2,803)	(891)	(7,971)
	603	50	(62)	(729)	787	7,363
	2,428	1,488	4,407	(85,962)	3,834	(50,890)
	19,953	7,187	1,535	413,654	47,503	793,544
	$ 22,381	$ 8,675	$ 5,942	$ 327,692	$ 51,337	$ 742,654
	$ (31,027)	$ (921)	$ (37,292)	$ 137,764	$ (9,278)	$ (41,665)
	2,190	97	14	16,721	863	33,588
	-	-	-	-	(113)	(4,805)
	4	-	39,954	2,037	68	56,332
	38	(4)	(149)	(19)	(60)	356
	184	108	39	(40,127)	26	(20,490)
	(413)	8	(1,371)	2,342	209	1,972
	(3)	55	-	-	(120)	6,228
	(1)	-	-	(71)	31	3,041
	14,586	612	1,123	4,594	1,152	64,977
	(182)	(17)	(23)	(24)	(103)	209
	66	827	115	24,726	425	27,257
	13,614	1,222	1,851	(11,312)	5,940	44,261
	141	18	26	(296)	102	198
	590	12	17	(3,160)	5,370	(16,959)
	4,675	(379)	333	5,596	958	28,705
	85	4	6	271	21	1,120
	$ 4,547	$ 1,642	$ 4,643	$ 139,042	$ 5,491	$ 184,325
	-	-	-	-	-	203
	-	-	-	-	-	482
	(294)	(104)	(108)	(2,803)	(180)	(7,260)
	-	-	(49)	(131)	271	(226)
	14	-	-	6,693	74	6,781

INTERNAL SERVICE FUNDS

These funds account for operations of State agencies that provide a majority of their services to other State agencies on a user charge basis. The major activities in these funds are:

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other State agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming, fleet, and motor pool.
STATEWIDE FINANCIAL INFORMATION TECHNOLOGY SYSTEMS CASH FUND	This fund accounts for information technology maintenance and upgrades as well as direct and indirect costs of the department in connection with Statewide financial and human resources information technology systems.
INFORMATION TECHNOLOGY	This fund accounts for computer and telecommunications services sold to other State agencies.
CAPITOL COMPLEX	This fund accounts for the cost and income related to maintaining State office space in the complex surrounding the State Capitol. Only certain capitol complex capital assets are reported in this fund, and other capitol complex capital assets are reported on the government-wide financial statements.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to State agencies by the Department of Public Safety.
OFFICE OF ADMINISTRATIVE COURTS	This fund accounts for the operations of the Office of Administrative Courts in the Department of Personnel & Administration.
LEGAL SERVICES	This fund accounts for the Attorney General's services to State agencies in the Department of Law.
OTHER INTERNAL SERVICE ACTIVITIES	This fund primarily accounts for the activities of the Central Collections Unit within the Department of Personnel & Administration. The unit collects receivables due to State agencies on a straight commission basis.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 10,322	$ 2,339	$ 26,043	$ 6,148
Other Receivables, net	664	-	360	36
Due From Other Governments	-	-	73	-
Due From Other Funds	-	-	233	-
Inventories	458	-	-	156
Prepaids, Advances and Deposits	19	22	3,729	-
Total Current Assets	11,463	2,361	30,438	6,340
Noncurrent Assets:				
Depreciable Capital Assets and Infrastructure, net	75,796	26,266	16,970	12,714
Land and Nondepreciable Capital Assets	-	174	607	-
Total Noncurrent Assets	75,796	26,440	17,577	12,714
TOTAL ASSETS	87,259	28,801	48,015	19,054
DEFERRED OUTFLOW OF RESOURCES:	8,264	2,847	99,663	4,402
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,254	381	28,156	801
Due To Other Funds	5	-	-	-
Unearned Revenue	-	-	1,239	-
Compensated Absences Payable	1	-	913	24
Leases Payable	16,317	3,700	-	1,349
Other Current Liabilities	187	-	-	-
Total Current Liabilities	18,764	4,081	30,308	2,174
Noncurrent Liabilities:				
Accrued Compensated Absences	534	110	6,859	242
Capital Lease Payable	55,149	11,248	-	10,812
Net Pension Liability	40,190	10,317	467,942	19,897
Other Postemployment Benefits	892	231	10,128	446
Total Noncurrent Liabilities	96,765	21,906	484,929	31,397
TOTAL LIABILITIES	115,529	25,987	515,237	33,571
DEFERRED INFLOW OF RESOURCES:	2,442	560	17,893	1,158
NET POSITION:				
Net investment in Capital Assets:	4,330	11,491	17,577	553
Unrestricted	(26,778)	(6,390)	(403,029)	(11,826)
TOTAL NET POSITION	$ (22,448)	$ 5,101	$ (385,452)	$ (11,273)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,941	$ 560	$ 1,374	$ 8,569	$ 803	$ 58,099
-	9	8	5	33	1,115
-	-	-	-	-	73
-	-	-	-	-	233
61	-	-	-	-	675
-	-	-	225	-	3,995
2,002	569	1,382	8,799	836	64,190
99	1,613	-	1,062	-	134,520
-	-	-	-	38	819
99	1,613	-	1,062	38	135,339
2,101	2,182	1,382	9,861	874	199,529
782	165	5,174	30,010	2,215	153,522
2,532	10	381	2,741	504	37,760
-	-	-	-	-	5
3	-	-	-	59	1,301
-	-	-	300	-	1,238
-	-	-	-	-	21,366
-	-	-	-	-	187
2,535	10	381	3,041	563	61,857
-	-	342	1,587	38	9,712
-	-	-	-	-	77,209
3,927	1	23,322	138,879	8,103	712,578
90	-	523	3,050	182	15,542
4,017	1	24,187	143,516	8,323	815,041
6,552	11	24,568	146,557	8,886	876,898
579	57	1,274	5,920	376	30,259
99	1,613	-	1,062	38	36,763
(4,347)	666	(19,286)	(113,668)	(6,211)	(590,869)
$ (4,248)	$ 2,279	$ (19,286)	$ (112,606)	$ (6,173)	$ (554,106)

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

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 63,427	$ 11,318	$ 296,711	$ 61
Rental Income	-	-	-	17,344
Other	345	-	22	-
TOTAL OPERATING REVENUES	63,772	11,318	296,733	17,405
OPERATING EXPENSES:				
Salaries and Fringe Benefits	17,311	5,757	285,136	8,169
Operating and Travel	37,449	6,228	98,850	6,206
Cost of Goods Sold	1	-	-	-
Depreciation and Amortization	19,107	4,251	4,514	2,325
Intergovernmental Distributions	-	-	-	6
Prizes and Awards	-	-	21	3
TOTAL OPERATING EXPENSES	73,868	16,236	388,521	16,709
OPERATING INCOME (LOSS)	(10,096)	(4,918)	(91,788)	696
NONOPERATING REVENUES AND (EXPENSES):				
Fines and Settlements	1	-	-	-
Investment Income (Loss)	-	6	(332)	-
Gifts and Donations	-	-	1	-
Gain/(Loss) on Sale or Impairment of Capital Assets	3,473	-	(2)	93
Insurance Recoveries from Prior Year Impairments	232	-	-	55
Debt Service	(1,386)	(218)	-	(613)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,320	(212)	(333)	(465)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(7,776)	(5,130)	(92,121)	231
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	1,999	-	-	-
Transfers- In	338	1,362	-	32
Transfers- Out	(768)	(144)	(671)	(1,898)
TOTAL CONTRIBUTIONS AND TRANSFERS	1,569	1,218	(671)	(1,866)
CHANGE IN NET POSITION	(6,207)	(3,912)	(92,792)	(1,635)
NET POSITION - FISCAL YEAR BEGINNING	(15,359)	9,245	(283,078)	(9,224)
Accounting Changes (See Note 15B)	(882)	(232)	(9,582)	(414)
NET POSITION - FISCAL YEAR ENDING	$ (22,448)	$ 5,101	$ (385,452)	$ (11,273)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,134	$ 170	$ 5,757	$ 41,424	$ 4,063	$ 424,065
-	-	-	-	-	17,344
-	1	-	1	-	369
1,134	171	5,757	41,425	4,063	441,778
1,105	(29)	9,412	61,569	4,821	393,251
801	(1,426)	1,041	3,354	1,366	153,869
-	-	-	-	-	1
54	152	-	198	-	30,601
-	-	-	-	-	6
-	-	-	-	-	24
1,960	(1,303)	10,453	65,121	6,187	577,752
(826)	1,474	(4,696)	(23,696)	(2,124)	(135,974)
-	-	-	-	-	1
-	-	5	(11)	(2)	(334)
-	-	-	-	-	1
(6)	-	-	-	-	3,558
-	-	-	-	-	287
(1)	-	-	(3)	(10)	(2,231)
(7)	-	5	(14)	(12)	1,282
(833)	1,474	(4,691)	(23,710)	(2,136)	(134,692)
-	-	-	-	-	1,999
-	-	-	-	-	1,732
-	-	(194)	(3,214)	(347)	(7,236)
-	-	(194)	(3,214)	(347)	(3,505)
(833)	1,474	(4,885)	(26,924)	(2,483)	(138,197)
(3,311)	797	(13,917)	(82,722)	(3,545)	(401,114)
(104)	8	(484)	(2,960)	(145)	(14,795)
$ (4,248)	$ 2,279	$ (19,286)	$ (112,606)	$ (6,173)	$ (554,106)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Fees for Service	$ 1,738	$ -	$ 163
Receipts for Interfund Services	61,606	11,318	293,093
Sales of Products	7	-	30
Gifts, Grants, and Contracts	91	-	-
Income from Property	-	-	-
Other Sources	2,109	-	359
Cash Payments to or for:			
Employees	(9,154)	(2,074)	(186,948)
Suppliers	(34,295)	(147)	(45,329)
Payments for Interfund Services	(3,195)	(6,077)	(40,241)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	-
Other	(33)	(5)	(219)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,874	3,015	20,908
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers- In	1,075	1,362	1
Transfers- Out	(1,448)	(144)	(672)
Receipt of Deposits Held in Custody	352	-	-
Release of Deposits Held in Custody	(219)	-	-
NonCapital Debt Proceeds	-	164	-
NonCapital Debt Service Payments	-	(164)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(240)	1,218	(671)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(22,146)	0	(10,808)
Proceeds from Sale of Capital Assets	22,672	26	5,595
Capital Debt Service Payments	(25)	(29)	-
Capital Lease Payments	(18,035)	(3,918)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(17,534)	(3,921)	(5,213)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 34	$ 2	$ 9	$ 27	$ 103	$ 413	$ 2,489
26	115	156	5,741	41,391	3,642	417,088
-	1,020	-	-	-	-	1,057
-	-	-	-	-	-	91
17,319	-	-	-	-	-	17,319
44	3	-	-	1	18	2,534
(3,927)	(643)	(82)	(4,383)	(31,947)	(2,689)	(241,847)
(6,003)	1,900	(193)	(525)	(3,206)	(1,177)	(88,975)
(597)	(2,526)	-	(494)	(501)	(512)	(54,143)
-	-	-	-	-	(374)	(374)
(6)	-	-	-	-	-	(6)
(4)	-	-	-	(14)	(26)	(301)
6,886	(129)	(110)	366	5,827	(705)	54,932
32	-	-	-	-	-	2,470
(1,898)	-	-	(194)	(3,214)	(347)	(7,917)
-	3	-	-	-	-	355
-	(3)	-	-	-	-	(222)
-	-	-	-	-	-	164
-	-	-	-	-	-	(164)
(1,866)	-	-	(194)	(3,214)	(347)	(5,314)
(421)	(512)	(1,608)	(27)	(1,000)	(104)	(36,626)
240	526	1,601	-	573	38	31,271
-	(1)	-	-	(3)	(10)	(68)
(1,962)	-	-	-	-	-	(23,915)
(2,143)	13	(7)	(27)	(430)	(76)	(29,338)

(Continued)

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

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	-	34	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	(28)	(332)
NET CASH FROM INVESTING ACTIVITIES	-	6	(332)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	1,100	318	14,692
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	9,222	2,021	11,351
CASH AND POOLED CASH, FISCAL YEAR END	$ 10,322	$ 2,339	$ 26,043
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (10,096)	$ (4,918)	$ (91,788)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation	19,107	4,251	4,514
Rents, Fines, Donations, and Grants and Contracts in NonOperating	1,833	-	1
Compensated Absences Expense	(62)	27	692
Interest and Other Expense in Operating Income	124	1	19
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred			
Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(54)	-	1,368
(Increase) Decrease in Inventories	24	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(3)	-	962
(Increase) Decrease in Pension Deferred Outflow	4,495	2,603	34,454
(Increase) Decrease in OPEB Deferred Outflow	(32)	(9)	(596)
Increase (Decrease) in Accounts Payable	(225)	9	12,285
Increase (Decrease) in Pension Liability	2,587	544	45,989
Increase (Decrease) in OPEB Liability	9	(1)	546
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	3	(1)	(4,029)
Increase (Decrease) in Pension Deferred Inflow	1,130	498	16,322
Increase (Decrease) in OPEB Deferred Inflow	34	11	169
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 18,874	$ 3,015	$ 20,908
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	1,942	-	-
Loss on Disposal of Capital and Other Assets	1,872	-	(2)
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	115	-
Assumption of Capital Lease Obligation or Mortgage	18,784	-	-

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	-	22	95	4	155
-	-	-	(16)	(106)	(6)	(488)
-	-	-	6	(11)	(2)	(333)
2,877	(116)	(117)	151	2,172	(1,130)	19,947
3,271	2,057	677	1,223	6,397	1,933	38,152
$ 6,148	$ 1,941	$ 560	$ 1,374	$ 8,569	$ 803	$ 58,099
$ 696	$ (826)	$ 1,474	$ (4,696)	$ (23,696)	$ (2,124)	$ (135,974)
2,325	54	152	-	198	-	30,601
148	-	-	-	-	-	1,982
(24)	-	-	22	164	3	822
19	-	(1,601)	-	-	1	(1,437)
(26)	2	(5)	10	71	(7)	1,359
2	168	-	-	-	-	194
-	-	-	2	(53)	-	908
1,570	566	(264)	1,712	13,949	(53)	59,032
(31)	(2)	(7)	(37)	(139)	(31)	(884)
(406)	2,532	(18)	22	(141)	(750)	13,308
2,422	(394)	355	2,876	10,057	1,949	66,385
32	(14)	8	38	90	37	745
(81)	(2,534)	7	28	54	43	(6,510)
231	303	(211)	379	5,203	223	24,078
9	16	-	10	70	4	323
$ 6,886	$ (129)	$ (110)	$ 366	$ 5,827	$ (705)	$ 54,932
-	-	-	-	-	-	1,942
-	(6)	-	-	-	-	1,864
-	-	-	-	-	-	115
-	-	-	-	-	-	18,784

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the State in its governmental capacity on behalf of local governments, citizens, and other external parties. Pension and Other Employee Benefits Trust Funds and Private Purpose Trust Funds are included in this category. The major components of the fiduciary funds are:

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

STATE EMPLOYEE BENEFIT PLANS	This fund was established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care and wellness activity. The State uses a self-funded approach for certain employee and state-official medical claims.
COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	Colorado State University administers four employee defined benefit healthcare plans as part of a single qualifying trust. The plans provide post-employment subsidies for medical premiums, supplemental prescription benefits and income replacement benefits for long-term disability. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S	This fund primarily includes moneys managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the moneys in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.
UNCLAIMED PROPERTY	This fund comprises a portion of the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity. The fund reports Net Position Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections. The remaining unclaimed assets are reported in the Unclaimed Property nonmajor Special Revenue Fund.

COLLEGE SAVINGS PLAN	The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the State.
COLLEGE OPPORTUNITY FUND	The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the State. The appropriated amounts are held in trust in the COF until the institutions apply for the stipend on behalf of the students. Any unused stipends remain in the COF and do not revert to the State.
OTHER	This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts; contractor's performance escrow accounts; sales taxes collected for cities and counties; deposits held to ensure land restoration by mining and oil exploration companies; amounts held for the trustee related to Certificates of Participation or revenue Bonds for Higher Education Institutions, Building Excellent Schools Today (BEST), the Bridge Enterprise program; and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 81,029	$ 11,257	$ 92,286
Other Receivables, net	1,226	3	1,229
Due From Other Funds	816	-	816
Noncurrent Assets:			
Investments:			
Government Securities	-	3,824	3,824
Corporate Bonds	-	9,744	9,744
Asset Backed Securities	-	777	777
Mortgages	-	6,331	6,331
Mutual Funds	-	20,682	20,682
Other Investments	-	28,736	28,736
TOTAL ASSETS	83,071	81,354	164,425
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	19,431	83	19,514
Due To Other Funds	7	-	7
Unearned Revenue	2	-	2
Compensated Absences Payable	24	-	24
Claims and Judgments Payable	18,459	-	18,459
Noncurrent Liabilities:			
Accrued Compensated Absences	31	-	31
TOTAL LIABILITIES	37,954	83	38,037
NET POSITION:			
Held in Trust for:			
Pension/Benefit Plan Participants	45,117	81,271	126,388
TOTAL NET POSITION	$ 45,117	$ 81,271	$ 126,388

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ADDITIONS:			
Member Contributions	$ 85,584	$ 1,577	$ 87,161
Employer Contributions	321,273	2,174	323,447
Investment Income/(Loss)	220	3,071	3,291
Other Additions	6,029	-	6,029
Transfers-In	1,403	-	1,403
TOTAL ADDITIONS	414,509	6,822	421,331
DEDUCTIONS:			
Distributions to Participants	-	3,519	3,519
Health Insurance Premiums Paid	149,830	-	149,830
Health Insurance Claims Paid	214,817	-	214,817
Other Benefits Plan Expense	32,000	-	32,000
Other Deductions	22,071	400	22,471
Transfers-Out	209	-	209
TOTAL DEDUCTIONS	418,927	3,919	422,846
CHANGE IN NET POSITION	(4,418)	2,903	(1,515)
NET POSITION - FISCAL YEAR BEGINNING	49,535	78,368	127,903
NET POSITION - FISCAL YEAR ENDING	$ 45,117	$ 81,271	$ 126,388

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 13,410	$ 151,902	$ 61,147
Investments	-	-	-
Other Receivables, net	38	-	10,107
Due From Other Funds	-	-	9,891
Noncurrent Assets:			
Repurchase Agreements	-	-	295
Asset Backed Securities	-	17,465	-
Mutual Funds	-	-	7,151,820
Guaranteed Investment Contracts		-	161,050
Other Investments	-	-	769,513
TOTAL ASSETS	13,448	169,367	8,163,823
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	$ -	$ -	$ 8,922
Due To Other Funds	-	-	59
Unearned Revenue	-	-	4,985
Deposits Held In Custody For Others	-	-	5,255
TOTAL LIABILITIES	-	-	19,221
NET POSITION:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	13,448	169,367	8,144,602
TOTAL NET POSITION	$ 13,448	$ 169,367	$ 8,144,602

COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
$ 136	$ 5,758	$ 232,353
-	472	472
-	898	11,043
-	-	9,891
-	-	295
-	-	17,465
-	-	7,151,820
	-	161,050
-	-	769,513
136	7,128	8,353,902
$ -	$ 1,686	$ 10,608
-	-	59
-	4,702	9,687
-	-	5,255
-	6,388	25,609
136	740	8,328,293
$ 136	$ 740	$ 8,328,293

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

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ADDITIONS:			
Additions By Participants	$ -	$ -	$ 987,860
Investment Income/(Loss)	60	(1,948)	477,319
Unclaimed Property Receipts	-	49,704	-
Other Additions	949	-	972
Transfers- In	-	-	86
TOTAL ADDITIONS	1,009	47,756	1,466,237
DEDUCTIONS:			
Distributions to Participants	-	-	-
Payments in Accordance with Trust Agreements	521	30,773	773,089
Transfers- Out	-	-	-
TOTAL DEDUCTIONS	521	30,773	773,089
CHANGE IN NET POSITION	488	16,983	693,148
NET POSITION - FISCAL YEAR BEGINNING	12,960	152,384	7,451,454
NET POSITION - FISCAL YEAR ENDING	$ 13,448	$ 169,367	$ 8,144,602

COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
$ 293,108	$ 11,152	$ 1,292,120
-	32	475,463
-	-	49,704
-	1,275	3,196
-	-	86
293,108	12,459	1,820,569
293,178	-	293,178
-	12,650	817,033
-	476	476
293,178	13,126	1,110,687
(70)	(667)	709,882
206	1,407	7,618,411
$ 136	$ 740	$ 8,328,293

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 138,792	$ 1,823,285	$ 1,816,350	$ 145,727
Taxes Receivable, net	172,429	268,399	255,414	185,414
Other Receivables, net	-	1	1	-
TOTAL ASSETS	$ 311,221	$ 2,091,685	$ 2,071,765	331,141
LIABILITIES:				
Tax Refunds Payable	$ 3,807	$ 2,932	$ 4,165	$ 2,574
Accounts Payable and Accrued Liabilities	-	10	-	10
Due To Other Governments	307,039	1,998,508	1,976,367	329,180
Due To Other Funds	-	10	10	-
Claims and Judgments Payable	8	815	778	45
Other Current Liabilities	-	30	907	(877)
Other Long-Term Liabilities	367	2,198	2,356	209
TOTAL LIABILITIES	$ 311,221	$ 2,004,503	$ 1,984,583	$ 331,141

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 135,549	$ 208,017	$ 198,550	$ 145,016
Taxes Receivable, net	7,394	11,281	10,922	7,753
Other Receivables, net	355	1,974	2,024	305
Inventories	5	7	9	3
Other Long-Term Assets	11,371	698	2,289	9,780
TOTAL ASSETS	$ 154,674	$ 221,977	$ 213,794	$ 162,857
LIABILITIES:				
Tax Refunds Payable	$ 29	$ 198	$ 54	$ 173
Accounts Payable and Accrued Liabilities	1,199	25,692	25,633	1,258
Due To Other Governments	12,327	121,481	120,085	13,723
Due To Other Funds	-	7,450	7,450	-
Unearned Revenue	-	7,015	7,015	-
Claims and Judgments Payable	28	1,761	1,789	-
Other Current Liabilities	140,668	119,887	113,308	147,247
Deposits Held In Custody For Others	417	32	-	449
Other Long-Term Liabilities	6	148	147	7
TOTAL LIABILITIES	$ 154,674	$ 283,664	$ 275,481	$ 162,857

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 307,177	$ 526,707	$ 331,807	$ 502,077
Other Receivables, net	-	283	283	-
Due From Other Funds	14,098	11,115	14,098	11,115
Due From Component Units	-	188	-	188
TOTAL ASSETS	$ 321,275	$ 538,293	$ 346,188	$ 513,380
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 7	$ 550	$ 530	$ 27
Other Current Liabilities	286,179	517,177	338,194	465,162
Deposits Held In Custody For Others	35,089	17,935	4,833	48,191
TOTAL LIABILITIES	$ 321,275	$ 535,662	$ 343,557	$ 513,380

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 581,518	$ 2,558,009	$ 2,346,707	$ 792,820
Taxes Receivable, net	179,823	279,680	266,336	193,167
Other Receivables, net	355	2,258	2,308	305
Due From Other Funds	14,098	11,115	14,098	11,115
Due From Component Units	-	188	-	188
Inventories	5	7	9	3
Other Long-Term Assets	11,371	698	2,289	9,780
TOTAL ASSETS	$ 787,170	$ 2,851,955	$ 2,631,747	$ 1,007,378
LIABILITIES:				
Tax Refunds Payable	$ 3,836	$ 3,130	$ 4,219	$ 2,747
Accounts Payable and Accrued Liabilities	1,206	26,252	26,163	1,295
Due To Other Governments	319,366	2,119,989	2,096,452	342,903
Due To Other Funds	-	7,460	7,460	-
Unearned Revenue	-	7,015	7,015	-
Claims and Judgments Payable	36	2,576	2,567	45
Other Current Liabilities	426,847	637,094	452,409	611,532
Deposits Held In Custody For Others	35,506	17,967	4,833	48,640
Other Long-Term Liabilities	373	2,346	2,503	216
TOTAL LIABILITIES	$ 787,170	$ 2,823,829	$ 2,603,621	$ 1,007,378

COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements. Descriptions of each of the component units presented can be found in Note 1.

COMBINING STATEMENT OF NET POSITION
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	HLC @ METRO	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,084	$ 137	$ 2,221
Other Receivables, net	2,579	241	2,820
Due From Other Governments	-	386	386
Total Current Assets	4,663	764	5,427
Noncurrent Assets:			
Restricted Cash and Pooled Cash	5,842	9,020	14,862
Other Long-Term Assets	218	163	381
Depreciable Capital Assets and Infrastructure, net	124,056	37,359	161,415
Land and Nondepreciable Capital Assets	24,241	4,670	28,911
Total Noncurrent Assets	154,357	51,212	205,569
TOTAL ASSETS	159,020	51,976	210,996
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	4	1,235	1,239
Other Current Liabilities	-	545	545
Total Current Liabilities	4	1,780	1,784
Noncurrent Liabilities:			
Notes, Bonds, and COPs Payable	-	51,368	51,368
Total Noncurrent Liabilities	-	51,368	51,368
TOTAL LIABILITIES	4	53,148	53,152
NET POSITION:			
Net investment in Capital Assets:	148,297	42,029	190,326
Restricted for:			
Other Purposes	6,087	-	6,087
Unrestricted	4,632	(43,201)	(38,569)
TOTAL NET POSITION	$ 159,016	$ (1,172)	$ 157,844

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER COMPONENT UNITS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COLORADO VENTURE CAPITAL AUTHORITY	HLC @ METRO	TOTAL
OPERATING REVENUES:				
Sales of Goods and Services	$ -	$ -	$ 10,253	$ 10,253
Rental Income	7,042	-	-	7,042
TOTAL OPERATING REVENUES	7,042	-	10,253	17,295
OPERATING EXPENSES:				
Operating and Travel	1,095	-	6,605	7,700
Depreciation and Amortization	4,802	-	1,208	6,010
TOTAL OPERATING EXPENSES	5,897	-	7,813	13,710
OPERATING INCOME (LOSS)	1,145	-	2,440	3,585
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	8	-	58	66
Gifts and Donations	-	-	57	57
Federal Grants and Contracts	-	-	994	994
Debt Service	-	-	(3,184)	(3,184)
Other Expenses	-	-	(666)	(666)
TOTAL NONOPERATING REVENUES (EXPENSES)	8	-	(2,741)	(2,733)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,153	-	(301)	852
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	3,167	-	-	3,167
TOTAL CONTRIBUTIONS AND TRANSFERS	3,167	-	-	3,167
CHANGE IN NET POSITION	4,320	-	(301)	4,019
NET POSITION - FISCAL YEAR BEGINNING	154,696	62,172	(871)	215,997
Prior Period Adjustments (See Note 15A)	-	(62,172)	-	(62,172)
NET POSITION - FISCAL YEAR ENDING	$ 159,016	$ -	$ (1,172)	$ 157,844

NON-APPROPRIATED BUDGET SCHEDULES

The schedules on the following pages provide, by department, nonappropriated budget-to-actual activity. The budgets are based on a variety of sources that are not subject to appropriation by the General Assembly that generally include most federal awards, custodial agreements, and Colorado statutes. In Higher Education Institutions informational only appropriations for tuition and certain fees contained in the State's legislative appropriations act are not controlling. Therefore, expenditures may exceed recorded budgets in these appropriations.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - NONAPPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 231,508	
Income Taxes			511,868	
Other Taxes			20,106	
Sales and Services			47	
Interest Earnings			1,291	
Other Revenues			1,844	
Transfers-In			14,982	
TOTAL REVENUES AND TRANSFERS-IN			781,647	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Corrections	$ -	$ 91	$ 91	$ -
Education	-	74	73	1
Governor	-	2,288	2,288	-
Health Care Policy and Financing	-	2,812	2,812	-
Higher Education	-	1,537	1,537	-
Human Services	-	5,437	5,427	10
Judicial Branch	-	5	5	-
Labor and Employment	-	401	376	25
Legislative Branch	-	17	17	-
Local Affairs	4,391	4,590	4,572	18
Personnel & Administration	-	642	642	-
Regulatory Agencies	4,150	4,150	4,150	-
Revenue	190,105	290,807	278,855	11,952
Treasury	355,790	355,790	355,790	-
Transfers Not Appropriated by Department	92,084	92,084	92,084	-
SUB-TOTAL OPERATING BUDGETS	646,520	760,725	748,719	12,006
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 646,520	$ 760,725	748,719	$ 12,006
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 32,928	

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES,
AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - NONAPPROPRIATED CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 897,698	
Other Taxes			900,957	
Tuition and Fees			1,254,646	
Sales and Services			1,559,064	
Interest Earnings			595,585	
Health Care Provider Fees			3	
Other Revenues			3,085,742	
Transfers-In			5,837,605	
TOTAL REVENUES AND TRANSFERS-IN			14,131,300	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 2,530	$ 6,352	3,486	$ 2,866
Corrections	33,115	54,952	51,777	3,175
Education	4,107,367	4,100,158	4,091,707	8,451
Governor	334,468	366,748	182,005	184,743
Health Care Policy and Financing	13,655	23,269	10,071	13,198
Higher Education	1,679,688	1,699,267	1,729,260	(29,993)
Human Services	330,155	157,316	119,561	37,755
Judicial Branch	43,387	61,542	57,593	3,949
Labor and Employment	605,269	610,341	446,557	163,784
Law	36,125	36,364	7,479	28,885
Legislative Branch	13,505	13,505	4,726	8,779
Local Affairs	302,728	341,829	217,646	124,183
Military and Veterans Affairs	2,952	2,952	2,562	390
Natural Resources	936,303	1,016,332	442,564	573,768
Personnel & Administration	494,724	499,297	488,157	11,140
Public Health and Environment	38,188	108,316	10,685	97,631
Public Safety	126,099	126,649	61,821	64,828
Regulatory Agencies	13,392	14,016	3,726	10,290
Revenue	773,133	892,237	848,042	44,195
State	3,982	4,040	601	3,439
Transportation	3,240,139	3,496,345	992,684	2,503,661
Treasury	2,065,023	2,073,563	1,902,903	170,660
Budgets/Transfers Not Recorded by Department	6,089	6,089	6,090	(1)
SUB-TOTAL OPERATING BUDGETS	15,202,016	15,711,479	11,681,703	4,029,776
Capital and Multi-Year Budgets:				
Departmental:				
Natural Resources	32,225	75,662	17,334	58,328
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	32,225	75,662	17,334	58,328
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 15,234,241	$ 15,787,141	11,699,037	$ 4,088,104
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 2,432,263	

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES,
AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - NONAPPROPRIATED FEDERALLY FUNDED
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 3,994,202	
TOTAL REVENUES AND TRANSFERS-IN			3,994,202	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,961	$ 10,696	4,930	$ 5,766
Corrections	4,167	6,415	5,150	1,265
Education	648,234	827,091	594,834	232,257
Governor	6,456	66,726	25,798	40,928
Health Care Policy and Financing	257,441	369,324	312,389	56,935
Higher Education	29,562	384,922	280,738	104,184
Human Services	308,814	1,291,095	1,106,724	184,371
Judicial Branch	9,939	26,403	21,270	5,133
Labor and Employment	117,751	203,628	110,614	93,014
Law	1,828	1,828	1,749	79
Legislative Branch	-	-	-	-
Local Affairs	80,705	336,387	135,458	200,929
Military and Veterans Affairs	215,303	31,264	16,670	14,594
Natural Resources	27,100	140,130	74,344	65,786
Personnel & Administration	-	365	270	95
Public Health and Environment	277,764	416,718	275,887	140,831
Public Safety	56,736	426,864	103,960	322,904
Regulatory Agencies	1,269	9,327	4,698	4,629
Revenue	824	3,147	1,016	2,131
State	-	1,354	841	513
Transportation	718,110	901,427	701,759	199,668
Treasury	103,004	114,652	114,652	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,868,968	5,569,763	3,893,751	1,676,012
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 2,868,968	$ 5,569,763	3,893,751	$ 1,676,012
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 100,451	

SCHEDULE OF TABOR REVENUE AND COMPUTATIONS

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Fiscal Year 2017-18	Fiscal Year 2016-17	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 6,957,330,741	$ 6,217,352,254	$ 739,978,487	11.9%
Sales and Use Tax, Net	3,235,912,170	2,986,889,660	249,022,510	8.3%
Corporate Income Tax, Net	736,021,976	467,410,554	268,611,422	57.5%
Insurance Taxes	303,594,443	290,502,910	13,091,533	4.5%
Tobacco Products Tax, Net	50,982,130	57,789,846	(6,807,716)	-11.8%
Fiduciary Income Tax, Net	48,700,734	45,469,559	3,231,175	7.1%
Alcoholic Beverages Tax, Net	46,487,583	44,993,816	1,493,767	3.3%
Interest and Investment Income	18,123,754	14,249,805	3,873,949	27.2%
Court and Other Fines	9,203,005	23,414,532	(14,211,527)	-60.7%
Business Licenses and Permits	7,453,344	5,314,217	2,139,127	40.3%
Miscellaneous Revenue	1,598,058	1,830,729	(232,671)	-12.7%
General Government Service Fees	667,032	315,724	351,308	111.3%
Gaming and Other Taxes	516,022	578,949	(62,927)	-10.9%
Other Charges For Services	42,542	20,081	22,461	111.9%
Estate and Inheritance Taxes	-	(31,700)	31,700	-100.0%
TOTAL GENERAL-FUNDED REVENUES	11,416,633,534	10,156,100,936	1,260,532,598	12.4%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	658,463,068	630,990,319	27,472,749	4.4%
Motor Vehicle Registrations	280,279,899	266,685,397	13,594,502	5.1%
Business Licenses and Permits	175,823,163	169,412,205	6,410,958	3.8%
Court and Other Fines	174,692,569	172,313,824	2,378,745	1.4%
Other Charges For Services	161,187,329	153,669,337	7,517,992	4.9%
Severance Taxes	132,827,140	12,619,042	120,208,098	952.6%
Gaming and Other Taxes	105,879,363	102,835,083	3,044,280	3.0%
Health Service Fees	79,435,462	731,250,340	(651,814,878)	-89.1%
General Government Service Fees	70,193,136	63,753,589	6,439,547	10.1%
Miscellaneous Revenue	69,091,036	20,494,814	48,596,222	237.1%
Interest and Investment Income	62,050,575	49,936,280	12,114,295	24.3%
Rents and Royalties	60,113,530	55,339,198	4,774,332	8.6%
Driver's Licenses	45,855,931	42,403,181	3,452,750	8.1%
Sales and Use Tax, Net	42,921,159	64,305,919	(21,384,760)	-33.3%
Local Governments and Authorities	35,465,294	32,432,799	3,032,495	9.4%
Nonbusiness Licenses and Permits	34,334,358	36,379,181	(2,044,823)	-5.6%
Employment Taxes	34,245,305	32,507,078	1,738,227	5.3%
Certifications and Inspections	25,091,657	24,482,392	609,265	2.5%
Public Safety Service Fees	21,186,165	23,419,927	(2,233,762)	-9.5%
Insurance Taxes	17,096,515	11,010,200	6,086,315	55.3%
Higher Education Auxiliary Sales and Services	6,437,136	4,554,796	1,882,340	41.3%
Educational Fees	6,360,490	6,145,658	214,832	3.5%
Sales of Products	2,969,485	2,538,713	430,772	17.0%
Welfare Service Fees	1,091,995	1,008,783	83,212	8.2%
Alcoholic Beverages Tax, Net	762,525	716,447	46,078	6.4%
Other Excise Taxes, Net	391,759	243,381	148,378	61.0%
Estate and Inheritance Taxes	758	-	758	N/A
Tobacco Products Tax, Net	390	438	(48)	-10.9%
TOTAL PROGRAM REVENUES	2,304,247,192	2,711,448,321	(407,201,129)	-15.0%
Requalification of Western State Colorado University as a TABOR Enterprise	-	24,171,043	(24,171,043)	
Other Agency Revenues from Requalification of Western State Colorado University as a TABOR Enterprise	-	(63,514)	63,514	
TOTAL CASH-FUNDED REVENUE	2,304,247,192	2,735,555,850	(431,308,658)	-15.8%
TOTAL NONEXEMPT REVENUE	$ 13,720,880,726	$ 12,891,656,786	$ 829,223,940	6.4%

STATE OF COLORADO
SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2018

	FISCAL YEAR 2016-17	FISCAL YEAR 2017-18
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 44,583,527,282	$ 48,097,074,059
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	10,618,379,415	11,568,285,214
Colorado Healthcare Affordability and Sustainability Enterprise	-	3,310,867,117
CollegeInvest	704,500,649	777,595,435
State Lottery	563,096,231	622,320,424
College Assist	600,754,217	540,409,415
Unemployment Compensation Section	519,152,945	444,422,991
Parks and Wildlife	281,272,127	315,167,828
Correctional Industries	75,979,315	92,974,194
State Nursing Homes	84,907,496	90,791,740
Petroleum Storage Tank Fund	40,310,963	37,621,298
Statewide Transportation Enterprise	23,502,067	21,890,869
Statewide Bridge Enterprise	21,910,988	20,201,311
Brand Board	8,192,797	8,726,704
Clean Screen Authority	4,562,319	3,314,143
Capitol Parking Authority	966,673	851,756
Electronic Recording Technology Fund	14,198	97,759
Subtotal Enterprise Expenses	13,547,502,400	17,855,538,198
Total District Expenditures	31,036,024,882	30,241,535,861
Less Exempt District Revenues:		
Interfund Transfers	7,132,670,428	8,030,077,723
Federal Funds	8,690,444,369	7,047,690,375
Voter Approved Revenue Changes (Note 8)	876,407,717	1,023,117,034
Other Sources and Additions (Note 7)	806,703,290	847,158,445
Damage Awards	107,962,725	197,267,370
Gifts	67,512,420	165,341,268
Property Sales	122,106,087	117,685,925
Exempt Investment Income	(19,219,410)	(39,672,595)
Subtotal Exempt District Revenues	17,784,587,626	17,388,665,545
Nonexempt District Expenditures	13,251,437,256	12,852,870,316
District Reserve/Fund Balance Increase (Decrease)	76,373,948	849,500,024
Excess TABOR Revenues	(436,154,418)	18,510,386
Total Nonexempt District Revenues	12,891,656,786	13,720,880,726
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 6,674,746,577	$ 6,193,393,968
Prior Period District Fund Balance Adjustments (Note 11)	(5,198,714)	(18,734,901)
(Qualification)/Disqualification of Enterprises (Note 14)	(116,373,425)	(39,703,097)
District Reserve/Fund Balance Increase (Decrease)	76,373,948	849,500,024
Retention of Revenues in Excess of the Limit C.R.S. 24-77-103.6(1)(a)	(436,154,418)	18,510,386
Ending District Fund Balance	$ 6,193,393,968	$ 7,002,966,380

FISCAL YEAR 2017-18 COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
FY 2016-17 Limit	$ 10,761,666,608	$ 13,327,811,204
Other Agency Revenues From Qualification of Enterprises (Note 14)	63,514	63,514
Qualification of Enterprises (Note 14)	(24,171,043)	(24,171,043)
FY 2016-17 Adjusted Limit	$ 10,737,559,079	$ 13,303,703,675
Allowable TABOR Growth Rate (Note 12)	4.5%	4.5%
FY 2017-18 Unadjusted Limit	$ 11,220,749,237	$ 13,902,370,340
C.R.S. 24-77-103.6(6)(b)(I)(C)	-	(200,000,000)
FY 2017-18 Adjusted Limit	11,220,749,237	13,702,370,340
Less Fiscal Year 2017-18 Nonexempt District Revenues	(13,720,880,726)	(13,720,880,726)
Amount (Over)Under Adjusted Limit FY 2017-18	$ (2,500,131,489)	$ (18,510,386)

FY 2014-15 Remaining Amount in Excess of the Limit to be refunded in the next refund year	$ 21,326,788
Amount to be Refunded for Fiscal Year 2017-18	$ 39,837,174
FY 2017-18 Retention of Revenues in Excess of the Limit (not refundable) C.R.S. 24-77-103.6(1)(b)	$ 2,481,621,103

NOTES TO THE TABOR SCHEDULE OF REQUIRED COMPUTATIONS

NOTE 1. PURPOSE OF THE SCHEDULE OF REQUIRED COMPUTATIONS

The purpose of the Schedule of Required Computations is to determine and document compliance with Title 24 Article 77 of the Colorado Revised Statutes, which is the implementing statute for Article X Section 20 of the State Constitution (TABOR). The report is required to include at a minimum State fiscal year spending, reserves, revenues, and debt. The schedule also includes a calculation of the limit on fiscal year spending, a calculation of the excess State revenues cap under Referendum C (See Note 9), and the amount required to be refunded or the amount of excess revenue retained by law, as well as all related adjustments.

TABOR has many provisions including a requirement for a vote of the people for new taxes or tax rate increases and a limit on the amount of fiscal year spending. Fiscal year spending is defined as District expenditures and reserve increases except those expended from exempt sources, such as gifts, federal funds, damage awards, property sales, reserves, and other items. This definition, while focused on spending is essentially a limitation on revenue retention because reserve increases are unspent revenues. Therefore, the terms fiscal year spending and nonexempt revenue are used interchangeably throughout these notes.

The limit on revenue retention is based on an allowable growth percentage (See Note 12) applied to the lesser of the prior year's revenues or the prior year's limit. Revenues in excess of the limit are required to be refunded to taxpayers unless voters approve retention of the excess. In the 2005 general election, voters approved Referendum C, which allowed the State to retain revenues in excess of the limit for a five-year period. Beginning in Fiscal Year 2010-11, under Referendum C provisions, revenues are refunded only when they exceed the excess State revenues cap (See Note 9).

NOTE 2. BASIS OF ACCOUNTING

Pursuant to Article 77 of Title 24, Colorado Revised Statutes, this report is prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities except where an irreconcilable difference exists between GAAP, and State statute or the provisions of Article X Section 20 of the State Constitution (TABOR). The accounting principles used by the State are more fully described in Note 1 to the Financial Statements.

NOTE 3. DEFINITION OF THE DISTRICT

TABOR defines the District as "the State or any local government, excluding enterprises." It further defines an enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10 percent of annual revenue in grants from all Colorado state and local governments combined."

The General Assembly, for the purpose of implementing TABOR, stated in C.R.S. 24-77-102(16)

(a) that "State" means the central civil government of the State of Colorado, which consists of the following:

(I) the legislative, executive, and judicial branches of government established by Article III of the State Constitution;

(II) all organs of the branches of government specified in subparagraph (I) of paragraph (a) of this subsection (16), including the departments of the executive branch; the legislative houses and agencies; and the appellate and trial courts and court personnel; and

(III) State institutions of higher education.

(b) "State" does not include:

(I) any enterprise [including an institution or group of institutions of higher education that has been designated as an enterprise];

(II) any special purpose authority;

(III) any organization declared to be a joint governmental entity.

The General Assembly has designated the following as enterprises excluded from the District:

- State Lottery,
- College Assist,
- CollegeInvest,
- Division of Parks and Wildlife,
- State Nursing Homes,
- Division of Correctional Industries,
- Petroleum Storage Tank Fund,
- State Fair Authority,
- Division of Brand Inspection,
- Clean Screen Authority,
- Capitol Parking Authority,
- Statewide Transportation Enterprise,
- Statewide Bridge Enterprise,
- Unemployment Insurance Enterprise,
- Electronic Recording Technology Fund,
- Colorado Healthcare Affordability and Sustainability Enterprise.

It further established a statutory mechanism that allows the governing boards of institutions of higher education to designate certain auxiliary operations as enterprises, which are also exempt from TABOR. Senate Bill 189 enacted in the 2004 legislative session expanded the authority for each governing board of State institutions of higher education to designate the entire institution as a TABOR exempt enterprise. The Board of Regents of the University of Colorado designated the entire University of Colorado as an enterprise during Fiscal Year 2004-05, and the remaining boards designated their institutions as enterprises in Fiscal Year 2005-06. The Auraria Higher Education Center Board of Directors did not designate all of its activities as a TABOR enterprise, but it continues to have selected activities designated as a TABOR enterprise.

Although the General Assembly and governing boards have designated certain enterprises as exempt from TABOR, those enterprises must continue to meet the criteria of a government-owned business authorized to issue its own revenue bonds and to receive less than 10 percent of its revenue in grants from all Colorado state and local governments combined. The State Fair Authority remained disqualified as an enterprise for Fiscal Year 2017-18.

NOTE 4. DEBT

Certificates of Participation, which are used by the State for long-term lease purchases, are not considered debt of the State for purposes of this report as provided by C.R.S. 24-30-202(5.5).

In interrogatories submitted by the General Assembly regarding House Bill 99-1325, the Colorado Supreme Court ruled that Transportation Revenue Anticipation Notes (TRANS) issued by the Colorado Department of Transportation do not constitute debt of the State as defined in Article XI Section 3 of the State Constitution. However, the Supreme Court ruled that the TRANS are a multiple-fiscal year obligation as defined by Article X Section 20 of the State Constitution, thus requiring an approving election before issuance.

NOTE 5. EMERGENCY RESERVES

TABOR requires the reservation, for declared emergencies, of three percent or more of fiscal year spending, excluding bonded debt service payments. This requirement for Fiscal Year 2017-18 totals $411,626,422. At June 30, 2018 the net assets of the following funds were designated as the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund – $83,000,000. Only $73,436,945 of this fund’s balance was restricted since, at June 30, 2018 its net assets were less than $83,000,000. The assets restricted were net cash of $70,983,582 and investments, excluding unrealized gains, of $2,453,363.
- Wildlife Cash Fund – $34,000,000.
- Perpetual base account of the Severance Tax Fund – $33,000,000.
- Colorado Water Conservation Board Construction Fund – $33,000,000.
- Controlled Maintenance Trust Fund – $68,528,000. Only $61,728,938 of this fund’s net assets were restricted, all of it cash, since at June 30, 2018 its net assets were less than $68,528,000. During the fiscal year, $8,450,000 was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through seven executive orders, to pay for the costs of fighting wildfires and other purposes.
- Unclaimed Property Tourism Promotion Trust Fund - $5,000,000.

The 2017 legislative session Long Appropriations Act designated up to $160,272,000 of State properties as the remainder of the Fiscal Year 2017-18 emergency reserve.

The estimate of the needed reserve was based on the December 2017 revenue estimate prepared by Legislative Council. Because the revenues subject to the TABOR reserve requirement were more than available in the designated funds as detailed above, the amount restricted for the reserve was $11,188,539 less than required by the State Constitution. There is no process by which the General Assembly can adjust the designated reserve after the end of the legislative session when the total TABOR revenues are finally known. In the event of an emergency that exceeds the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 6. STATUS OF REFUNDING

For fiscal years prior 2017-18, when TABOR refunds were required they were distributed to individual State taxpayers based on various statutory income tax refund mechanisms. The Department of Revenue continues to distribute TABOR refunds for prior fiscal years through the income tax refund process using estimates of the number of taxpayers expected to qualify for the TABOR refund. Because the exact number of qualifying taxpayers cannot be known in advance, the estimates result in over or under distribution of the required refund throughout the four-year period allowed for amended tax returns.

With the enactment of Senate Bill 17-267, the Legislature declared that commencing in Fiscal Year 2017-18, the TABOR refund mechanism is the reimbursement to local government treasuries of property tax revenue lost due to the senior and disabled veteran property tax exemption. According to C.R.S. 39-3-209(2), "The lesser of all reimbursement paid by the state treasurer to each treasurer as required by section 39-3-207(4) for the property tax year that commenced during the state fiscal year or an amount of such reimbursement equal to the amount of excess state revenues for the state fiscal year that are required to be refunded is a refund of such excess state revenues."

Regardless of the refund mechanism, C.R.S. 24-77-103.8 requires that under-distributions of refunds be carried forward to subsequent years and added to the required refund in a future year when revenue is over the spending limit. Over-distributions of refunds, pursuant to C.R.S. 24-77-103.7, are also carried forward to subsequent years and are used to offset any future refund liability. The amount of the over/under carry forward is to be applied in the year following the year in which the refund is required to be made, which results in a two-year lag between the recording of the excess revenue and the adjustment for over or under refunds of those excess revenues.

At the beginning of Fiscal Year 2017-18 the State had an outstanding TABOR refund liability of $21,807,393. During the year $480,605 was refunded to taxpayers from the Fiscal Year 2014-15 liability, when revenue last exceeded the spending limit. Before calculation of the amount over/under the excess State revenues cap for Fiscal Year 2017-18, the amount left to refund was thus reduced to $21,326,788. In Fiscal Year 2017-18 nonexempt revenue again exceeded the excess State revenues cap by $18,510,386. The resulting liability at June 30, 2018 was $39,837,174.

NOTE 7. OTHER SOURCES AND ADDITIONS

The $847.2 million reported in this line item primarily comprises: $405.8 million of pension and other employee benefit trust fund investment earnings and additions by the State and participants; $177.6 million of proceeds from the issuance of certificates of participation; $139.1 million of revenue to permanent funds and trusts; $18.1 million of local government expenditures recorded by the State as revenues and expenditures to meet grant matching-funds requirements; and $88.2 million of other miscellaneous revenue.

NOTE 8. VOTER APPROVED REVENUE CHANGES

When State voters approve a revenue change, the resulting revenues are exempt from the TABOR limit on fiscal year spending. The following revenue changes were approved by voters:

- In the 1998 general election, voters approved a citizen-initiated law, C.R.S. 25-8-501.1 – Regulation of Commercial Hog Facilities, which instituted a permit fee. The State collected $59,562 and $59,142 from this exempt source in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 14 to Article XVIII of the State Constitution. This amendment allowed the use of marijuana for medical purposes and authorized the Department of Public Health and Environment to charge a fee for the issuance of a permit for such purpose. The State recorded $1,647,470 and $1,425,668 including interest and unrealized gains/losses from this revenue source in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 17 to Article IX of the State Constitution. This amendment created the State Education Fund and diverted the revenues from a tax of one-third of one percent on taxable income of individuals, corporations, estates, and trusts from the General Fund to the State Education Fund. It also exempted the revenue from TABOR. The amendment was effective January 1, 2001, and resulted in $617,552,518 and $542,028,380 of tax revenues, interest, and unrealized gains/losses, being excluded from fiscal year spending in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2004 general election, voters approved a citizen-initiated amendment that added Section 21 to Article X of the State Constitution. The amendment authorized additional cigarette and tobacco taxes (3.2 cents per cigarette and 20 percent of manufacturer's list price for other tobacco products) effective January 1, 2005. The amendment specified the use of the tax revenue generated for specific health related programs, and it exempted the revenue from the TABOR limitations. The State recorded $146,991,846 and $147,216,201 of tax revenues, interest, transfers, and unrealized gains/losses from this exempt source in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2005 general election, Colorado voters approved Referendum C – a measure referred to the voters by the Legislature. The referendum allowed the State to retain revenues in excess of the TABOR limit for a period of five years, and it stated that the excess revenue retained qualified as a voter approved revenue change. However, in order to determine the amount retained, the Schedule of Required Computations includes the retained amount as nonexempt revenue. Therefore, the retained amount is not reported in this note as a voter approved revenue change (See Note 9).
- In the 2008 general election, voters approved an amendment required to implement locally approved changes to the parameters for Limited Gaming under Section 9(7) of Article XVIII of the Colorado Constitution. This amendment allowed the residents of Central City, Black Hawk, and Cripple Creek to vote to extend casino hours, approve additional games and increase the maximum single bet limit. It required distribution of most of the gaming tax revenue that resulted from the new gaming limits to Colorado community colleges and to gaming cities and counties, and it exempted the new revenue from state and local revenue and spending limits. The State collected $20,232,009 and $15,419,142 of extended limited gaming revenue in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2013 general election, Colorado voters approved Proposition AA, a measure referred to the voters by the Legislature. The proposition authorized a 15 percent state excise tax on the average

wholesale price of retail marijuana, and, in addition to the existing 2.9 percent state sales tax, an additional 10 percent state sales tax on retail marijuana and retail marijuana products, effective January 1, 2014. The amendment specified the use of the excise tax revenue generated for public school construction (for the first $40.0 million collected) with any additional excise revenue generated to be used for marijuana regulation.

With the enactment of Senate Bill 267 in the 2017 legislative session, the retail marijuana sales tax rate increased from 10 percent to 15 percent and exempted the 2.9 percent sales tax. The State's share of the retail tax increased from 85 percent to 90 percent. These changes took effect on July 1, 2017. The 15 percent excise tax on the wholesale price of retail marijuana still applies.

The State recorded $68,435,222 of state excise tax and $168,198,408 of retail marijuana state sales tax revenues from these exempt sources in Fiscal Year 2017-18. In the prior fiscal year, the State recorded $71,915,551 and $98,343,634, respectively, from these two sources.

NOTE 9. REFERENDUM C

Referendum C was placed on the ballot by the General Assembly and was approved by voters in the November 2005 election. It contained the following provisions:

- The State was authorized to retain and spend all revenues in excess of the limit on fiscal year spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constituted a voter approved revenue change.
- After July 1, 2010, the State is allowed to retain revenues in excess of the limit on fiscal year spending up to a newly defined excess State revenues cap (ESRC). The excess State revenues cap is the highest population and inflation-adjusted nonexempt revenue amount in the period from July 1, 2005, to June 30, 2010, also adjusted for qualification and disqualification of enterprises. This provision effectively disabled the ratchet down provision of TABOR during the five-year period. (The term "ratchet down" is used to describe the TABOR provision that requires each year's base for calculating the limit to be the lesser of the prior year's revenues or the prior year's limit.)
- In the 2017 legislative session, enactment of Senate Bill 17-267 lowered the ESRC base by $200 million. This one-time change took effect in Fiscal Year 2017-18 and permanently modifies future year calculations of the amount over or under the ESRC. The revised ESRC in Fiscal Year 2017-18 sets a new base which will continue to increase (or decrease) in future years by the combined percentage change in population and inflation.
- A General Fund Exempt Account was created within the General Fund to consist of the retained revenues for each fiscal year of the retention period. The Legislature appropriates money in the account for health care, education (including related capital projects), firefighter and police pension funding (for local governments), and strategic transportation projects.
- The Director of Research of the Legislative Council is required to report the amount of revenues retained with a description of how the retained revenues were expended.
- The State Controller's annual report demonstrating compliance with the statutes implementing TABOR is required to include the amount of revenues that the State is authorized to retain and expend.

With the end of the Referendum C five-year excess revenue retention period, the State was subject to an ESRC starting in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds.

Since the inception of Referendum C in Fiscal Year 2005-06 the State has retained $19,215,296,983 -- $3,593,602,662 during the initial five-year revenue retention period, and an additional $15,621,694,321 due to the ESRC exceeding the Fiscal Year Spending limit in Fiscal Years 2010-11 through 2017-18.

NOTE 10. DISTRICT RESERVES

District reserves are the cumulative fund balances of the State reported in the State's Comprehensive Annual Financial Report at the fund level rather than the government-wide level. District reserves therefore exclude capital assets, liabilities that are not recorded in governmental funds at the fund level (primarily long-term liabilities), as well as net assets of the TABOR enterprises. The majority of these funds include balances not available for general appropriation due to legal and contractual restrictions.

NOTE 11. PRIOR PERIOD DISTRICT FUND BALANCE ADJUSTMENTS AND ACCOUNTING CHANGES

Prior period District fund balance adjustments decreased the TABOR District fund balance in total by $18,734,901.

PRIOR PERIOD ADJUSTMENTS –

- The Department of Corrections decreased the district's net assets by $1,200,967 to adjust for misstatements of net position in capital construction funds in the prior fiscal year.
- The Governor's Office of Information Technology decreased the district's net assets by $500,000 for project expenditures that should have been recorded in Fiscal Year 2016-17.
- The Department of Natural Resources increased the district's net assets by $220,429 to correct for a misstatement of net position in the Division of Parks and Wildlife.

ACCOUNTING CHANGES –

- The Office of the State Controller decreased the district's net assets by $15,272,060, for certain State entities, due to implementation of GASB Statement No. 75.
- The Office of the State Controller also decreased the district's net assets by $19,100 to adjust pass-through State grants in the Department of Health Care Policy and Financing.
- The Auraria Higher Education Center decreased the district's net assets by $1,963,203 to adjust the allocation of Fiscal Year 2017-18 pension costs.

NOTE 12. SOURCES OF TABOR GROWTH LIMIT

The allowable percentage increase in State fiscal year spending equals the sum of inflation and the percentage change in State population in the calendar year ending six months prior to the start of the fiscal year. Inflation is defined in C.R.S. 24-77-102(8) as "the percentage change in the consumer price index for the Denver-Boulder Consolidated Metropolitan Statistical Area For All Urban Consumers, All Goods, as published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor index." The Bureau of Labor Statistics' successor index beginning with the Fiscal Year 2017-18 Schedule of Computations is the index for the Denver-Aurora-Lakewood area.

The 4.5 percent allowable growth rate comprises a 1.7 percent increase for population growth (census date population for 2016 compared to census date population for 2015) and a 2.8 percent increase for inflation.

NOTE 13. SPENDING LIMIT ADJUSTMENTS FOR PRIOR YEAR ERRORS

With the addition of the excess State revenues cap, spending limit adjustments only impact the calculation of the Fiscal Year Spending Limit. In Fiscal Year 2017-18 there were no prior year revenue recognition errors, therefore there were no adjustments to the Fiscal Year 2016-17 Fiscal Year Spending Limit.

NOTE 14. ENTERPRISE QUALIFICATION AND DISQUALIFICATION

The TABOR amendment to the State Constitution specifies that qualification and disqualification of enterprises shall change the District base. In order to ensure comparability between the base and current year nonexempt revenue, when an activity qualifies as an enterprise the base is reduced by the activity's prior year nonexempt revenue offset by revenue that would have been counted as nonexempt due to the activity's interaction with other State agencies. When a TABOR enterprise becomes disqualified, its current year nonexempt revenue is added to the base after application of the population and inflation growth adjustment and its prior year payments to other State agencies are removed from the base (before application of the allowable growth rate).

In Fiscal Year 2017-18, Western State Colorado University re-qualified as a TABOR enterprise upon receiving less than ten percent of its revenues directly from the State and local governments. (See Note 3.) In the prior fiscal year, Western State Colorado University had been nonexempt from TABOR spending limits.

To neutralize the effect of the change in enterprise status in computing both the Fiscal Year 2017-18 spending limit and the excess State revenues cap, $24,171,043 was deducted from the Fiscal Year 2016-17 spending limit and the excess State revenues cap before application of the current year 4.5% allowable growth rate. This amount was Western State Colorado University's nonexempt District revenue from Fiscal Year 2016-17.

The fiscal year spending limit and the excess State revenues cap were also adjusted by adding $63,514 before application of the 4.5% growth rate. This is the amount that Western State Colorado University paid to non-TABOR enterprises in Fiscal Year 2016-17 that would have crossed the District boundary had it been a TABOR enterprise in the prior year.

The Qualification/Disqualification of Enterprises line in the Computation of District Fund Balance Changes section shows a decrease in fund balance of $39,703,097 – an adjustment to the prior year District fund balance for the re-qualification of Western State Colorado University as a TABOR enterprise. The adjustment is necessary because the funds of TABOR enterprises are not included in the TABOR District. (See Note 3.)

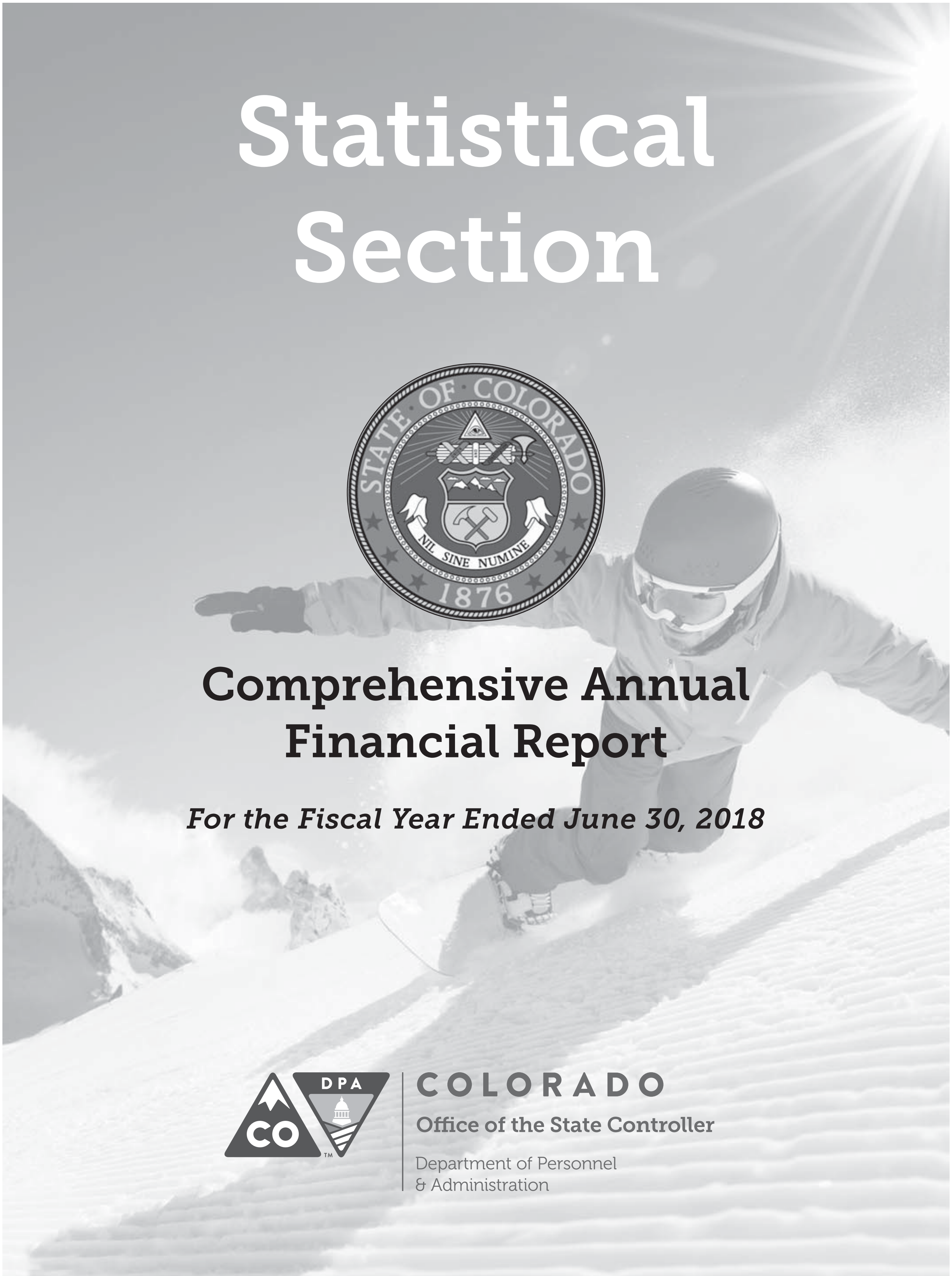
NOTE 15. TREATMENT OF AMOUNTS HELD FOR FUTURE REFUND

C.R.S. 24-77-103.5 requires that errors in the amount to be refunded be corrected in the year they are discovered. In Fiscal Year 2017-18 there were no errors affecting the amount of the Fiscal Year 2014-15 refund.

Fiscal Year 2014-15 excess revenue refundable to taxpayers at June 30, 2017 was $21,807,393. During Fiscal Year 2017-18, $480,605 was reimbursed to taxpayers. With Fiscal Year 2017-18 nonexempt revenues exceeding the excess State revenues cap by $18,510,386, the refund payable at June 30, 2018 was $39,837,174. (See Note 6.)

NOTE 16. FUTURE REFUNDS

In the 2017 legislative session, Senate Bill 267 established the Senior and Disabled Veterans Property Tax exemption as the TABOR refund mechanism, beginning in Fiscal Year 2017-18. The lesser of the State's reimbursement to local governments for the loss in property tax revenue due to the exemption, or the amount of the State's nonexempt revenue exceeding the Excess State Revenues Cap to be reimbursed, is the TABOR refund. Section 27 of the Act (amending C.R.S. 39-22-627) calls for the temporary adjustment of the state income tax rate from 4.63 percent to 4.5 percent, for any year in which the amount of excess nonexempt revenue to be reimbursed is greater than the senior and veterans property tax exemption payable to local government treasuries, plus the estimated decrease by which nonexempt revenue would be reduced by the reduction in the state income tax rate.



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

COLORADO
Office of the State Controller
Department of Personnel
& Administration

STATISTICAL SECTION

This section of the State of Colorado's Comprehensive Annual Financial Report presents detailed current and historical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

FINANCIAL TRENDS	These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time at both the entity wide and fund-level perspectives.
REVENUE CAPACITY	These schedules contain information to help the reader assess the factors affecting the State's ability to generate and retain major revenue streams including income and sales taxes.
DEBT CAPACITY	These schedules present information to help the reader assess the sustainability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.
DEMOGRAPHIC AND ECONOMIC INFORMATION	These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.
OPERATING INFORMATION	These schedules contain information about the State's operations and resources to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

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

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 3,107,217	$ 2,567,219	$ 2,703,416	$ 2,696,950
Investments	-	-	-	-
Taxes Receivable, net	1,476,297	1,325,689	1,251,185	1,252,907
Other Receivables, net	654,761	717,660	572,655	450,805
Due From Other Governments	754,910	524,240	440,053	787,269
Internal Balances	38,459	26,262	28,967	28,022
Due From Component Units	18	154	347	135
Inventories	52,102	54,152	53,261	54,194
Prepaids, Advances and Deposits	84,277	72,047	67,468	67,917
Total Current Assets	6,168,041	5,287,423	5,117,352	5,338,199
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,589,926	1,493,996	1,923,920	2,140,729
Restricted Investments	847,587	867,572	732,662	761,140
Restricted Receivables	633,173	587,580	510,028	363,300
Investments	449,308	255,069	219,369	280,100
Other Long-Term Assets	613,249	614,932	675,809	636,260
Depreciable Capital Assets and Infrastructure, net	10,242,384	9,994,890	9,976,023	9,772,651
Land and Nondepreciable Capital Assets	1,914,285	2,041,812	1,851,910	1,968,227
Capital Assets Held as Investments	42,896	42,899	33,055	-
Total Noncurrent Assets	16,332,808	15,898,750	15,922,776	15,922,407
TOTAL ASSETS	22,500,849	21,186,173	21,040,128	21,260,606
DEFERRED OUTFLOW OF RESOURCES:	2,563,034	3,503,643	818,761	350,796
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	918,688	886,992	856,076	669,992
Accounts Payable and Accrued Liabilities	1,369,262	1,165,137	1,166,681	1,367,263
TABOR Refund Liability (Note 2B)	39,837	21,807	31,358	173,346
Due To Other Governments	306,883	395,627	232,724	233,087
Due To Component Units	-	-	-	-
Unearned Revenue	185,677	126,307	123,769	100,467
Accrued Compensated Absences	12,758	11,865	11,522	12,185
Claims and Judgments Payable	42,812	46,369	46,343	47,682
Leases Payable	25,789	28,254	28,261	27,760
Notes, Bonds, and COPs Payable	55,515	46,990	171,835	200,975
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	22,837	27,678	29,525	19,052
Total Current Liabilities	2,980,058	2,757,026	2,698,094	2,851,809
Noncurrent Liabilities:				
Deposits Held In Custody For Others	136	116	90	139
Accrued Compensated Absences	162,645	158,435	154,510	149,817
Claims and Judgments Payable	180,865	260,535	276,010	299,785
Capital Lease Payable	106,084	113,899	122,404	144,569
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	-	-	-	-
Notes, Bonds, and COPs Payable	1,379,778	1,266,507	1,174,467	1,331,892
Due to Component Units	-	-	-	-
Net Pension Liability	11,933,852	10,919,603	6,295,004	5,565,526
Other Postemployment Benefits	272,038	-	-	-
Other Long-Term Liabilities	457,567	407,912	415,669	423,809
Total Noncurrent Liabilities	14,492,965	13,127,007	8,438,154	7,915,537
TOTAL LIABILITIES	17,473,023	15,884,033	11,136,248	10,767,346
DEFERRED INFLOW OF RESOURCES:	560,903	98,746	133,375	47,262
Net investment in Capital Assets:	10,879,491	14,071,021	11,330,474	10,654,690
Restricted for:				
Construction and Highway Maintenance	885,775	915,033	966,743	936,535
Education	295,468	107,012	309,957	766,688
Unemployment Insurance	-	-	-	-
Debt Service	91,950	79,966	68,105	56,534
Emergencies	201,166	194,369	217,328	217,328
Permanent Funds and Endowments:				
Expendable	8,267	7,643	5,801	7,301
Nonexpendable	1,087,000	1,020,225	950,976	896,872
Other Purposes	831,995	671,306	717,185	626,649
Unrestricted	(7,251,155)	(8,359,538)	(3,977,303)	(3,365,803)
TOTAL NET POSITION	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794

GOVERNMENTAL ACTIVITIES

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 2,302,356	$ 2,549,620	$ 1,969,331	$ 1,548,435	$ 1,962,934	$ 2,217,711
8,460	3,497	1,726	45,548	15,224	1,498
1,224,629	1,118,329	1,012,147	830,730	857,246	920,086
210,062	189,937	156,126	147,768	158,060	182,540
570,721	369,249	318,460	486,655	516,248	475,997
19,336	23,801	15,964	18,620	14,153	14,617
54	119	137	62	84	66
53,125	55,319	17,057	19,837	16,468	16,183
73,025	57,465	53,961	56,543	38,591	33,244
4,461,768	4,367,336	3,544,909	3,154,198	3,579,008	3,861,942
2,554,938	1,798,432	1,779,413	1,635,476	1,572,925	1,813,365
657,772	598,209	591,083	1,097,797	687,314	694,311
258,107	176,055	181,932	173,347	195,753	184,120
428,321	464,535	416,674	52,343	529,059	98,815
686,349	740,735	712,736	761,498	644,867	600,020
9,600,423	9,312,959	9,602,516	9,331,295	9,689,916	2,360,036
1,931,832	2,170,769	1,903,604	1,780,945	1,637,224	10,480,438
-	-	-	-	-	-
16,117,742	15,261,694	15,187,958	14,832,701	14,957,058	16,231,105
20,579,510	19,629,030	18,732,867	17,986,899	18,536,066	20,093,047
18,289	-	-	-	-	-
718,211	718,077	661,829	625,145	664,781	633,722
1,043,961	742,225	677,471	785,496	847,550	779,008
706	706	706	706	706	706
245,300	198,953	228,229	216,956	181,684	223,415
15	81	-	-	-	-
92,674	95,026	125,174	111,506	128,404	150,632
10,470	10,955	9,859	9,741	10,287	8,930
61,623	46,873	44,858	44,641	44,181	36,936
26,941	20,004	14,387	12,872	11,384	8,227
187,910	174,340	162,670	145,165	642,445	637,066
-	-	-	-	-	-
19,979	14,834	16,531	13,748	20,432	9,818
2,407,790	2,022,074	1,941,714	1,965,976	2,551,854	2,488,460
139	17	16	14	13	16
145,992	138,413	132,394	137,139	138,224	140,675
301,591	323,451	330,516	340,003	347,394	358,371
148,055	131,006	107,042	94,716	85,746	83,586
-	-	-	-	-	-
-	-	-	-	-	-
1,541,225	1,611,220	1,614,293	1,621,749	1,554,964	1,146,960
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
402,954	444,118	427,828	434,194	402,599	397,774
2,539,956	2,648,225	2,612,089	2,627,815	2,528,940	2,127,382
4,947,746	4,670,299	4,553,803	4,593,791	5,080,794	4,615,842
338	-	-	-	-	-
10,125,644	10,107,082	10,107,432	9,836,378	10,118,621	11,631,061
1,080,201	1,145,997	1,176,269	1,160,789	1,198,849	1,220,524
1,110,180	1,265,476	280,269	485,171	194,586	338,365
-	-	-	-	-	-
44,752	33,113	21,453	10,127	4,093	558
153,150	161,350	72,850	85,400	94,000	93,550
7,271	6,328	6,024	8,017	11,130	8,588
800,132	694,564	684,953	641,802	643,148	623,619
358,694	349,811	340,818	315,082	138,826	197,918
1,969,691	1,195,010	1,488,996	850,342	1,052,019	1,363,022
$ 15,649,715	$ 14,958,731	$ 14,179,064	$ 13,393,108	$ 13,455,272	$ 15,477,205

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

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 3,093,539	$ 2,846,015	$ 2,525,453	$ 2,454,684
Investments	1,827,559	549,079	392,188	378,115
Taxes Receivable, net	111,099	125,258	123,638	142,241
Other Receivables, net	601,666	490,427	640,664	430,306
Due From Other Governments	145,051	136,231	94,860	134,455
Internal Balances	(38,459)	(26,262)	(28,967)	(28,022)
Due From Component Units	16,174	23,041	18,188	11,370
Inventories	54,944	59,196	54,748	57,950
Prepaids, Advances and Deposits	29,020	31,679	28,756	28,186
Total Current Assets	5,840,593	4,234,664	3,849,528	3,609,285
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	284,025	241,268	457,926	499,742
Restricted Investments	106,798	95,280	167,540	246,783
Restricted Receivables	35,362	38,605	40,009	31,609
Investments	995,987	2,097,484	1,941,040	1,969,155
Other Long-Term Assets	130,529	129,350	129,425	129,850
Depreciable Capital Assets and Infrastructure, net	8,028,339	7,502,858	7,050,226	6,190,355
Land and Nondepreciable Capital Assets	1,843,135	1,921,788	1,652,441	1,788,595
Capital Assets Held as Investments	-	-	-	-
Total Noncurrent Assets	11,424,175	12,026,633	11,438,607	10,856,089
TOTAL ASSETS	17,264,768	16,261,297	15,288,135	14,465,374
DEFERRED OUTFLOW OF RESOURCES:	1,750,279	2,332,443	649,853	348,635
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	-	-	-	-
Accounts Payable and Accrued Liabilities	592,545	786,944	771,248	751,169
TABOR Refund Liability (Note 2B)	-	-	-	-
Due To Other Governments	64,474	46,765	38,615	22,048
Due To Component Units	44	1,249	645	623
Unearned Revenue	345,734	328,261	306,222	407,108
Accrued Compensated Absences	26,203	25,381	22,761	20,960
Claims and Judgments Payable	-	-	-	-
Leases Payable	6,529	7,292	9,132	8,618
Notes, Bonds, and COPs Payable	154,053	146,604	267,134	251,947
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	191,660	134,584	139,765	125,054
Total Current Liabilities	1,381,242	1,477,080	1,555,522	1,587,527
Noncurrent Liabilities:				
Deposits Held In Custody For Others	20	20	20	-
Accrued Compensated Absences	339,007	317,070	293,365	268,600
Claims and Judgments Payable	35,505	37,361	39,657	41,460
Capital Lease Payable	41,623	42,599	47,994	45,663
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	6,837	9,251	13,222	9,515
Notes, Bonds, and COPs Payable	4,970,288	4,638,363	4,480,091	4,418,327
Due to Component Units	1,692	1,678	1,631	1,661
Net Pension Liability	7,448,575	6,934,505	3,957,073	3,579,748
Other Postemployment Benefits	938,450	343,570	289,133	241,779
Other Long-Term Liabilities	59,956	15,863	28,569	83,521
Total Noncurrent Liabilities	13,841,953	12,340,280	9,150,755	8,690,274
TOTAL LIABILITIES	15,223,195	13,817,360	10,706,277	10,277,801
DEFERRED INFLOW OF RESOURCES:	620,945	206,047	250,058	38,380
Net investment in Capital Assets:	5,108,898	6,982,288	5,051,345	4,417,947
Restricted for:				
Construction and Highway Maintenance	-	-	-	-
Education	470,363	504,096	462,636	439,535
Unemployment Insurance	1,070,082	911,183	740,049	620,575
Debt Service	219,248	28,429	85,617	75,666
Emergencies	34,000	34,000	34,000	34,000
Permanent Funds and Endowments:				
Expendable	173,406	165,637	157,611	150,270
Nonexpendable	84,480	91,878	83,274	87,679
Other Purposes	65,961	65,961	101,209	88,686
Unrestricted	(4,055,531)	(4,213,139)	(1,734,088)	(1,416,530)
TOTAL NET POSITION	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828

BUSINESS-TYPE ACTIVITIES

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 2,246,115	$ 2,169,314	$ 2,011,437	$ 1,306,800	$ 1,176,181	$ 1,220,190
254,744	281,822	160,099	273,605	253,270	386,948
135,207	137,970	159,303	186,161	90,005	73,326
408,364	381,351	330,216	302,042	282,053	245,768
150,697	155,190	218,667	177,822	158,787	142,961
(19,336)	(23,801)	(15,964)	(18,620)	(14,153)	(14,617)
23,716	18,969	18,715	19,736	14,474	12,630
54,015	52,826	53,318	43,600	42,779	42,467
37,433	24,806	24,160	18,018	19,244	20,091
3,290,955	3,198,447	2,959,951	2,309,164	2,022,640	2,129,764
429,965	352,234	372,457	409,652	353,164	368,308
303,678	292,283	293,711	98,146	239,719	201,025
45,477	45,264	80,975	24,980	239,041	1,916,974
1,896,811	1,746,078	1,769,909	1,623,569	1,206,671	1,154,901
99,380	128,105	114,118	122,939	119,387	123,599
5,876,698	5,463,065	5,250,256	4,662,346	3,912,771	3,594,383
1,370,142	1,229,761	1,019,556	938,544	1,207,048	928,243
-	-	-	-	-	-
10,022,151	9,256,790	8,900,982	7,880,176	7,277,801	8,287,433
13,313,106	12,455,237	11,860,933	10,189,340	9,300,441	10,417,197
118,103	551	5,005	-	7,778	-
-	-	-	-	-	-
659,085	602,571	623,458	556,294	596,926	506,318
-	-	-	-	-	-
30,805	34,169	53,622	331,246	406,275	182,922
528	343	123	524	466	930
346,264	305,108	237,530	234,662	232,371	207,551
18,117	16,609	14,942	14,579	13,035	12,753
-	-	-	-	-	-
6,610	6,575	5,853	4,950	6,672	6,282
244,366	233,811	243,601	79,106	100,329	85,456
14,076	17,052	15,721	-	-	-
127,033	142,868	110,667	141,484	126,232	241,129
1,446,884	1,359,106	1,305,517	1,362,845	1,482,306	1,243,341
-	-	-	-	-	-
250,148	236,329	219,026	205,621	196,295	185,420
40,982	38,993	36,472	35,373	29,461	27,541
35,582	35,153	33,185	43,466	76,702	83,206
-	-	-	-	-	4,285
8,566	8,333	12,994	6,182	7,778	-
4,131,227	3,898,265	3,938,320	3,117,100	2,682,987	3,917,559
1,743	1,755	1,758	2,374	2,501	723
-	-	-	-	-	-
181,511	177,176	139,653	105,876	47,259	31,689
44,768	11,972	39,015	43,814	36,450	43,321
4,694,527	4,407,976	4,420,423	3,559,806	3,079,433	4,293,744
6,141,411	5,767,082	5,725,940	4,922,651	4,561,739	5,537,085
-	-	-	2,006	-	-
3,653,265	3,571,408	3,386,411	2,990,094	2,854,803	2,665,270
-	-	-	-	-	-
642,611	-	-	-	-	-
402,770	218,076	64,433	-	-	392,984
39,862	8,439	7,464	6,753	6,100	111,778
34,000	34,000	10,005	12,368	16,257	21,282
7,901	11,716	6,975	5,936	6,825	6,935
64,712	61,159	38,798	73,956	71,738	70,420
56,296	631,921	629,655	657,292	630,890	582,006
2,388,381	2,151,987	1,996,257	1,518,284	1,159,867	1,029,437
$ 7,289,798	$ 6,688,706	$ 6,139,998	$ 5,264,683	$ 4,746,480	$ 4,880,112

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

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 6,200,756	$ 5,413,234	$ 5,228,869	$ 5,151,634
Investments	1,827,559	549,079	392,188	378,115
Taxes Receivable, net	1,587,396	1,450,947	1,374,823	1,395,148
Other Receivables, net	1,256,427	1,208,087	1,213,319	881,111
Due From Other Governments	899,961	660,471	534,913	921,724
Internal Balances	-	-	-	-
Due From Component Units	16,192	23,195	18,535	11,505
Inventories	107,046	113,348	108,009	112,144
Prepaids, Advances and Deposits	113,297	103,726	96,224	96,103
Total Current Assets	12,008,634	9,522,087	8,966,880	8,947,484
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,873,951	1,735,264	2,381,846	2,640,471
Restricted Investments	954,385	962,852	900,202	1,007,923
Restricted Receivables	668,535	626,185	550,037	394,909
Investments	1,445,295	2,352,553	2,160,409	2,249,255
Other Long-Term Assets	743,778	744,282	805,234	766,110
Depreciable Capital Assets and Infrastructure, net	18,270,723	17,497,748	17,026,249	15,963,006
Land and Nondepreciable Capital Assets	3,757,420	3,963,600	3,504,351	3,756,822
Capital Assets Held as Investments	42,896	42,899	33,055	-
Total Noncurrent Assets	27,756,983	27,925,383	27,361,383	26,778,496
TOTAL ASSETS	39,765,617	37,447,470	36,328,263	35,725,980
DEFERRED OUTFLOW OF RESOURCES:	4,313,313	5,836,086	1,468,614	699,431
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	918,688	886,992	856,076	669,992
Accounts Payable and Accrued Liabilities	1,961,807	1,952,081	1,937,929	2,118,432
TABOR Refund Liability (Note 2B)	39,837	21,807	31,358	173,346
Due To Other Governments	371,357	442,392	271,339	255,135
Due To Component Units	44	1,249	645	623
Unearned Revenue	531,411	454,568	429,991	507,575
Accrued Compensated Absences	38,961	37,246	34,283	33,145
Claims and Judgments Payable	42,812	46,369	46,343	47,682
Leases Payable	32,318	35,546	37,393	36,378
Notes, Bonds, and COPs Payable	209,568	193,594	438,969	452,922
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	214,497	162,262	169,290	144,106
Total Current Liabilities	4,361,300	4,234,106	4,253,616	4,439,336
Noncurrent Liabilities:				
Deposits Held In Custody For Others	156	136	110	139
Accrued Compensated Absences	501,652	475,505	447,875	418,417
Claims and Judgments Payable	216,370	297,896	315,667	341,245
Capital Lease Payable	147,707	156,498	170,398	190,232
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	6,837	9,251	13,222	9,515
Notes, Bonds, and COPs Payable	6,350,066	5,904,870	5,654,558	5,750,219
Due to Component Units	1,692	1,678	1,631	1,661
Net Pension Liability	19,382,427	17,854,108	10,252,077	9,145,274
Other Postemployment Benefits	1,210,488	343,570	289,133	241,779
Other Long-Term Liabilities	517,523	423,775	444,238	507,330
Total Noncurrent Liabilities	28,334,918	25,467,287	17,588,909	16,605,811
TOTAL LIABILITIES	32,696,218	29,701,393	21,842,525	21,045,147
DEFERRED INFLOW OF RESOURCES:	1,181,848	304,793	383,433	85,642
Net investment in Capital Assets:	15,988,389	21,053,309	16,381,819	15,072,637
Restricted for:				
Construction and Highway Maintenance	885,775	915,033	966,743	936,535
Education	765,831	611,108	772,593	1,206,223
Unemployment Insurance	1,070,082	911,183	740,049	620,575
Debt Service	311,198	108,395	153,722	132,200
Emergencies	235,166	228,369	251,328	251,328
Permanent Funds and Endowments:				
Expendable	181,673	173,280	163,412	157,571
Nonexpendable	1,171,480	1,112,103	1,034,250	984,551
Other Purposes	897,956	737,267	818,394	715,335
Unrestricted	(11,306,686)	(12,572,677)	(5,711,391)	(4,782,333)
TOTAL NET POSITION	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622

TOTAL PRIMARY GOVERNMENT

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 4,548,471	$ 4,718,934	$ 3,980,768	$ 2,855,235	$ 3,139,115	$ 3,437,901
263,204	285,319	161,825	319,153	268,494	388,446
1,359,836	1,256,299	1,171,450	1,016,891	947,251	993,412
618,426	571,288	486,342	449,810	440,113	428,308
721,418	524,439	537,127	664,477	675,035	618,958
-	-	-	-	-	-
23,770	19,088	18,852	19,798	14,558	12,696
107,140	108,145	70,375	63,437	59,247	58,650
110,458	82,271	78,121	74,561	57,835	53,335
7,752,723	7,565,783	6,504,860	5,463,362	5,601,648	5,991,706
2,984,903	2,150,666	2,151,870	2,045,128	1,926,089	2,181,673
961,450	890,492	884,794	1,195,943	927,033	895,336
303,584	221,319	262,907	198,327	434,794	2,101,094
2,325,132	2,210,613	2,186,583	1,675,912	1,735,730	1,253,716
785,729	868,840	826,854	884,437	764,254	723,619
15,477,121	14,776,024	14,852,772	13,993,641	13,602,687	5,954,419
3,301,974	3,400,530	2,923,160	2,719,489	2,844,272	11,408,681
-	-	-	-	-	-
26,139,893	24,518,484	24,088,940	22,712,877	22,234,859	24,518,538
33,892,616	32,084,267	30,593,800	28,176,239	27,836,507	30,510,244
136,392	551	5,005	-	7,778	-
718,211	718,077	661,829	625,145	664,781	633,722
1,703,046	1,344,796	1,300,929	1,341,790	1,444,476	1,285,326
706	706	706	706	706	706
276,105	233,122	281,851	548,202	587,959	406,337
543	424	123	524	466	930
438,938	400,134	362,704	346,168	360,775	358,183
28,587	27,564	24,801	24,320	23,322	21,683
61,623	46,873	44,858	44,641	44,181	36,936
33,551	26,579	20,240	17,822	18,056	14,509
432,276	408,151	406,271	224,271	742,774	722,522
14,076	17,052	15,721	-	-	-
147,012	157,702	127,198	155,232	146,664	250,947
3,854,674	3,381,180	3,247,231	3,328,821	4,034,160	3,731,801
139	17	16	14	13	16
396,140	374,742	351,420	342,760	334,519	326,095
342,573	362,444	366,988	375,376	376,855	385,912
183,637	166,159	140,227	138,182	162,448	166,792
-	-	-	-	-	4,285
8,566	8,333	12,994	6,182	7,778	-
5,672,452	5,509,485	5,552,613	4,738,849	4,237,951	5,064,519
1,743	1,755	1,758	2,374	2,501	723
-	-	-	-	-	-
181,511	177,176	139,653	105,876	47,259	31,689
447,722	456,090	466,843	478,008	439,049	441,095
7,234,483	7,056,201	7,032,512	6,187,621	5,608,373	6,421,126
11,089,157	10,437,381	10,279,743	9,516,442	9,642,533	10,152,927
338	-	-	2,006	-	-
13,778,909	13,678,490	13,493,843	12,826,472	12,973,424	14,296,331
1,080,201	1,145,997	1,176,269	1,160,789	1,198,849	1,220,524
1,752,791	1,265,476	280,269	485,171	194,586	338,365
402,770	218,076	64,433	-	-	392,984
84,614	41,552	28,917	16,880	10,193	112,336
187,150	195,350	82,855	97,768	110,257	114,832
15,172	18,044	12,999	13,953	17,955	15,523
864,844	755,723	723,751	715,758	714,886	694,039
414,990	981,732	970,473	972,374	769,716	779,924
4,358,072	3,346,997	3,485,253	2,368,626	2,211,886	2,392,459
$ 22,939,513	$ 21,647,437	$ 20,319,062	$ 18,657,791	$ 18,201,752	$ 20,357,317

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2017-18	2016-17	2015-16	2014-15
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 564,076	$ 541,936	$ 518,820	$ 501,319
Service Fees	358,109	1,006,976	1,139,226	879,139
Education - Tuition, Fees, and Sales	-	-	-	-
Fines and Forfeits	190,733	206,662	195,256	201,021
Rents and Royalties	147,310	132,310	142,752	199,067
Sales of Products	3,218	3,205	3,303	3,390
Unemployment Surcharge	34,245	32,507	30,768	29,381
Other	152,285	138,928	143,251	131,151
Operating Grants and Contributions	6,627,757	8,149,334	8,578,146	7,726,668
Capital Grants and Contributions	745,497	814,739	819,321	817,469
TOTAL PROGRAM REVENUES	8,823,230	11,026,597	11,570,843	10,488,605
EXPENSES:				
General Government	739,872	653,247	485,611	449,261
Business, Community, and Consumer Affairs	912,495	919,676	777,458	711,558
Education	6,086,573	6,045,204	5,859,964	5,687,573
Health and Rehabilitation	1,258,445	1,170,889	2,898,841	822,556
Justice	3,254,155	2,974,666	2,209,158	2,075,534
Natural Resources	219,659	169,528	135,491	120,374
Social Assistance	8,810,715	10,489,419	8,825,599	9,627,104
Transportation	2,179,299	2,105,462	1,830,368	1,896,904
Total Governmental Activities				
Interest on Debt	60,778	58,764	62,021	59,078
TOTAL EXPENSES	23,521,991	24,586,855	23,084,511	21,449,942
NET (EXPENSE) REVENUE	(14,698,761)	(13,560,258)	(11,513,668)	(10,961,337)
GENERAL REVENUES AND				
OTHER CHANGES IN NET POSITION:				
Sales and Use Taxes	3,449,844	3,151,679	2,940,839	2,762,222
Excise Taxes	311,625	321,419	290,276	267,858
Individual Income Tax	6,978,833	6,291,376	6,061,679	5,847,141
Corporate Income Tax	714,313	432,802	643,761	613,316
Other Taxes	577,961	452,042	410,277	673,275
Restricted Taxes	1,273,482	1,169,457	1,132,687	1,186,515
Unrestricted Investment Earnings (Losses)	21,798	16,987	15,705	11,992
Other General Revenues	199,934	103,476	107,005	96,613
Special and/or Extraordinary Items	-	-	-	-
(Transfers-Out) / Transfers-In	(254,324)	(353,647)	(352,733)	(256,738)
Internal Capital Contributions	44	-	(1,583)	-
Permanent Fund Additions	277	766	80	401
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	13,273,787	11,586,357	11,247,993	11,202,595
TOTAL CHANGES IN NET POSITION	(1,424,974)	(1,973,901)	(265,675)	241,258
NET POSITION - BEGINNING	8,707,037	10,589,266	10,796,794	15,649,715
Prior Period Adjustment	8,583	91,672	58,147	(6,626)
Accounting Changes	(260,689)	-	-	(5,087,553)
NET POSITION - ENDING	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794

GOVERNMENTAL ACTIVITIES

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 472,215	$ 447,232	$ 442,793	$ 454,633	$ 419,866	$ 386,311
901,839	965,614	901,950	735,820	589,795	184,327
-	-	-	-	-	53
181,098	248,520	187,344	200,432	218,892	203,259
182,893	133,901	147,946	128,588	79,518	85,811
2,141	2,851	1,626	4,974	3,854	5,040
28,635	25,724	19,307	18,611	19,329	19,369
144,949	127,083	84,828	89,509	67,460	61,168
6,782,914	5,860,052	5,884,031	6,218,836	5,885,657	5,065,429
728,544	700,548	600,300	659,288	607,383	485,711
9,425,228	8,511,525	8,270,125	8,510,691	7,891,754	6,496,478
447,359	555,507	224,382	192,579	189,865	308,410
641,182	584,300	600,068	667,929	662,854	705,037
5,472,563	5,187,481	5,205,123	5,432,143	5,096,032	5,208,705
720,997	697,795	703,684	696,539	659,187	644,699
1,840,989	1,655,057	1,555,294	1,538,363	1,527,857	1,543,310
92,383	77,934	93,900	149,878	144,445	137,159
8,089,560	7,174,711	6,746,574	6,397,426	6,091,958	5,220,295
1,872,441	1,769,013	1,777,488	1,974,009	2,105,688	1,376,215
53,094	16,284	40,935	32,487	33,203	20,393
19,230,568	17,718,082	16,947,448	17,081,353	16,511,089	15,164,223
(9,805,340)	(9,206,557)	(8,677,323)	(8,570,662)	(8,619,335)	(8,667,745)
2,754,977	2,498,006	2,333,644	2,280,693	1,987,576	2,093,113
236,761	240,895	244,624	236,945	244,344	251,209
5,285,634	5,154,624	4,653,105	4,151,119	3,770,597	4,024,105
600,002	606,883	434,885	441,778	360,852	322,683
617,612	453,305	519,870	466,408	376,388	655,478
1,052,692	1,039,105	965,784	928,260	873,287	880,625
17,312	16,842	15,015	6,523	10,215	22,591
112,958	97,402	96,213	91,608	112,138	119,748
-	-	-	-	-	(5,616)
(172,442)	(128,535)	(135,407)	(110,266)	(94,993)	(114,685)
-	-	-	-	-	-
397	741	595	460	357	-
10,505,903	9,979,268	9,128,328	8,493,528	7,640,761	8,249,251
700,563	772,711	451,005	(77,134)	(978,574)	(418,494)
14,958,731	14,179,064	13,393,108	13,455,272	15,477,205	15,830,190
1,718	6,956	334,951	14,970	(594,624)	(118,647)
(11,297)	-	-	-	(448,735)	184,156
$ 15,649,715	$ 14,958,731	$ 14,179,064	$ 13,393,108	$ 13,455,272	$ 15,477,205

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2017-18	2016-17	2015-16	2014-15	2013-14
PROGRAM REVENUES:					
Licenses and Permits	$ 168,045	$ 165,182	$ 159,704	$ 157,971	$ 141,770
Service Fees	2,449,817	1,404,677	1,297,576	1,145,897	1,068,966
Education - Tuition, Fees, and Sales	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136
Fines and Forfeits	4,630	5,769	4,101	3,968	15,470
Rents and Royalties	74,482	45,177	40,077	41,944	39,675
Sales of Products	686,196	622,179	661,084	605,101	607,744
Unemployment Surcharge	562,095	646,336	603,708	698,609	736,985
Other	164,008	188,112	165,237	155,707	154,424
Operating Grants and Contributions	5,082,655	2,556,915	2,449,163	2,281,931	2,569,038
Capital Grants and Contributions	89,542	43,873	42,996	78,304	56,899
TOTAL PROGRAM REVENUES	12,686,439	8,918,107	8,429,613	8,050,672	8,063,107
EXPENSES:					
Higher Education	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507
Healthcare Affordability	3,294,611	-	-	-	-
Unemployment Insurance	444,181	518,891	531,607	530,130	756,484
CollegeInvest[1]	-	-	-	-	-
Lottery	547,805	494,110	517,847	474,578	477,434
Parks and Wildlife[2]	294,065	257,959	203,794	191,426	170,898
College Assist	247,361	315,478	320,774	338,631	341,684
Other Business-Type Activities	301,094	219,844	282,471	217,838	209,871
TOTAL EXPENSES	13,741,313	9,636,171	8,303,395	7,757,087	7,574,878
NET (EXPENSE) REVENUE	(1,054,874)	(718,064)	126,218	293,585	488,229
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:					
Other Taxes	-	-	-	7	-
Special and/or Extraordinary Items	-	(808)	-	-	(22,186)
(Transfers-Out) / Transfers-In	254,324	353,647	352,733	256,738	172,442
Internal Capital Contributions	51,439	-	10,183	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	305,763	352,839	362,916	256,745	150,256
TOTAL CHANGES IN NET POSITION	(749,111)	(365,225)	489,134	550,330	638,485
NET POSITION - BEGINNING	4,570,333	4,981,653	4,497,828	7,289,798	6,688,706
Prior Period Adjustment	-	545	(5,309)	-	(6,922)
Accounting Changes	(650,315)	(46,640)	-	(3,342,300)	(30,471)
NET POSITION - ENDING	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798

[1] Due to the disposition of the CollegeInvest loan portfolio and related variable debt, CollegeInvest was removed as a major fund in Fiscal Year 2010-11 and is subsequently reported as part of the Other Business-Type Activities.

[2] Parks and Wildlife after Fiscal Year 2010-11.

BUSINESS-TYPE ACTIVITIES

2012-13	2011-12	2010-11	2009-10	2008-09
$ 133,315	$ 131,496	$ 120,910	$ 106,946	$ 119,611
958,451	865,326	874,990	607,485	681,807
2,512,026	2,406,696	2,243,375	1,999,358	1,957,505
12,860	9,561	1,945	2,836	1,118
47,881	65,236	29,507	24,648	29,908
636,115	624,407	592,794	590,758	560,364
725,854	828,530	791,317	491,716	363,241
159,162	152,448	153,321	167,930	173,354
2,730,519	3,165,718	3,689,492	3,957,310	2,214,186
96,655	132,067	25,432	24,619	20,220
8,012,838	8,381,485	8,523,083	7,973,606	6,121,314
5,258,665	5,068,481	4,755,385	4,451,541	4,153,282
-	-	-	-	-
1,055,148	1,571,321	2,141,728	2,496,188	1,138,621
-	-	-	68,650	78,647
501,010	495,847	470,480	456,352	435,156
177,497	160,933	108,425	105,037	112,369
407,229	403,023	402,648	410,027	399,576
187,265	196,542	191,123	170,410	171,635
7,586,814	7,896,147	8,069,789	8,158,205	6,489,286
426,024	485,338	453,294	(184,599)	(367,972)
-	-	-	-	-
-	-	1,493	(79,575)	-
128,535	135,407	110,266	94,993	114,685
-	-	-	-	-
128,535	135,407	111,759	15,418	114,685
554,559	620,745	565,053	(169,181)	(253,287)
6,139,998	5,264,683	4,746,480	4,880,112	5,127,090
(5,851)	254,570	(46,850)	35,549	6,309
-	-	-	-	-
$ 6,688,706	$ 6,139,998	$ 5,264,683	$ 4,746,480	$ 4,880,112

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2017-18	2016-17	2015-16	2014-15	2013-14
PROGRAM REVENUES:					
Charges for Services:					
Licenses and Permits	$ 732,121	$ 707,118	$ 678,524	$ 659,290	$ 613,985
Service Fees	2,807,926	2,411,653	2,436,802	2,025,036	1,970,805
Education - Tuition, Fees, and Sales	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136
Fines and Forfeits	195,363	212,431	199,357	204,989	196,568
Rents and Royalties	221,792	177,487	182,829	241,011	222,568
Sales of Products	689,414	625,384	664,387	608,491	609,885
Unemployment Surcharge	596,340	678,843	634,476	727,990	765,620
Other	316,293	327,040	308,488	286,858	299,373
Operating Grants and Contributions	11,710,412	10,706,249	11,027,309	10,008,599	9,351,952
Capital Grants and Contributions	835,039	858,612	862,317	895,773	785,443
TOTAL PROGRAM REVENUES	21,509,669	19,944,704	20,000,456	18,539,277	17,488,335
EXPENSES:					
General Government	739,872	653,247	485,611	449,261	447,359
Business, Community, and Consumer Affairs	912,495	919,676	777,458	711,558	641,182
Education	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563
Health and Rehabilitation	1,258,445	1,170,889	2,898,841	822,556	720,997
Justice	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989
Natural Resources	219,659	169,528	135,491	120,374	92,383
Social Assistance	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560
Transportation	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441
Interest on Debt	60,778	58,764	62,021	59,078	53,094
Higher Education	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507
Healthcare Affordability	3,294,611	-	-	-	-
Unemployment Insurance	444,181	518,891	531,607	530,130	756,484
CollegeInvest[1]	-	-	-	-	-
Lottery	547,805	494,110	517,847	474,578	477,434
Parks and Wildlife[2]	294,065	257,959	203,794	191,426	170,898
College Assist	247,361	315,478	320,774	338,631	341,684
Other Business-Type Activities	301,094	219,844	282,471	217,838	209,871
TOTAL EXPENSES	37,263,304	34,223,026	31,387,906	29,207,029	26,805,446
NET (EXPENSE) REVENUE	(15,753,635)	(14,278,322)	(11,387,450)	(10,667,752)	(9,317,111)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:					
Sales and Use Taxes	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977
Excise Taxes	311,625	321,419	290,276	267,858	236,761
Individual Income Tax	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634
Corporate Income Tax	714,313	432,802	643,761	613,316	600,002
Other Taxes	577,961	452,042	410,277	673,282	617,612
Restricted Taxes	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692
Unrestricted Investment Earnings (Losses)	21,798	16,987	15,705	11,992	17,312
Other General Revenues	199,934	103,476	107,005	96,613	112,958
Special and/or Extraordinary Items	-	(808)	-	-	(22,186)
Internal Capital Contributions	51,483	-	8,600	-	-
Permanent Fund Additions	277	766	80	401	397
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	13,579,550	11,939,196	11,610,909	11,459,340	10,656,159
TOTAL CHANGES IN NET POSITION	(2,174,085)	(2,339,126)	223,459	791,588	1,339,048
NET POSITION - BEGINNING	13,277,370	15,570,919	15,294,622	22,939,513	21,647,437
Prior Period Adjustment	8,583	92,217	52,838	(6,626)	(5,204)
Accounting Changes	(911,004)	(46,640)	-	(8,429,853)	(41,768)
NET POSITION - ENDING	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513

[1] Due to the disposition of the CollegeInvest loan portfolio and related variable debt, CollegeInvest was removed as a major fund in Fiscal Year 2010-11 and is subsequently reported as part of the Other Business-Type Activities.

[2] Parks and Wildlife after Fiscal Year 2010-11.

TOTAL PRIMARY GOVERNMENT

2012-13	2011-12	2010-11	2009-10	2008-09
$ 580,547	$ 574,289	$ 575,543	$ 526,812	$ 505,922
1,924,065	1,767,276	1,610,810	1,197,280	866,134
2,512,026	2,406,696	2,243,375	1,999,358	1,957,558
261,380	196,905	202,377	221,728	204,377
181,782	213,182	158,095	104,166	115,719
638,966	626,033	597,768	594,612	565,404
751,578	847,837	809,928	511,045	382,610
286,245	237,276	242,830	235,390	234,522
8,590,571	9,049,749	9,908,328	9,842,967	7,279,615
797,203	732,367	684,720	632,002	505,931
16,524,363	16,651,610	17,033,774	15,865,360	12,617,792
555,507	224,382	192,579	189,865	308,410
584,300	600,068	667,929	662,854	705,037
5,187,481	5,205,123	5,432,143	5,096,032	5,208,705
697,795	703,684	696,539	659,187	644,699
1,655,057	1,555,294	1,538,363	1,527,857	1,543,310
77,934	93,900	149,878	144,445	137,159
7,174,711	6,746,574	6,397,426	6,091,958	5,220,295
1,769,013	1,777,488	1,974,009	2,105,688	1,376,215
16,284	40,935	32,487	33,203	20,393
5,258,665	5,068,481	4,755,385	4,451,541	4,153,282
-	-	-	-	-
1,055,148	1,571,321	2,141,728	2,496,188	1,138,621
-	-	-	68,650	78,647
501,010	495,847	470,480	456,352	435,156
177,497	160,933	108,425	105,037	112,369
407,229	403,023	402,648	410,027	399,576
187,265	196,542	191,123	170,410	171,635
25,304,896	24,843,595	25,151,142	24,669,294	21,653,509
(8,780,533)	(8,191,985)	(8,117,368)	(8,803,934)	(9,035,717)
2,498,006	2,333,644	2,280,693	1,987,576	2,093,113
240,895	244,624	236,945	244,344	251,209
5,154,624	4,653,105	4,151,119	3,770,597	4,024,105
606,883	434,885	441,778	360,852	322,683
453,305	519,870	466,408	376,388	655,478
1,039,105	965,784	928,260	873,287	880,625
16,842	15,015	6,523	10,215	22,591
97,402	96,213	91,608	112,138	119,748
0	0	1,493	(79,575)	(5,616)
-	-	-	-	-
741	595	460	357	-
10,107,803	9,263,735	8,605,287	7,656,179	8,363,936
1,327,270	1,071,750	487,919	(1,147,755)	(671,781)
20,319,062	18,657,791	18,201,752	20,357,317	20,957,280
1,105	589,521	(31,880)	(559,075)	(112,338)
-	0	-	(448,735)	184,156
$ 21,647,437	$ 20,319,062	$ 18,657,791	$ 18,201,752	$ 20,357,317

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

(DOLLARS IN MILLIONS)

	2017 - 18	2016 - 17	2015 - 16	2014 - 15
REVENUES:				
Taxes	$ 13,389	$ 11,835	$ 11,471	$ 11,205
Less: Excess TABOR Revenues	-	-	-	170
Licenses, Permits, and Fines	940	838	810	801
Charges for Goods and Services	363	1,012	1,144	885
Rents (reported in 'Other' prior to FY05)	147	132	143	199
Investment Income	41	46	139	99
Federal Grants and Contracts	7,047	8,685	9,047	8,283
Unclaimed Property Receipts	78	64	65	61
Other	398	338	321	329
TOTAL REVENUES	22,402	22,950	23,140	22,032
EXPENDITURES:				
Current:				
General Government	381	344	324	305
Business, Community and Consumer Affairs	480	453	474	469
Education	832	869	852	785
Health and Rehabilitation	778	770	1,784	699
Justice	1,808	1,705	1,741	1,648
Natural Resources	128	113	107	103
Social Assistance	7,572	9,358	8,726	8,627
Transportation	1,348	1,364	1,331	1,282
Capital Outlay	272	189	191	325
Intergovernmental:				
Cities	471	491	425	421
Counties	1,759	1,740	1,656	1,627
School Districts	5,171	5,122	4,995	4,909
Other	244	255	227	205
Debt Service [1]	128	239	280	270
TOTAL EXPENDITURES	21,372	23,012	23,113	21,675
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,030	(62)	27	357
OTHER FINANCING SOURCES (USES)				
Transfers-In	5,447	5,851	4,915	4,535
Transfers-Out:				
Higher Education	(230)	(230)	(181)	(181)
Other	(5,458)	(5,966)	(5,079)	(4,607)
Face Amount of Debt Issued	156	129	11	-
Bond Premium/Discount	21	14	-	-
Capital Lease Debt Issuance	4	1	-	-
Sale of Capital Assets	10	15	7	3
Insurance Recoveries	7	8	5	13
Debt Refunding Issuance	-	-	-	-
Debt Refunding Premium Proceeds	-	-	-	-
Debt Refunding Payments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(43) [4]	(178)	(322)	(237)
NET CHANGE IN FUND BALANCE	987	(240)	(295)	120
FUND BALANCE - BEGINNING	6,364	6,609	6,847	6,734
Prior Period Adjustments	(2)	(5)	58	(7)
Accounting Changes	-	-	-	-
FUND BALANCE - ENDING	$ 7,349	$ 6,364	$ 6,609	$ 6,847

[1] - See additional debt service information including principal and interest components and a ratio of total debt service expenditures to total noncapital expenditures on page 310.

[2] - In Fiscal Years 2008-09 and 2009-10, Unclaimed Property activity was partially converted from a Private Purpose Trust Fund to a Special Revenue Fund and therefore is not included in this schedule prior to the conversion.

[3] - Beginning in Fiscal Year 2010-11 the Supplemental Nutrition Assistance Program (SNAP) expenditures are reported in the Social Assistance line. In previous years it was reported as Intergovernmental payments in the Counties line.

[4] - Total rounded up from Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds due to rounding transition from thousands to millions

2013-14	2012-13	RESTATED 2011-12	RESTATED 2010-11[3]	RESTATED 2009-10	2008-09[2]
$ 10,596	$ 10,018	$ 9,182	$ 8,430	$ 7,640	$ 8,231
-	-	-	-	-	-
758	789	724	745	734	701
905	970	892	730	552	150
183	134	148	129	80	86
115	19	120	97	199	258
7,183	6,428	6,223	6,917	7,023	5,480
53	37	43	40	42	58
365	263	254	221	192	195
20,158	18,658	17,586	17,309	16,462	15,159
331	325	359	560	775	511
395	375	363	388	369	332
730	674	661	778	855	879
658	641	626	592	583	608
1,605	1,422	1,322	1,314	1,315	1,285
107	99	90	132	126	121
7,416	6,488	6,065	5,655	4,454	3,836
1,203	1,065	982	1,064	1,017	1,074
298	299	459	329	240	308
412	297	287	300	281	294
1,573	1,504	1,371	1,478	2,253	2,043
4,475	4,235	4,199	4,303	4,364	4,143
202	323	177	185	219	185
261	247	236	208	194	189
19,666	17,994	17,197	17,286	17,045	15,808
492	664	389	23	(583)	(649)
5,405	5,750	4,622	4,776	5,333	5,179
(143)	(135)	(133)	(135)	(125)	(135)
(5,390)	(5,728)	(4,612)	(4,731)	(5,264)	(5,148)
97	196	156	218	559	-
6	9	13	-	8	-
25	1	17	17	-	11
27	31	14	-	-	-
2	1	6	2	4	2
112	31	126	-	-	-
-	-	19			
-	(31)	(144)	-	-	-
141	125	84	147	515	(91)
633	789	473	170	(68)	(740)
6,100	5,293	4,842	4,085	4,785	5,312
-	18	(22)	(4)	(41)	(1)
1	-	-	591	-	214
$ 6,734	$ 6,100	$ 5,293	$ 4,842	$ 4,676	$ 4,785

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

(DOLLARS IN MILLIONS)

	2017-18	2016-17	2015-16	2014-15
Income Tax:				
Individual	$ 7,006	$ 6,209	$ 5,993	$ 5,888
Corporate	736	467	606	635
Net Income Tax	7,742	$ 6,676	6,599	6,523
Sales, Use, and Excise Taxes	3,501	3,188	2,996	2,990
Less: Excess TABOR Revenues	-	-	-	(170)
Net Sales, Use, and Excise Taxes	3,501	3,188	2,996	2,820
Insurance Tax	304	291	280	257
Gaming and Other Taxes	156	-	16	14
Investment Income	20	15	13	9
Severence Taxes to be Refunded	-	54	-	-
Other	-	40	26	19
TOTAL GENERAL REVENUES	$ 11,723	$ 10,264	$ 9,930	$ 9,642
Percent Change From Previous Year	14.2%	3.4%	3.0%	7.2%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)				
Net Income Tax	66.0%	65.0%	66.5%	66.5%
Sales, Use, and Excise Taxes	29.9	31.2	30.1	30.5
Estate Taxes	0.0	0.0	0.0	0.0
Insurance Tax	2.6	2.8	2.8	2.6
Other Taxes	1.3	0.0	0.2	0.1
Interest	0.2	0.1	0.1	0.1
Fiscal Emergency Fund	0.0	0.0	0.0	0.0
Severence Taxes to be Refunded	0.0	0.5	0.0	0.0
Other	0.0	0.4	0.3	0.2
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 5,273	$ 5,149	$ 4,633	$ 4,154	$ 3,777	$ 4,021
665	597	457	366	350	265
5,938	5,746	5,090	4,520	4,127	4,286
2,763	2,549	2,387	2,323	2,072	1,982
-	-	-	-	-	-
2,763	2,549	2,387	2,323	2,072	1,982
239	210	197	190	187	192
12	12	20	20	16	-
15	17	14	8	10	9
-	-	-	-	-	-
25	21	26	25	44	56
$ 8,992	$ 8,555	$ 7,734	$ 7,086	$ 6,456	$ 6,525
5.1%	10.6%	9.1%	9.8%	- 1.1%	- 13.1%
66.0%	67.2%	65.8%	63.8%	63.9%	65.7%
30.7	29.8	30.9	32.7	32.1	30.4
0.0	0.0	0.0	0.0	0.0	0.0
2.7	2.5	2.5	2.7	2.9	2.9
0.1	0.1	0.3	0.3	0.2	0.0
0.2	0.2	0.2	0.1	0.2	0.1
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.3	0.2	0.3	0.4	0.7	0.9
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS
FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	RESTATED 2015-16	2014-15
Department:[1]				
Agriculture	$ 10,428	$ 10,639	$ 10,050	$ 8,633
Corrections	773,788	748,559	758,545	717,579
Education	4,070,889	3,764,298	3,477,785	3,357,324
Governor	36,283	39,615	34,609	30,267
Health Care Policy and Financing	2,727,717	2,468,392	2,446,338	2,274,875
Higher Education	894,450	870,664	856,849	761,306
Human Services	984,291	918,130	936,071	877,162
Judicial Branch	514,874	487,636	481,550	441,700
Labor and Employment	21,302	21,579	7,754	660
Law	15,722	14,774	14,525	13,457
Legislative Branch	48,202	44,880	43,410	41,132
Local Affairs	29,184	25,235	25,481	22,244
Military and Veterans Affairs	30,814	8,253	7,907	7,792
Natural Resources	30,882	28,711	27,519	26,216
Personnel & Administration	12,088	12,273	11,034	7,601
Public Health and Environment	46,506	48,448	49,964	59,383
Public Safety	124,204	122,404	113,976	126,747
Regulatory Agencies	5,964	5,742	6,073	6,007
Revenue	250,438	90,957	149,361	97,249
Transportation	-	392	102	-
Treasury	190,457	15,908	12,522	5,684
Transfer to Capital Construction Fund	92,084	84,484	271,130	248,502
Transfer to Various Cash Funds	674,900	194,735	90,196	67,555
Transfer to the Highway Users Tax Fund	-	79,000	199,200	-
Other Transfers and Nonoperating Disbursements	181,151	153,379	143,492	127,795
TOTALS	$ 11,766,618	$ 10,259,087	$ 10,175,443	$ 9,326,870
Percent Change	14.7%	0.8%	9.1%	4.5%
(AS PERCENT OF TOTAL)				
Education	34.6%	36.7%	34.2%	36.0%
Health Care Policy and Financing	23.2	24.1	24.0	24.4
Higher Education	7.6	8.5	8.4	8.2
Human Services	8.4	8.9	9.2	9.4
Corrections	6.6	7.3	7.5	7.7
Transfer to Capital Construction Fund	0.8	0.8	2.7	2.7
Transfer to Various Cash Funds	5.7	1.9	0.9	0.7
Transfers to the Highway Users Tax Fund	0.0	0.8	2.0	0.0
Judicial	4.4	4.8	4.7	4.7
Revenue	2.1	0.9	1.5	1.0
All Others	6.6	5.3	4.9	5.2
TOTALS	100.0%	100.0%	100.0%	100.0%

[1] Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

2013-14	2012-13	2011-12	RESTATED 2010-11	2009-10	2008-09
$ 7,697	$ 6,975	$ 5,152	$ 4,658	$ 5,915	$ 6,809
675,706	652,394	647,313	657,559	563,570	637,292
3,153,609	3,014,681	2,833,433	2,962,954	3,238,879	3,214,951
22,819	18,555	9,699	11,600	13,781	13,342
2,100,771	1,829,776	1,685,679	1,267,889	1,152,245	1,311,702
658,901	628,565	623,963	705,085	428,784	661,974
812,603	753,225	703,676	710,966	751,149	776,394
386,870	354,119	337,039	325,173	323,146	328,056
50	-	-	-	-	-
12,127	10,355	9,341	9,313	9,133	8,705
38,712	35,957	34,672	31,736	32,504	34,944
17,540	10,976	10,448	10,579	10,854	12,276
7,094	6,576	5,355	4,969	5,263	5,637
25,141	23,620	23,400	26,233	25,515	30,558
31,407	6,588	3,935	4,823	5,139	5,337
53,588	31,199	27,742	27,165	26,548	26,634
165,240	85,595	81,993	80,239	79,459	78,874
1,730	1,674	1,597	1,529	1,429	1,451
73,626	55,078	55,596	52,540	54,187	67,092
-	-	-	-	-	-
108,870	27,650	4,914	4,140	7,784	10,643
186,715	61,411	49,298	11,985	169	39,396
260,272	1,086,051	72,000	296,872	8,000	10,281
-	-	-	-	-	28,965
126,263	262,406	25,479	19,422	20,555	102,966
$ 8,927,351	$ 8,963,426	$ 7,251,724	$ 7,227,429	$ 6,764,008	$ 7,414,279
-0.4%	23.6%	0.3%	6.9%	-8.8%	-4.0%
35.3%	33.6%	39.1%	41.0%	47.9%	43.4%
23.5	20.4	23.2	17.5	17.0	17.7
7.4	7.0	8.6	9.8	6.3	8.9
9.1	8.4	9.7	9.8	11.1	10.5
7.6	7.3	8.9	9.1	8.3	8.6
2.1	0.7	0.7	0.2	0.0	0.5
2.9	12.1	1.0	4.1	0.1	0.1
0.0	0.0	0.0	0.0	0.0	0.4
4.3	4.0	4.6	4.5	4.8	4.4
0.8	0.6	0.8	0.7	0.8	0.9
7.0	5.9	3.4	3.3	3.7	4.6
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FUND BALANCE
GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
GENERAL PURPOSE:				
Reserved for:				
Encumbrances	$ -	$ -	$ -	$ -
Noncurrent Assets	-	-	-	-
Debt Service	-	-	-	-
Statutory Purposes	-	-	-	-
Risk Management	-	-	-	-
Unreserved Undesignated:				
General Fund	-	-	-	-
Unreserved:				
General Fund	-	-	-	-
Nonspendable:				
Inventories	7,975	8,503	7,522	8,894
Prepaids	38,173	39,348	37,977	40,971
Restricted	626,068	442,249	497,814	398,948
Committed	970,235	646,700	513,986	705,844
Assigned	29,641	17,218	19,283	20,731
Unassigned	334,660	-	-	-
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	2,006,752	1,154,018	1,076,582	1,175,388
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved for:				
Encumbrances	$ -	$ -	$ -	$ -
Noncurrent Assets	-	-	-	-
Debt Service	-	-	-	-
Statutory Purposes	-	-	-	-
Risk Management	-	-	-	-
Emergencies	-	-	-	-
Funds Reported as Restricted	-	-	-	-
Unreserved, Reported in:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Nonmajor Special Revenue Funds	-	-	-	-
Nonmajor Permanent Funds	-	-	-	-
Unreserved:				
Reported in Major Funds	-	-	-	-
Reported in Nonmajor Special Revenue Funds	-	-	-	-
Reported in Nonmajor Permanent Funds	-	-	-	-
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	12	-	19,171	-
Inventories	43,452	44,779	45,026	44,436
Permanent Fund Principal	1,186,138	1,122,480	1,043,619	971,676
Prepaids	42,116	27,686	25,298	25,849
Restricted	1,398,241	1,336,625	1,582,619	1,942,973
Committed	2,672,653	2,677,915	2,817,110	2,686,468
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	5,342,612	5,209,485	5,532,843	5,671,402
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	$ 7,349,364	$ 6,363,503	$ 6,609,425	$ 6,846,790

[1] - This amount results from a $458.1 million year-end transfer into the General Fund from various cash funds to prevent a deficit fund balance.
[2] - The implementation of Governmental Accounting Standards Board Statement No. 54 in Fiscal Year 2010-11 resulted in a significant change in the State's fund balance classifications.

2013-14	2012-13	2011-12	2010-11 [2]	2009-10	2008-09
$ -	$ -	$ -	$ -	$ 5,721	$ 2,195
-	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	148,212
-	-	-	-	23,031	18,650
-	-	-	-	(30,822)	155,436
-	-	-	-	17,854	10,939
8,721	9,931	6,942	8,742		
38,535	22,654	24,175	33,009		
468,758	487,161	503,449	542,997		
411,362	279,352	331,419	39,458		
7,651	7	20	109		
-	-	359,421	(21,468)		
-	-	-	-	28,752	169,058
-	-	-	-	(12,968)	166,375
935,027	799,105	1,225,426	602,847	15,784	335,433

$ -	$ -	$ -	$ -	$ 1,052,572	$ 1,043,396
-	-	-	-	584,828	515,062
-	-	-	-	4,093	558
-	-	-	-	325,463	40,921
-	-	-	-	-	-
-	-	-	-	94,000	93,550
-	-	-	-	1,151,448	1,445,739
-	-	-	-	-	-
-	-	-	-	57,148	53,498
-	-	-	-	(35,611)	54,687
-	-	-	-	1,302,178	1,117,248
-	-	-	-	10,586	8,500
-	-	-	-	34,487	30,327
-	-	-	-	40,778	23,719
-	-	-	-	38,541	22,875
-	-	-	-	-	-
43,681	44,262	8,690	9,839		
868,383	760,160	737,239	658,883		
29,365	32,697	28,665	21,540		
2,546,717	2,783,009	1,673,490	1,988,088		
2,310,902	1,680,986	1,619,397	1,560,775		
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,212,404	3,139,226
-	-	-	-	1,448,107	1,310,854
5,799,048	5,301,114	4,067,481	4,239,125	4,660,511	4,450,080
-	-	-	-	3,241,156	3,308,284
-	-	-	-	1,435,139	1,477,229
$ 6,734,075	$ 6,100,219	$ 5,292,907	$ 4,841,972	$ 4,676,295	$ 4,785,513

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	Unaudited 2017-18	Unaudited 2016-17	Restated 2015-16	Restated 2014-15
DISTRICT REVENUES:				
Exempt District Revenues	$ 17,388,665	$ 17,784,588	$ 18,170,415	$ 16,980,420
Nonexempt District Revenues	13,720,881	12,891,657	12,824,408	12,530,772
TOTAL DISTRICT REVENUES	31,109,546	30,676,245	30,994,823	29,511,192
Percent Change In Nonexempt District Revenues	6.4%	0.5%	2.3%	7.3%
DISTRICT EXPENDITURES:				
Exempt District Expenditures	17,388,666	17,784,588	18,170,415	16,980,420
Nonexempt District Expenditures	12,852,870	13,251,437	13,076,457	12,237,753
TOTAL DISTRICT EXPENDITURES	30,241,536	31,036,025	31,246,872	29,218,173
Percent Change In Nonexempt District Expenditures	-3.0%	1.3%	6.9%	11.2%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ 868,010	$ (359,780)	$ (252,049)	$ 293,019
FISCAL YEAR SPENDING LIMIT				
Prior Fiscal Year Spending Limitation	$ 10,761,667	$ 10,427,606	$ 9,976,946	$ 9,566,586
Adjustments To Prior Year Limit[1]	(24,108)	10,480	(45,595)	(962)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	10,737,559	10,438,086	9,931,351	9,565,624
Allowable Growth Rate (Population Plus Inflation)	4.5%	3.1%	4.4%	4.3%
Current Fiscal Year Spending Limitation	11,220,749	10,761,667	10,368,330	9,976,946
Adjustments To Current Year Limit	-	-	59,276	0
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	11,220,749	10,761,667	10,427,606	9,976,946
EXCESS STATE REVENUE CAP (ESRC)[2]	13,702,371	13,327,811	12,946,499	12,361,032
NONEXEMPT DISTRICT REVENUES	13,720,881	12,891,657	12,824,408	12,530,772
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	2,500,132	2,129,990	2,396,802	2,553,826
Amount Over(Under) Excess State Revenue Cap	18,510	(436,154)	(122,091)	169,740
Correction Of Prior Years' Refunds				3,606
Voter Approved or Statutory Retention of Excess Revenue	-	-	-	-
FISCAL YEAR REFUND	$ 18,510	$ -	$ -	$ 173,346

1 - Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activity's revenues and expenditures are no longer shown in the district amounts.

2 - Beginning in Fiscal Year 2010-11, with the expiration of the Referendum C retention period, Fiscal Year Refunds are based on the Excess State Revenue Cap rather than the Fiscal Year Spending Limit.

Restated 2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 16,833,308	$ 16,446,833	$ 15,017,772	$ 15,532,632	$ 16,056,039	$ 14,496,192
11,683,130	11,107,341	10,273,184	9,424,764	8,567,941	9,102,354
28,516,438	27,554,174	25,290,956	24,957,396	24,623,980	23,598,546
5.3%	8.1%	9.0%	10.0%	-5.9%	-9.0%
16,833,308	16,162,555	15,017,772	15,532,632	16,056,039	14,496,192
11,008,327	10,548,250	9,791,616	9,330,892	8,638,571	10,168,409
27,841,635	26,710,805	24,809,388	24,863,524	24,694,610	24,664,601
1.4%	7.7%	4.9%	8.0%	-15.0%	6.7%
$ 674,803	$ 843,369	$ 481,568	$ 93,872	$ (70,630)	$ (1,066,055)
$ 9,247,466	$ 8,799,754	$ 8,654,192	$ 8,567,941	$ 9,102,354	$ 8,829,131
(152)	(27,952)	(26,982)	(16,368)	(422,016)	(10,365)
9,247,314	8,771,802	8,627,210	8,551,573	8,680,338	8,818,766
3.3%	5.4%	2.0%	1.2%	5.8%	4.1%
9,552,475	9,245,479	8,799,754	8,654,192	9,183,797	9,180,336
14,111	1,987	-	-	-	23,505
9,566,586	9,247,466	8,799,754	8,654,192	9,183,797	9,203,841
11,852,383	11,460,242	10,871,425	10,684,856		
11,683,130	11,107,341	10,273,184	9,424,764	8,567,941	9,102,354
2,116,544	1,859,875	1,473,430	770,572	(615,856)	(101,488)
(169,253)	(352,901)	(598,242)	(1,260,092)		
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

		2017-18		2016-17		RESTATED 2015-16		2014-15
DEBT SERVICE EXPENDITURES:								
Principal	$	62,203	$	177,925	$	210,390	$	194,818
Interest		65,566		60,781		69,729		74,689
TOTAL DEBT SERVICE EXPENDITURES	$	127,769	$	238,706	$	280,119	$	269,507
Percent Change Over Previous Year		-46.5%		-14.8%		3.9%		3.2%
TOTAL NONCAPITAL EXPENDITURES		20,293,035		21,788,949		22,034,812		20,480,883
TOTAL CAPITAL EXPENDITURES		1,079,152		1,222,662		1,078,383		1,194,596
TOTAL GOVERNMENTAL EXPENDITURES		21,372,187		23,011,611		23,113,195		21,675,479
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:								
Principal		0.3%		0.8%		1.0%		1.0%
Interest		0.3%		0.3%		0.3%		0.4%
Total Debt Service Expenditures		0.6%		1.1%		1.3%		1.3%

	2013-14	2012-13	2011-12	2010-11	2009-10	RESTATED 2008-09
	$ 184,106	$ 163,939	$ 150,690	$ 124,993	$ 116,083	$ 109,801
	77,005	82,660	85,586	82,829	77,919	78,719
	$ 261,111	$ 246,599	$ 236,276	$ 207,822	$ 194,002	$ 188,520
	5.9%	4.4%	13.7%	7.1%	2.9%	-9.2%
	19,001,514	17,329,054	16,470,142	16,654,138	16,566,769	15,448,232
	664,762	653,157	726,501	631,546	478,179	359,518
	19,666,276	17,982,211	17,196,643	17,285,684	17,044,948	15,807,750
	0.9%	0.9%	0.9%	0.7%	0.7%	0.7%
	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
	1.4%	1.4%	1.4%	1.2%	1.2%	1.2%

TOTAL OUTSTANDING DEBT[1,2,4]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
Governmental Activities:				
Revenue Backed Debt	$ -	$ -	$ 127,925	$ 289,789
Certificates of Participation	1,426,314	1,302,382	1,205,172	1,227,828
Capital Leases	131,873	142,153	150,665	172,329
Notes and Mortgages	8,979	11,115	13,205	15,250
TOTAL GOVERNMENTAL OUTSTANDING DEBT	1,567,166	1,455,650	1,496,967	1,705,196
Business-Type Activities:				
Revenue Backed Debt	4,536,178	4,391,057	4,320,596	4,242,726
Certificates of Participation	461,461	346,769	372,661	399,231
Capital Leases	48,152	49,891	57,126	54,281
Notes and Mortgages	60,047	61,396	53,968	28,317
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	5,105,838	4,849,113	4,804,351	4,724,555
Total Primary Government:				
Revenue Backed Debt	4,536,178	4,391,057	4,448,521	4,532,515
Certificates of Participation	1,887,775	1,649,151	1,577,833	1,627,059
Capital Leases	180,025	192,044	207,791	226,610
Notes and Mortgages	69,026	72,511	67,173	43,567
TOTAL OUTSTANDING DEBT[1]	$ 6,673,004	$ 6,304,763	$ 6,301,318	$ 6,429,751
Percent Change Over Previous Year	5.8%	0.1%	-2.0%	1.7%
Colorado Population (In Thousands) Restated for Census	5,607	5,541	5,439	5,345
Per Capita Debt (Dollars Per Person) Restated for Census	$1,190	$1,138	$1,159	$1,203
Per Capita Income (Thousands Per Person)	$54.2	$52.1	$50.3	$48.8
Per Capita Debt as a Percent of Per Capita Income	2.2%	2.2%	2.3%	2.5%

[1] - General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforseen revenue deficiencies.

[2] - Colorado State Constitution requires multi-years obligations to be approved by voters therefore there is no specific legal debt limitation.

[3] - Decline was related to the CollegeInvest sale and retirement of bonds previously issued to support purchase and origination of student loans.

[4] - Beginning in Fiscal Year 2013-14 debt liabilities are not offset by unamortized refunding gains or losses. With GASB Statement No. 65, these balances became deferred inflows and or outflows.

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 443,881	$ 574,147	$ 739,138	$ 869,282	$ 992,436	$ 1,106,973
1,267,869	1,192,193	1,018,456	897,632	689,973	162,053
174,996	151,010	121,429	107,588	97,130	91,813
17,385	19,220	19,369	-	515,000	515,000
1,904,131	1,936,570	1,898,392	1,874,502	2,294,539	1,875,839
3,967,023	3,724,951	3,753,617	2,762,166	2,306,693	3,551,588
403,761	403,603	420,951	430,537	432,698	446,656
42,192	41,728	39,038	48,416	83,374	93,773
4,810	3,522	7,353	3,503	43,925	4,771
4,417,786	4,173,804	4,220,959	3,244,622	2,866,690	4,096,788
4,410,904	4,299,098	4,492,755	3,631,448	3,299,129	4,658,561
1,671,630	1,595,796	1,439,407	1,328,169	1,122,671	608,709
217,188	192,738	160,467	156,004	180,504	185,586
22,195	22,742	26,722	3,503	558,925	519,771
$ 6,321,917	$ 6,110,374	$ 6,119,351	$ 5,119,124	$ 5,161,229	$ 5,972,627
3.3%	-0.1%	19.5%	-0.8%	-13.6% [3]	7.7%
5,268	5,273	5,188	5,118	5,048	4,972
$1,200	$1,159	$1,180	$1,000	$1,022	$1,201
$46.9	$46.1	$46.3	$44.2	$41.7	$41.5
2.6%	2.5%	2.5%	2.3%	2.5%	2.9%

REVENUE BOND COVERAGE[1]
Last Ten Fiscal Years
(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
2017-18	$ -	$ -	$ -	$ -	$ -	$ -	0.00
2016-17	-	-	-	-	-	-	0.00
2015-16	1,566,285	1,437,505	128,780	126,100	2,680	128,780	1.00
2014-15	1,358,950	1,191,461	167,489	157,220	10,269	167,489	1.00
2013-14	1,240,588	1,073,259	167,329	147,225	20,104	167,329	1.00
2012-13	1,204,153	1,037,025	167,128	132,105	35,023	167,128	1.00
2011-12	1,105,452	938,787	166,665	125,265	41,400	166,665	1.00
2010-11	1,162,586	994,596	167,990	119,385	48,605	167,990	1.00
2009-10	1,104,185	936,194	167,991	113,300	54,691	167,991	1.00
2008-09	980,992	813,000	167,992	107,795	60,197	167,992	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance [2]							
2017-18	$ 106,022	$ -	$ 106,022	$ -	$ 18,234	$ 18,234	5.81
2016-17	109,927	-	109,927	-	18,234	18,234	6.03
2015-16	231,775	-	231,775	124,965	20,546	145,511	1.59
2014-15	363,612	-	363,612	249,925	24,857	274,782	1.32
2013-14	486,250	-	486,250	374,885	30,620	405,505	1.20
2012-13	608,493	-	608,493	499,845	40,965	540,810	1.13
2011-12	240,822	-	240,822	-	18,234	18,234	13.21
2010-11	74,280	-	74,280	-	8,408	8,408	8.83
2008-09	200,753	34,107	166,646	24,000	17,126	41,126	4.05
Higher Education Institutions							
2017-18	$ 2,290,836	$ 643,503	$ 1,647,333	$ 127,378	$ 161,525	$ 288,903	5.70
2016-17	2,170,616	618,649	1,551,967	117,118	160,835	277,953	5.58
2015-16	1,984,082	455,553	1,528,529	103,957	157,999	261,956	5.84
2014-15	1,250,735	579,200	671,535	107,878	152,923	260,801	2.57
2013-14	1,170,939	557,627	613,312	94,581	138,121	232,702	2.64
2012-13	1,122,003	537,630	584,373	80,330	131,356	211,686	2.76
2011-12	1,093,528	507,761	585,767	69,992	114,914	184,906	3.17
2010-11	1,025,079	487,781	537,298	64,345	110,488	174,833	3.07
2009-10	947,626	477,126	470,500	46,650	85,723	132,373	3.55
2008-09	846,389	450,057	396,332	40,965	69,195	110,160	3.60

[1] - Pledged revenues supporting the Governmental Funds TRANs include primarily federal grants under agreement with the Federal Highway Administration (FHWA). Before Fiscal Year 2009-10, pledged revenue also included a portion of sales and use tax revenues of the General Fund diverted to the Highway Users Tax Fund and the Highway Users Tax Fund revenues. Pledged revenues supporting the Enterprise Funds' borrowings, excluding Higher Education, were primarily student loan repayment amounts at CollegeInvest, which were used to make the required debt service payments. CollegeInvest's loan portfolio was sold in Fiscal Year 2009-10 and related bonds were sold or redeemed. Pledged revenues supporting Higher Education Institutions' borrowings are primarily auxiliary fees related to student housing and tuition. Pledged revenues supporting Unemployment Insurance bonds are from assessments on employers.

[2] - At the close of Fiscal Year 2009-10, neither CollegeInvest nor State Fair had any outstanding revenue bonds requiring pledged revenues amount to be reported. In Fiscal Year 2011-12, Unemployment Insurance issued revenue bonds requiring pledged revenues.

COLORADO DEMOGRAPHIC DATA
2008 to 2018

Year	Population (000)	Percentage Share of U.S. Population	Total Personal Income (Billions)	Per Capita Personal Income (Dollars)	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
2018 est	5,687	1.73%	$ 320.5	$ 56,365	104.9%	3,090	2.9%
2017	5,607	1.72	303.7	54,156	104.8	2,992	2.4
2016	5,541	1.71	288.4	52,059	105.6	2,888	3.5
2015	5,439	1.69	273.8	50,343	105.6	2,719	3.9
2014	5,345	1.67	261.0	48,831	106.3	2,675	5.0
2013	5,268	1.67	247.1	46,900	104.8	2,591	6.8
2012	5,189	1.65	240.3	46,310	104.8	2,542	7.9
2011	5,118	1.64	226.1	44,177	104.4	2,507	8.3
2010	5,048	1.63	210.5	41,700	103.9	2,486	8.7
2009	4,972	1.62	206.4	41,512	105.4	2,524	7.3
2008	4,890	1.61	212.1	43,374	106.1	2,585	4.8

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment

COLORADO EMPLOYMENT[1,2]
BY INDUSTRY
2008 to 2018
(AMOUNTS IN THOUSANDS)

Industry	2018 est	2017 est	2016	2015	2014	2013	2012	2011	2010	2009	2008
Natural Resources and Mining	26.1	25.0	23.7	31.1	34.1	30.6	30.3	27.9	24.4	24.2	28.5
Construction	164.5	162.0	155.1	149.5	142.2	127.5	115.8	112.5	115.1	131.3	161.8
Manufacturing	145.6	144.0	142.5	141.4	136.6	132.8	130.9	128.1	124.2	128.0	142.3
Transportation, Trade, and Utilities	470.4	461.7	454.8	445.3	432.9	420.2	409.7	401.7	397.6	403.8	429.3
Information	72.4	72.1	71.7	70.7	70.3	69.8	69.8	71.4	72.0	74.7	76.8
Financial Activities	169.6	167.6	163.6	159.5	153.9	151.0	146.7	143.9	144.3	148.0	155.6
Professional and Business Services	425.2	415.2	405.3	397.5	386.5	372.6	356.9	341.5	330.8	331.8	353.7
Educational and Health Services	343.4	335.0	326.7	312.9	298.9	286.7	282.6	273.7	264.7	257.2	250.5
Leisure and Hospitality	337.0	330.8	323.3	313.3	300.4	289.4	279.7	271.4	263.0	262.4	272.9
Other Services	108.0	106.3	105.2	103.0	100.7	97.7	96.0	93.7	92.4	93.7	94.8
Government	440.4	435.8	427.3	416.7	408.5	403.7	394.8	392.9	393.8	390.5	384.1
Total	2,702.6	2,655.5	2,599.2	2,540.9	2,465.0	2,382.0	2,313.2	2,258.7	2,222.3	2,245.6	2,350.3

Source: Colorado Department of Labor and Employment and the Colorado Business Economic Outlook Committee.

1 - Provided in lieu of information regarding Colorado's principal employers because employer data could not be obtained.

2 - Excludes nonagricultural self-employed, unpaid family, and domestic workers.

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE
Last Ten Years
(AMOUNTS IN MILLIONS)

Year	Residential	Non-Residential	Non-Building	Total
2018 est	$ 10,046	$ 5,700	$ 3,500	$ 19,246
2017	9,123	5,400	3,000	17,523
2016	9,892	5,586	2,327	17,804
2015	7,489	4,621	3,150	15,260
2014	6,480	4,239	2,319	13,038
2013	7,089	3,610	3,680	14,379
2012	5,368	3,675	3,329	12,372
2011	3,363	3,932	2,289	9,584
2010	2,903	2,967	2,214	8,084
2009	2,501	3,126	1,648	7,275
2008	4,042	4,117	2,542	10,701

Source: Department of Census, F.W. Dodge Company, Division of McGraw-Hill, the Colorado Contractors Assoc., and Colorado Business Economic Outlook Committee.

COLORADO SALES AND GROSS FARMING REVENUES
Last Ten Years
(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2018 est	$ 95.50	$ 7.97
2017 est	91.30	7.91
2016	83.40	7.61
2015	83.40	8.80
2014	79.50	9.08
2013	74.10	8.55
2012	70.70	8.34
2011	66.70	8.48
2010	62.30	7.08
2009	58.30	6.91
2008	66.50	6.98

Includes only those sales reported on sales tax reports.

Source: Colorado Business Economic Outlook Agricultural Committee

DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]
BY FUNCTIONS / PROGRAMS

Last Ten Years[2]

	2018	2017	2016	2015
GOVERNMENTAL ACTIVITIES:				
General Government:				
Funds	874	848	815	719
Employees (calculated Average Employment)	76,578	74,252	72,483	72,369
Balance in Treasury Pool (in millions)	$7,763.4	$6,852.0	$7,413.7	$7,683.2
Business, Community, and Consumer Affairs:				
Professional Licenses at Regulatory Agencies	853,163	829,350	813,639	789,643
Unemployment Rate (percent) [4]	2.9	2.4	3.3	4.3
Employment Level [4]	3,000,247	2,919,787	2,808,506	2,716,981
Education:				
Public Schools	1,889	1,833	1,853	1,836
Primary School Students	N/A	910,280	905,018	899,112
Health and Rehabilitation:				
Average Daily Population of Mental Health Institutes [3]	581	543	545	545
Average Daily Population of Regional Centers [3,5]	261	260	266	272
Justice:				
District Court Cases Filed [3]	218,413	225,438	216,970	231,188
County Court Cases Filed [3]	412,714	425,947	430,398	446,255
Inmate Admissions	N/A	8,851	9,912	9,912
Inmate Releases	N/A	9,844	10,269	10,269
Average Daily Inmate Population	N/A	20,179	20,179	20,678
Citations Issued by the State Patrol	138,772	144,612	128,142	145,790
Crashes Covered by the State Patrol	28,964	30,254	25,541	30,463
Natural Resources:				
Active Oil and Gas Wells [3]	54,400	54,600	52,600	52,300
Oil and Gas Drilling Permits [3]	4,460	4,620	3,725	4,333
Annual State Park Visitors [3]	14,400,000	14,800,000	12,300,000	11,699,543
Water Loans	318	328	312	294
Social Assistance:				
Medicaid Recipients [3]	1,420,267	1,385,945	1,289,795	1,003,612
Average Cash Assistance Payments per Month [3]	925,400	960,100	286,611	63,646
Transportation:				
Lane Miles	23,053,073	22,984,731	23,018,184	23,018,184
Bridges	3,451	3,455	3,427	3,439
BUSINESS-TYPE ACTIVITIES:				
Higher-Education:				
Resident Students [3]	146,138	142,180	145,769	150,073
Nonresident Students [3]	32,884	32,884	30,869	29,305
Unemployment Insurance:				
Individuals Served - Employment and Training [3]	360,911	425,253	469,274	553,258
Initial Unemployment Claims [3]	107,471	129,887	152,658	157,161
CollegeInvest:[7]				
Loans Issued or Purchased	-	-	-	-
Average Balance per Loan	-	-	-	-
Lottery:				
Scratch Tickets Sold	83,746,578	84,041,528	87,433,955	89,637,387
Lotto Tickets Sold	28,462,945	30,609,106	27,422,320	29,837,628
Powerball Tickets Sold	36,013,750	29,860,519	47,427,269	29,581,783
Other Lottery Tickets Sold	56,312,662	54,533,766	29,682,863	50,521,072
Wildlife:				
Hunting & Fishing Licenses Sold [3]	1,700,000	1,700,000	1,600,000	2,300,000
College Assist:				
Guaranteed Loans - In State	-	-	-	-
Guaranteed Loans - Out of State	-	-	-	-

*Data not available.

[1]All amounts are counts except where dollars or percentages are indicated.

[2]Data presented by either fiscal year or calendar year based on availability of information.

[3]Data represents estimates from budgetary documents and is not adjusted to actuals.

[4]Data represents annual averages of monthly estimates from Department of Labor and Employment statistical information and is not adjusted to actua

[5]Prior to 2009, this represented Regional Center Residential Beds

[6]Data through October 31, 2014

[7]Data through October 24, ,2011

[8]Restated amount from prior year.

[9]Numbers only available through 9/30/11.

Source: JBC Budget in Brief and Various State Agencies' Self-Reported Statistical Information.

2014	Restated 2013	Restated 2012	Restated 2011	2010	2009	2008
638	634	626	616	601	593	556
70,823	68,898	67,871	66,691	65,325	64,535	61,915
$7,047.8	$7,106.9	$6,546.6	$6,076.2	$5,902.0	$5,663.2	$6,159.4
750,306	729,328	705,205	703,695	702,498	679,836	640,332
5.5	6.8	7.8	8.5	9.0	8.1	4.8
2,691,680	2,595,837	2,523,535	2,490,004	2,475,831	2,511,189	2,599,724
1,824	1,823	1,806	1,786	1,817	1,769	1,771
889,006	876,999	863,561	854,265	843,316	832,368	818,443
486	489	501	511	554	569	548
288	305	302	307	329	378	403
289,965	247,696	238,766	190,531	188,822	191,749	199,681
493,341	505,234	541,439	562,185	562,570	554,165	579,069
9,620	9,597	9,116	9,935	10,704	10,992	11,038
10,506	10,506	10,657	10,161	11,033	10,803	10,565
20,478	20,551	22,009	22,814	22,980	23,210	22,887
140,640	127,939 [6]	130,651	149,015	170,988	170,570	221,544
29,163	27,751 [6]	25,554	24,878	24,123	26,159	27,260
50,350	47,916	45,300	45,500	45,000	36,000	35,000
4,300	5,100	4,800	5,250	5,000	7,400	6,780
11,556,388	12,461,261	12,651,919	12,463,495	11,666,912	13,680,012	11,272,418
289	277	281	288	278	269	258
809,452	687,473	613,148	553,407	476,632	381,390	383,784
65,208	65,208	66,472	63,742	58,119	57,200	62,647
23,021,500	23,023,800	23,023,720	23,023,070	22,982,320	23,060,630	23,036,480
3,443	3,438	3,447	3,447	3,447	3,429	3,406
155,748	159,206	160,944	160,160	146,531	136,900	135,275
28,580	27,536	26,934	26,225	24,869	23,166	22,069
552,303	636,977	585,724	615,548	652,570	350,000	300,000
199,007	228,634	302,418	389,769	408,644	120,074	119,561
-	-	-	-	-	268,745 [7]	239,060
-	-	-	-	-	6,326 [7]	6,328
89,961,317	94,109,256	99,988,581	98,545,733	99,657,606	104,217,790	101,604,127
33,809,181	32,561,865	33,276,914	39,257,585	41,620,408	43,552,521	41,071,837
35,134,907	67,690,312	64,285,665	70,047,258	101,568,085	100,733,520	109,565,516
56,956,625	47,690,502	65,916,303	50,464,834	26,833,674	20,831,732	19,148,564
2,300,000	2,315,000	2,333,000	1,380,000	1,630,000	2,300,000	1,545,659
-	-	-	61,076 [8]	107,402	115,486	140,232
-	-	-	4,961 [8]	41,616	47,892	18,859

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2017-18	2016-17	2015-16	2014-15
General Government	3,320	3,238	3,102	3,005
Business, Community, and Consumer Affairs	2,741	2,756	2,451	2,441
Education	45,884	43,762	42,494	42,767
Health and Rehabilitation	4,147	4,122	4,023	4,007
Justice	14,192	14,076	13,974	13,760
Natural Resources	1,611	1,619	1,623	1,599
Social Assistance	1,672	1,661	1,810	1,766
Transportation	3,011	3,018	3,006	3,024
TOTAL AVERAGE EMPLOYMENT	76,578	74,252	72,483	72,369
TOTAL CLASSIFIED	31,133	31,159	31,102	31,246
AVERAGE MONTHLY SALARY	$ 4,650	$ 4,554	$ 4,539	$ 4,502
TOTAL NON-CLASSIFIED	45,445	43,093	41,381	41,123
AVERAGE MONTHLY SALARY	$ 6,980	$ 6,872	$ 6,691	$ 6,306

- Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor's cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty in the Department of Higher Education.
- For each State agency, the average salary For full-time employees was divided into the part-time employee payroll amount to determine the average employee count. average salary was computed as total classified or nonclassified salary divided by related average employee count.

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
3,092	2,958	3,042	2,991	2,399	2,454
2,482	2,420	2,404	2,458	2,564	2,437
41,501	40,218	39,097	38,038	37,093	36,042
3,990	3,931	3,953	3,965	4,019	3,944
13,416	13,123	13,149	13,093	12,848	13,000
1,579	1,586	1,597	1,579	1,607	1,587
1,731	1,633	1,605	1,579	1,704	1,671
3,032	3,029	3,024	2,988	3,091	3,400
70,823	68,898	67,871	66,691	65,325	64,535
31,284	31,504	32,449	32,927	32,799	32,820
$ 4,391	$ 4,283	$ 4,314	$ 4,324	$ 4,367	$ 4,390
39,539	37,394	35,422	33,764	32,526	31,715
$ 6,140	$ 5,953	$ 5,840	$ 5,786	$ 5,735	$ 5,723

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
2007 TO 2017

Mileage Type	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
CenterLine Miles[1]											
Urban	1,510	1,510	1,523	1,523	1,385	1,385	1,385	1,389	1,398	1,400	1,398
Rural	7,578	7,578	7,580	7,580	7,718	7,720	7,720	7,720	7,748	7,744	7,736
TOTAL CENTERLINE MILES	9,088	9,088	9,103	9,103	9,103	9,105	9,105	9,109	9,146	9,144	9,134
Percent Change	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	0.0%	0.1%	-0.3%
Lane Miles[2]											
Urban	5,808	5,742	5,771	5,771	5,326	5,330	5,330	5,327	5,352	5,238	5,232
Rural	17,245	17,242	17,247	17,247	17,688	17,694	17,693	17,654	17,709	17,798	17,767
TOTAL LANE MILES	23,053	22,984	23,018	23,018	23,014	23,024	23,023	22,981	23,061	23,036	22,999
Percent Change	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.3%	0.1%	0.2%	-0.5%
Roadways[3]											
Percent Rated Good/Fair	79	79	79	79	79	47	48	48	50	53	59
Percent Rated Poor	21	21	21	21	21	53	52	52	50	47	41
TOTAL PERCENTAGE	100	100	100	100	100	100	100	100	100	100	100

[1]Centerline miles measure roadway miles without accounting for the number of lanes.
[2]Lane miles measure the total distance of all roadway lanes, and are therfore a better indicator of actual maintentance requirements.
[3]In 2013 CDOT changed the overall metric by which pavement condition is measured. The new measure is based on Driveability Life, which identifies how long a pavement will last until the user experience becomes unacceptable.
Source: Department of Transportation

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
2007 to 2018

Functional Classification	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Principal Arterial[1]	1,387	1,390	1,372	1,377	1,114	1,294	1,303	1,299	1,376	1,368	1,341	1,686
Other Principal Arterial	932	931	930	930	1,199	793	791	785	801	794	795	911
Minor Arterial	670	670	666	667	667	747	749	752	759	761	773	802
Collector	383	387	383	390	391	443	442	446	431	426	404	350
Local	79	77	76	75	72	161	162	165	80	80	93	26
TOTAL BRIDGES	3,451	3,455	3,427	3,439	3,443	3,438	3,447	3,447	3,447	3,429	3,406	3,775
Percent Change	-0.1%	0.8%	-0.3%	-0.1%	0.1%	-0.3%	0.0%	0.0%	0.5%	0.7%	-9.8%	0.5%
Percent Rated Poor[2]	4.42	4.90	5.60	5.60	5.70	5.90	3.60	5.53	5.48	5.62	6.21	5.81

[1]Includes Interstate, Expressways, and Freeways.
[2]In 2013 CDOT changed the overall metric for assessing bridges due to Public Law 112-141. The focus is now on Structurally Deficient bridges.

Source: Department of Transportation

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS / PROGRAMS

Last Ten Years

	2018	Restated 2017	Restated 2016	Restated 2015	Restated 2014	Restated 2013	Restated 2012	Restated 2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES:											
General Government	3,975,641	4,110,351	4,091,577	3,630,949	3,898,443	3,449,893	3,197,325	3,069,547	3,043,068	2,549,944	2,982,413
Business, Community, and Consumer Affairs[1]	1,253,288	1,253,288	1,117,563	1,260,223	1,462,694	1,091,423	980,198	980,198	980,198	981,809	937,389
Education	322,484	322,484	322,484	322,484	327,394	327,394	327,394	326,602	317,894	317,884	317,884
Health and Rehabilitation	1,463,209	1,463,129	1,443,140	1,439,483	1,371,986	1,407,882	1,522,278	1,476,587	1,489,338	1,365,606	1,561,507
Justice	8,852,530	8,763,302	8,743,419	8,633,069	8,797,346	8,170,861	8,428,687	8,404,174	8,398,319	8,103,126	8,047,872
Natural Resources	788,919	775,567	754,116	677,422	454,150	457,366	321,373	1,729,810	1,729,810	1,210,477	1,672,897
Social Assistance	1,834,497	1,834,815	1,828,335	1,821,873	1,794,333	1,791,521	1,787,266	1,836,385	1,824,175	1,700,847	1,351,964
Transportation	4,057,721	3,450,675	3,652,382	3,589,835	3,373,967	3,362,781	3,278,758	3,207,047	3,206,451	2,575,421	2,575,421
BUSINESS-TYPE ACTIVITIES:											
Higher Education	55,616,419	55,858,696	54,075,080	52,070,593	50,215,173	49,016,072	48,013,242	47,701,898	46,277,915	44,026,204	41,437,896
Parks and Wildlife	2,887,423	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	1,131,841	1,109,004	1,065,240	901,526
TOTAL	81,052,131	80,643,916	78,839,705	76,257,540	74,507,095	71,886,802	70,668,130	69,864,089	68,376,172	63,896,558	61,786,769

Source: Colorado Office of the State Architect

[1] - Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

BUILDING SQUARE FOOTAGE
LEASED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS / PROGRAMS

Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:											
General Government	175,427	153,470	153,470	161,533	169,970	200,900	226,201	210,576	276,602	288,210	199,967
Business, Community, and Consumer Affairs[1]	635,899	640,803	623,742	597,583	604,185	597,182	575,591	585,944	517,447	515,708	508,439
Education	54,765	58,819	53,827	51,749	47,926	47,645	39,804	31,999	28,531	19,440	9,396
Health and Rehabilitation	470,748	477,717	473,440	498,721	475,010	473,230	465,649	458,959	455,218	420,272	434,469
Justice	473,032	525,493	453,320	343,665	412,286	310,551	321,920	463,506	857,026	868,060	850,185
Natural Resources	79,055	78,909	74,016	75,134	91,162	78,937	73,375	81,926	65,735	73,546	49,495
Social Assistance	96,465	99,256	99,256	110,867	74,451	61,001	51,404	56,881	55,801	34,459	28,963
BUSINESS-TYPE ACTIVITIES:											
Higher Education	1,436,583	1,404,972	1,309,490	1,303,315	1,613,516	1,530,285	1,536,160	1,358,597	1,199,672	1,243,524	1,294,663
CollegeInvest	9,126	9,164	9,597	9,642	11,397	11,397	7,517	8,544	18,983	15,318	15,318
Lottery	67,327	67,327	67,327	71,104	71,104	71,104	74,104	66,684	59,915	61,682	61,682
Parks and Wildlife	70,058	83,036	76,448	76,448	76,448	76,448	79,112	73,064	73,064	15,267	75,944
College Assist	9,126	9,396	10,164	10,246	8,825	8,825	8,825	10,139	12,807	12,807	12,807
TOTAL	3,577,611	3,608,362	3,404,097	3,310,007	3,656,279	3,467,505	3,459,662	3,406,819	3,620,801	3,568,293	3,541,328

Source: Colorado Office of the State Architect

[1] - Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

OTHER COLORADO FACTS

Important Dates

1803 The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.

1806 Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. However, they do reach the headwaters of the Arkansas River near Leadville.

1848 By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.

1858 Gold is discovered along Cherry Creek near present day Denver.

1861 Congress establishes the Colorado Territory with the boundaries of the present State and chooses its name from the Spanish word for "colored red." President Lincoln appoints William Gilpin as the first territorial governor. The State Supreme Court is organized. The first assembly meets and creates 17 counties, authorizes the University of Colorado, and selects Colorado City as the territorial capital.

1867 Denver is established as the permanent seat of the territorial government by the legislature meeting in Golden.

1870 The Denver Pacific Railroad is completed to Denver.

1876 Colorado is admitted to the Union as the 38th state. John L. Routt is elected the first governor.

1877 The University of Colorado opens classes at Boulder with two teachers and forty-four students.

1894 The State Capitol Building, designed by Elijah E. Meyers, is completed at a cost of $2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.

1906 The U.S. Mint at Denver issues its first coins.

1958 The U.S. Air Force Academy's permanent campus opens near Colorado Springs.

1992 TABOR amendment is added to the State Constitution.

Geography

Area: 103,718 square miles.

Highest Elevation: Mt Elbert – 14,433 feet above sea level.

Lowest Elevation: Along the Arikaree River in Yuma County – 3,315 feet above sea level.

Colorado has the highest average elevation of all fifty states – 6,800 feet above sea level.

State Symbols and Emblems

State Motto – Nil Sine Numine – Nothing Without the Deity

State Nickname – Centennial State

State Animal – Rocky Mountain Bighorn Sheep

State Bird – Lark Bunting

State Fish – Greenback Cutthroat Trout

State Flower – White and Lavender Columbine

State Folk Dance – Square Dance

State Fossil – Stegosaurus

State Pet – Shelter and Rescue Dog and Cat

State Songs – "Where the Columbines Grow" and "Rocky Mountain High"

State Gemstone – Aquamarine

State Grass – Blue Grama Grass

State Insect – Colorado Hairstreak Butterfly

State Mineral – Rhodochrosite

State Reptile – Western Painted Turtle

State Amphibian – Western Tiger Salamander

State Rock – Yule Marble

State Tree – Colorado Blue Spruce

State Cactus – Claret Cup

COLORADO

Office of the State Controller

Department of Personnel
& Administration

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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 the State 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 2017 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State.* See also "**Appendix A** – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts."

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: Fort Collins/Greeley, Denver/Boulder, Colorado Springs, and Pueblo. Denver, the State's capital, is the economic center of the State and the Rocky Mountain region. About 56 percent of the State's population and 62 percent 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 activity 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 – Revenue Estimation; OSPB Revenue and Economic Forecasts."

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**
2007	4.8	1.7%	301.2	1.0%
2008	4.9	1.7%	304.0	0.9%
2009	5.0	1.5%	306.7	0.9%
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.4%	311.6	0.7%
2012	5.2	1.4%	314.0	0.8%
2013	5.3	1.5%	316.2	0.7%
2014	5.4	1.6%	318.6	0.8%
2015	5.4	1.8%	321.0	0.8%
2016	5.5	1.7%	323.4	0.7%
2017	5.6	1.7%	325.7	0.7%

Note: Figures for 2007 through 2016 are estimates. The U.S. 2017 count is an estimate, and the 2017 count for Colorado is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

Age Distribution, July 1

	Colorado, 2017		United States, 2016	
	Population (millions)	**% of total**	**Population (millions)**	**% of total**
Under 18	1.27	22.5%	73.64	22.8%
18 to 24	0.55	9.8%	30.84	9.5%
25 to 44	1.60	28.5%	85.15	26.4%
45 to 64	1.43	25.4%	84.25	26.1%
65+	0.78	13.8%	49.24	15.2%
Total	5.63	100.0%	323.13	100.0%
Median Age	37.2		37.9	

Note: Totals may not add due to rounding. The U.S. 2016 count is an estimate, and the Colorado 2017 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
2012	$45,120		$41,119		$44,283	
2013	$46,869	3.9%	$42,196	2.6%	$44,489	0.5%
2014	$50,021	6.7%	$44,564	5.6%	$46,486	4.5%
2015	$51,956	3.9%	$46,392	4.1%	$48,429	4.2%
2016	$52,097	0.3%	$46,848	1.0%	$49,204	1.6%
2017	$53,504	2.7%	$48,017	2.5%	$50,392	2.4%

[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
2013	2,767.2		2,577.6		6.9%	7.4%
2014	2,799.5	1.2%	2,659.5	3.2%	5.0%	6.2%
2015	2,824.8	0.9%	2,715.1	2.1%	3.9%	5.3%
2016	2,893.3	2.4%	2,798.9	3.1%	3.3%	4.9%
2017	2,992.3	3.4%	2,907.5	3.9%	2.8%	4.4%
Year-to-date averages through March:						
2017	2,937.6		2,848.3		3.0%	4.9%
2018	3,045.1	3.7%	2,947.6	3.5%	3.2%	4.3%

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.
Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

						Most Recent Quarter		
Industry	**2013**	**2014**	**2015**	**2016**	**2017**	**2017Q3**	**2017Q4**	**% Change**
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,348	14,935	15,624	16,469	17,598	19,162	17,572	-8.3%
Mining	30,433	33,847	30,565	23,573	25,578	26,343	26,944	2.3%
Utilities	7,832	8,140	8,202	8,239	8,079	8,049	8,016	-0.4%
Construction	127,597	142,140	148,638	155,139	163,452	168,299	168,289	0.0%
Manufacturing	132,691	136,216	140,831	142,381	144,064	144,980	144,637	-0.2%
Wholesale Trade	96,636	99,825	103,253	104,882	106,726	107,358	107,720	0.3%
Retail Trade	249,235	254,942	263,104	269,032	270,783	271,337	277,278	2.2%
Transportation and Warehousing	62,398	65,180	67,287	68,327	72,554	71,646	76,376	6.6%
Information	69,817	70,001	70,599	71,730	71,643	71,405	72,568	1.6%
Finance and Insurance	103,136	103,623	106,344	108,970	111,293	111,370	111,961	0.5%
Real Estate and Rental and Leasing	42,849	44,497	46,944	48,707	50,566	51,154	51,518	0.7%
Professional and Technical Services	188,984	196,684	204,586	210,093	215,783	216,314	219,747	1.6%
Management of Companies and Enterprises	34,591	35,406	36,488	36,833	39,018	39,247	39,255	0.0%
Administrative and Waste Services	148,745	154,121	157,385	158,535	158,041	163,652	159,320	-2.6%
Educational Services	31,997	32,965	33,847	34,992	35,375	34,710	35,952	3.6%
Health Care and Social Assistance	250,654	261,428	275,183	287,168	291,299	289,716	296,398	2.3%
Arts, Entertainment, and Recreation	47,166	48,978	50,707	52,625	55,407	57,068	52,882	-7.3%
Accommodation and Food Services	242,100	251,052	261,704	270,673	277,613	286,320	276,537	-3.4%
Other Services	69,554	72,443	75,157	78,231	82,201	85,244	80,641	-5.4%
Unclassified	1,388	2,783	1,478	759	180	259	203	-21.6%
Government	383,637	388,566	396,853	405,690	412,002	406,866	416,398	2.3%
Total*	**2,335,786**	**2,417,769**	**2,494,777**	**2,553,045**	**2,609,255**	**2,630,501**	**2,640,213**	**0.4%**

*Industry employment levels may not add to total due to rounding.
Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

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The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2018. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	27,600
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,600
UCHealth	Healthcare, Research	21,400
Centura Health	Healthcare	15,700
HealthONE Corporation	Healthcare	12,000
Lockheed Martin Corporation	Aerospace & Defense Related Systems	9,000
Comcast	Telecommunications	8,800
SCL Health System	Healthcare	8,700
CenturyLink	Telecommunications	8,300
Home Depot	Building Materials Retailer	8,000
Kaiser Permanente	Health Maintenance Organization	7,100
Children's Hospital Colorado	Healthcare	6,800
Target Corporation	General Merchandise	6,600
Vail Resorts	Leisure & Hospitality	6,400
Safeway Inc.	Supermarkets	6,200
United Airlines	Airline	6,100
Wells Fargo	Banking/Financial Services	6,000
United Parcel Service	Delivery Services	5,400
Amazon[2]	Warehousing & Distribution Services	5,300
Banner Health	Healthcare	5,000
JBS Swift & Company	Beef Processing/Corporate Office	4,600
FedEx Corp.	Transportation, E-commerce	4,300
Charles Schwab	Financial Services	4,200
Oracle	Software & Network Computer Systems	4,200
University of Denver	Private University	4,100
DISH Network	Satellite TV & Equipment	4,100
Walgreen Company	General Merchandise	4,100

[1] Includes both full- and part-time employees.
[2] Includes Amazon Robotics and Fulfillment Center planned opening in Thornton in August 2018 with 1,500 employees.
Source: Compiled by Development Research Partners from various sources, May 2018.

The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2018.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	52,500
Federal Government (except USPS)	43,600
University of Colorado System	22,100
Denver Public Schools	14,000
City & County of Denver	13,800
Jefferson County Public Schools	11,400
U.S. Postal Service	9,900
Douglas County School District RE-1	8,400
Cherry Creek School District No 5	8,000
Colorado State University	7,500
Denver Health	7,000
Aurora Public Schools	6,000
Adams 12 Five Star Schools	4,700
Boulder Valley School District RE-2	4,300
Poudre School District R-1	4,100
St. Vrain Valley School District RE-1J	3,900
Colorado Springs School District 11	3,900
City of Aurora	3,500
Academy Schools District No 20	3,500
Jefferson County	3,300
Regional Transportation District (RTD)	2,900
Mesa County Valley School District 51	2,900
El Paso County	2,700
Greeley 6 School District	2,600
Arapahoe County	2,500

[1] Includes both full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, May 2018.

Retail Sales

The following table provides recent annual sales figures as reported for state sales tax purposes.

Colorado Sales and Use Tax Net Collections
Fiscal Years 2013 to 2017

	Sales Tax		Consumer Use Tax		Retailer Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change	Amount (thousands)	% Change
2013	$2,187,244		$110,166		$119,321	
2014	$2,371,992	8.4%	$116,268	5.5%	$125,209	4.9%
2015	$2,561,913	8.0%	$123,175	5.9%	$132,685	6.0%
2016	$2,596,355	1.3%	$111,227	-9.7%	$132,591	-0.1%
2017	$2,719,778	4.8%	$109,037	-2.0%	$149,567	12.8%

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the State for the most recent five years and year-to-date available. Retail sales data is only available through February 2016 as the Colorado Department of Revenue is currently experiencing a system problem that prevents the Retail Sales Reports from being produced. The Department is working to resolve the issue as soon as possible.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year

											Year-to-date totals through February		
Industry	**2011**	**% Change**	**2012**	**% Change**	**2013**	**% Change**	**2014**	**% Change**	**2015**	**% Change**	**2015**	**2016**	**% Change**
Agriculture/Forestry/Fishing	411.7	22.4%	406.2	-1.3%	387.0	-4.7%	440.5	13.8%	500.6	13.6%	27.7	25.5	-8.0%
Mining	3,111.7	22.9%	3,815.6	22.6%	4,611.8	20.9%	5,573.0	20.8%	3,743.4	-32.8%	709.9	348.8	-50.9%
Utilities	7,353.2	-29.1%	7,332.9	-0.3%	7,635.7	4.1%	7,929.0	3.8%	7,612.1	-4.0%	1,453.1	1,340.5	-7.8%
Construction	2,829.3	2.6%	3,396.0	20.0%	3,531.5	4.0%	4,170.5	18.1%	4,685.8	12.4%	530.4	525.2	-1.0%
Manufacturing	15,909.3	52.6%	18,192.1	14.3%	18,747.5	3.1%	19,782.9	5.5%	15,864.8	-19.8%	2,204.8	1,807.1	-18.0%
Wholesale Trade	13,084.9	5.3%	14,012.4	7.1%	15,041.3	7.3%	15,158.8	0.8%	14,427.2	-4.8%	1,725.4	1,769.3	2.5%
Retail Trade													
Motor Vehicle and Auto Parts	12,986.8	15.0%	14,435.4	11.2%	15,667.7	8.5%	17,449.0	11.4%	18,995.4	8.9%	2,696.1	2,739.5	1.6%
Furniture and Furnishings	2,049.0	7.8%	2,265.5	10.6%	2,461.8	8.7%	2,653.3	7.8%	2,868.8	8.1%	396.6	436.5	10.1%
Electronics and Appliances	2,224.2	5.0%	2,077.8	-6.6%	1,998.6	-3.8%	2,258.5	13.0%	2,387.6	5.7%	323.1	326.8	1.1%
Building Materials/Nurseries	4,515.0	2.9%	4,824.6	6.9%	5,298.3	9.8%	5,926.0	11.8%	6,373.2	7.5%	776.8	824.8	6.2%
Food/Beverage Stores	14,433.2	8.0%	15,298.5	6.0%	15,729.9	2.8%	15,964.5	1.5%	16,619.2	4.1%	2,878.8	2,441.1	-15.2%
Health and Personal Care	2,712.1	7.2%	2,886.9	6.4%	3,166.1	9.7%	3,730.3	17.8%	4,384.1	17.5%	576.8	665.4	15.4%
Gas Stations	5,778.1	23.1%	6,011.1	4.0%	5,869.2	-2.4%	5,702.2	-2.8%	4,815.3	-15.6%	609.0	570.6	-6.3%
Clothing and Accessories	3,337.4	7.0%	3,510.2	5.2%	3,559.2	1.4%	3,735.3	4.9%	3,810.6	2.0%	493.3	491.9	-0.3%
Sporting/Hobby/Books/Music	2,680.6	7.8%	2,674.0	-0.2%	2,767.7	3.5%	2,920.2	5.5%	3,009.1	3.0%	430.0	472.7	9.9%
General Merchandise/Warehous	11,722.3	5.7%	12,185.7	4.0%	12,408.3	1.8%	12,850.3	3.6%	13,073.8	1.7%	1,840.2	1,859.4	1.0%
Misc Store Retailers	2,938.6	20.0%	3,147.8	7.1%	3,752.3	19.2%	4,760.9	26.9%	5,256.5	10.4%	730.3	660.8	-9.5%
Non-Store Retailers	1,550.2	-33.7%	1,456.0	-6.1%	1,584.7	8.8%	1,697.1	7.1%	1,742.1	2.7%	247.9	234.5	-5.4%
Total Retail Trade	**66,927.7**	**5.6%**	**70,773.7**	**5.7%**	**74,263.5**	**4.9%**	**79,647.7**	7.3%	**83,335.5**	4.6%	**11,999.1**	**11,724.0**	**-2.3%**
Transportation/Warehouse	593.1	12.1%	710.2	19.8%	828.4	16.6%	978.3	18.1%	931.3	-4.8%	103.5	119.5	15.4%
Information	6,321.8	-8.2%	6,242.2	-1.3%	5,789.3	-7.3%	5,449.8	-5.9%	5,413.0	-0.7%	806.2	758.7	-5.9%
Finance/Insurance	3,085.9	-3.8%	3,130.7	1.5%	2,493.2	-20.4%	1,689.9	-32.2%	2,668.7	57.9%	166.1	390.6	135.1%
Real Estate/Rental/Lease	3,154.3	8.2%	3,240.7	2.7%	3,561.7	9.9%	4,172.9	17.2%	4,389.0	5.2%	700.1	702.8	0.4%
Professional/Scientific/Technical	6,768.8	3.3%	6,818.2	0.7%	7,474.7	9.6%	6,966.6	-6.8%	6,929.3	-0.5%	784.0	705.7	-10.0%
Admin/Support/Waste/Remediatio	1,882.7	3.3%	1,866.1	-0.9%	2,044.5	9.6%	2,070.8	1.3%	2,245.9	8.5%	234.7	247.9	5.6%
Education	487.1	1.5%	490.8	0.8%	478.1	-2.6%	481.6	0.7%	490.5	1.9%	62.6	60.8	-2.9%
Health Care/Social Assistance	6,222.6	3.7%	6,318.5	1.5%	6,827.2	8.1%	7,240.1	6.0%	6,896.1	-4.8%	1,099.5	902.8	-17.9%
Arts/Entertainment/Recreation	987.2	3.3%	1,036.6	5.0%	1,104.4	6.5%	1,169.9	5.9%	1,337.8	14.4%	184.4	206.2	11.8%
Accommodation	3,014.9	10.9%	3,199.2	6.1%	3,375.6	5.5%	3,747.8	11.0%	4,043.4	7.9%	629.9	653.3	3.7%
Food/Drinking Services	8,876.4	6.5%	9,474.1	6.7%	9,976.8	5.3%	10,858.9	8.8%	11,615.6	7.0%	1,785.0	1,902.3	6.6%
Other Services	3,763.6	5.5%	3,867.8	2.8%	4,359.0	12.7%	4,926.4	13.0%	5,441.9	10.5%	699.6	726.7	3.9%
Government	268.2	2.2%	244.5	-8.8%	252.6	3.3%	254.8	0.8%	273.4	7.3%	38.4	39.6	3.0%
Total All Industries	**155,054.2**	**8.0%**	**164,568.4**	**6.1%**	**172,784.0**	**5.0%**	**182,710.0**	5.7%	**182,845.3**	0.1%	**25,944.3**	**24,957.1**	**-3.8%**

Source: Colorado Department of Revenue.

Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures, and visitor counts for Colorado ski areas.

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2]						Skier Visits[3]	
			Conventions		*Delegates*		*Spending*			
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2013	5.39		84		265.7		$529.3		11.45	
2014	6.03	11.8%	76	-9.5%	289.3	8.9%	$576.3	8.9%	12.60	10.1%
2015	7.08	17.3%	73	-3.9%	236.8	-18.1%	$546.6	-5.2%	12.54	-0.5%
2016	7.46	5.4%	66	-9.6%	242.7	2.5%	$543.4	-0.6%	13.39	6.8%
2017	7.61	2.0%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%

[1] Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.
[2] Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.
[3] Count of skier visits for the season ending in the referenced year.
Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

The following table provides a five-year history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2013	15,772	408	148	11,189	27,517	18.1%
2014	17,104	532	146	10,916	28,698	4.3%
2015	20,025	334	287	11,225	31,871	11.1%
2016	21,577	556	242	16,599	38,974	22.3%
2017	24,338	344	415	15,576	40,673	4.4%
Year-to-date totals through April:						
2017	7,462	112	66	5,641	13,281	
2018	10,011	52	131	6,330	16,524	
% change	*34.2%*	*-53.6%*	*98.5%*	*12.2%*	*24.4%*	

Source: U.S. Census Bureau.

Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2013	15,333	-46.3%	9,318	-41.4%
2014	11,235	-26.7%	6,003	-35.6%
2015	8,241	-26.6%	4,209	-29.9%
2016	7,666	-7.0%	3,128	-25.7%
2017	6,680	-12.9%	2,100	-32.9%

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.
Source: Colorado Division of Housing.

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APPENDIX E

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2017 (the "PERA 2017 CAFR"). The PERA 2017 CAFR was prepared by PERA staff employees and the firm of Cavanaugh Macdonald Consulting, LLC, 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 "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements" at the beginning of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2017 CAFR is not incorporated in this Official Statement by reference or otherwise, and the State makes no representations regarding the accuracy of the information in the PERA 2017 CAFR.

The information in the State's Fiscal Year 2017-18 CAFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2017, while the information in this Official Statement regarding PERA is derived from the PERA 2017 CAFR. PERA implemented GASB Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), beginning with the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014 (the "PERA 2014 CAFR"), as discussed in "Implementation by PERA of GASB 67" below. See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" in this Appendix.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (generally for State employees) (the "State Division"), the School Division Trust Fund (for employees of school districts), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities), the Judicial Division Trust Fund (for judges in the State) and the Denver Public Schools Division (for employees of DPS). The defined benefit plan for the State Division is referred to herein as the "State Division Plan."

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee, the amounts of which are determined and established by statute. Benefits provided through the State Division Plan are paid from the State Division Trust Fund. State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. The State has no obligation to make contributions or fund benefits in Divisions other than the State Division and Judicial Division of PERA, other than the direct distribution of $225 million pursuant to C.R.S. § 24-51-414. See Notes 1 and 8 to the financial statements in the PERA 2017 CAFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis and Notes 6, 7 and 8 to the financial statements in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and 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 (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, 7 and 8 to the financial statements in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, the PERA 2017 CAFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2017 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts.

GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with the PERA 2014 CAFR.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," applies to governmental employers as reflected in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement. See "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" below.

GASB 67 establishes a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. Implementation of GASB 67 requires the preparation of two actuarial valuations, one for funding purposes and one for accounting and financial disclosure purposes. The purpose of the funding valuation is to guide the PERA Board's actions necessary to ensure the long-term sustainability of PERA's trust funds. The funding valuation aids this action by allowing PERA to assess the sufficiency of the current statutory contribution rates and amounts and analyze the sufficiency of future contributions to meet current and future benefit obligations. The actuarial valuation for accounting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability across U.S. pension plans complying with this new reporting standard. To accomplish this, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed unfunded actuarial accrued liability,[1] or "UAAL." Net pension liability is to be measured as the total pension liability[2] of the plan less the amount of the plan's fiduciary net position.[3]

Another major change in the new standard is the rate used to discount projected benefit payments. The new standard states the long-term expected rate of return on the investments of the plan should be applied only to available plan assets that are expected to be invested using a strategy to achieve that return. If there comes a point in the projections when plan fiduciary net position and contributions related to active and inactive employees are no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses (crossover point), then from that point forward the plan will be required to discount the projected benefit payments after the crossover point using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

GASB 67 also enhances the standards for footnote disclosure and required supplementary information for pension plans, including, among other things, disclosing the plan's net pension liability, ratio of fiduciary net position to total pension liability and actuarial methods and assumptions.

[1] Actuarial accrued liability ("AAL") is the excess of the present value of a pension fund's total of future benefits (payable to the plan participants) and fund administration expenses over the present value of the future normal cost of those benefits. Unfunded actuarial accrued liability is the difference between the AAL and the valuation assets of the fund.
[2] Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.
[3] Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan's reporting period.

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, actuarial accrued liability and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial valuations for each of PERA's defined benefit plans, including the State Division Plan, were prepared by PERA's actuaries as of December 31, 2017, based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the Plan compared to actuarial liabilities, compare past and future trends and determine the liability of the Plan. The actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed market value of assets for purposes of determining the UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets (determined in conformity with GASB standards) to determine the net pension liability. See the Actuarial Section of the PERA 2017 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2017 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2016, and the next experience study is planned in 2020.

No assurance can be given that any of the assumptions underlying the actuarial valuations of the State Division Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of Plan assets, the liability of the Plan and other valuation and performance measures determined on the basis of such actuarial valuations.

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State. The baseline SRC that is made by the State for most State employees currently is 10.15% of the employee's salary. The State has consistently contributed the full amount of the SRC to the State Division Plan. See Note 6 and the Required Supplementary Information to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a summary of the SRC percentages payable, and percentage amount of the SRC paid, by the State for the last three Fiscal Years, as well as total PERA plan contributions made by the State for each of the past ten Fiscal Years.

As required by statute, State employees contribute 8.0% (except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10%) of their wages to the State Division Plan, although per SB 10-001, for Fiscal Years 2010-11 and 2011-12 the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees offset a 2.5% reduction in the State contribution for those Fiscal Years. The employee contribution rates reverted to pre-Fiscal Year 2010-11 levels effective July 1, 2012, and the State returned to paying the 10.15% SRC.

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement, or "AED," and the Supplemental Amortization Equalization Disbursement, or "SAED," in order to shorten the amount of time over which the unfunded liability of the Plan is amortized. Both the AED and the SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. The AED applicable to the State Division Plan was effective as of January 1, 2006, and was initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The AED rate applicable to the State Division Plan was 4.2% in 2015, 4.6% in 2016 and is 5.0% in 2017. The SAED applicable to the State Division Plan was effective as of January 1, 2008, and was also initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The SAED rate applicable to the State Division Plan was 4.0% in 2015, 4.5% in 2016 and is 5.0% in 2017. The total SRC applicable to the State Division Plan currently is 20.15% of employee wages. However, SB 18-200 makes further changes to employer and employee contributions as discussed in "Funding Status of the State Division Plan" hereafter in this section. See also Note 6 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement and Note 4 to the financial statements in the PERA 2017 CAFR for a further discussion of the AED and SAED.

Changes to the statutorily required contributions to the State Division Plan by the State and its employees, or to other provisions of the Plan, could be made by the General Assembly through future legislative action, which changes could impact the SRC, the funding status and/or the financial condition of the Plan as described herein. The State cannot predict if or when any such legislative changes might be enacted or the impact that any such changes, if enacted, might have on the State Division Plan or the State's funding obligations with respect to the Plan.

SB 18-200 provides for automatic adjustments to employee and employer contribution rates within certain statutory parameters so as to stay within the legislation's 30-year funding goal. Previously, such adjustments required action by the General Assembly. See "Funding Status of the State Division Plan" below.

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.

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 is no longer required. Rather, this philosophical shift necessitates the development and use of a plan-specific

[1] Prior to 2014, PERA used the annual required contribution, or ARC, as a funding benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ARC is the actuarially determined amount that would be required if the State were to fund each year's normal cost (i.e., the present value of the benefits that the State Division Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the State Division Plan plus an annual amortization of the UAAL assuming that the UAAL will be fully funded over a maximum 30-year period. The difference between the ARC and the SRC constitutes either a contribution deficiency or excess contributions. For historical information regarding the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013.

actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long-term rate of return. See "Historical ADC and State Contributions" below.

Change in PERA Funding Policy. In response to the new GASB 67 standards, the PERA Board adopted a revised pension funding policy in March 2015 with regard to its trust funds to update and replace the prior funding policy dated November 2007. The purpose of the revised funding policy, as stated in the PERA 2017 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA Board in assessing the sustainability of the plan. The results of these three items are intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "Statutorily Required Contributions" above.

Historical ADC and State Contributions. The following table sets forth for each of the years 2008-2017 (i) the ADC for the State Division Plan, (ii) the annual contribution deficiency and (iii) the actual contribution as a percentage of covered employee payroll. The State annually contributes the full amount of the SRC to the State Division Plan; however, these amounts have been less than the applicable ARC or ADC. During this period the State has not made any contributions to the State Division Plan in excess of the SRC.

The ADC rates, as a percentage of pensionable 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, 2015, actuarial valuation) were used to determine contribution rates reported in the table for the year ended December 31, 2017: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's UAAL is amortized as a level percent of payroll, on a closed, layered basis over a 30-year period; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by Actuarial Standards of Practice; (iv) price inflation is assumed to be 2.80%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.90%) are projected to range from 3.90% to 10.85%; (vii) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.50%; and (viii) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year and cost of living adjustments for post-2006 hires are assumed to be financed by the Annual Increase Reserve described in footnote 2 to the table. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2017 CAFR.

Table 1
Employer Contributions
State Division
(Dollar Amounts in Thousands)

Calendar Year	ADC Rate[1]	Covered Employee Payroll	Annual Increase Reserve Contribution[2]	ADC Contribution[3]	Contributions in Relation to the ADC	Annual Contribution Deficiency	Actual Contribution as a Percentage of Covered Employee Payroll
2017	22.71%	$2,774,207	$14,355	$644,377	$563,977	$80,400	20.33%
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2013	20.01	2,474,965	--	495,241	393,218	102,023	15.89
2012	16.52	2,384,934	--	393,991	328,055	65,936	13.76
2011	13.63	2,393,791	--	326,274	277,122	49,152	11.58
2010	18.93	2,392,080	--	452,821	282,640	170,181	11.82
2009	17.91	2,384,137	--	426,999	293,234	133,765	12.30
2008	18.45	2,371,639	--	437,567	267,533	170,034	11.28

[1] See the discussion preceding this table regarding the actuarial methods and assumptions used in determining the ADC rates.
[2] The Annual Increase Reserve, or "AIR," was established in 2007 and is used to provide post-retirement benefit increases for members hired on or after January 1, 2007. The AIR is financed by an allocation from employer statutory contributions made on behalf of such members equal to 100% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2017 CAFR.
[3] The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR.
Source: PERA 2017 CAFR

The Management's Discussion and Analysis in the PERA 2017 CAFR states that, using the funding policy approved by the PERA Board in March 2015 and the 2016 actuarial funding valuation based on an assumed 7.25% investment rate of return and discount rate, the 2018 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 26.30%, and that using such funding policy and the 2017 actuarial funding valuation based on an assumed 7.25% investment rate of return and discount rate, the 2019 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 23.28%.

For historical information regarding employer contributions based on the ARC, see Note 6 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – Statutorily Required Contributions" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the Plan design by SB 10-001 and SB 18-200, all in an effort to improve the funding status of the State Division Plan. In addition, investment returns on Plan assets have recently decreased following the negative effects of the global economic downturn that began in 2008. The actuarial assumptions as to the investment rate of return on Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% in 2009, from 8.00% to 7.50% at the end of 2013 and from 7.50% to 7.25% at the end of 2016, and other economic assumptions, including the amortization period, have been changed over this period as well, to reflect actual results and new estimates about the future. Notwithstanding these changes, the PERA reported that at 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 Plan assets divided by the AAL) of only 54.6%, which UAAL would have amortized over a 65-year period based on contribution rates as of the date of calculation.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, during the 2018 legislative session the General Assembly enacted, and on June 4, 2018, the Governor signed, SB 18-200, which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans, and thereby reach a 100% funded ratio for each of such plans, within the next 30 years. Among other things, SB 18-200 phases-in a 2% increase in contribution rates for all employees, suspends the cost of living adjustment for retires through 2019, changes the definition of salary and highest average salary, reduces maximum annual cost of living adjustments, adjusts employer contribution rates, funds unfunded PERA liability from political subdivisions terminating its affiliation with PERA and provides for a direct annual allocation of $225 million (actual dollars) from the State's General Fund to PERA beginning with the State's Fiscal Year 2018-19. SB 18-200 also includes a provision that automatically adjusts employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding SB 18-200, see the PERA 2017 CAFR.

The PERA 2017 CAFR reports that, taking into account changes made by SB 18-200, at December 31, 2017, the actuarial value of assets of the State Division Plan was approximately $14.256 billion and the AAL of the Plan was approximately $24.782 billion, resulting in a UAAL of approximately $10.526 billion and a funded ratio of 57.5%. This UAAL would amortize over a 33-year period.[1]

The actuarial value of assets of the State Division Plan is determined by using an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets over a four-year period to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in assets of the State Division Plan as a result of economic and market conditions is not reflected in the funded ratio. Based on the market value of assets of the State Division Plan, and taking into account the changes made by SB 18-200, the PERA 2017 CAFR reports that at December 31, 2017, the UAAL of the Plan was approximately $9.677 billion and the funded ratio was 61.0%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2017 CAFR.

Table 2 below sets forth for each of the years 2008-2017 the UAAL, the funded ratio and related information for the State Division Plan based on the actuarial value of Plan assets, and Table 3 below sets forth such information based on the market value of Plan assets.

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[1] This amortization period is based on the actuarial valuation for funding purposes as of December 31, 2017, and exceeds the SB 18-200 goal of funding 100% of the AAL of the State Division Plan within 30 years because it does not include the full effect of changes to the State Division Plan implemented by the General Assembly in 2006 and 2010 or the full effect of changes to the State Division Plan required by SB 18 200, which are designed to lower the normal cost over time as new members are added to the Plan, allow a greater proportion of the State's contribution to the Plan to be used to amortize the unfunded liability and increase future contributions to the Plan in order to accelerate the amortization of the UAAL. On a projected basis, the amortization period for the State Division Plan is 27 years. For further information, see the PERA 2017 CAFR.

The total pension liability for the State Division Plan was determined by actuarial valuations as of December 31, 2016, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2017. When calculating the AAL of the State Division Plan in Tables 2 and 3 below, the following actuarial methods, assumptions and inputs, among others, were used: (i) price inflation is assumed to be 2.40%; (ii) real wage growth is assumed to be 1.10%; (iii) payroll increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 9.17%; (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; and (v) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year compounded annually, and cost of living adjustments for post-2006 hires are assumed to be financed by the AIR. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2017 CAFR.

Table 2
Historical Funding Progress of State Division Plan
Actuarial Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Actuarial Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2017	$14,256,410	$24,782,085	$10,525,675	57.5%	$2,774,207	379.4%
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2013	13,129,460	22,843,725	9,714,265	57.5	2,474,965	392.5
2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
2011	12,010,045	20,826,543	8,816,498	57.7	2,393,791	368.3
2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2
2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.6

[1] The actuarial value of Plan assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards.
Source: PERA 2017 CAFR

Table 3
Historical Funding Progress of State Division Plan
Market Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Market Value of Plan Assets1	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2017	$15,105,378	$24,782,085	$ 9,676,707	61.0%	$2,774,207	348.8%
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2013	13,935,754	22,843,725	8,907,971	61.0	2,474,965	359.9
2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	353.3
2011	12,001,770	20,826,543	8,824,773	57.6	2,393,791	368.7
2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0
2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3

[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 2017 CAFR.
Source: PERA Comprehensive Annual Financial Reports for calendar years 2008 through 2017

Since contribution rates to the State Division Plan are fixed by statute, unless changes are made to such rates or changes are made to Plan provisions to reduce benefit payments, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on Plan assets or changes in the actuarial assumptions used to determine the value of Plan assets and the AAL. Changes to contribution rates or other Plan provisions, or the use of alternative Plan funding strategies, would require legislative action by the General Assembly, of which there can be no assurance.

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Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2017, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2017 CAFR. The following table sets forth for each of the years 2008-2017 the changes in fiduciary net position of the State Division Plan.

Table 4
Changes in Fiduciary Net Position
State Division
(Dollar Amounts in Thousands)

	For the Year Ended December 31									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
ADDITIONS										
Employer contributions	$563,977	$521,804	$484,005	$444,372	$401,658	$335,073	$283,222	$287,624	$297,240	$270,353
Member contributions	228,978	223,005	217,980	211,610	202,799	227,058	258,678	223,240	194,168	191,481
Purchased service	27,442	24,528	26,946	22,446	22,241	16,358	11,277	12,496	8,830	13,315
Net investment income (loss)	2,391,683	947,981	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142	1,742,571	(3,745,843)
Other	15,860	8,708	5,023	3,289	4,869	150	331	1	3	7
Total additions	3,227,940	1,726,026	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503	2,242,812	(3,270,687)
DEDUCTIONS										
Benefit payments	1,554,290	1,483,828	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707	1,122,435	1,071,725	999,279
Refunds	58,696	60,137	63,567	61,152	68,735	69,221	70,090	68,844	58,416	56,716
Disability insurance premiums	2,035	2,106	2,088	2,309	2,229	1,570	1,685	1,661	2,004	1,794
Administrative expenses	11,745	11,271	10,779	10,067	9,780	8,568	8,685	8,942	8,729	8,639
Other	3,652	3,040	3,406	3,171	3,593	3,911	(4,546)	(726)	(1,519)	6,613
Total deductions	1,630,418	1,560,382	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621	1,201,156	1,139,355	1,073,041
Change in fiduciary net position	1,597,522	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347	1,103,457	(4,343,728)
Fiduciary net position held at beginning of year	13,626,180	13,460,536	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758	10,508,301	14,852,029
Fiduciary net position held at end of year	$15,223,702	$13,626,180	$13,460,536	$14,013,947	$13,980,460	$12,797,352	$12,022,661	$12,487,105	$11,611,758	$10,508,301

Source: PERA 2017 CAFR

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

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The following table sets forth for the years 2013-2017 (the only years for which information is available) the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2017 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2017 (information for 2013 is not available). See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" hereafter.

Table 5
Net Pension Liability
State Division[1]
(Dollar Amounts in Thousands)

	For the Year Ended December 31				
	2017[2]	**2016**	**2015**	**2014**	**2013**
Total pension liability[3]	$35,241,684	$31,994,311	$23,991,569	$23,420,461	$22,888,431
Plan fiduciary net position	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460
Net pension liability	$20,017,982 [4]	$18,368,131	$10,531,033	$ 9,406,514	$ 8,907,971
Net pension liability as a percentage of total pension liability	43.20%	42.59%	56.11%	59.84%	61.08%
Covered employee payroll	$ 2,774,207	$ 2,710,651	$ 2,641,867	$ 2,564,670	$ 2,474,965
Net pension liability as a percentage of covered employee payroll	721.57%	677.63%	398.62%	366.77%	359.92%

[1] Information for years prior to 2013 is not available.
[2] Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "Funding Status of the State Division Plan" above, the changes made by SB 18-200 are not reflected in this table.
[3] The total pension liability for the State Division was determined by actuarial valuations as of December 31, 2016, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2017. The actuarial valuations as of December 31, 2016, used the key actuarial methods, assumptions or other inputs discussed in "Funding Status of the State Division Plan" above, except that the fair value of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.
[4] The pro forma estimated net pension liability of the State Division as of December 31, 2017, using plan provisions required by SB 18-200 was $9,492,389 utilizing a discount rate of 7.25%.
Source: PERA 2017 CAFR

Investment of State Division Plan Assets

State law authorizes the investment of PERA's funds by the PERA Board, subject to the following limitations:

The aggregate amount of investment trust shares, corporate stocks, corporate bonds and convertible debentures cannot exceed 65% of the book value of the fund.

Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.

The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 to the financial statements and the Investment Section of the PERA 2017 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68") is a GASB pronouncement that is related to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented beginning with the State's Fiscal Year 2014-15 CAFR. GASB 68 revises and establishes new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division had a UAAL of approximately $9.714 billion as of December 31, 2013, $9.885 billion as of December 31, 2014, $10.203 billion as of December 31, 2015, $11.644 billion as of December 31, 2016, and $10.526 billion as of December 31, 2017.

The State reported a liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.3 billion at June 30, 2018, for its proportionate share of the net pension liability for the State Division and the Judicial Division, compared to a reported liability in the State's Fiscal Year 2016-17 CAFR of approximately $17.779 billion at June 30, 2017, for its proportionate share of the net pension liability, consisting of approximately $17.540 billion for the State Division and $0.239 billion for the Judicial Division. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year. See also Note 6 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a description of the methodology utilized to determine these amounts.

There is a difference between the net pension liability for the State reported by PERA and the State in their respective financial statements. The difference results from PERA's inclusion of employers in the State Division and the Judicial Division which are not included in the State's financial statement reporting entity. The PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's financial statement reporting entity as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Examples of these employers in the State Division include Pinnacol Insurance, Fire and Police Pension Association and District Attorneys. Denver County Courts is the only Judicial Division employer that is not part of the State's financial statement reporting entity. The State includes in its financial statements a percentage of the net pension liability reported by PERA in its financial statements for each Division to determine the State's proportionate share in accordance with requirements of GASB 68. Additional information concerning the State's reporting entity can found in Note 1 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 to the State's Fiscal Year 2017-18 CAFR.

The State's proportionate share of the net pension liability at the end of calendar years 2014 through 2017 in accordance with requirements of GASB 68 is set forth in the following table.

Table 6
State's (Primary Government's) Proportionate
Share of the Net Pension Liability[1]
(Amounts in Thousands)

	Calendar Year 2017		Calendar Year 2016		Calendar Year 2015		Calendar Year 2014	
	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.49%	94.17%	95.71%	93.98%	95.85%	93.60%	95.86%	93.44%
State's proportionate Share of Net Pension liability (asset)	$17,539,728	$239,423	$10,079,252	$172,828	$9,015,773	$129,500	$8,539,181	$102,756
State's covered-employee payroll	2,751,094	46,320	2,687,152	44,159	2,586,800	40,114	2,570,286	37,203
State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	637.55%	516.89%	375.09%	391.38%	348.53%	322.83%	332.23%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	53.19%	56.11%	60.17%	59.84%	66.88%	61.08%	71.26%

[1] The amounts presented for each Fiscal Year were determined as of the calendar year-end that occurred within the Fiscal Year and were calculated as described in Note 6 to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement.
Source: State Fiscal Year 2017-18 CAFR

A 10 year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, the introduction to Notes 1, 6, 7 and 8 to the Financial Statements in the State's Fiscal Year 2017-18 CAFR.

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

Effect of Pension Liability on the Series 2018B Notes

For a discussion of the State's current pension liability, see the Management's Discussion and Analysis in the Financial Section of the State's Fiscal Year 2017-18 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions." No assurances can be given that the assumptions underlying any current or future plans of the State to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement, including in this Appendix. The General Assembly and Governor are ultimately responsible for passing any legislation which would make material changes to PERA retirement plans. No assurance can be given that any legislative changes aimed at decreasing the State's pension liability will be enacted. The State's current pension liability or any increase in the State's pension liability may have a material adverse effect on the State's ability to fully pay its obligations, including the Series 2018B Notes.

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 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 2018B 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 2018B Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2018B Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2018B Notes. The Series 2018B 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 2018B Note certificate, in the aggregate principal amount of the Series 2018B 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 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 2018B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018B 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 2018B 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 2018B Notes except in the event that use of the book-entry system for the Series 2018B Notes is discontinued.

To facilitate subsequent transfers, all Series 2018B 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 2018B 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 2018B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018B 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 2018B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018B Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2018B Notes may wish to ascertain that the nominee holding the Series 2018B 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 2018B 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 2018B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2018B 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 2018B 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 2018B 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 2018B Note certificates are required to be printed and delivered to the appropriate Owners of the Series 2018B Notes.

The State may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2018B Notes. In that event, Series 2018B Note certificates will be printed and delivered to DTC.

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

January 16, 2019

The Honorable Dave Young
Treasurer of the State of Colorado
Wells Fargo Bank, National Association
Merrill Lynch, Pierce, Fenner and Smith Incorporated
Morgan Stanley & Co. LLC
J.P. Morgan Securities, LLC
Barclays Capital Inc.

$325,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2018B

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 2018B," in the aggregate principal amount of $325,000,000 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 16, 2019, 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 2018-19 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 2018-19 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.

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,