NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG 1"
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 2017A 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 2017A 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."

$290,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2017A

Dated: Date of Delivery **Maturity Date: June 28, 2018**

The proceeds of the Series 2017A 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, 2018, and (ii) pay the costs of issuing the Series 2017A Notes.

The Series 2017A 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 2017A Notes. Beneficial Ownership Interests in the Series 2017A 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 2017A 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 2017A Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2017A Notes specified above. The Series 2017A Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.*
$ 25,000,000	3.00%	101.955%	0.90%	19672M BY3
200,000,000	4.00	102.895	0.89	19672M BX5
65,000,000	5.00	103.846	0.87	19672M BZ0

The Series 2017A 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 2017A Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2017A Notes in the Series 2017-18 Notes Repayment Account; and the principal of the Series 2017A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2018, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2017A 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 2017A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2017A Notes.

An investment in the Series 2017A 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 2017A Notes are offered when, as and if issued by the State, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State, and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State. The Series 2017A Notes are expected to be delivered through the facilities of DTC on or about July 20, 2017.

Dated: July 13, 2017

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* CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2017A Notes and only as of the issuance of the Series 2017A Notes. The State takes no responsibility for the accuracy of such data now or at any time in the future.

NOTICES

This Official Statement does not constitute an offer to sell the Series 2017A 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 2017A 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 2017A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2017A 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 – 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 JUNE 2017 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.

TABLE OF CONTENTS

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OFFICIAL STATEMENT

Relating to

$290,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2017A

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 $290,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2017A (the "Series 2017A 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 2017A 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 July 6, 2017, 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 2017A 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 2017A Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2018 ("Fiscal Year 2017-18"), and paying the costs of issuing the Series 2017A Notes, and are the first series of Notes being issued for funding the Loan Program for Fiscal Year 2017-18. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2017A NOTES."

The net proceeds of the sale of the Series 2017A Notes will be deposited in the Series 2017A Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2017A Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to approximately 22 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2017-18. 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 2018 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 2017A NOTES – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2017A Notes

Authorization. The Series 2017A Notes are issued pursuant to the Loan Program Statutes; Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"); and a resolution (the "State Resolution") adopted by the State Treasurer (the "State Treasurer") and approved and countersigned by the Controller of the State (the "State Controller"). See "THE SERIES 2017A NOTES – Authorization."

General Provisions. The Series 2017A Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 28, 2018 (the "Series 2017A Notes Maturity Date"). The Series 2017A Notes are not subject to redemption prior to the Series 2017A Notes Maturity Date. Interest on the Series 2017A 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 2017A Notes Maturity Date. See "THE SERIES 2017A NOTES – General Provisions."

Book-Entry Only System. The Series 2017A 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 2017A Notes. Ownership interests in the Series 2017A 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 2017A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2017A NOTES – General Provisions" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." As used in this Official Statement, the term "Owners" of the Series 2017A Notes means the persons or entities in whose names the Series 2017A Notes are registered on the registration books kept by the Deputy State Treasurer or the Chief Financial Officer of the Department of the Treasury as the registrar for the Series 2017A 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 2017A 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 2017A Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2018, as repayment of their Program Loans;
- amounts deposited to the "Series 2017-18 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "Series 2017-18 Notes Repayment Account") as discussed in "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 Notes Repayment Account*"; and
- any unexpended proceeds of the Series 2017A 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 2017A 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 2017A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2017A NOTES – The Series 2017A Notes Proceeds Account."

Interest on the Series 2017A 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 2017-18 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2017A Notes from the Closing Date to the Series 2017A 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 2017-18 that is (i) subject to appropriation for Fiscal Year 2017-18 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2017A Notes, any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2017A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2018, 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 2017-18 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 2017-18, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2017A (the "State Series 2017A General Fund Notes"), planned to be issued by the State Treasurer at or about the same time as the issuance of the Series 2017A Notes, in the principal amount of $600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2017-18.

The Series 2017-18 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2017A Notes and any Parity Lien Notes. The Owners of the Series 2017A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2017-18 Notes Repayment Account and the moneys credited thereto.

The Series 2017A 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 2017A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2017A Notes.

See generally "THE SERIES 2017A NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2017 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 2017A 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 Kline Alvarado Veio, P.C., 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 2017A 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 2017A 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 2017A Notes because the Series 2017A Notes have a stated maturity of less than 18 months. However, the State Treasurer does undertake in the State Resolution to provide notice of certain enumerated events if they occur, as described in "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 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 – 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 2017A Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the

"Financial Advisor"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Investment Considerations

An investment in the Series 2017A 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 2017A Notes.

THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2017A 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 2017A Notes are being issued pursuant to this authorization. See also "THE SERIES 2017A NOTES – Authorization."

Application of Series 2017A Notes Proceeds

The proceeds of the Series 2017A Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2017A Notes, will be deposited in the Series 2017A 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 2017-18, subject to the conditions stated in the State Resolution and the District Resolutions. See "Program Loans" and "The Participating Districts" below, "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2017A Notes Proceeds Account

The State Resolution directs the State Controller to establish within the State's General Fund the Series 2017A Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2017A 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 2017A Notes. The original purchasers of the Series 2017A 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 2017A Notes.

Moneys held in the Series 2017A 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 2017A 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 2017A Notes Proceeds Account; and investment earnings on moneys credited to the Series 2017A 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, 2018, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2017-18 Notes

Repayment Account, after which the Series 2017A 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 2017-18. 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 2017A 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 2017A Notes and planned Parity Lien Notes are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2017A NOTES

The following is a summary of certain provisions of the Series 2017A Notes during such time as the Series 2017A Notes are subject to the DTC book-entry system. Reference is hereby made to the State Resolution in its entirety for the detailed provisions pertaining to the Series 2017A Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2017A Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the State Resolution. The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2017A NOTES." The State Treasurer may, and currently expects to, issue additional Parity Lien Notes in Fiscal Year 2017-18. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2017A 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 2017A Notes. Beneficial Ownership Interests in the Series 2017A 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 2017A 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 2017A Notes will be dated as of the Closing Date, mature on the Series 2017A 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 2017A Notes will accrue from the Closing Date and will be payable on the Series 2017A Notes Maturity Date. The principal of and interest on the Series 2017A Notes will be payable by the State Treasurer, as paying agent for the Series 2017A Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2017A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2017A Notes will cease to accrue on the Series 2017A Notes Maturity Date.

The Deputy State Treasurer or the Chief Financial Officer of the Department of the Treasury will serve as the registrar for the Series 2017A Notes, subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy State 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 2017A Notes under the State Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the State Resolution with respect to the Series 2017A Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2017A Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2017A Notes are not subject to redemption prior to the Series 2017A Notes Maturity Date.

Security and Sources of Payment

The Series 2017A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with any additional Parity Lien Notes. The Series 2017A 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 2017A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2017A 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, 2018, in repayment of their Program Loans; (ii) amounts deposited to the Series 2017-18 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2017A 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 2017A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2017A NOTES – The Series 2017A Notes Proceeds Account."

The Series 2017-18 Notes Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the Series 2017-18 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 2017-18 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2017A Notes and any Parity Lien Notes. The Owners of the Series 2017A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2017-18 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 2017-18 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2017A Notes from the Closing Date to the Series 2017A Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2017-18 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2018, in repayment of their Program Loans. However, if on June 26, 2018, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2017A 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 State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2017-18 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 2017-18, including, without limitation, the State Series 2017A 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 2017-18 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 2017-18 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2017A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2018. 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 2017-18 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, 2018, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2017A 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 State Resolution authorizes the State Treasurer from time to time during Fiscal Year 2017-18 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 2017A 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 2017-18 Notes Repayment Account.

The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2017-18 in an aggregate principal amount of approximately $300 million. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the "Purchasers") and the Owners of the Series 2017A Notes to: (i) keep proper books of record and accounts showing complete and correct entries of all transactions relating to the Funds and Accounts referred to therein and in such manner that the amount of Program Loans made to each Participating District and the amount of repayment of such Program Loans by each Participating District may at all times be readily and accurately determined; and (ii) take any and all actions that may be reasonably required to ensure timely collection of the amounts due by Participating Districts under their respective District Notes.

Defaults and Remedies

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

- payment of the principal of or interest on any of the Series 2017A Notes is not made on the Series 2017A Notes Maturity Date; or

- the State fails to perform or observe any of the covenants, agreements or conditions contained in the State Resolution or in the Series 2017A 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 2017A Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2017A Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2017A

Notes or to enforce and protect such Owner's rights under the State Resolution and the Series 2017A Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the State Resolution or the Series 2017A 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 2017A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2017-18 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2017A Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2017-18 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2017A Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2017A Note or Parity Lien Note over any other Series 2017A 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 State Resolution for the benefit of the Purchasers and the Owners of the Series 2017A Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2017A Notes Proceeds Account and the Series 2017-18 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 2017A Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Notes.

Limited Obligations

The Series 2017A 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 2017A Notes. The Series 2017A 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 2017A Notes. If an Event of Default under the State Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2017A Notes. See "THE SERIES 2017A NOTES – Security and Sources of Payment – Defaults and Remedies."

Repayment of Program Loans

The primary source of Pledged Revenues pledged to pay the principal of the Series 2017A Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2018, 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 2018. 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 2018 to repay its Program Loan in full. In such event, the State Treasurer is required by the State Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2017A Notes, from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolution. See generally "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS – Taxes – Ad Valorem Property Tax Procedure – Summary Financial Information Regarding the Participating Districts."

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

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

As discussed in "Repayment of Program Loans" under this caption and in "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 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 2017-18 Notes Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the Series 2017-18 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 State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2017-18 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 2017-18, including, without limitation, the State Series 2017A General Fund Notes planned to be issued by the State Treasurer at or about the same time as the Series 2017A 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 2017-18 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 2017-18 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2017A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2018. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds.* See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the 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 June 20, 2017 (the "OSPB June 2017 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 JUNE 2017 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 2017-18, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2017-18 Notes Repayment Account on June 25, 2018. 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 JUNE 2017 REVENUE FORECAST."

The OSPB June 2017 Revenue Forecast projects that General Fund revenues in Fiscal Year 2016-17 will increase by $340.7 million, or 3.4%, over Fiscal Year 2015-16, and that General Fund revenues in Fiscal Year 2017-18 will increase by $686.9 million, or 6.7%, over Fiscal Year 2016-17. The OSPB June 2017 Revenue Forecast indicates that the State ended Fiscal Year 2015-16 with reserves of $48.8 million above the Unappropriated Reserve requirement, but will end Fiscal Years 2016-17 and 2017-18 with reserves of $142.7 million and $285.4 million below the applicable Unappropriated Reserve requirement, respectively, although not to the level that would trigger budget-balancing actions by the Governor as discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*." These figures are based on revenue and budget information available when the OSPB June 2017 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 September of 2017. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2017 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2017-18 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 2017-18 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2017-18 Notes Repayment Account on June 25, 2018. 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 JUNE 2017 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 State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2017A 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 2017A Notes. The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2017-18 in an aggregate principal amount of approximately $300 million. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2017A NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2017A Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes and other funds pledged to the repayment of the Program Loans, as well as to the operations of and availability and appropriation of funds by the State. There is no assurance that there will not be any changes in, interpretation of or addition to such laws that would have a material adverse effect, directly or indirectly, on the operations of the Participating Districts, the imposition, collection or expenditure of ad valorem property taxes and other funds by the Participating Districts or the ability of the Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to repay the Series 2017A Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2017A 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 2017A NOTES – Program Loans – The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2017-18, 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 2017-18. The District Note matures on June 25, 2018 (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 2017A 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 2017A 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 2018 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 2017A 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 2017A Notes.*

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

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

A District Event of Default does not constitute an Event of Default under the State Resolution. See "THE SERIES 2017A 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 2017-18; (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 2018 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 not 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"

During the 2013 legislative session the General Assembly passed Senate Bill ("SB") 13-213, which creates a new public school finance act that substantially changes the current public school finance system. However, implementation of the new funding program is conditional upon passage by no later than November 2017 of a citizen-initiated Statewide ballot measure to increase State revenues for funding public education. Such an initiative was submitted to the State's voters at the State's general election held on November 5, 2013, but did not pass. Should a subsequent funding initiative be successful, various administrative provisions of the new program would take effect during the first budget year commencing after the election and the new funding formula and the distribution of State moneys under the provisions of the new program would take effect in the second budget year commencing after the election. The new funding program, if eventually implemented, will have no impact on the State's ability to pay the Series 2017A Notes or, if issued, any Parity Lien Notes.

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 ($6,367.90 for Fiscal Year 2016-17 and $6,546.20 for Fiscal Year 2017-18), 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" (referred to as the "Negative Factor" for Fiscal Years 2011-12 through 2016-17) 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.

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 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, pupils Statewide eligible for the federal free lunch program and English language learner pupils.
On-Line Funding and ASCENT	=	Funding amounts for pupils receiving an education predominantly through an 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	=	An amount equal to (i) the Budget Stabilization Factor percentage reduction for a given year multiplied by (ii) a district's Total Program funding amount before application of the Budget Stabilization Factor.

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 amount for Fiscal Year 2016-17, after application of the Budget Stabilization Factor, was initially established by House Bill ("HB") 16-1422 at an amount of not less than $6,394,528,931, constituting a Budget Stabilization Factor of 11.54%. The Statewide Total Program funding amount was revised by SB 17-173 to $6,372,284,194, constituting a Budget Stabilization Factor of 11.51%, due to actual funded pupil count and the actual at-risk pupil counts for the 2016-17 budget year being lower than anticipated when the General Assembly appropriated money for the Statewide Total Program funding for the 2016-17 budget year during the 2016 legislative session. The initial Statewide Total Program funding amount for Fiscal Year 2017-18, after application of the Budget Stabilization Factor, has been established by SB 17-296 at an amount of not less than $6,634,600,182, constituting a Budget Stabilization Factor of 11.10%, which amount is subject to a mid-year revision as discussed above.

The Public School Finance Act provides for a minimum level of Total Program funding for Fiscal Year 2016-17 of $7,965.68 per traditional pupil plus $7,965.60 per on-line pupil ($7,048.23 and $6,794.63, respectively, 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 minimum level of Total Program funding for Fiscal Year 2017-18 is currently projected to be $8,187.77 per traditional pupil and $7,894.00 per on-line pupil ($7,279.04 and $7,017.87, respectively, 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 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 currently are permitted for excess transportation costs, special building and technology fund, excess costs related to a full-day kindergarten program and, for school districts that obtained voter approval for override revenues in 2009 or thereafter, capital construction projects. 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 Public School Finance Act currently provides that a school district's override revenues are to be limited to the sum of: (a) the greater of (i) 20% (25% in the case of a school district that obtained voter approval for override revenues in 2009 or thereafter, and 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 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.

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 2018:

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

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 ratio of valuation for assessment of residential property has been 7.96% for levy years 2003 through 2016, but has been adjusted to 7.20% for levy years 2017 and 2018.

All other taxable property, with certain exceptions, is assessed at 29% of statutory actual value. Vacant land (other than agricultural land), which includes land upon which no buildings, structures or fixtures are located, but may include land with site improvements, is also assessed at 29% of statutory actual value. Producing oil and gas property is generally assessed at 87.5% of statutory actual 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. The State Constitution provides to qualified senior citizens and qualified disabled veterans a property tax exemption equal to 50% of the first $200,000 of the actual value of owner-occupied residential real property. In order to qualify for the senior citizen exemption, the owner or his or her spouse must be at least 65 years of age and have occupied the residence for at least ten years, and in order to qualify for the disabled veteran exemption, the veteran must be rated 100% permanently disabled by the federal government. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, and therefore the exemption does not result in a loss of revenue to school districts. The homestead exemption for qualified senior citizens was suspended by the General Assembly for property tax collection years 2003-2005 and 2010-2012 as part of a State budget balancing package, which meant that senior citizens were required to pay property taxes to local governments for such years and the State was not required to reimburse such amounts to the local governments. The exemption was restored beginning with property tax bills payable in 2013.

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. Beginning in 2009, the Board of Education is required to file the adopted budget with the Department of Education on or before January 31 of each year. 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 2017A Notes and planned Parity Lien 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)

Participating District	Amount of Program Loans[1]						Fiscal Year 2017-18 Tax Information				Fiscal Year 2016-17 Loan Program Information	
	Series 2017A Notes	% of Total	Projected Parity Lien Notes	% of Total	Total Amount Borrowed	% of Total	Estimated 2017 Assessed Valuation (000's)[2]	Estimated 2018 Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2018 Tax Collections	3 Year Average[4]	Amount Borrowed	Repayment Date (2017)
Aurora (Adams-Arapahoe 28J)	$ 3,244	0.0%	$ 15,474,127	5.0%	$ 15,477,371	2.5%	$ 2,369,781	$102,859,713	15.0%	98.50%	$ 13,473,571	March 13
Boulder Valley	56,022,309	18.2	75,698,622	24.6	131,720,931	21.4%	6,314,198	230,888,170	57.0	99.29	120,000,000	May 11
Cherry Creek (Arapahoe 5)	18,172,807	5.9	25,104,686	8.2	43,277,493	7.0%	5,862,986	216,379,577	20.0	99.31	48,156,559	March 13
Denver R-1	184,700,502	59.9	107,666,263	35.0	292,366,765	47.5%	15,389,616	524,857,876	55.7	99.27	258,500,000	May 11
Douglas County RE-1	10,303,665	3.3	26,213,323	8.5	36,516,988	5.9%	6,076,901	173,505,489	21.0	97.33	40,200,000	March 13
Durango (La Plata 9-R)	4,445,843	1.4	2,823,264	0.9	7,269,107	1.2%	1,266,797	16,778,054	43.3	98.38	226,425	March 13
Eagle County RE-50	9,130,053	3.0	8,140,754	2.7	17,270,807	2.8%	2,773,579	41,007,979	42.1	98.38	20,377,460	May11
Elizabeth (Elbert C-1)	201,904	0.1	501,284	0.2	703,188	0.1%	207,830	5,148,519	13.7	99.87	--	--
Englewood (Arapahoe 1)	1,353,811	0.4	1,335,464	0.4	2,689,275	0.4%	526,766	13,749,782	19.6	99.27	--	--
Estes Park (Larimer R-3)	2,047,655	0.7	2,259,959	0.7	4,307,614	0.7%	389,324	8,675,728	49.7	99.52	2,730,000	May 11
Gilcrest (Weld RE-1)	552,492	0.2	2,026,148	0.7	2,578,640	0.4%	824,873	8,983,135	28.7	99.00	1,532,864	May 11
Hayden (Routt RE-1)	943,250	0.3	901,090	0.3	1,844,340	0.3%	104,321	2,803,690	65.8	97.13	2,158,878	May 25
Lake County (Leadville)	1,516,860	0.5	1,240,191	0.4	2,757,051	0.5%	204,924	5,044,457	54.7	98.67	2,580,184	May 11
Littleton (Arapahoe 6)	2,741,492	0.9	6,379,074	2.1	9,120,566	1.5%	1,709,084	67,622,957	13.5	99.63	--	--
Mapleton (Adams 1)	398,216	0.1	1,487,280	0.5	1,885,496	0.3%	643,942	21,721,020	8.7	99.51	--	--
Mesa County 51 (Grand Junction)	--	--	2,031,441	0.7	2,031,441	0.3%	1,695,439	28,200,851	7.2	98.82	--	--
Platte Valley (Weld RE-7)	1,045,293	0.3	2,329,756	0.8	3,375,049	0.6%	936,325	7,622,968	44.3	99.90	969,335	May 25
Poudre (Larimer R-1)	5,441,306	1.8	14,602,121	4.8	20,043,427	3.3%	3,183,150	114,607,865	17.5	98.91	--	--
South Routt County RE-3	585,398	0.2	808,500	0.3	1,393,898	0.2%	87,951	2,505,549	55.6	99.00	--	--
Summit County RE-1	912,961	0.3	2,159,196	0.7	3,072,157	0.5%	1,823,420	24,736,817	12.4	99.77	993,257	March 13
Thompson (Larimer R2-J)	6,671,936	2.2	3,684,305	1.2	10,356,241	1.7%	1,758,976	54,356,147	19.1	100.00	--	--
Windsor (Weld RE-4)	1,232,026	0.4	4,744,468	1.5	5,976,494	1.0%	663,019	21,634,736	27.6	99.37	4,980,880	May 11
	$308,423,023	100.0%	$307,611,316	100.0%	$616,034,339	100.0%						

[1] These are estimates based upon information furnished by the Participating Districts regarding the amounts that they will borrow from the proceeds of the Series 2017A Notes and Parity Lien Notes expected to be issued by the State Treasurer in Fiscal Year 2017-18. Such amounts do not necessarily represent the actual Maximum Principal Amount that will be borrowed from the Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2017A NOTES." The Owners of the Series 2017A Notes will have a lien upon the Taxes of these Participating Districts, as well as on the Taxes of any Participating Districts that have not yet expressed the intent to participate in the Series 2017A Notes program (and thus are not included in the table) but eventually do participate in the program. Such lien also will be on parity with the lien thereon of the Owners of any Parity Lien Notes. The State Treasurer expects to issue Parity Lien Notes in Fiscal Year 2017-18. See "THE SERIES 2017A NOTES – Parity Lien Notes."

[2] Assessed valuation amounts are required by State law to be certified by county assessors to the school districts within their respective counties no later than August 25th of each year, and are subject to adjustment until December 10th of such year. See "Ad Valorem Property Tax Procedure – *Taxation Procedure*" above. The estimated amounts have been provided by the Department of Education based upon information furnished by the Participating Districts and the applicable county assessors, and other factors. Such amounts are estimates only, and material differences could occur between these estimates and the final assessed valuations certified by the county assessors. See also the preliminary notices in this Official Statement regarding forward-looking statements.

[3] This amount was calculated for each Participating District by multiplying the estimated 2017 assessed value of the Participating District by the Participating District's estimated 2017 general fund mill levy; and assumes collections of 100% of Taxes collected by all Participating Districts normally during the months of March through June of 2018. Mill levies for 2017 tax collections are not required to be certified by the Participating Districts until December 15, 2017. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2017-18 are based upon information provided by the Participating Districts and are subject to change. However, because Colorado school district taxes are determined pursuant to the Public School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts – Allocation of Total Program Funding" above and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans."

[4] Based on each Participating District's actual collection data for Fiscal Years 2013-14, 2014-15 and 2015-16.

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

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 2017A Notes and planned Parity Lien Notes. DPS expects to borrow approximately 59.9% of the net proceeds of the Series 2017A Notes and approximately 35.0% of the net proceeds of the planned Parity Lien Notes, or approximately 47.5% of the combined amount of the Series 2017A Notes and the planned Parity Lien 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 2016-17 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 85,849.5. The equivalent October 1 pupil counts for the 2015-16, 2014-15 and 2013-14 school years were 85,584.6, 83,221.0 and 79,714.5, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2016 certified assessed valuation of DPS (for ad valorem property tax collections in 2017), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $13.46 billion. The district's total tax levy for the 2016 levy year (2017 tax collection year) is 50.396 mills, of which 25.541 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 14.948 mills is for voter-approved override revenues, 9.383 mills is for debt service on general obligation bonds and 0.524 mills is to recover lost revenue due to prior year tax abatements and credits. The 2017 assessed valuation of DPS (for ad valorem property tax collections in 2018), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is projected to be approximately $15.39 billion.

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 2017A Notes and planned Parity Lien Notes. BVSD expects to borrow approximately 18.2% of the net proceeds of the Series 2017A Notes and approximately 24.6% of the net proceeds of the planned Parity Lien Notes, or approximately 21.4% of the combined amount of the Series 2017A Notes and the planned Parity Lien 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 211,000. For the 2016-17 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 80,876.1. The equivalent October 1 pupil counts for the 2015-16, 2014-15 and 2013-14 school years were 29,702.3, 28,556.5 and 28,674.0, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2016 certified assessed valuation of BVSD (for ad valorem property tax collections in 2017), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $5.85 billion. The district's total tax levy for the 2016 levy year (2017 tax collection year) is 48.961 mills, of which 25.023 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 11.473 mills is for voter-approved override revenues, 1.248 mills is to fund excess transportation costs, 8.995 mills is for debt service on general obligation bonds, 1.709 mills is for charter schools and 0.513 mills is to recover lost revenue due to prior year tax abatements and credits. The 2017 assessed valuation of BVSD (for ad valorem property tax collections in 2018), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is projected to be approximately $6.31 billion.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2018. 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, 2016" 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 JUNE 2017 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 2017-18 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2017A Notes from the Closing Date to the Series 2017A Notes Maturity Date. The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2017-18 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2018, 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, 2018, together with investment earnings thereon, is insufficient to pay the principal of the Series 2017A Notes when due, the principal of the Series 2017A 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 2017A Notes are not general obligations of the State. See also "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 Notes Repayment Account*" and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans – 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.

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 2016-17 and 2017-18 have been estimated in the OSPB June 2017 Revenue Forecast to be \$389.5 million and \$393.1 million, respectively.

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

The maximum annual percentage change in State fiscal year spending is limited by TABOR to inflation (determined as the percentage change in U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index) plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991, being the base year for calculating fiscal year spending. 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 2017-18 is to be an amount equal to (i) the ESRC for Fiscal Year 2016-17 calculated as provided above (ii) less $200 million. For subsequent fiscal years, the ESRC is to be calculated as provided above utilizing the ESRC for Fiscal Year 2017-18 as the base amount.

SB 17-267, also (i) 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 2017-18 and thereafter; and (iii) extends and expands the income tax credit for business personal property taxes paid, which is projected to reduce income tax collections in Fiscal Years 2018-19 and thereafter, but will be offset in part by the distribution of a portion of the special sales tax on retail marijuana sales to the General Fund on an ongoing basis.

As a result of Referendum C, the State was able to retain 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 June 2017 Revenue Forecast states that TABOR revenues exceeded, or are forecast to exceed, the TABOR limit by $2.397 billion in Fiscal Year 2015-16, $2.295 billion in Fiscal Year 2016-17 and $1.931 billion in Fiscal Year 2017-18, resulting in the State being $122.1 million below the ESRC in Fiscal Year 2015-16, $302.3 million below the projected ESRC in Fiscal Year 2016-17 and $582.8 million below the projected ESRC in Fiscal Year 2017-18.

SB 17-267 also changed the TABOR refund mechanisms. Under prior law, the means by which revenues in excess of the ESRC could be refunded to taxpayers included: (i) a sales tax refund to all taxpayers, (ii) the earned income tax credit to qualified taxpayers and (iii) a temporary income tax rate reduction, the particular refund mechanism used to be determined by the amount that needs to be refunded.

Per SB 17-267, beginning with Fiscal Year 2017-18, there is added as the first refund mechanism the amount reimbursed by the State Treasurer to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the property tax exemptions 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 June 2017 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 2017A Notes. Voter approval under TABOR is not required for the issuance of the Series 2017A 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 2017A 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 2017A 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 2017A General Fund Notes. See "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 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 – The State General Fund," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2017 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 2017-18 (SB 17-254) was adopted by the General Assembly in May of 2017.

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 2017-18 was approved and signed by the Governor in May of 2017.

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]
2011-12	4.0%
2012-13 and 2013-14	5.0
2014-15	6.5
2015-16	5.6
2016-17	6.0 [3]
2017-18 and thereafter	6.5

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds resulting from the ruling of the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue*. See "General Fund Overview" table in "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview," and the section of the OSPB June 2017 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

[2] Per SB 15-251, starting in Fiscal Year 2015-16, 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] The Unappropriated Reserve requirement for Fiscal Year 2016-17 was reduced from 6.5% to 6.0% per SB 17-266.

The OSPB June 2017 Revenue Forecast indicates that the State ended Fiscal Year 2015-16 with reserves of $48.8 million above the Unappropriated Reserve requirement, but will end Fiscal Years 2016-17 and 2017-18 with reserves of $142.7 million and $285.4 million below the applicable Unappropriated Reserve requirement, respectively, although not to the level that would trigger budget-balancing actions by the Governor as discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*." These figures are based on revenue and budget information available when the OSPB June 2017 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 JUNE 2017 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 2015-16 CAFR (the “Fiscal Year 2015-16 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 2015-16 and the inability of the State to timely submit its audited financial statements for posting on EMMA as required by various continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State’s credit. See “CONTINUING DISCLOSURE – Compliance With Other Continuing Disclosure Undertakings.”

Basis of Accounting

For a detailed description of the State’s basis of accounting, see Note 5 to the financial statements in the State’s Fiscal Year 2015-16 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 2015-16 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 14 and 15 to the State's Fiscal Year 2015-16 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 2017-18 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2017A Notes from the Closing Date to the Series 2017A Notes Maturity Date. See "The State General Fund" below and "APPENDIX A – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2017-18 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2018, in repayment of their Program Loans. However, if on June 26, 2018, the amount credited to the Principal Subaccount of the Series 2017-18 Notes Repayment Account is less than the principal amount of the Series 2017A Notes and any Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 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 2017-18 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 2017-18, including, without limitation, the State Series 2017A 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 2017-18 Notes Repayment Account on June 25, 2018, 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 2017-18 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2017A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2018. 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 2017-18 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 2017-18 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 – 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 2015-16.

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

[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 – THE STATE GENERAL FUND – General Fund Overview."

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 2011-12 through 2015-16.

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
2012	$1,130.9
2013	1,116.2
2014	1,019.2
2015	795.3
2016	706.9

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 2017-18 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 2017-18, including, without limitation, the State Series 2017A 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 2016-17 and 2017-18. 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 and Estimated Borrowable Resources
Fiscal Year 2016-17[1,2,3]

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

	Actual											Estimated
	July 2016	**Aug 2016**	**Sept 2016**	**Oct 2016**	**Nov 2016**	**Dec 2016**	**Jan 2017**	**Feb 2017**	**Mar 2017**	**Apr 2017**	**May 2017**	**June 2017**
Aviation Fund	$ 19.8	$ 20.2	$ 20.5	$ 19.7	$ 20.8	$ 20.6	$ 20.0	$ 21.1	$ 22.0	$ 21.1	$ 20.9	$ 21.3
Capital Construction Fund	111.1	117.1	115.0	108.9	101.1	95.9	83.3	66.5	58.2	71.0	45.0	45.8
College Scholarship Fund	36.4	39.0	14.0	14.0	35.4	139.9	137.8	92.9	35.0	37.7	36.9	25.5
Colorado Student Obligation Bond Authority – Administration	41.8	42.6	52.6	51.1	49.0	40.4	42.9	42.0	42.2	41.8	42.4	54.3
Hazardous Substance Fund	15.3	15.2	15.6	15.6	15.5	15.2	15.5	15.3	15.2	15.4	15.5	16.0
Higher Education Funds [4]	1,353.7	1,665.9	1,837.3	1,779.3	1,708.3	1,633.0	1,815.3	1,886.2	1,886.4	1,808.4	1,692.5	1,788.4
Hospital Provider Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Limited Gaming Fund	2.9	0.2	0.3	0.5	0.8	1.0	1.2	1.5	1.8	2.1	2.4	2.8
Lottery Fund	40.4	44.6	30.4	38.3	45.0	36.6	43.3	46.2	30.8	39.0	47.4	32.9
Mineral Impact Fund	100.9	111.4	68.8	83.2	94.5	80.6	89.8	100.3	91.6	106.1	118.4	91.0
School Capital Construction Assistance	264.7	304.6	296.8	292.1	305.6	314.7	323.2	368.1	342.5	344.5	369.2	373.6
State and Local Severance Tax Funds	122.6	122.1	114.9	119.2	111.3	118.3	120.3	122.6	127.2	134.4	139.2	138.1
State Public School Fund	18.0	9.6	22.1	12.2	2.5	12.6	4.1	0.5	15.4	7.6	4.8	1.6
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
Water Conservation Construction Fund	189.5	193.5	222.6	219.1	214.3	226.0	220.4	213.0	222.6	237.8	243.6	251.1
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	2,232.9	2,220.3	2,519.3	2,160.6	2,378.1	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,405.8
Total Borrowable Resources	4,552.5	4,908.9	5,332.6	4,916.5	5,085.0	5,096.3	5,177.2	5,244.8	5,122.4	5,003.4	5,139.7	4,248.2
Total General Fund	178.0	23.2	(454.9)	(144.0)	20.4	(1,024.4)	(329.3)	(320.9)	(1,113.2)	(284.8)	67.6	441.6
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	**$4,130.5**	**$4,332.1**	**$4,277.7**	**$4,172.5**	**$4,505.5**	**$3,472.0**	**$4,247.9**	**$4,324.0**	**$3,409.2**	**$4,118.5**	**$4,607.2**	**$4,689.9**

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

[2] The information in this table is presented on a cash basis, 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
Estimated 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
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
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
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
Colorado Student Obligation Bond Authority – Administration	43.8	44.5	55.0	53.5	51.2	42.2	44.9	43.9	44.1	43.8	44.3	56.7
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
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
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	2.8	0.2	0.3	0.5	0.7	1.0	1.2	1.5	1.7	2.0	2.3	2.7
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
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
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
State and 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
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
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
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
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	2,197.6	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	145.3	(13.3)	(499.8)	(170.2)	(2.6)	(1,079.1)	(353.3)	(352.3)	(1,176.0)	(324.5)	16.5	390.0
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	**$4,128.2**	**$4,275.5**	**$4,205.9**	**$4,134.0**	**$4,475.8**	**$3,456.0**	**$4,274.1**	**$4,354.7**	**$3,401.6**	**$4,145.2**	**$4,632.4**	**$4,648.9**

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

[2] The information in this table is presented on a cash basis estimate, and is not directly comparable to similar information to be included in the State's 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 2015-16 CAFR as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2017-18 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 2017-18, including, without limitation, the State Series 2017A 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 2017A 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 24 and 25 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2016, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2015-16 and thereafter. See also Note 44 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2016, but before publication of the Fiscal Year 2015-16 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 22 and 25 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2016, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2015-16 and thereafter.

The Colorado Department of Transportation ("CDOT") has issued Transportation Revenue Anticipation Notes for the purpose of financing qualified federal aid transportation projects in the State. At June 30, 2016, CDOT had outstanding approximately $126.1 million in aggregate principal amount of such notes. The notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

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 24, 25 and 44 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2016, and of those issued after June 30, 2016, but before publication of the Fiscal Year 2015-16 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 Note 43 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2015-16 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 2017A 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 2017A 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 23 and 44 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2016, and of such notes issued after June 30, 2016, but before publication of the Fiscal Year 2015-16 CAFR. The State Series 2017A General Fund Notes are planned to be issued by the State Treasurer in July of

2017 in the principal amount of $600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2017-18.

See also the Statistical Section of the State's Fiscal Year 2015-16 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. 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 D – STATE PENSION SYSTEM." For a detailed discussion of the State Division Plan, the State Division DC Plan, the limited healthcare plan and PERA, see Notes 18, 19 and 20 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2016 (the "PERA 2016 CAFR"). The information in the State's Fiscal Year 2015-16 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2015, while the information in this Official Statement is derived from the PERA 2016 CAFR. See also "*Future Accounting Standards*" hereafter.

The State Division Plan. The State Division Plan is funded with contributions made by the State and by each participating State employee at rates that are established by statute. The State has consistently made all statutorily required contributions to the State Division Plan. Nevertheless, at December 31, 2016, the PERA 2016 CAFR reports that 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%. The PERA Board revised the actuarial investment assumption rate from 7.50% to 7.25% effective for the 2016 actuarial valuation, which contributed to the increase in the State's pension liability.

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, 2016, the Plan had an unfunded accrued liability of approximately $12.1 billion and a funded ratio of 52.7%.

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

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

See generally "APPENDIX 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, 2016, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately $1.3 billion, a funded ratio of 17.4% 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 2016 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 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 $10.2 billion as of December 31, 2015, and $11.6 billion as of December 31, 2016. The State reported a liability in the State's Fiscal Year 2015-16 CAFR of approximately $10.3 billion, consisting of approximately $10.1 billion for the State Division and $0.2 billion for the Judicial Division, at June 30, 2016, for its proportionate share of the net pension liability, compared to a reported liability in the State's Fiscal Year 2014-15 CAFR of approximately $9.1 billion, consisting of approximately $9.0 billion for the State Division and $0.1 billion for the Judicial Division, at June 30, 2015, for its proportionate share of the net pension liability. Schedules presenting the State's proportionate share of the net pension liability for its retirement plan as of June 30, 2014 through 2016, and a ten year history of the State's contribution to PERA for the State and Judicial Divisions, are set forth in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2015-16 CAFR. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, as well as the introduction to Notes 1-7 and Notes 18-20 to the Financial Statements, in the State's Fiscal Year 2015-16 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."

Effect of Pension Liability on the Series 2017A Notes. The Series 2017A Notes are short-term obligations maturing on June 28, 2018, 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, 2018, as repayment of their Program Loans and a portion of the proceeds of the Series 2017A Notes deposited to the Series 2017-18 Notes Repayment Account as discussed in "THE SERIES 2017A 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 2017A Notes. See also the discussion of the State's pension liability in Management's Discussion and Analysis in the State's Fiscal Year 2015-16 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 2017A 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 2017A Notes or questioning or affecting the validity of the Series 2017A Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to adopt the State Resolution and to secure the Series 2017A Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

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

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

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 21, 43 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2015-16 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 43 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement. The State believes that it has a reasonable possibility of favorable outcomes for the actions discussed in Note 43, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in such Note.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of McGraw-Hill Financial, Inc. ("S&P"), have assigned to the Series 2017A 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 2017A 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 2017A Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2017A 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 2017A Notes, the State Treasurer will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement. However, the State Treasurer will undertake in the State Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2017A Notes, that during such time as any of the Series 2017A 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 2017A 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 2017A Notes; (iv) modifications to rights of owners of the Series 2017A Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2017A 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 2017A Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2017A 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 2017A Notes, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations pursuant to the undertaking does not constitute an Event of Default under the State Resolution, and none of the rights and remedies provided in the State Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2017A Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

From January 2011 to May 2011, the State Treasurer failed to file with the MSRB monthly cash flow schedules for the State's General Fund Tax and Revenue Anticipation Notes, Series 2010A, which were issued on December 14, 2010, and paid in full at maturity. Although such filings were not required by Rule 15c2-12, the authorizing resolution for such notes included an affirmative covenant by the State Treasurer to do so.

The State Treasurer has determined that both prior to and during the previous five years, the State Treasurer and certain other State departments or agencies have not complied in all material respects with other continuing disclosure undertakings entered into by such entities pursuant to Rule 15c2-12 in connection with municipal securities issued by or for the benefit of such entities by failing to file, or to file on a timely basis, on the EMMA website and its predecessor repositories, certain annual financial information, audited financial statements and/or notices of material events as required by those continuing disclosure undertakings. For example, CDOT failed to file annual financial information and audited financial statements in respect of its outstanding obligations for Fiscal Years 2008-09 through 2012-13. In addition, the State failed to file notices of bond insurer rating downgrades relating to certain outstanding obligations over the last five years, although such bond insurer downgrades did not affect the underlying rating of the State, and failed to file notices of an upgrade in the State's rating by Moody's from "Aa3" to "Aa2" as a result of a global recalibration of ratings by Moody's in May 2010. The State failed to timely file annual financial information and audited financial statements for certain obligations from Fiscal Year 2009-10 through Fiscal Year 2011-12, and failed to file on EMMA notices of such failures. Corrective actions have been taken with regard to these matters as discussed below.

Partially in response to the foregoing, the State Treasurer requested and the General Assembly enacted legislation in 2012 to provide the State Treasurer with statutory authority over debt issuance and post-issuance compliance with continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit (collectively, the "Included Entities") in connection with financial obligations issued by or for the benefit of such the Included Entities. Consistent with this authorization, the responsibility for compliance with the continuing disclosure undertakings entered into by the Included Entities has been centralized with the State Treasurer, which is intended to ensure future compliance with such continuing disclosure undertakings.

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 2015-16 CAFR were posted on EMMA on January 16, 2017, and March 8, 2017, 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 2011-12, 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 Fiscal Year 2011-12 and for both Fiscal Years 2014-15 and 2015-16 was posted on EMMA on January 29, 2013, and on March 28, 2017, respectively.

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.

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 2017A Notes, as well as the treatment of interest on the Series 2017A Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2017A 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 2017A 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 2017A Notes. Failure to comply with such covenants could cause interest on the Series 2017A Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017A 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 2017A Notes. Notwithstanding Bond Counsel's opinion that interest on the Series 2017A Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that interest on the Series 2017A 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 2017A Notes may otherwise affect the federal income tax liability of the owners of the Series 2017A 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 2017A 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 2017A Notes.

The amount treated as interest on the Series 2017A 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 2017A 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 2017A Notes and the aggregate amount to be paid at maturity of the Series 2017A Notes (the "original issue discount"). For this purpose, the issue price of the Series 2017A Notes is the first price at which a substantial amount of the Series 2017A 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 2017A Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2017A Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2017A 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 2017A Note over its stated redemption price at maturity constitutes original issue premium on such Series 2017A Note. An initial purchaser of a Series 2017A Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A Notes will be purchased from the State by Morgan Stanley & Co. LLC, BofA Merrill Lynch and Barclays Capital Inc. (the "Underwriters"), pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $298,744,400, being the principal amount of the Series 2017A Notes plus an aggregate original issue premium of $8,778,650 and less an aggregate underwriting discount of $34,250.

Morgan Stanley, parent company of Morgan Stanley & Co., LLC, an underwriter of the Series 2017A Notes, has entered into a retail distribution arrangement with 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 Series 2017A Notes.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2017A 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 2017A 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 2017A Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2017A Notes is contingent upon the issuance and delivery of the Series 2017A 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 2017A Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

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/ Ryan Parsell
Deputy State Treasurer

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APPENDIX A

THE STATE GENERAL FUND

The State Resolution requires that if on June 26, 2018, the amount credited to the Principal Subaccount of the Series 2017-18 Notes Repayment Account is less than the principal amount of the Series 2017A 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 2017-18 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 2017-18, including, without limitation, the State Series 2017A General Fund Notes. See "THE SERIES 2017A NOTES – Security and Sources of Payment – *The Series 2017-18 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 2017-18. See also "APPENDIX B – OSPB JUNE 2017 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 2015-16 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 2016-17 and 2017-18. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2017 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Revenue Sources[1]

(Accrual basis; dollar amounts expressed in millions)

	Actual										OSPB June 2017 Revenue Forecast			
	Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Taxes:														
Sales Tax [2]	$2,093.2	2.4%	$2,211.7	5.7%	$2,425.3	9.7%	$2,619.2	8.0%	$2,652.6	1.3%	$ 2,824.5	6.5%	$ 3,037.4	7.5%
Use Tax	200.6	5.6	242.7	21.0	241.3	(0.6)	260.3	7.8	241.2	(7.3)	257.3	6.7	274.8	6.8
	2,293.8	2.7	2,454.4	7.0	2,666.6	8.6	2,879.5	8.0%	2,893.8	0.5	3,081.8	6.5	3,312.2	7.5
Cigarette Tax	39.5	0.5	38.3	(3.1)	36.6	(4.5)	37.9	3.6	37.2	(1.8)	36.4	(2.2)	34.0	(6.6)
Tobacco Products [3]	16.0	16.1	15.6	(2.9)	16.9	8.5	17.8	5.3	21.1	18.5	22.5	6.9	22.4	(0.5)
Liquor Tax	38.4	5.3	39.2	2.2	40.3	2.9	41.5	2.8	43.6	5.0	45.0	3.3	45.2	0.5
	93.9	4.9	93.1	(0.9)	93.8	0.8	97.2	3.6	101.9	4.8	103.9	2.0	101.6	(2.2)
Total Excise Taxes	2,387.7	2.8	2,547.5	6.7	2,760.4	8.4	2,976.7	7.8	2,995.7	0.6	3,185.7	6.3	3,413.8	7.2
Income Taxes:														
Net Individual Income Tax	5,011.6	11.5	5,596.3	11.7	5,696.1	1.8	6,350.1	11.5	6,526.5	2.8	6,795.6	4.1	7,207.3	6.1
Net Corporate Income Tax	486.5	23.5	636.3	30.8	720.7	13.3	692.9	(3.9)	652.3	(5.8)	532.0	(18.5)	610.5	14.8
Total Income Taxes	5,498.1	12.4	6,232.6	13.4	6,416.8	3.0	7,043	9.8	7,178.8	1.9	7,327.6	2.1	7,817.8	6.7
Less State Education Fund Diversion[2]	(407.5)	10.0	(486.3)	19.3	(478.8)	(1.6)	(519.8)	8.6	(522.6)	0.5	(535.4)	2.5	(574.4)	7.3
Total Income Taxes to the General Fund	5,090.6	12.6	5,746.2	12.9	5,938.0	3.3	6,523.1	9.9	6,656.2	2.0	6,792.2	2.0	7,243.4	6.6
Other Revenues:														
Estate	0.3	--	(0.1)	--	--	--	--	--	--	--	--	--	--	--
-- Insurance	197.2	4.0	210.4	6.7	239.1	13.6	256.7	7.4	280.3	9.2	287.0	2.4	301.5	5.1
Interest Income	13.6	71.5	17.4	28.6	15.2	(12.8)	8.9	(41.7)	12.4	40.3	13.5	8.3	15.9	18.3
Pari-Mutuel	0.6	14.4	0.7	10.3	0.6	(8.8)	0.6	0.2	0.6	0.5	0.6	(3.0)	0.6	(2.0)
Court Receipts	2.6	(27.6)	2.3	(9.0)	2.6	9.5	2.6	0.3	3.5	34.5	2.9	(15.2)	2.8	(3.4)
Other Income	23.1	8.8	18.1	(21.6)	21.3	17.9	34.0	59.3	22.6	(33.7)	30.3	34.1	20.9	(30.9)
Total Other	237.3	6.5	249.0	4.9	279.2	12.1	302.7	8.4	319.4	5.5	334.3	4.6	341.8	2.2
Gross General Fund	**$7,715.7**	**9.2%**	**$8,542.7**	**10.7%**	**$8,977.7**	**5.1%**	**$9,802.6**	**9.2%**	**$9,971.4**	**1.7%**	**$10,312.1**	**3.4%**	**$10,999.0**	**6.7%**

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 2017-18, 28.15% of the State share of this revenue, less $30 million, is to be retained in the General Fund, 71.85% is to be transferred to the Marijuana Tax Cash Fund and $30 million is to be credited to the Public School Fund and distributed to rural school districts. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.*"

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 2011-12 through 2015-16, as well as the forecasts for Fiscal Years 2016-17 and 2017-18 from the OSPB June 2017 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB June 2017 Revenue Forecast for Fiscal Years 2016-17 and 2017-18. 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 JUNE 2017 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2011-12 through 2017-18

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

	Actual (Unaudited)[1]					OSPB June 2017 Revenue Forecast	
	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUE:							
Beginning Reserve	$ 156.6	$ 795.8	$ 373.0	$ 435.9	$ 689.6	$ 512.7	$ 441.6
Gross General Fund Revenue [2]	7,715.7	8,542.7	8,977.7	9,802.6	9,971.4	10,312.1	10,999.0
Transfers to the General Fund [2]	162.4	12.4	14.1	64.9	24.1	45.0	89.2
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	8,034.7	9,351.0	9,364.8	10,303.4	10,685.1	10,869.8	11,529.8
EXPENDITURES:							
Appropriation Subject to Limit [3]	7,027.8	7,459.2	8,218.7	8,869.0	9,335.6	9,784.5	10,438.1
Dollar Change From Prior Year	216.7	431.5	759.5	650.3	466.6	448.9	653.6
Percent Change From Prior Year	3.2%	6.1%	10.2%	7.9%	5.3%	4.8%	6.7%
Spending Outside Limit:	189.0	452.3	545.5	785.7	895.1	643.7	701.7
TABOR Refund under Subsection (7)(d) [4]	--	--	--	169.7	--	--	--
TABOR Refund under Subsection (3)(c) [5]	--	--	--	58.0	(58.0)	--	--
Rebates and Expenditures [6]	134.8	380.9	250.2	257.4	281.3	282.5	293.4
Transfer to Capital Construction [7]	49.3	61.4	186.7	248.5	271.1	84.5	109.2
Transfers to Highway Users Tax Fund [7]	N/A	N/A	--	--	199.2	79.0	79.0
Transfers to State Education Fund per SB 13-234 [8]	N/A	N/A	45.3	25.3	25.3	25.3	25.3
Transfers to Other Funds [9]	5.0	4.6	30.9	42.2	176.2	172.4	194.8
Other Expenditures Exempt from General Fund Appropriations Limit [10]	--	5.4	32.4	0.5	--	--	--
TOTAL GENERAL FUND OBLIGATIONS	7,216.8	7,911.5	8,764.3	9,654.7	10,230.7	10,428.2	11,139.8
Percent Change from Prior Year	3.7%	9.6%	10.8%	10.2%	5.7%	1.9%	6.8%
Reversions and Accounting Adjustments	36.9	7.1	(50.4)	(60.6)	(58.3)	--	--
RESERVES							
Year-End General Fund Balance	854.8	1,446.5	650.9	709.2	512.7	441.6	390.0
Year-End General Fund as a % of Appropriations	12.2%	19.4%	7.9%	8.0%	5.5%	4.5%	3.7%
General Fund Statutory Reserve Amount [11]	281.1	373.0	410.9	576.5	463.9	584.3	675.4
Unappropriated Reserve Percentage [11]	4.0%	5.0%	5.0%	6.5%	5.6%	6.0%	6.5%
Amount Above (Below) Statutory Reserve	573.7	1,073.5	240.0	132.7	48.8	(142.7)	(285.4)
Transfer of Excess Reserve to State Education Fund/ Other Funds [12]	(59.0)	(1,073.5)	(215.0)	--	--	--	--
Balance After Any Funds Above Statutory Reserve are Allocated [13]	795.8	--	435.9	132.7	48.8	(142.7)	(285.4)

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 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 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. No TABOR refunds are forecast for Fiscal Years 2016-17 or 2017-18. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX B – OSPB JUNE 2017 REVENUE FORECAST – Taxpayer's Bill of Rights: Revenue Limit."

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

[Notes continued on next page]

[6] 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. Currently there is no required 228 transfer to the Capital Construction Fund in Fiscal Year 2017-18. 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.

[8] Annual General Fund transfers to the State Education Fund are required to be made in Fiscal Years 2013-14 through 2018-19 per SB 13-234.

[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. SB 16-218 creates a reserve fund and diverts income tax revenue to the fund to help pay the refunds. However, the legislation does not distinguish between severance tax refunds related to the court decision and severance tax refunds that would have occurred regardless of the court decision. For Fiscal Year 2015-16, $56.8 million in income tax revenue was diverted to such reserve fund to pay for severance tax refunds. The OSPB June 2017 Revenue Forecast projects that approximately $54.0 million in income tax revenue will be diverted from the General Fund to the reserve fund to pay severance tax refunds in Fiscal Year 2016-17. This amount may change materially in subsequent forecasts as new information becomes available. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*" and the sections of the OSPB June 2017 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 Overexpenditures," is usually the largest amount in this line.

[11] The Unappropriated Reserve requirement, codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. For Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds as discussed in Note 9 above. Starting in Fiscal Year 2015-16, 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. 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."

[12] In recent 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 2015-16 through 2017-18 have or will become part of the beginning reserve and funds available in the following Fiscal Year.

[13] The Fiscal Year 2016-17 and 2017-18 ending balances are projected to be below the required reserve level under current law, although not to the level that would trigger budget-balancing actions by the Governor as discussed hereafter in "Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*."

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 June 20, 2017, and is included in this Official Statement as "APPENDIX B – OSPB JUNE 2017 REVENUE FORECAST." The OSPB June 2017 Revenue Forecast projects revenues for Fiscal Years 2016-17 through 2018-19. The amounts forecast for Fiscal Years 2016-17 and 2017-18 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 June 2017 Revenue Forecast was provided by Moody's Economy.com. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

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

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

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

Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures.

The next OSPB revenue forecast will be released in September of 2017. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2017 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2017-18 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 2015-16 and 2016-17 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 2015-16 and 2016-17 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2015-16
(Amounts expressed in millions)[1]

	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Agency CMOs	$ 9.3	$ 8.5	$ 8.1	$ 7.7	$ 7.3	$ 7.2	$ 6.6	$ 6.2	$ 6.1	$ 5.5	$ 5.2	$ 4.9
Commercial Paper	786.9	789.9	694.9	959.8	980.8	670.8	1,014.6	384.7	463.7	963.4	591.5	846.3
U.S. Treasury Notes	909.2	894.4	894.4	894.4	879.8	849.9	849.9	785.2	770.3	846.3	1,205.0	1,179.8
Federal Agencies	2,877.1	2,907.1	3,065.8	2,461.2	2,321.4	2,351.3	2,826.5	3,480.9	3,454.8	3,659.8	3,749.7	2,425.0
Asset-Backed Securities	1,382.8	1,348.2	1,318.8	1,289.0	1,255.9	1,176.0	1,168.2	1,142.5	1,127.0	1,086.2	1,048.7	1,022.0
Money Market	360.0	265.0	435.0	435.0	320.0	304.8	492.9	488.0	438.0	300.0	170.0	230.0
Corporates	1,693.3	1,708.1	1,708.7	1,704.9	1,695.5	1,697.1	1,675.2	1,647.2	1,632.6	1,617.3	1,636.2	1,646.6
Certificates of Deposit	5.0	6.5	0.0	6.5	6.5	6.5	4.5	2.5	0.5	0.5	0.5	0.5
Totals	**$8,023.6**	**$7,927.7**	**$8,125.7**	**$7,758.5**	**$7,467.2**	**$7,063.6**	**$8,038.4**	**$7,937.2**	**$7,893.0**	**$8,479.0**	**$8,406.8**	**$7,355.1**

[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 2016-17
(Amounts expressed in millions)[1]

	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017
Agency CMOs	$ 4.6	$ 4.4	$ 4.0	$ 3.8	$ 3.5	$ 3.3	$ 3.0	$ 2.8	$ 2.6	$ 2.4	$ 2.3
Commercial Paper	1,030.2	1,135.0	1,208.1	912.3	915.4	843.3	959.2	664.4	484.6	865.0	756.8
U.S. Treasury Notes	1,179.7	1,106.7	978.8	933.7	983.9	954.3	954.6	875.4	875.0	874.7	874.3
Federal Agencies	2,842.3	2,442.4	2,240.1	2,235.1	1,935.2	1,845.9	2,300.5	2,040.5	2,359.8	1,780.5	1,945.2
Asset-Backed Securities	975.5	921.9	876.2	832.8	768.8	742.7	717.8	698.5	729.4	678.6	603.8
Money Market	251.0	381.0	450.0	455.0	410.0	410.0	410.0	350.0	295.0	525.0	290.0
Corporates	1,658.2	1,752.3	1,856.7	2,018.6	1,989.9	1,991.1	2,364.2	2,699.7	2,830.5	3,325.1	3,542.0
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$7,941.5**	**$7,743.7**	**$7,613.9**	**$7,391.3**	**$7,006.7**	**$6,790.6**	**$7,709.3**	**$7,331.3**	**$7,576.9**	**$8,051.3**	**$8,014.4**

[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

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 2017A 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 2016-17 and 2017-18 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 2016-17 and 2017-18 are based upon (i) the General Fund appropriations for Fiscal Years 2016-17 and 2017-18 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 June 2017 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 and Estimated General Fund Cash Flow
Fiscal Year 2016-17
Current Law[1]

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

	Actual											Estimated	
	July 2016	**Aug 2016**	**Sept 2016**	**Oct 2016**	**Nov 2016**	**Dec 2016**	**Jan 2017**	**Feb 2017**	**Mar 2017**	**Apr 2017**	**May 2017**	**June 2017**	**Total**
Beginning Cash and Investments Balance	$ 473.4												$ 473.4
Revenues:													
General Fund Revenue:													
Sales and Use Tax	215.7	$ 266.2	$ 276.9	$ 267.0	$ 251.0	$ 254.4	$ 305.0	$ 231.0	$ 234.4	$ 259.5	$ 251.0	$ 269.6	3,081.8
Individual Income Tax	372.2	444.5	622.9	569.2	507.3	538.6	721.9	199.2	276.8	769.7	532.7	705.1	6,260.2
Corporate Income Tax	13.1	4.7	112.0	42.0	(32.3)	45.6	38.5	6.1	62.8	107.1	21.8	110.5	532.0
Other	52.0	(4.3)	6.3	(51.7)	(27.5)	(51.0)	(1.0)	65.3	53.9	241.1	(42.1)	197.2	438.2
Total General Fund Revenue	653.0	711.2	1,018.1	826.5	698.5	787.6	1,064.5	501.6	627.9	1,377.4	763.4	1,282.5	10,312.1
Federal Revenue	447.0	544.0	696.0	443.1	595.2	688.0	573.8	590.7	709.4	506.7	598.6	1,250.1	7,642.7
Total Revenues	1,100.0	1,255.2	1,714.1	1,269.6	1,293.7	1,475.6	1,638.3	1,092.4	1,337.3	1,884.1	1,362.0	2,532.6	17,954.8
Expenditures:													
Payroll	137.3	148.8	148.7	149.6	148.3	138.3	145.3	140.2	142.1	137.7	139.5	151.2	1,726.8
Medical Assistance	459.4	547.7	398.1	392.8	593.9	503.0	339.6	545.1	432.1	723.1	720.3	482.1	6,137.1
Public School Distribution	794.1	(13.0)	833.9	0.2	1.8	828.8	3.0	0.3	829.1	0.3	0.2	2.2	3,280.9
Higher Education Distribution	3.2	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	43.5	271.0	321.8	215.0	248.9	307.2	262.0	251.6	285.1	248.9	255.8	288.2	2,998.9
Other	459.5	431.0	488.8	175.8	130.3	695.7	221.0	129.3	451.9	(102.5)	(179.5)	333.0	3,234.4
Total Expenditures:	(1,896.9)	(1,430.5)	(2,193.4)	(937.5)	(1,127.4)	(2,515.6)	(971.3)	(1,067.0)	(2,140.7)	(1,007.9)	(936.7)	(1,255.8)	(17,480.6)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(323.5)	(175.3)	(479.3)	332.1	166.3	(1,040.0)	667.0	25.4	(803.4)	876.2	425.3	1,276.8	947.7
Revenue Accrual Adjustment	130.6	(20.1)	2.1	6.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	31.4
Expenditure Accrual Adjustment	(144.6)	40.6	(0.9)	(27.8)	30.2	(9.3)	26.1	(16.7)	13.0	67.9	(20.4)	(282.8)	(324.6)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(126.0)	--	--	(126.0)
General Fund Notes – Including Interest	600.0	--	--	--	--	--	--	--	--	--	--	(602.4)	(2.4)
Capital Construction Transfer	(84.5)	--	--	--	--	--	--	--	--	--	--	--	(84.5)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	178.0	(154.8)	(478.1)	310.9	164.4	(1,044.8)	695.1	8.4	(792.3)	828.4	352.4	374.0	441.6
General Fund Cash Balance End of Month	**$ 178.0**	**$ 23.2**	**$ (454.9)**	**$ (144.0)**	**$ 20.4**	**$ (1,024.4)**	**$ (329.3)**	**$ (320.9)**	**$ (1,113.2)**	**$ (284.8)**	**$ 67.6**	**$ 441.6**	

[1] General Fund revenues in this table are derived from the OSPB June 2017 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.

Source: State Treasurer's Office

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2017-18[1]
Current Law

(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	$ 441.6												$ 441.6
Revenues:													
General Fund Revenue:													
Sales and Use Tax	222.0	$ 286.4	$ 297.8	$ 287.2	$ 270.0	$ 273.6	$ 328.1	$ 248.5	$ 252.1	$ 281.6	$ 272.3	$ 292.5	3,312.2
Individual Income Tax	379.5	467.3	654.9	598.4	533.3	566.2	761.0	210.5	291.0	832.3	576.0	762.5	6,632.9
Corporate Income Tax	13.2	5.6	132.1	49.5	(38.0)	53.8	45.4	7.2	74.1	119.7	24.4	123.5	610.5
Other	52.0	(3.8)	(3.3)	(57.1)	(23.2)	(57.0)	(3.7)	66.8	49.8	256.2	(47.1)	208.6	438.1
Total General Fund Revenue	672.0	755.5	1,081.5	878.0	742.0	836.7	1,130.8	532.9	667.1	1,489.8	825.7	1,387.1	10,999.0
Federal Revenue	460.0	536.2	686.0	436.7	586.6	678.1	565.5	582.2	699.2	499.4	590.0	1,232.2	7,552.2
Total Revenues	1,132.1	1,291.7	1,767.5	1,314.7	1,328.6	1,514.8	1,696.4	1,115.1	1,366.3	1,989.1	1,415.7	2,619.2	18,551.3
Expenditures:													
Payroll	141.2	156.4	155.8	156.8	155.4	144.2	152.3	147.0	148.9	144.3	146.2	159.0	1,807.4
Medical Assistance	472.8	547.7	398.1	392.8	593.9	503.0	339.6	545.1	432.1	723.1	720.3	482.1	6,150.5
Public School Distribution	817.3	(13.4)	858.6	0.2	1.9	853.4	3.1	0.3	853.7	0.3	0.2	2.2	3,377.9
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	273.5	324.9	217.1	251.2	310.1	264.5	254.0	287.8	251.2	258.3	290.9	3,028.3
Other	472.9	461.5	515.7	193.0	152.6	733.1	238.9	150.2	478.1	(41.5)	(123.6)	409.6	3,640.5
Total Expenditures:	(1,952.1)	(1,470.9)	(2,255.2)	(963.9)	(1,159.2)	(2,586.5)	(998.6)	(1,097.1)	(2,201.1)	(1,077.8)	(1,001.8)	(1,343.0)	(18,107.1)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(378.5)	(179.2)	(487.7)	350.8	169.5	(1,071.7)	697.7	18.1	(834.8)	911.3	413.9	1,276.3	885.8
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)	40.6	(0.9)	(27.8)	30.2	(9.3)	26.1	(16.7)	13.0	67.9	(20.4)	(282.8)	(302.6)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(138.0)	--	--	(138.0)
General Fund Notes – Including Interest	600.0	--	--	--	--	--	--	--	--	--	--	(602.4)	(2.4)
Capital Construction Transfer	(109.2)	--	--	--	--	--	--	--	--	--	--	--	(109.2)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Projected Monthly Cash Change	145.3	(158.7)	(486.5)	329.6	167.6	(1,076.5)	725.8	1.1	(823.7)	851.5	341.1	373.5	390.0
General Fund Cash Balance End of Month	**$ 145.3**	**$ (13.3)**	**$ (499.8)**	**$ (170.2)**	**$ (2.6)**	**$ (1,079.1)**	**$ (353.3)**	**$ (352.3)**	**$ (1,176.0)**	**$ (324.5)**	**$ 16.5**	**$ 390.0**	

[1] General Fund revenues in this table are derived from the OSPB June 2017 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.

Source: State Treasurer's Office

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APPENDIX B

OSPB JUNE 2017 REVENUE FORECAST

As discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts," the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2016-17 through 2018-19. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB Revenue Forecast was issued on June 20, 2017, and is presented in its entirety in this Appendix. The pagination of this Appendix reflects the original printed document.

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

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COLORADO
Office of State Planning & Budgeting

June | 2017

The Colorado Outlook

Economic and Fiscal Review

Table of Contents

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Summary

- After an increase of just 1.7 percent in FY 2015-16, General Fund revenue is expected to increase a modest 3.4 percent in FY 2016-17. General Fund revenue is forecast to increase at a stronger rate of 6.7 percent in FY 2017-18. Relative to the March projections, the FY 2016-17 General Fund revenue forecast is lower by $62.1 million, or 0.6 percent. The forecast for FY 2017-18 is essentially unchanged.

- Although sales taxes and individual income taxes are recovering from the oil and gas downturn and weaker economic growth during 2015 and 2016, General Fund revenue growth overall this fiscal year was weighed down by a few factors. Notably, it appears some taxpayers delayed income from investment gains in anticipation of federal tax changes. Also, the continued decline in corporate income tax revenue impacted General Fund revenue growth. However, these factors will not reduce growth in FY 2017-18, which will allow for the stronger rate of increase.

- With this forecast and the budget for FY 2016-17, the State's General Fund reserve is projected to be $142.7 million below the required statutory reserve amount. The State's General Fund reserve for FY 2017-18 is projected to be $285.4 million below the required reserve amount. This is $52.3 million above the level that would trigger budget-balancing actions by the Governor.

- Cash fund revenue in FY 2016-17 is projected to be $153.2 million, or 5.2 percent, lower than FY 2015-16, as a decrease in revenue from the Hospital Provider Fee and miscellaneous cash funds will offset modest growth in revenue from other major categories of cash funds. Cash fund revenue will decrease 17.3 percent in FY 2017-18 as the Hospital Provider Fee is replaced with the Healthcare Affordability and Sustainability Fee program, which is a TABOR-exempt enterprise in accordance with SB 17-267. The forecast for FY 2017-18 is $913.5 million, or 28.5 percent, lower compared with projections in March mostly as a result of SB 17-267.

- TABOR revenue is projected to be $302.3 million under the Referendum C cap in FY 2016-17. With this forecast and SB 17-267, TABOR revenue is expected to be below the cap by $582.8 million in FY 2017-18 and by $665.2 million in FY 2018-19.

- Economic activity in Colorado overall remains positive, with the lowest unemployment in the nation. However, tight labor and housing market conditions are limiting the state's economic expansion. Colorado's technology-related sectors remain robust, and continue to fuel much of the state's growth. Less populated areas continue to experience lower job and income growth than along the Front Range. Furthermore, regions of the state that are dependent on agriculture continue to struggle with subdued farm income and continued low commodity prices. Economic growth for the nation overall has also improved in 2017, but remains more modest than in Colorado. U.S. financial conditions remain generally supportive of expansion. However, financial markets are signaling less robust expectations for the economy than when the March 2017 Colorado Outlook was published

- Although underlying growth in the economy looks solid and recession risk appears low, events can develop that could result in an economic downturn. For example, uncertainty surrounding the resolution of the federal government's debt ceiling later this year could result in disruptions in financial markets. In addition, further tightening in monetary policy in the current modest economic growth and low inflation environment may result in slowing economic conditions.

The Economy: Issues, Trends, and Forecast

The following section discusses overall economic conditions in Colorado, nationally, and around the world. The OSPB forecast for economic conditions is largely unchanged from the March 2017 Colorado Outlook. The economy has performed as expected in recent months, and there have been no major new developments that would affect the expected future path of the economy. This section includes an analysis of:

- Economic and labor market conditions in Colorado (page 5)
- Economic, financial, and labor market conditions for the nation (page 15)
- Housing market conditions (page 25)
- International economic conditions and trade (page 30)

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. The 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's economic growth has accelerated in the first half of 2017, and the expansion is expected to continue at a moderate pace through the forecast period. Colorado's technology-related sectors remain robust, and continue to fuel much of the state's growth. Further, the oil and gas industry is now modestly adding to the expansion rather than weighing on economic activity. There is also renewed vigor in new business formation, which will contribute to continued economic growth.

Although Colorado has the lowest unemployment rate in the nation, tight labor and housing market conditions are constraining the state's economic expansion. Less populated areas continue to experience lower job and income growth than along the Front Range. Furthermore, regions of the state that are dependent on agriculture continue to struggle with subdued farm income and continued low commodity prices.

Economic growth for the nation overall has also improved in 2017, but remains more modest than in Colorado. Business contacts across the country report modest to moderate economic growth, with tightening labor market conditions. Further, leading economic indicators point to continued expansion in the coming months. Importantly, U.S. financial conditions remain generally supportive of expansion. However, financial markets are signaling less robust expectations for the economy — an important factor in its actual future performance — than when the March 2017 Colorado Outlook was published, due mainly to lower expectations for pro-growth policies from the federal government.

Economic risks — Although underlying growth in the economy looks solid and recession risk appears low, events could develop that would change this outlook. For example, the federal government's debt ceiling will be reached later this year, and uncertainty surrounding the resolution of this issue could result in disruptions in financial markets. In addition, there are concerns that equity markets are excessively valued. A large enough market correction could cause investors, businesses, and households to reduce spending in the economy. Further, changes in monetary policy can have a large influence on economic conditions. The Federal Reserve has signaled that monetary tightening will continue, including through a reduction in the assets held on its balance sheet. Further tightening in monetary policy in the current modest economic growth and low inflation environment may result in slowing economic conditions.

Colorado Economy

Economic activity in Colorado overall remains positive, with the lowest unemployment rate in the nation. However, tight labor and housing market conditions are limiting the state's economic expansion. Colorado's technology-related sectors remain robust, and continue to fuel much of the state's growth. Further, the oil and gas industry is now modestly adding to the expansion rather than weighing on economic activity as it did in 2015 and 2016. There is also renewed vigor in new business formation, which will contribute to continued economic growth.

Although unemployment across the state is low, areas outside of Colorado's Front Range have fewer of the elements that are fueling the expansion, and thus have slower job and income growth. Further, regions of the state that are dependent on agriculture continue to struggle with subdued farm income and continued low commodity prices.

Economic activity in Colorado overall remains positive, with the lowest unemployment rate in the nation.

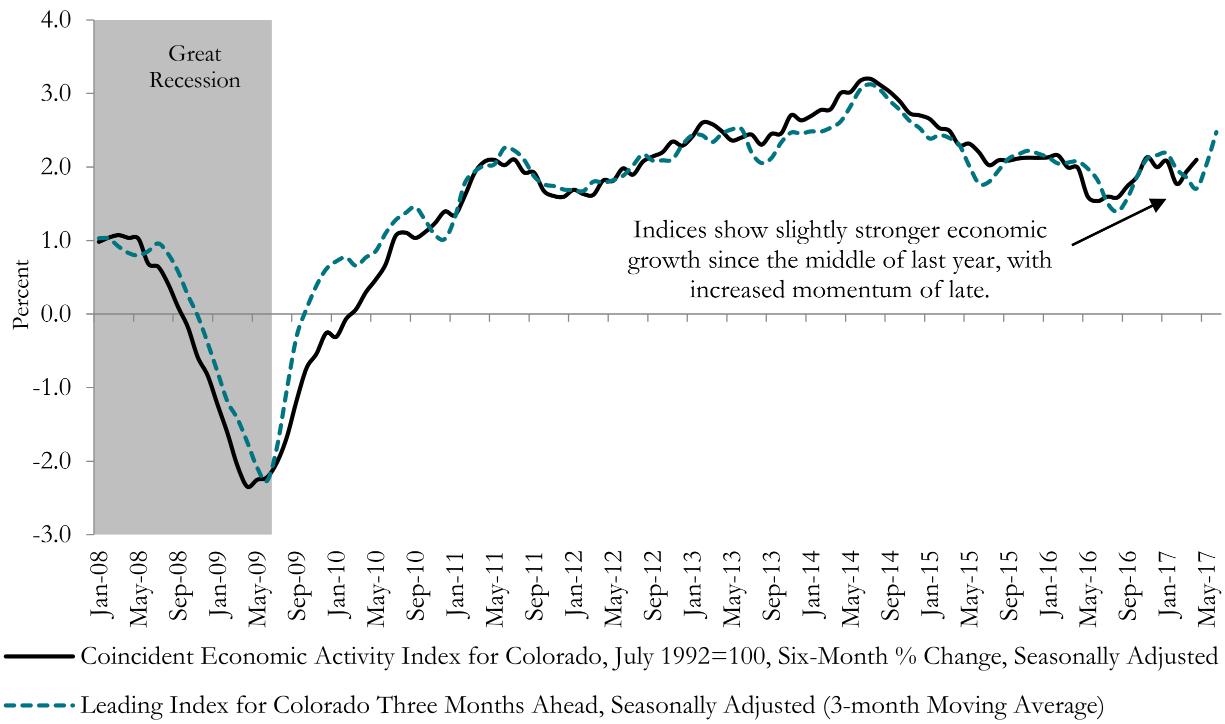
Housing construction is growing, but remains at low levels as the industry continues to struggle with several challenges. The low inventory of homes for sales amidst strong demand from the state's growing population continues to put upward pressure on home values and raises increasing affordability concerns. Nonresidential construction remains robust, though new development is likely to slow in the future as financing for new development has tightened.

Indices that measure Colorado's overall economy show slightly stronger economic growth – As shown in Figure 1, the Federal Reserve Bank of Philadelphia's monthly State Coincident Economic Activity Index is indicating modestly higher growth for Colorado's economy in recent months. The monthly index provides an up-to-date broad 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. The coincident index also shows the slowdown in the state's economy over 2015 and 2016 that was due mostly to the contraction in the oil and gas industry and tight labor market conditions.

Economic indices that measure broad economic activity show slightly stronger growth for Colorado, with increased momentum of late.

Another index of broad economic activity for Colorado shows that economic growth is likely to experience increased momentum in the near term. The Philadelphia Federal Reserve Branch's Leading Index for Colorado predicts the growth rate of the state's coincident index. To show this relationship, Figure 1 overlays the leading index, advanced three months, with the coincident index. Among the activities used to create the leading index are housing permits, initial unemployment insurance claims, and delivery times from vendors to producers. These economic indicators have been found to precede changes in momentum in the overall economy.

Figure 1. Colorado Leading and Coincident Economic Indices



Source: Federal Reserve Bank of Philadelphia

Colorado's dynamic economy continues to generate a stronger economic expansion than the U.S. overall – Despite the slowdown in growth starting in 2015, Colorado's economy has continued to perform better than the nation overall. Much of this stronger performance is due to the state's economy being more dynamic than that of the nation, with higher rates of new business creation, a greater proportion of young businesses, higher labor force participation, and a more flexible labor market. All of these characteristics enable the state's economy to adapt to changing conditions and move resources to more productive activities, which generate larger gains in income and spending.

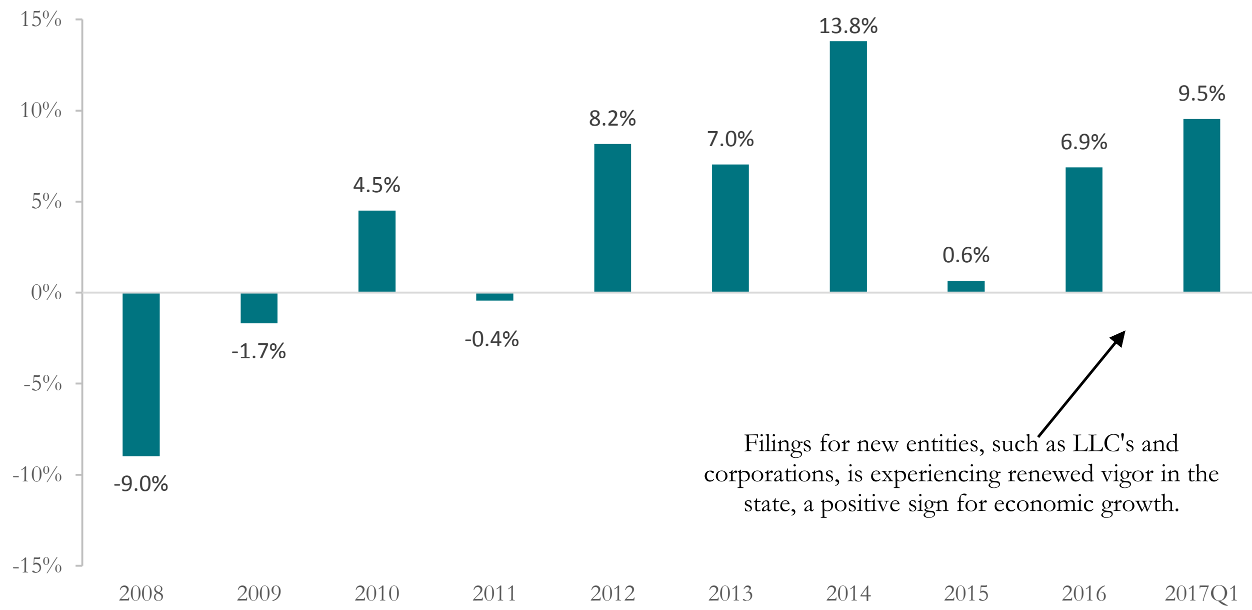
Economic Innovation Group, a bipartisan policy and advocacy organization that works to foster economic growth and dynamism, recently released an Index of State Dynamism based on the aforementioned characteristics of dynamic economies. The index ranked Colorado as the fourth most dynamic state in the U.S. Nevada, Utah, and Florida ranked the highest. However, according to the index report, Colorado's economic dynamism has declined over time, as it has for the U.S economy overall.

New business formation is showing renewed vigor – Trends in business formation are important for assessing the underlying momentum in the economy. Increased levels of business formation indicate that individuals are seeing more opportunities in the economy, and new businesses, on net, add the most new jobs to an economy over time.

Renewed growth in new business formation is supporting continued economic growth for the state.

As shown in Figure 2, data from the Colorado Secretary of State indicates that filings of new entities formed to do business in the state, which mostly consist of limited liability companies and corporations, increased by 2,750, or 9.5 percent, in the first quarter of 2017 compared with the year prior. This higher level of new business activity will help support continued economic growth for the state. New entity filings slowed in 2015 and the first part of 2016, contributing to the slowdown in the economy.

Figure 2. Year-over-Year Change in New Entity Filings to Do Business in Colorado



Source: Colorado Secretary of State

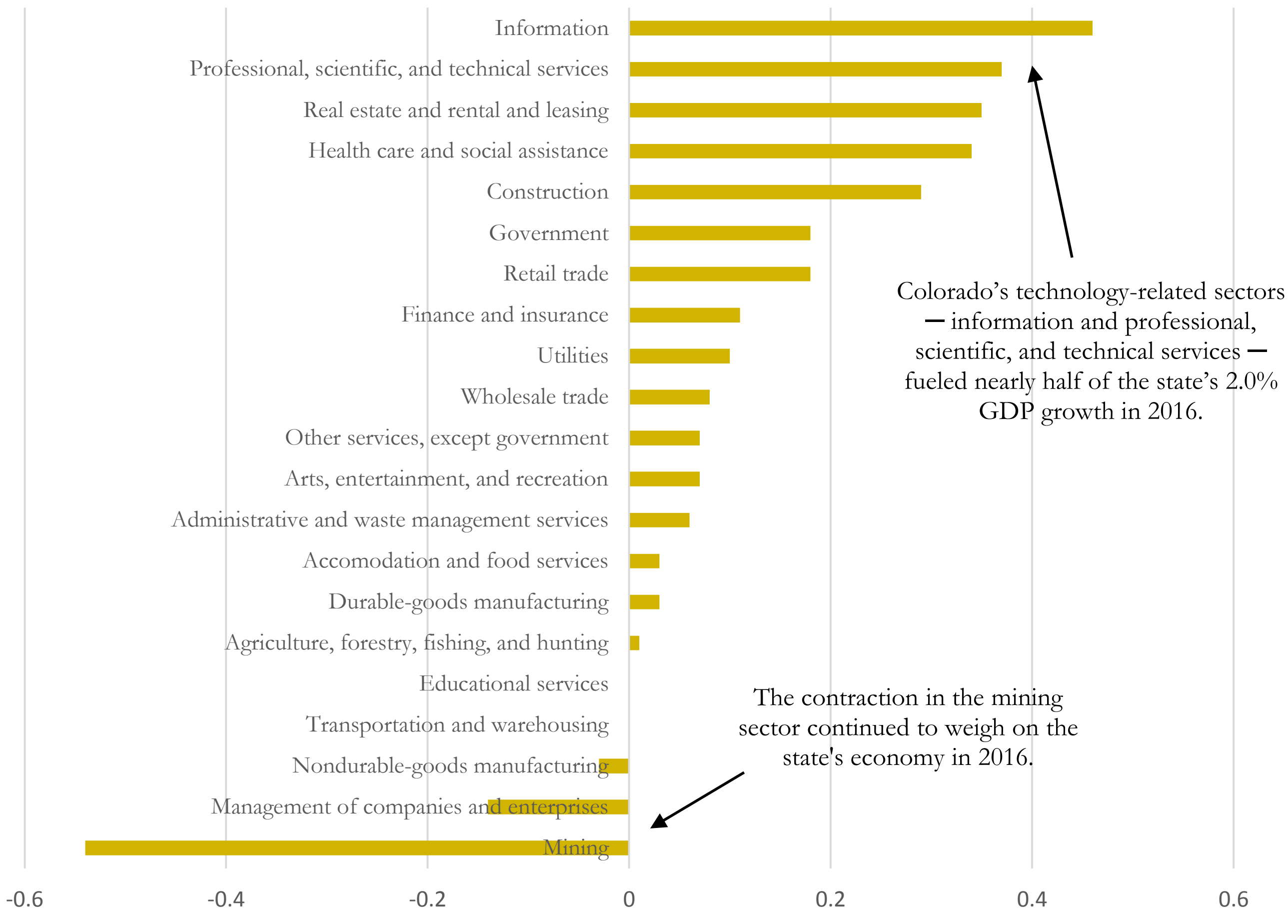
The Kauffman Foundation, a leading organization for entrepreneurship research and advocacy, recently ranked Colorado 5th among the 25 largest states in its 2017 Index of Startup Activity, which measures startup business activity by assessing the percentage of people becoming entrepreneurs, the percentage of new entrepreneurs driven primarily by "opportunity" vs "necessity," and the amount of new employer businesses.

Colorado's technology-related sectors are fueling much of the state's economic expansion **—** Colorado's technology sectors are a main element in the state's higher level of dynamism than the U.S. overall and continue to fuel much of the economic expansion for the state. Figure 3 shows the percentage point contribution from various sectors to Colorado's growth in real, or inflation-adjusted, gross domestic product in 2016.

Colorado's technology sectors contributed nearly half of the state's 2.0 percent overall GDP growth in 2016.

The information and professional, scientific, and technical services industries – which comprise most technology sectors, such as computing and software development, data processing, communications, architecture, and engineering – contributed nearly half, or 0.8 percentage points, of the 2.0 percent overall GDP growth in 2016. Real estate, health care, and construction were also leading contributors to growth. As shown in Figure 3, the mining sector continued to weigh on the state's economic growth in 2016, when it subtracted 0.5 percentage points from GDP. This means that state GDP growth would have been 0.5 percentage points higher were it not for the mining industry's continued contraction last year. The 2.0 percent overall GDP growth rate was the state's slowest since 2011, with the mining sector's contraction and tight labor and housing market conditions constraining growth.

Figure 3. Percentage Contribution to GDP Growth in Colorado in 2016



Source: Bureau of Economic Analysis

New business formation in technology sectors is an important source of Colorado's growth and dynamism — Colorado's technology sectors continue to be robust, aided by a maturing ecosystem that is fostering the growth of technology businesses, including new business startups. The industry continues to attract capital and high-skilled workers to the region, which is generating growth and income gains in the state.

There were over 2,400 new business formations in Colorado's technology sectors in 2016. This startup activity is a main element in Colorado's economic expansion.

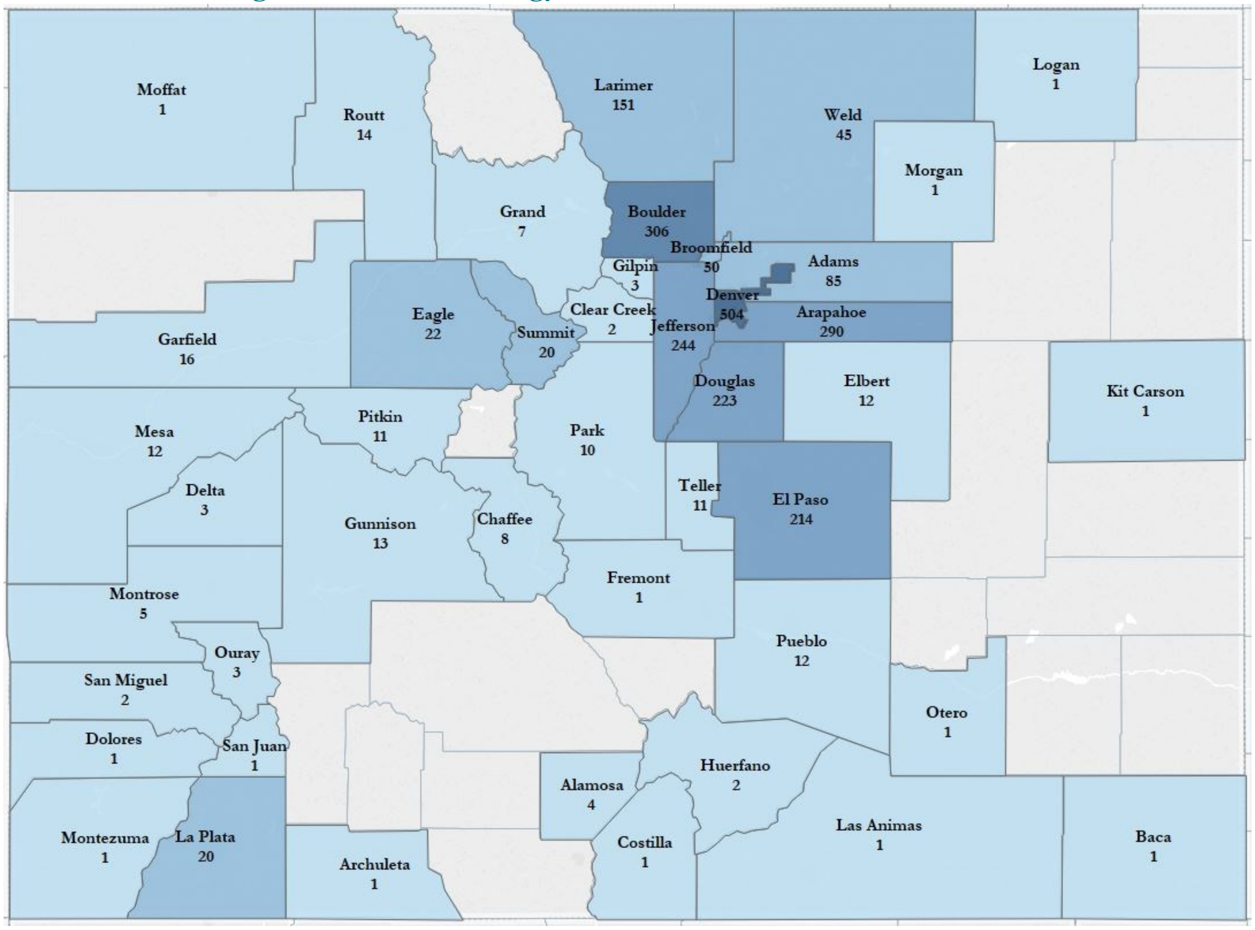
Technology sectors sell much of their products outside the region, generating new income for the state. They are also involved with innovative activities and have high-paying jobs. As a result, growth in technology sectors leads to job growth in other sectors, from doctors and lawyers to services jobs such as restaurants and personal services. Economic research has found that for every technology-related job created, five additional jobs are created over time in other sectors. [1]

New business formation in technology sectors was strong in 2016, helping generate continued economic momentum and job and income gains for the state. New businesses in technology sectors represented approximately 10 percent of all new business formations in 2016.

[1] Moretti, Enrico. The New Geography of Jobs. Boston: Houghton Mifflin Harcourt, 2012.

Figure 4 shows the location of the approximately 2,400 new firms in technology formed in 2016. Large numbers of these businesses are forming in densely populated areas, but as shown, activity in technology sectors is occurring across the state. About 80 percent of the new business formation in the technology-related sectors occurred in the following industries: software publishers, data processing, engineering, computer programming, and computer systems design.

Figure 4. New Technology Businesses Formed in Colorado, 2016



Source: Colorado Department of Labor and Employment and OSPB

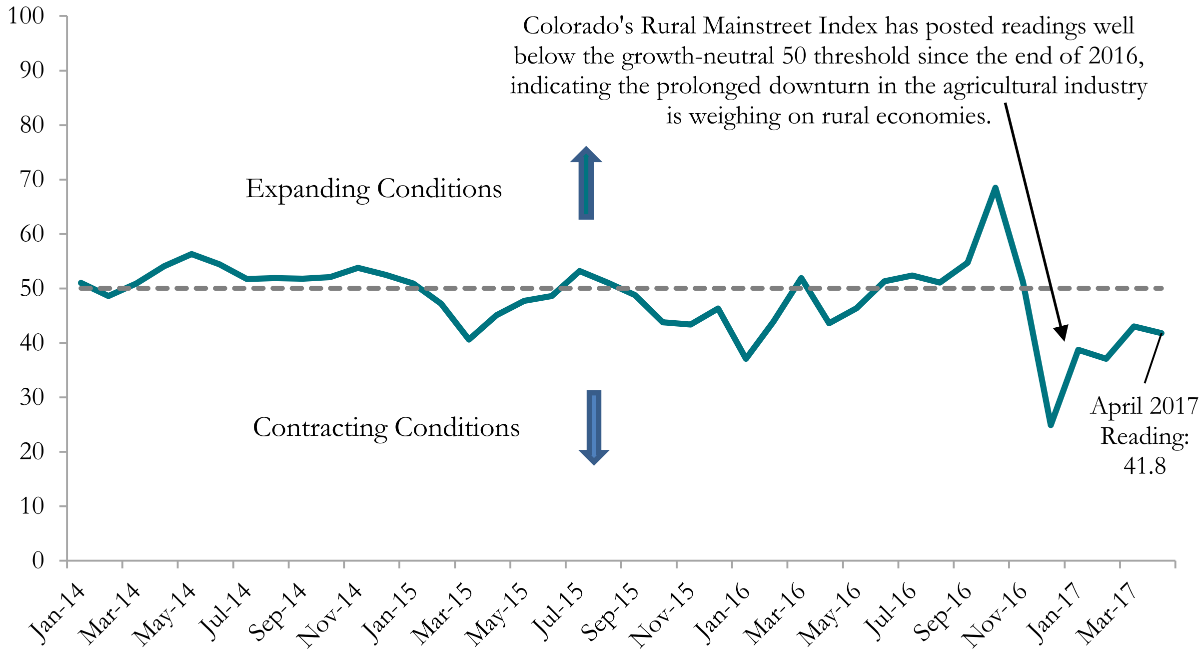
A prolonged downturn in the agricultural industry continues to weigh on economic activity in the state's rural areas — Agricultural conditions remain weak due to subdued farm income and continued low commodity prices. These conditions result in challenging economic conditions in rural economies, especially due to the prolonged downturn in the corn, cattle, and wheat markets. Many farmers and ranchers face financial stress. Farmland values continue to fall and credit conditions continue to worsen, with increased farm loan demand to maintain operations, increasing debt burdens, and weakening loan repayment rates.

Farmland values continue to fall and credit conditions continue to worsen for farmers and ranchers as a result of the prolonged downturn in the agricultural industry.

Colorado's rural economies, as measured by Colorado's Rural Mainstreet Index published by Creighton University, are experiencing contracting economic conditions. The index has mostly posted weak readings since the end of 2014, as shown in Figure 5, though conditions temporarily improved during the last half of

2016. The index measures economic activity in rural areas by surveying community banks on current economic conditions and their economic outlooks. Index readings above 50 signify growth. The index decreased in April to 41.8, due mostly to weakening farming and ranching prices and lower expectations for hiring.

Figure 5. Colorado's Rural Mainstreet Index



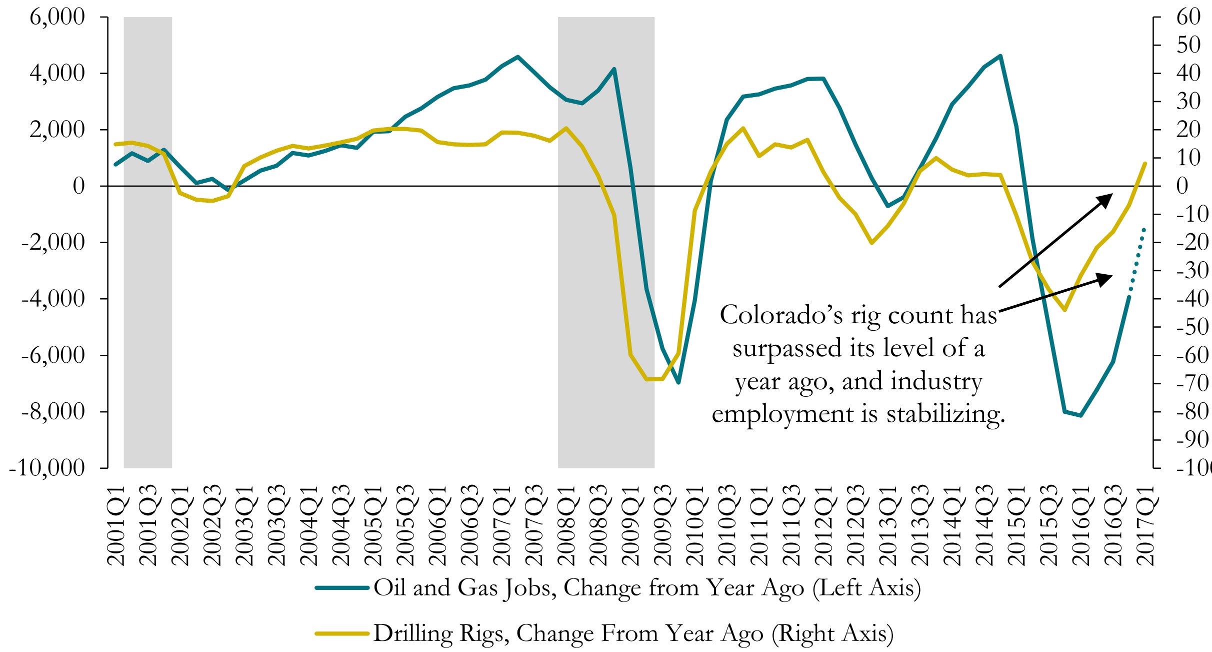
Source: Creighton University

***Oil and gas industry activity continues to improve, though it remains at a relatively low level* –** Regional oil and gas activity expanded in the first quarter of 2017, according to a survey of regional energy producers by the Federal Reserve Bank of Kansas City, recording the second-strongest expansion since the survey began at the beginning of 2014. Oil prices have increased modestly, allowing producers to expand activity and hire more workers. The survey also revealed that revenues, profits, wages, and employment are all expected to increase over the next six months.

Regional oil and gas producers recorded their second-strongest quarter of business activity since measurement began in 2014.

The growth in regional energy activity is credited to increased global demand, along with OPEC's (Organization of the Petroleum Exporting Countries) production cuts. The increased activity is reflected in the higher rig count and employment data for Colorado, shown in Figure 6, as the industry continues to recover from the sharp drop in energy prices and activity that began in late 2014.

Figure 6. Year-over-Year Change in Oil and Gas Industry Employment and Rig Counts*

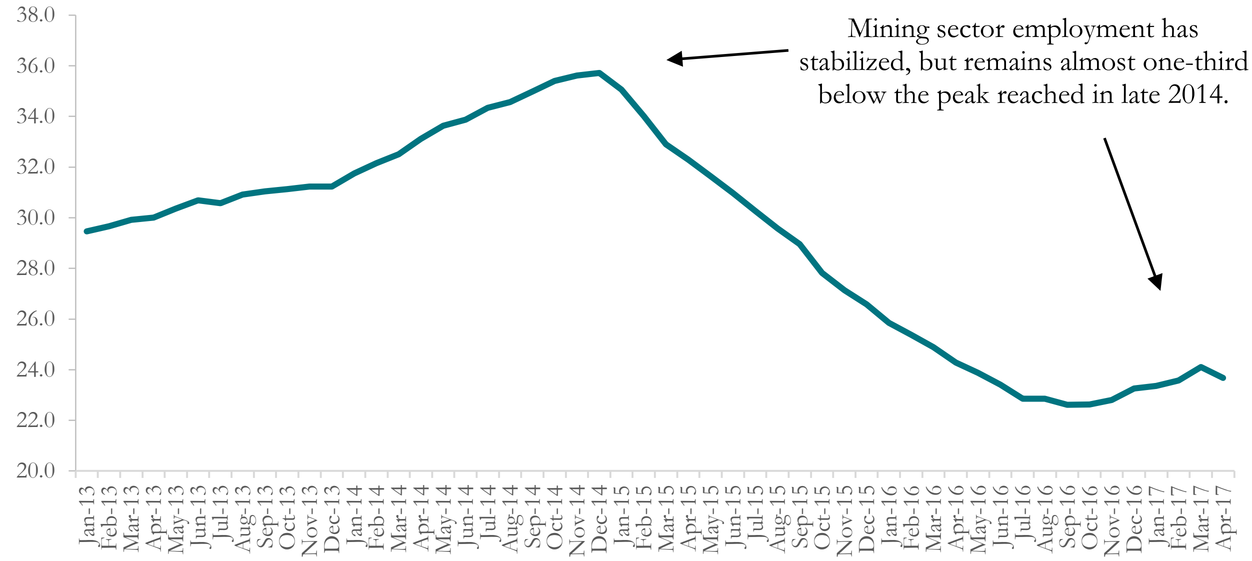


*Dotted portion of line based on preliminary estimates
Source: Baker Hughes, U.S. Bureau of Labor Statistics

Employment in the mining and logging sector seems to be stabilizing. Figure 7 shows statewide employment in the mining and logging sector since early 2013. While still far below the boom-period highs of late 2014, industry employment has been growing since fall 2016. According to the Kansas City Fed's survey of regional energy producers, only 13 percent of regional energy firms expect to employ fewer people in 6 months than they do today, while 29 percent expect to employ more.

Twenty-nine percent of regional energy firms expect to employ more people in 6 months than they do today, while only 13 percent expect to employ less.

Figure 7. Colorado Mining and Logging Industry Employment



Source: U.S. Bureau of Labor Statistics

U.S. oil producers are expanding production in response to OPEC production cuts – In November of 2016, OPEC members agreed to reduce oil production in an attempt to limit oil supply and increase prices. This agreement was extended in May for a further nine months. While participating nations have managed a high rate of compliance with the cuts, the resulting higher prices have induced U.S. oil producers to expand their production, limiting the effectiveness of OPEC's agreement. Global demand for oil has also been weaker than expected, largely due to slowing activity in the Chinese manufacturing sector. Overall, the U.S. Energy Information Administration expects global consumption to slightly exceed production in 2017, leading to minor reductions in oil inventories.

U.S. oil producers are increasing production in response to OPEC's agreement to cut output, limiting the effectiveness of the agreement's ability to boost prices.

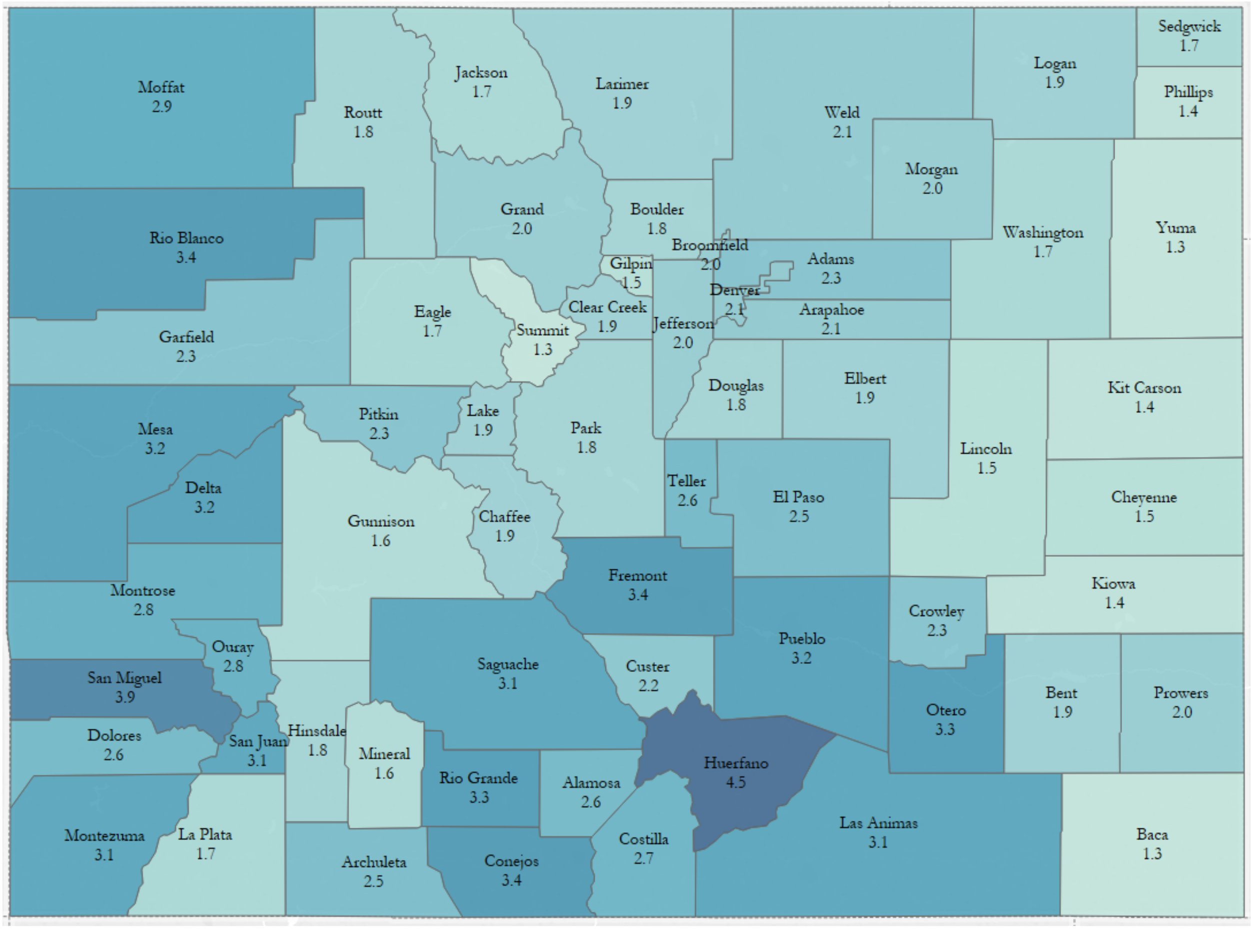
Colorado's unemployment rate remains at historically low levels – The unemployment rate in Colorado hit its lowest level since measurement began in 1976, at 2.4 and 2.3 percent in March and April, respectively. Colorado's statewide unemployment rate was the lowest in the U.S. in both months.

Colorado has the lowest unemployment rate among states, while Denver has the lowest unemployment rate among cities with more than 1 million people.

The broadest measure of unemployment – the "U-6" rate, which also counts individuals who would like to work but have not looked for a job in the prior four weeks, as well as part-time workers who would like full-time employment – was at 6.9 percent in the first quarter of 2017, below the pre-recession low of 7.3 percent in 2007. While this is a positive environment for job seekers, the state's low unemployment is likely acting as a constraint on economic growth by making it difficult for employers to find qualified candidates to fill open positions.

On a county level, the highest unemployment rates are in the counties of south-central Colorado and along the western slope, as shown in Figure 8. Only one of Colorado's 64 counties – Huerfano, at 4.5 percent – had a non-seasonally adjusted unemployment rate above the national average of 4.1 percent in April.

Figure 8. Unemployment Rate by County, April 2017, Non-seasonally Adjusted

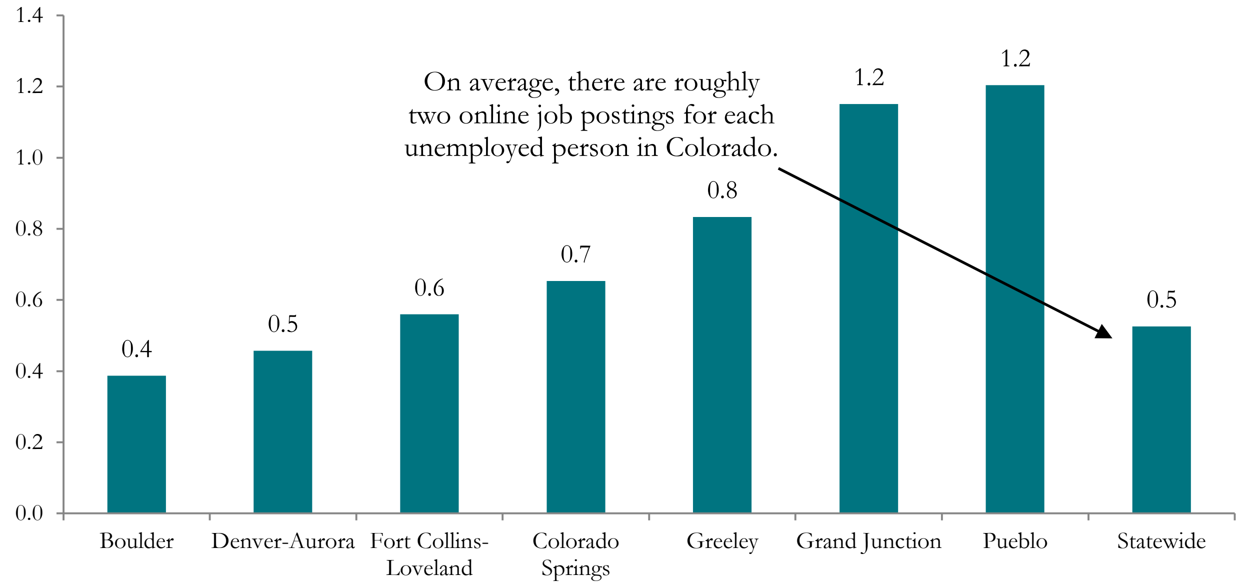


Source: U.S. Bureau of Labor Statistics

Colorado's tight labor market is slowing job growth – Colorado's year-over-year job growth was 1.8 percent in April, down from 2.5 percent a year ago. This slowing is likely at least partially due to the lack of available workers, as the state had only 0.6 unemployed people per online job posting in May according to the Conference Board. This is the lowest ratio in the country and well below the national average of 1.5 unemployed people per online job posting.

The ratio of the number of unemployed to online job postings provides a measure of the tightness of the labor market. Figure 9 shows the ratio of unemployed people to online job openings in April for each metro area in Colorado. Every metro area is below the national average, and only Grand Junction and Pueblo have more than one unemployed person per job opening.

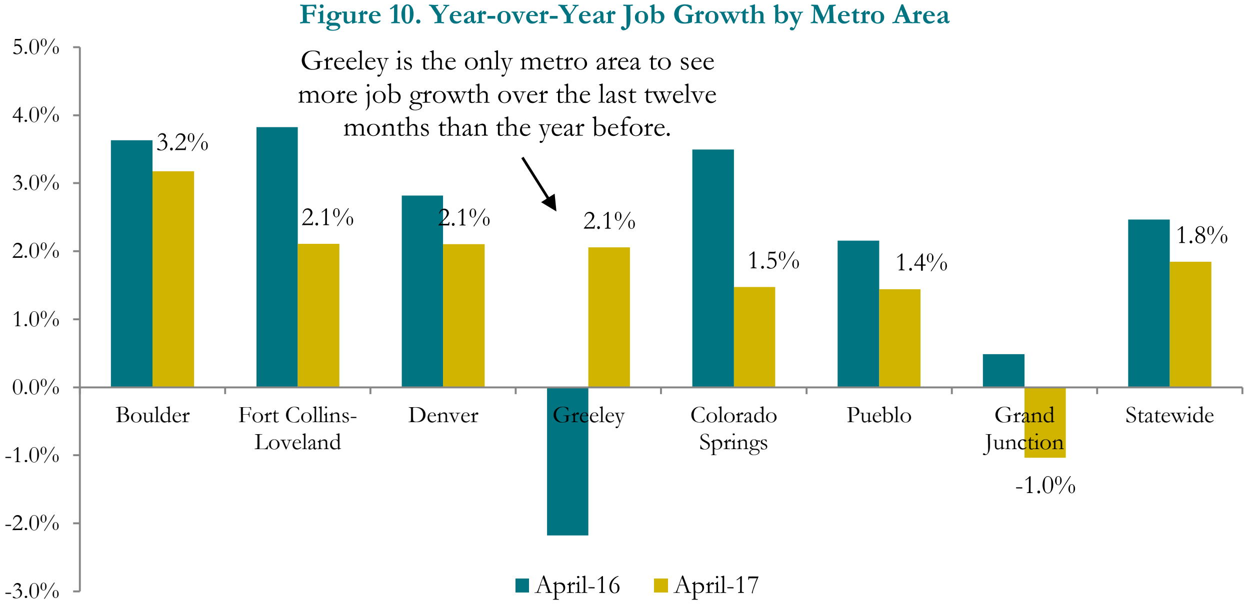
Figure 9. Supply and Demand of Jobs by Metro Area, April 2017



Source: The Conference Board, U.S. Bureau of Labor Statistics

Among metro areas, Boulder has experienced the most job growth over the last twelve months, at 3.2 percent, followed by Fort Collins, Denver, and Greeley, all at 2.1 percent job growth. Grand Junction was the only metro area to lose jobs over the last twelve months, while Greeley was the only metro area to experience faster job growth than the prior year, as shown in Figure 10.

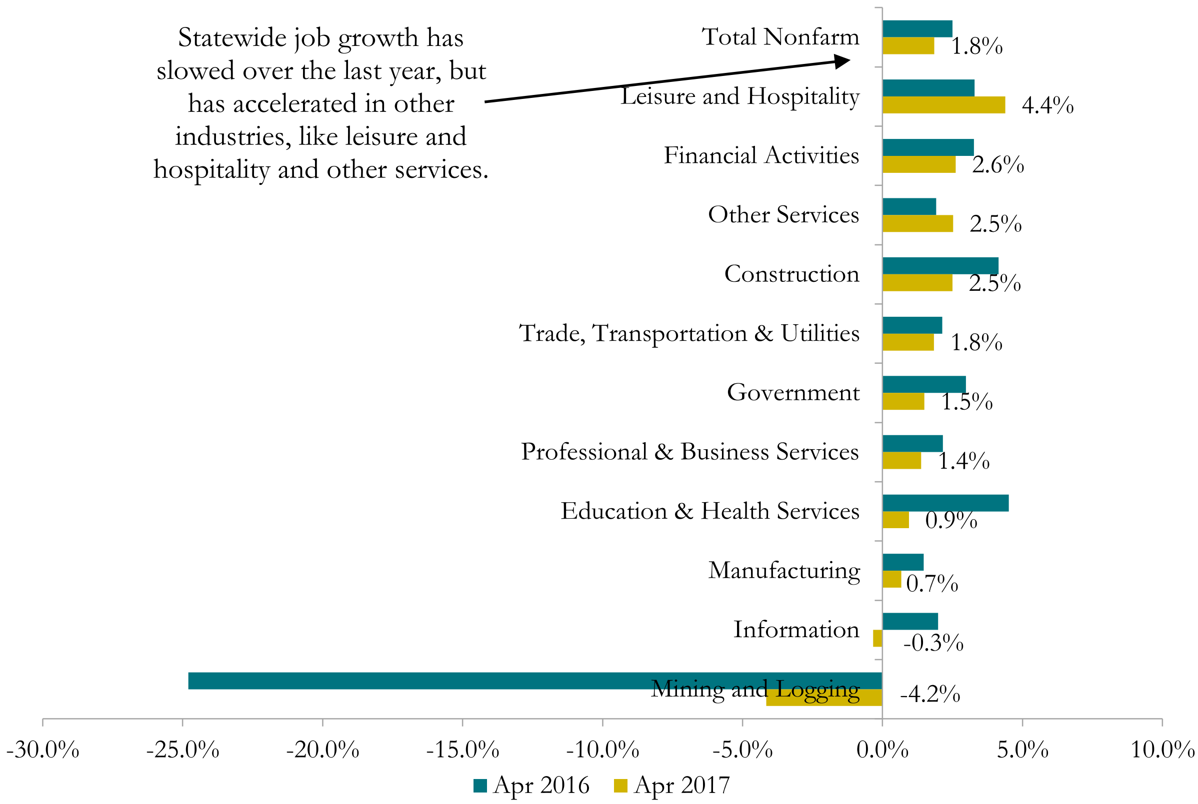
Figure 10. Year-over-Year Job Growth by Metro Area



Source: Colorado Department of Labor and Employment modified estimates

As seen in Figure 11, leisure and hospitality was the industry that posted the largest year-over-year job growth, growing by more than four percent. Information and mining were the only industries to have fewer jobs in April than a year ago.

Figure 11. Colorado Year-over-Year Job Growth by Industry



Source: Colorado Department of Labor and Employment modified estimates

U.S. Economic Conditions

The US economy, now in the eighth year of sustained economic growth, grew at a modest 1.2 percent annualized rate in the first quarter of 2017.

***The U.S economic expansion continues at a modest pace*—** The U.S. economy expanded at an annualized rate of 1.2 percent in the first quarter of 2017. The modest growth was driven primarily by business investment, with a slight increase in consumer spending. The current expansion is now in its 96th month, making it the third longest in U.S. history. Leading economic indicators point to further expansion in the coming months. Business and consumer confidence measures continue to reflect stable to modest growth expectations.

The labor market has recorded 80 straight months of job growth. The headline unemployment rate of 4.3 percent is the lowest in 16 years, although wage growth at an aggregate level continues to increase only gradually.

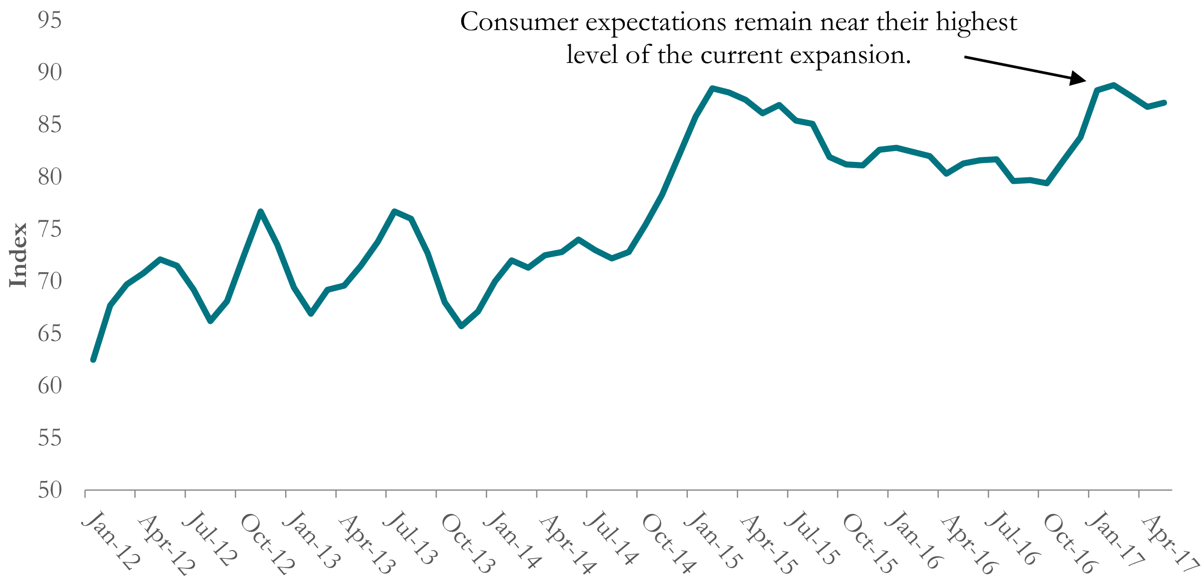
***Business contacts from across the nation report modest growth*—** The Federal Reserve beige book survey of business and other contacts around the nation reported that economic activity continued to expand in April and May with most of the Federal Reserve's 12 districts reporting modest to moderate economic growth. Consumer spending softened across most districts as auto sales continue to slow. Modest growth was reported in the manufacturing and non-financial services sectors while construction activity expanded at modest to moderate rates.

Bank lending continues to match overall economic activity. Although most districts report tightening labor market conditions that are limiting the ability of firms to attract and retain qualified workers, employment and wage growth continued at modest to moderate paces.

Business contacts across the country report modest to moderate economic growth, with tightening labor market conditions.

Consumer confidence remains high, but is leveling off – As shown in Figure 12, the Michigan Index of Consumer Expectations remains near its highest level of the current economic expansion. The recent higher values for the index signal optimism about the economy going forward, especially in the job market.

Figure 12. Index of Consumer Expectations



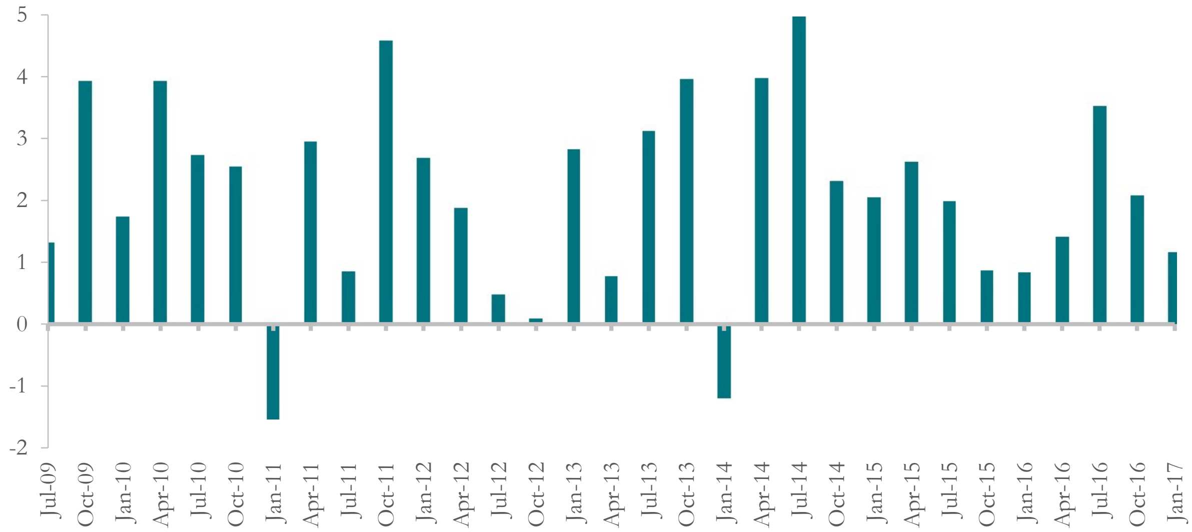
Source: University of Michigan

Gross domestic product growth remains modest — Figure 13 shows the quarter-over-quarter growth rate in U.S. gross domestic product (GDP) in real, or inflation-adjusted, terms. This indicator is important to monitor as a broad measure of economic activity as it represents the change in the real value of goods and services produced in the economy. The 1.2 percent increase in real GDP in the first quarter of 2017 is attributed to increases in both residential and non-residential investment, consumer spending, and goods exported to other countries.

Despite the recent improvement in economic activity, overall growth remains at a low level compared with previous expansions.

Growth has been more tepid during the current expansion than during previous economic expansions. An aging population and lower productivity gains are two of the main factors in the weak growth. This weak growth leaves the economy more vulnerable to adverse shocks that may cause a broad pullback in hiring, spending, and investment. However, growth is forecast to continue at a modest 2.2 percent for 2017 and 2.3 percent in 2018.

Figure 13. Annualized Percent Changes in Inflation-Adjusted Gross Domestic Product



Source: Bureau of Economic Analysis

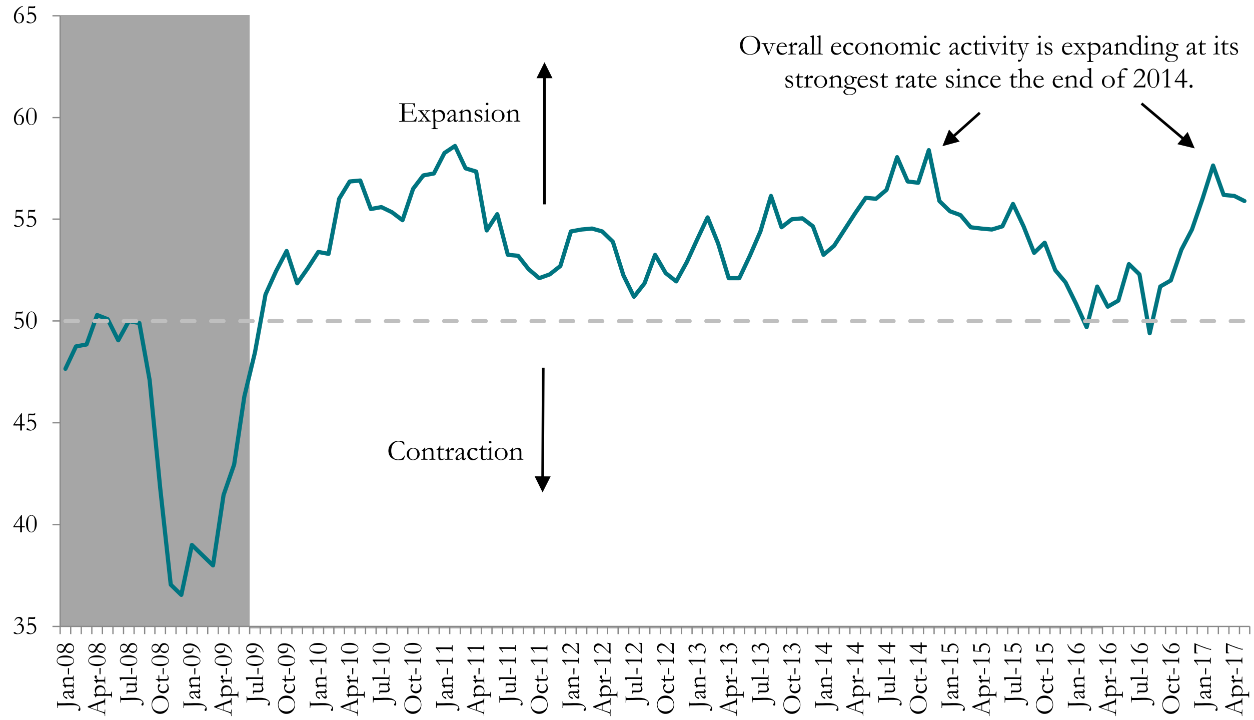
Other measures show economic activity expanding at a higher rate thus far in 2017— The Manufacturing Composite Index and the Non-Manufacturing Composite Index, both published by the Institute for Supply Management (ISM), report the momentum of economic activity as assessed by businesses across the country and in most industries. The May indices show that both the manufacturing and non-manufacturing sectors continue to expand. 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 14, provides a reliable barometer of overall U.S. economic activity.

The ISM non-manufacturing index, which tracks the largest portion of U.S. economic activity, continues to show modest expansion, driven by strong growth in the employment component of the index.

The non-manufacturing index, which 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, registered 56.9 in May, representing the eighty-ninth month of continued growth. The index remains above the 50 threshold, indicating that the non-manufacturing sector of the economy is continuing to grow at a slightly faster pace thus far in 2017 than last year. Further, the employment component of the index increased 6.4 percentage points with all but one industry reporting employment gains, echoing continued confidence in the economy in 2017.

The ISM manufacturing sector index registered 54.9 in May, a 0.1 percentage point increase over April with fifteen of the eighteen manufacturing industries surveyed reporting higher production activity with only the apparel and textiles industries reporting a slowdown.

Figure 14. 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

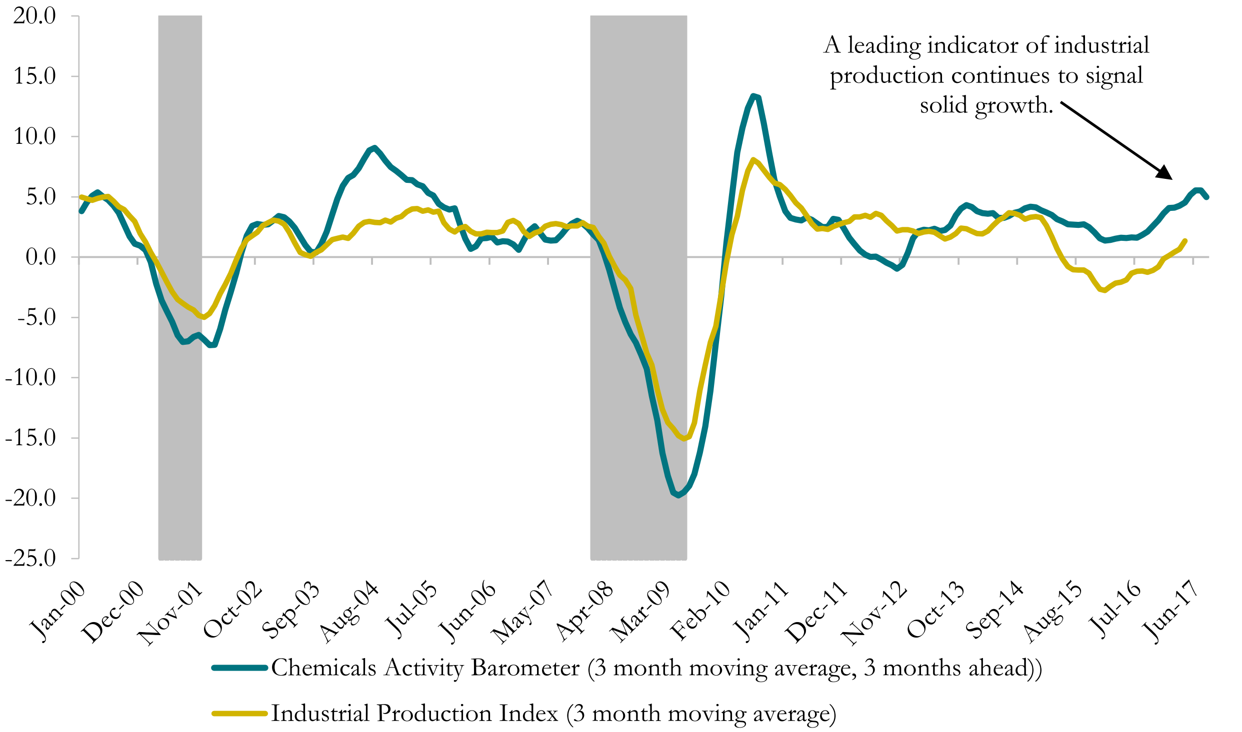
Industrial production continues to recover from its downturn **—** Total industrial production in the U.S., which includes the output of the mining, manufacturing, and utilities industries, has improved modestly over the past year, growing 1.3 percent in April over a year ago.

A leading indicator of industrial production in the U.S., called the Chemical Activity Barometer (CAB) published by the American Chemistry Council, has been indicating stronger growth, though the signal has moderated of late. The CAB was up 5.0 percent in May over a year ago.

A leading indicator of U.S. industrial production signals continued growth in the coming months.

Conditions in the chemical industry help anticipate the future trajectory of industrial production. This is due to the use of chemicals as inputs in industrial production processes. Figure 15 shows the recent trends in the CAB, as well as its relationship with industrial production for the U.S. The CAB is derived from a composite of indicators of the chemical industry, including prices, equity values, and business activity. The CAB also contains broader measures of the economy that tend to be leading indicators of overall economic activity, including building permits and new business orders.

Figure 15. Year-over-Year Percent Change in Chemical Activity Barometer and Industrial Production



Source: American Chemistry Council, Board of Governors of the Federal Reserve System

Corporate earnings show renewed strength **–** According to Factset, a financial data and analysis firm, the earnings of companies within the S&P 500 stock market index grew at a solid rate in the first quarter of 2017, posting a 12.5 percent increase over the prior year. Further, analysts expect continued growth. The estimated earnings growth rate for companies is 6.6 percent in the second quarter of 2017 compared to a year ago.

Global economic expansion and the recovery in the energy sector are fueling increases in corporate earnings.

This continued growth in corporate earnings is led by the rebounding energy sector with expected growth in earning of 17.5 percent in the second quarter of 2017. Stronger growth internationally, a softening in the value of the U.S. dollar, and the stabilization of oil prices have all boosted corporate earnings.

Financial markets are signaling expectations for stable, yet subdued economic growth **–** U.S. financial conditions continue to be generally supportive of expansion. A pickup in global economic growth has helped bolster financial markets, especially equities. However, the markets are signaling less robust expectations for the economy than when the March Colorado Outlook was published, due mainly to lower expectations for pro-growth policies from the federal government and the continuation of only modest U.S. economic growth.

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

The combination of mostly stable equity values, interest rates, expected inflation, commodity prices, and the value of the dollar currently signal expectations for steady, yet mostly subdued growth in the economy.

However, this signal can change quickly based on new information and updated assessments on the expected path of the economy.

Financial markets are signaling expectations for continued stable, yet modest economic growth. Expectations are an important factor in how the economy will actually perform.

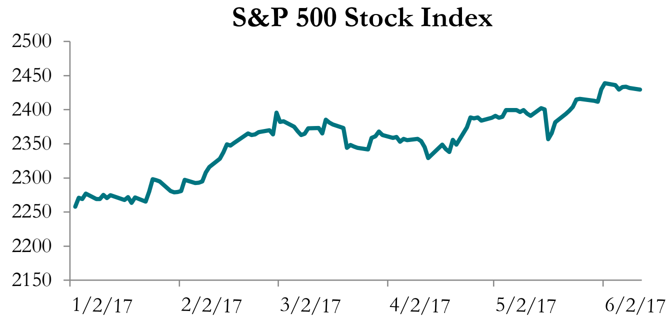
OSPB utilizes financial market information to help inform its forecast. Financial markets are mostly forward looking, reflecting expectations of the future path of the economy ─ an important factor in how the economy will actually perform. In addition, financial conditions determine the level of businesses' 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 as such financial markets 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 an incentive to make accurate assessments.

The stance of monetary policy, which can exert a large influence on economic conditions, appears appropriate and supportive of 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 through setting expectations for future nominal growth. Monetary policy tightened recently as the U.S. Federal Reserve has raised its target for the federal funds rate in December of last year and twice again this year in March and June. It also signaled further gradual tightening, dependent upon future economic data.

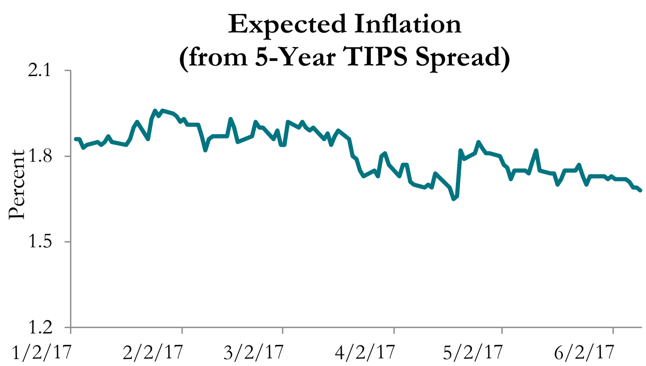
The stance of monetary policy appears generally appropriate and supportive of continued expansion.

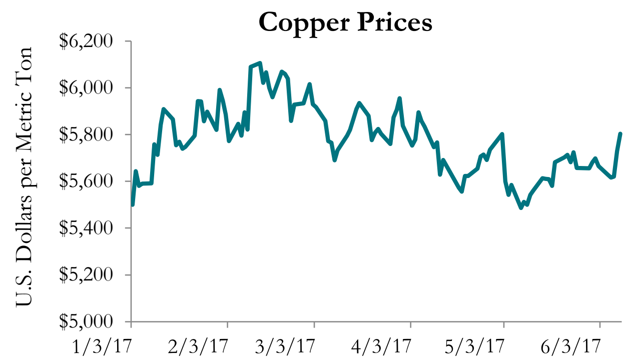
Continued positive financial conditions amidst the recent monetary policy tightening indicates that the stance of policy has generally been appropriate given current and expected economic conditions. Therefore, monetary policy appears to be supportive of continued economic expansion. However, the recent softening in expected inflation shown in Figure 16 suggests that the Federal Reserve should be cautious in further tightening monetary policy.

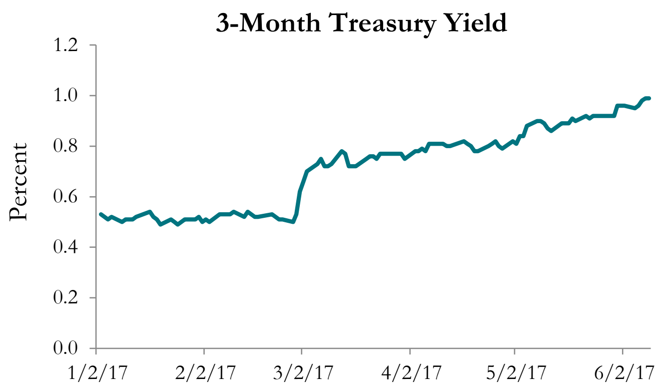
Figure 16. Key Financial Market Indicators on Expectations for Economic Growth, Daily since January 2017

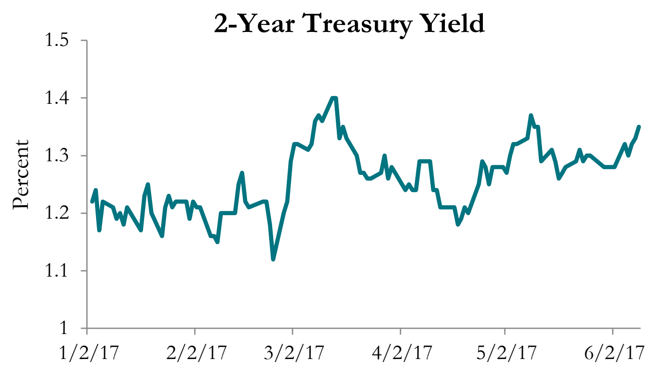


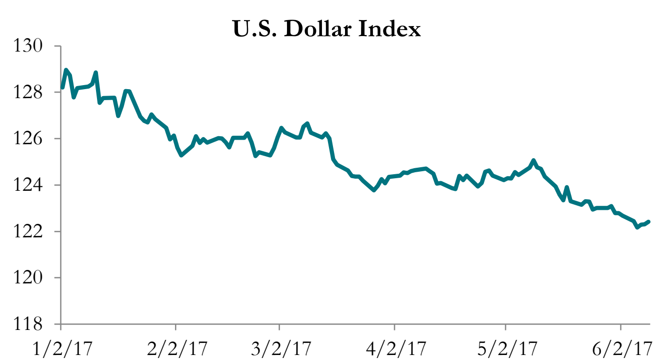
Trends in equity values and interest rates currently signal expectations for stable modest growth in the economy, though expected inflation has softened, as have oil prices, reflecting the continuing oil supply glut. Combined, these indicators can be reliable predictors of future economic activity.

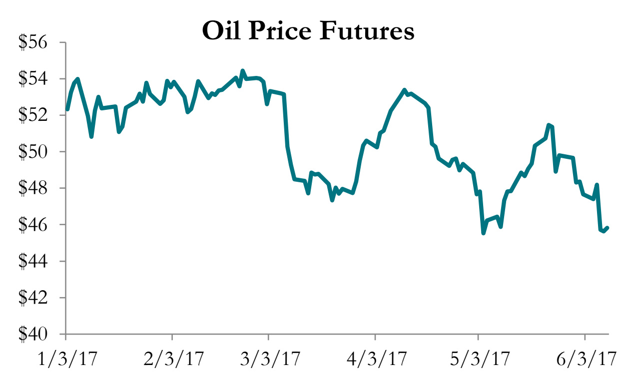








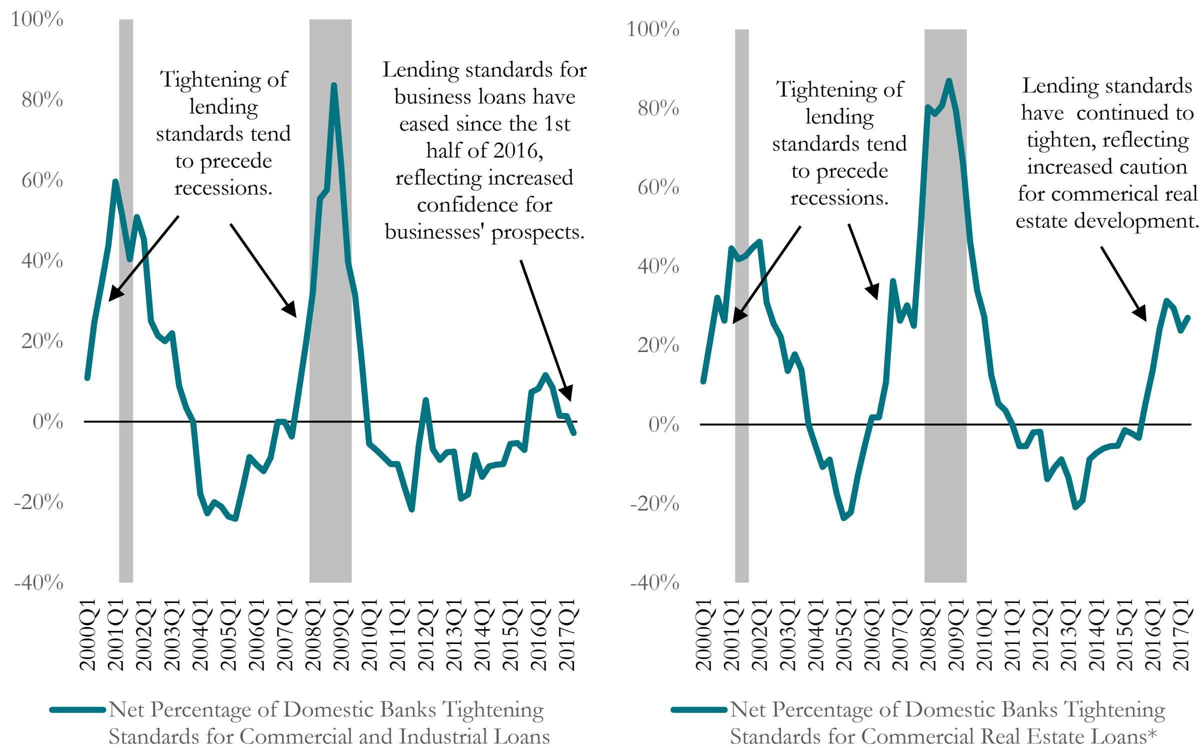




Source: Board of Governors of the Federal Reserve System and Bloomberg

Lending standards for businesses are mixed, with loosening lending practices for business operations, but tightening standards 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. However, banks are raising lending standards for commercial real estate development. 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 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 represents 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.

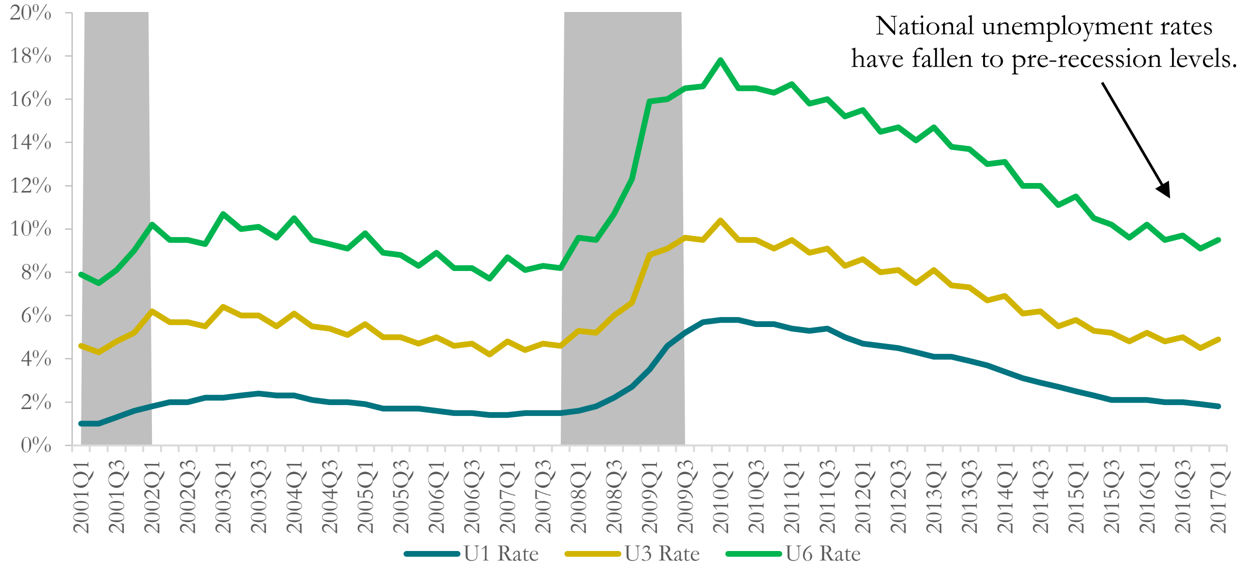
Source: Board of Governors of the Federal Reserve System

Labor market momentum remains solid as the economy approaches full employment – The U.S. labor market remains strong as the official unemployment rate – or the "U-3" rate, at 4.3 percent in May – has reached its lowest level in 16 years. The low unemployment rate indicates the U.S. labor market is close to its full employment level, or the level of employment that can be sustained without causing increased inflation.

Unemployment rates have fallen to pre-recession levels, signaling that the labor market may be near full employment.

A broader measure of unemployment – the "U-6" rate, which also counts individuals who would like to work but have not looked for a job in the prior four weeks, as well as part-time workers who would like full-time employment – was 8.4 percent in May, its lowest level since October 2007. The gap between the two rates continues to narrow as workers return to the work force. The "U-1" rate, which measures people unemployed for longer than 15 weeks, is also at its lowest level since the Great Recession, at 1.8 percent.

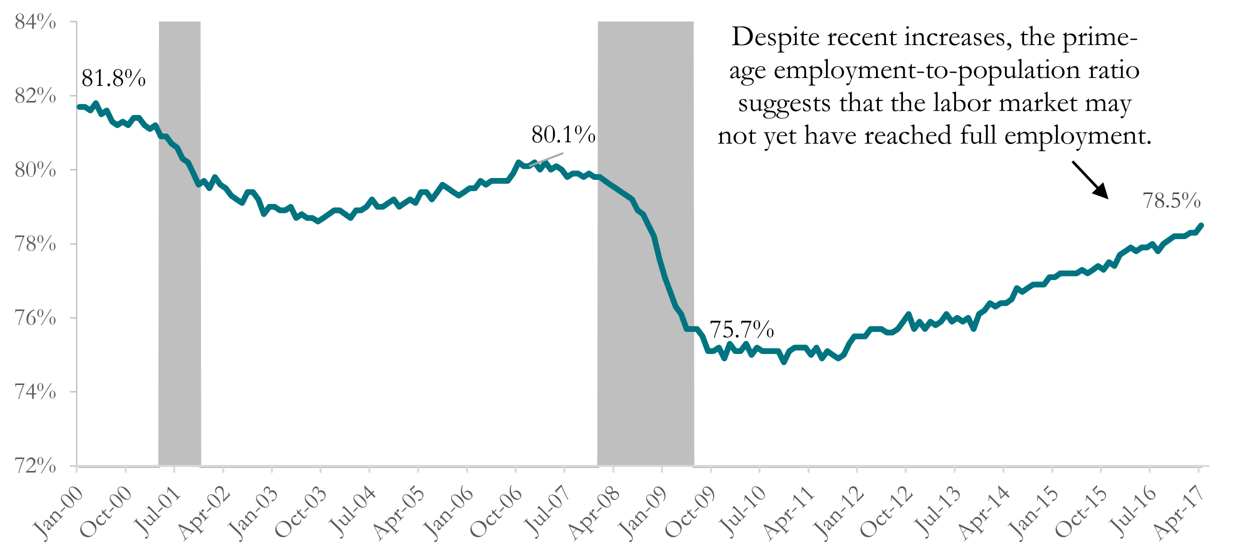
Figure 18. National Unemployment Rates



Source: U.S. Bureau of Labor Statistics

Prime-age employment ratio is recovering but remains lower than the previous expansion – A more direct and perhaps better measure of tightness in the labor market is the employment to population ratio for prime-age (25-54) workers. This ratio has been increasing but remains below its pre-Great Recession peak in 2007. This may indicate that there is still slack in the labor market, and thus helps explain the continued modest growth in wages.

Figure 19. Prime-Age Employment-to-Population Ratio

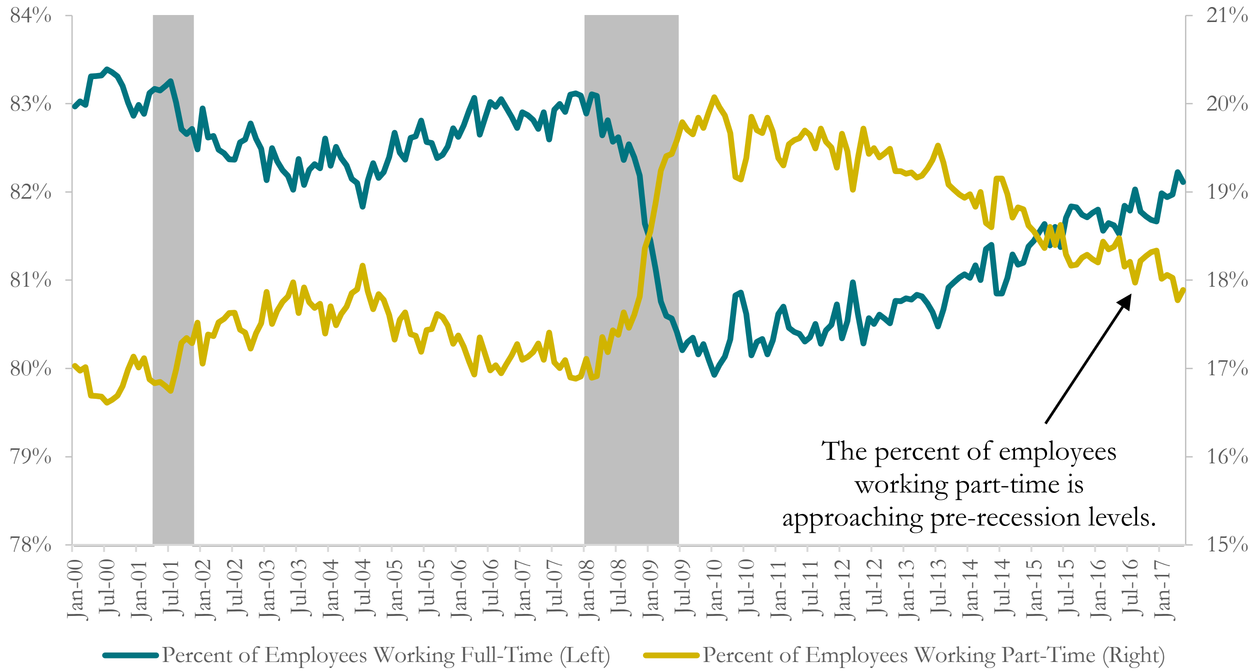


Source: U.S. Bureau of Labor Statistics

> **While job growth is slowing, the economy is now adding more full-time jobs than part-time jobs.**

Job growth continues in 2017 at a slower rate– The U.S. economy added 138,000 jobs in May, which is less than the 181,000 average monthly job gain experienced over the last year. This signals that the labor market may be losing some momentum as it nears full employment. Although job growth has been broad based, the largest gains were in business and professional services with 38,000 new jobs, health care with 24,000 additional jobs, and mining which added 6,000 jobs. As shown in Figure 20, the US economy continues to add more full time jobs (working greater than 35 hours per week) than part time jobs, which is a reversal of the labor market experienced during the Great Recession.

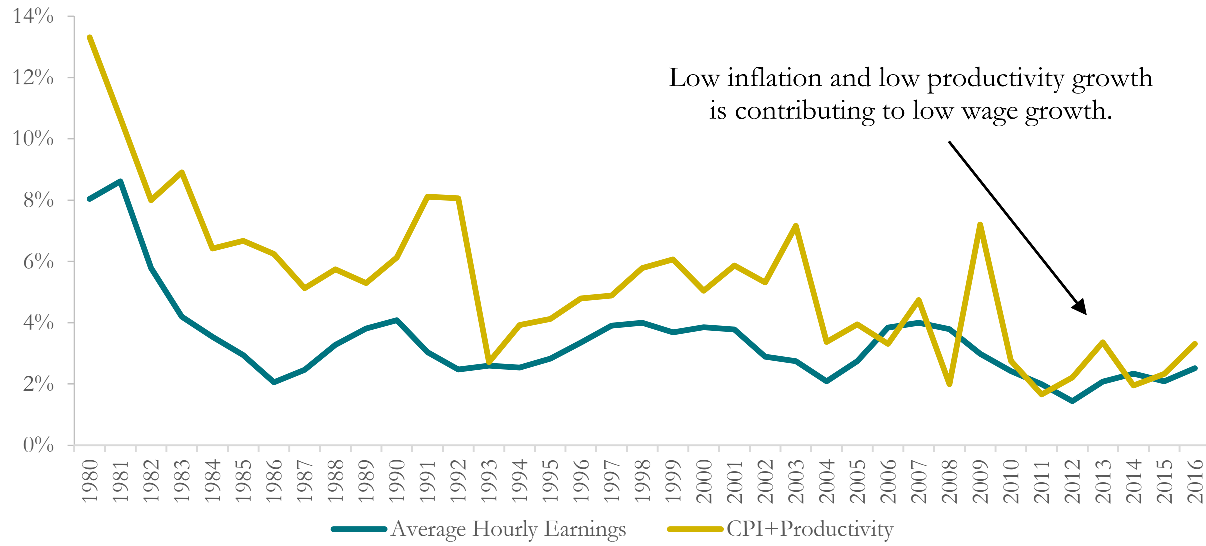
Figure 20. Percent of Employees Working Full- and Part-Time



Source: U.S. Bureau of Labor Statistics

Wage growth shows slight improvement in 2017 but lags inflation and productivity– As labor markets tighten, firms tend to raise wages to attract workers to fill positions. Wage growth has increased as unemployment has fallen in recent years. However, wage growth remains lower than in previous expansions. Two factors influencing wage growth are the low inflation and productivity growth that have occurred in the current expansion. Figure 21 shows the annual growth in average hourly earnings and the measure of core inflation plus productivity.

Figure 21. Wage Growth vs. Inflation and Productivity Growth



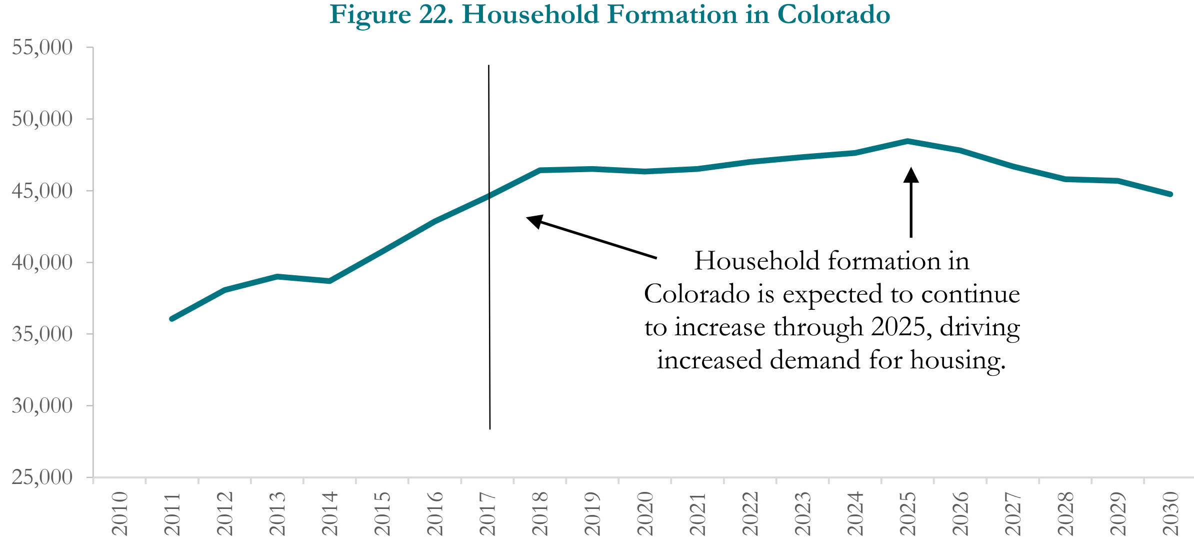
Source: U.S. Bureau of Labor Statistics

Housing Market Conditions

The housing market is an important factor in an economy's performance. Homebuilding, as well as a home buying and selling, generate economic activity in a region. Also, housing costs affect a regional economy's performance and influence its ability to attract individuals and businesses. Furthermore, growth in housing construction has historically tended to be a reliable leading indicator of economic growth.

Strong demand for housing in Colorado is expected to continue for several years due to projected growth in household formation, especially along the Front Range. This will generate continued upward pressure on housing costs, unless the supply of housing units grows at a higher rate. Demographic trends at the national level overall are also expected to fuel growth in housing market activities, including home purchases. Household formation for Colorado is shown in Figure 22.

Figure 22. Household Formation in Colorado



Source: State Demographer's Office

Several supply constraints are weighing on the housing market — Despite the strong demand in the housing market, there are several supply constraints that are weighing on the industry that is preventing it from creating more housing supply and from generating larger gains for the economy.

The home building industry continues to have diminished capacity in the aftermath of its contraction that began in 2006, resulting in housing demand greatly outpacing supply.

The home building industry both in Colorado and the U.S. overall continues to have diminished capacity in the aftermath of its contraction that began in 2006. The industry reports labor shortages and faces other barriers, such as high building costs, tighter financing for housing development, shortages of lots for development, and restrictive land use in some areas. Financing for mortgages for home purchasers also remains constrained in the aftermath of the housing contraction.

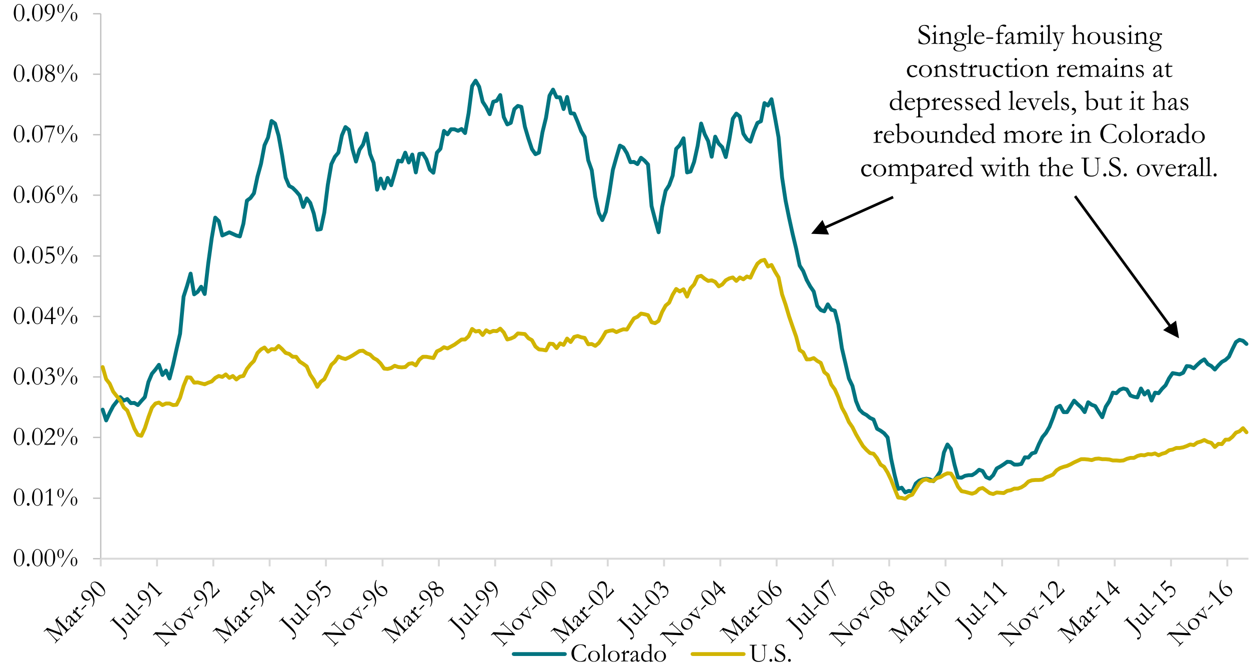
As a result of these challenges, both the Colorado and U.S. housing markets overall remain tight, especially for home purchases. In April of this year, the state had less than a two-month supply of homes for sale, while there was a four-month supply for the U.S. overall. Generally, a six-month supply of homes signifies a housing market with a supply-demand balance.

The state's tight housing market is constraining economic growth as it slows in-migration to the state and reduces home buying and selling activities.

The low supply level indicates that buyers continue to dominate the market, outpacing the number of sellers. The supply-demand imbalance is placing upward pressure on home values and reducing home purchase options for buyers. This dynamic is constraining economic growth as it slows net migration to the state and reduces home buying and selling activities. The constraints that are weighing on new housing construction will take time to unwind. Therefore, the low level of inventory that is constraining the state's housing market is unlikely to improve materially in the near term.

New housing construction, especially for single-family homes, has only gradually increased, and remains at depressed levels. Multi-family construction, especially for apartments, has grown at stronger levels, both in Colorado and in the U.S. overall, however. Figure 23 shows the trends in single family housing permits issued statewide compared with single-family permits for the U.S. overall.

Figure 23. Colorado and U.S. Monthly Single-Family Housing Permits as a Percent of Population



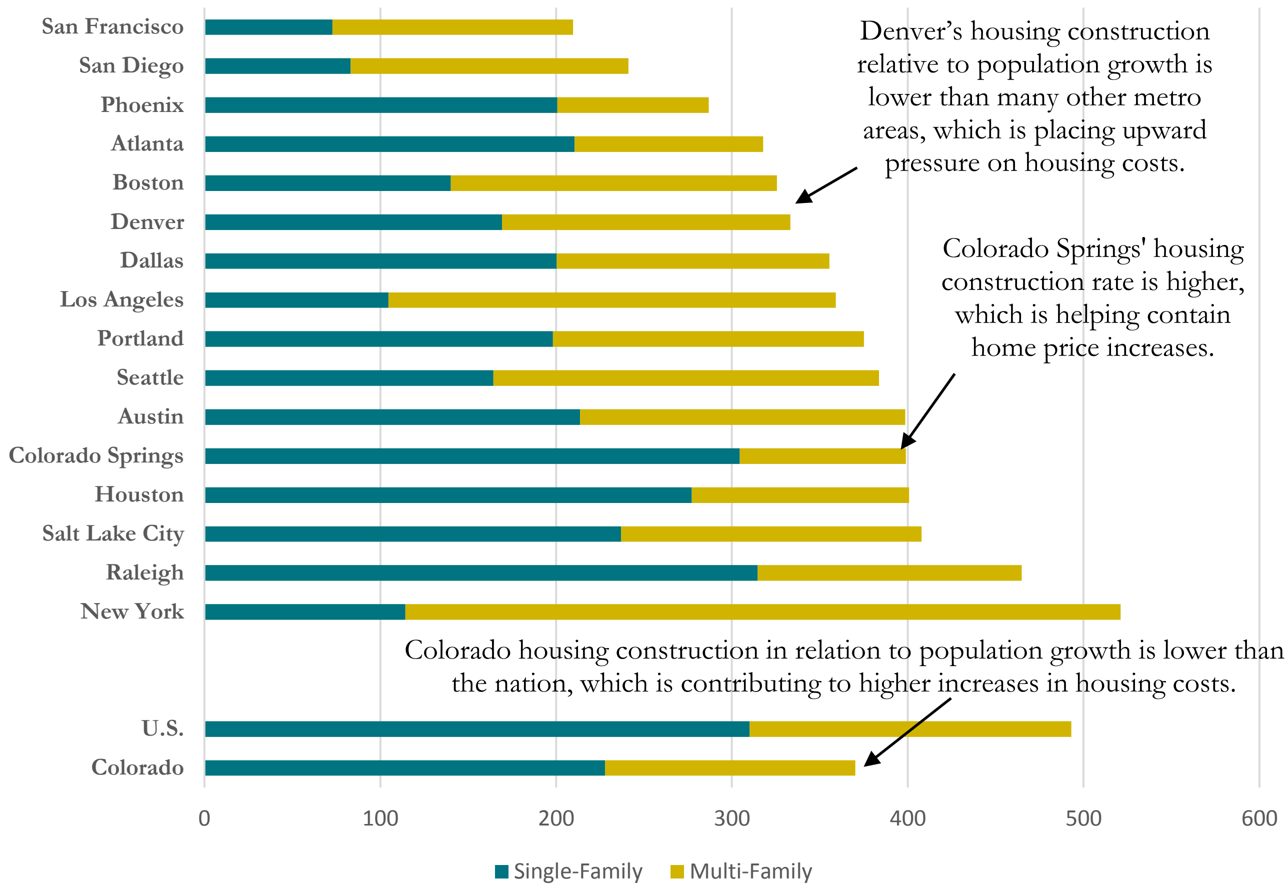
Source: U.S. Census Bureau; State Demographer's Office

Colorado has lower housing permits in relation to population growth than the U.S. overall.

New housing construction is not keeping pace with population growth in many areas — Although Colorado's housing construction has rebounded at a stronger rate than the U.S. overall, it is lower when compared with population growth. Figure 24 shows housing permit rates per 1,000 growth in population for select U.S. and Colorado metro areas, as well as for Colorado and the U.S. overall, during the current economic expansion. The figure breaks out single-family and multi-family permits.

Colorado has lower housing permits in relation to population growth than the U.S. overall. Further, among metro areas, Denver has had lower housing construction than several other major growing metro area economies. However, Colorado Springs has had stronger housing construction, especially for single-family housing.

Figure 24. Housing Permit Rate per 1,000 Population Growth, 2010 to First Quarter 2017

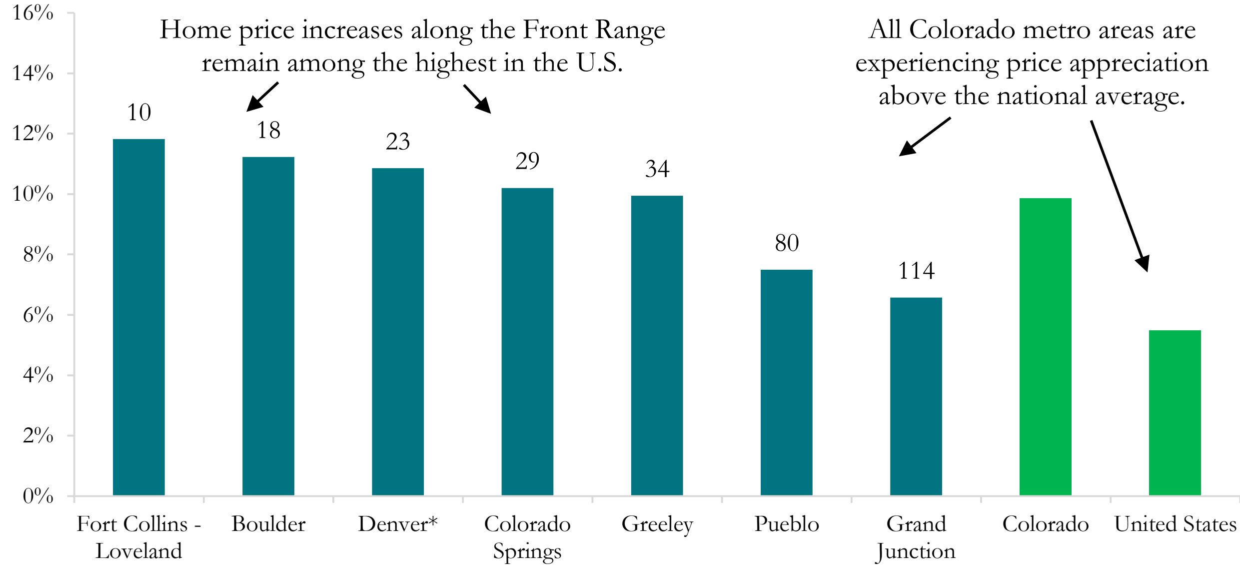


Source: U.S. Census Bureau; State Demographer's Office

***Housing costs continue to increase, though rent growth remains more moderate*—** The constrained supply of homes for sale amidst strong demand has place continued upward pressure on housing costs. The Federal Housing Finance Agency's House Price Index shows that home values in Colorado are growing at among the fastest rates in the nation. Every metro area in Colorado experienced home price appreciation above the national average, and five of Colorado's seven metro areas were in the top 10 percent nationally, as shown in Figure 25. Home prices appreciation remains strongest along the northern Front Range.

The constrained supply of homes for sale amidst strong demand has place continued upward pressure on home prices.

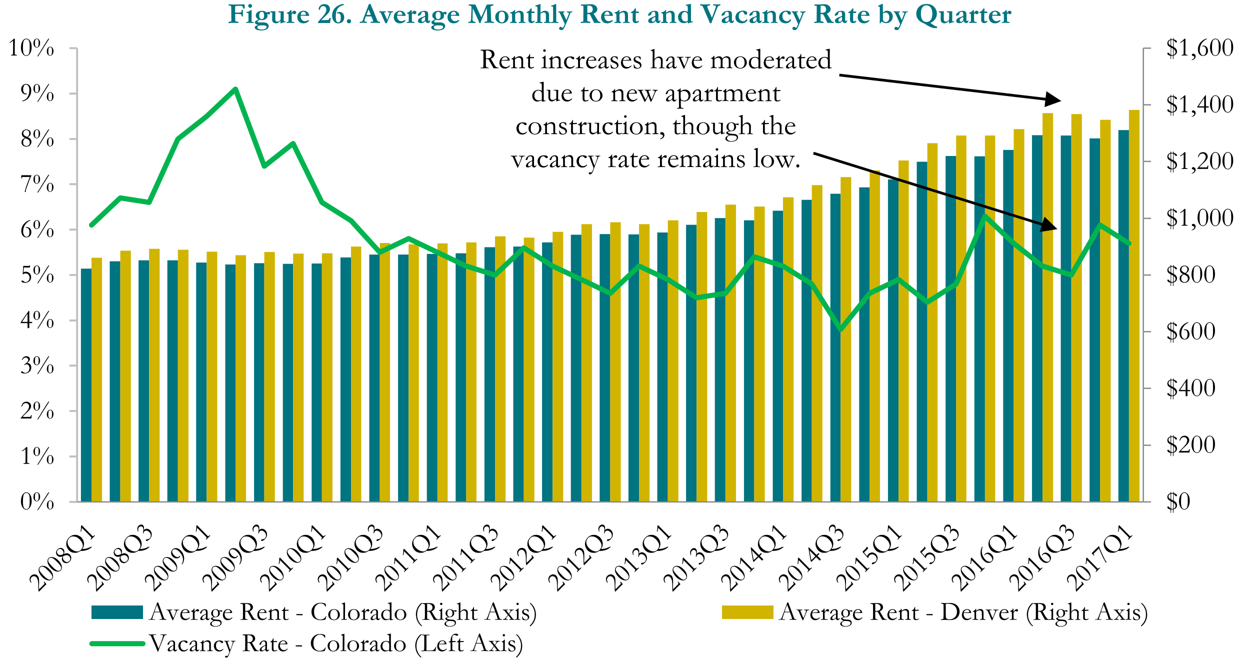
Figure 25. Home Price Appreciation, First Quarter 2016 to First Quarter 2017, Rank among 402 metro areas shown above bars



*Includes Aurora and Lakewood
Source: Federal Housing Finance Agency

Colorado rents continue to increase at a slower rate, due primarily to the large number of new rental units coming online. The Denver area is leading the growth in rental units, with more than 25,000 new units currently under construction. As a result of strong economic and population growth, however, the new units have been quickly absorbed in the market as the increase has not lowered rents or increased vacancy rates, as shown in Figure 26.

Figure 26. Average Monthly Rent and Vacancy Rate by Quarter



Source: Colorado Division of Housing

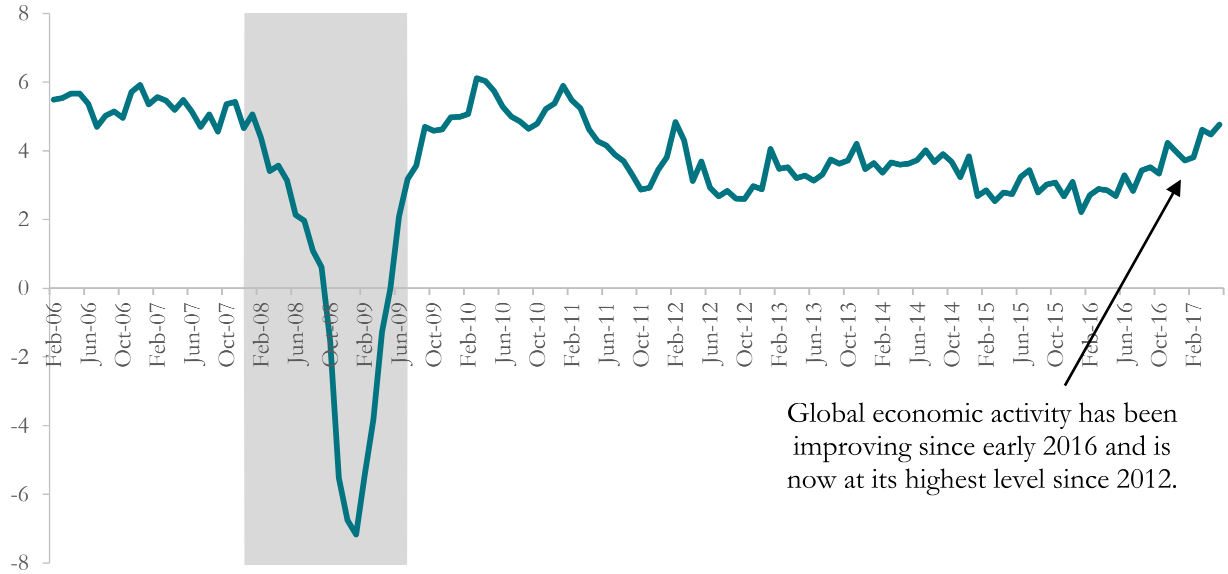
International Economic Conditions

The global economy continues to strengthen – Global economic growth is expected to strengthen from 2.3 percent in 2016 to 2.7 percent and 2.9 percent in 2017 and 2018, respectively, according to the World Bank. This increase will be largely due to faster growth in manufacturing and trade, as well as stabilizing commodity prices. Emerging market economies are expected to grow the most, at 4.1 percent in 2017, while advanced economies are expected to experience only 1.9 percent growth.

Global economic growth is expected to strengthen over the next few years, led by growth in emerging market economies.

While the outlook is improving, risks to the forecast include uncertainty surrounding the future path of trade policy, as well as rising debt levels, especially in China. The improving global economy is captured by the Goldman Sachs Global Current Activity Index, which is a measure of real-time economic activity that indicates that current global economic growth is at its highest level since 2012.

Figure 27. Goldman Sachs Global Current Activity Index

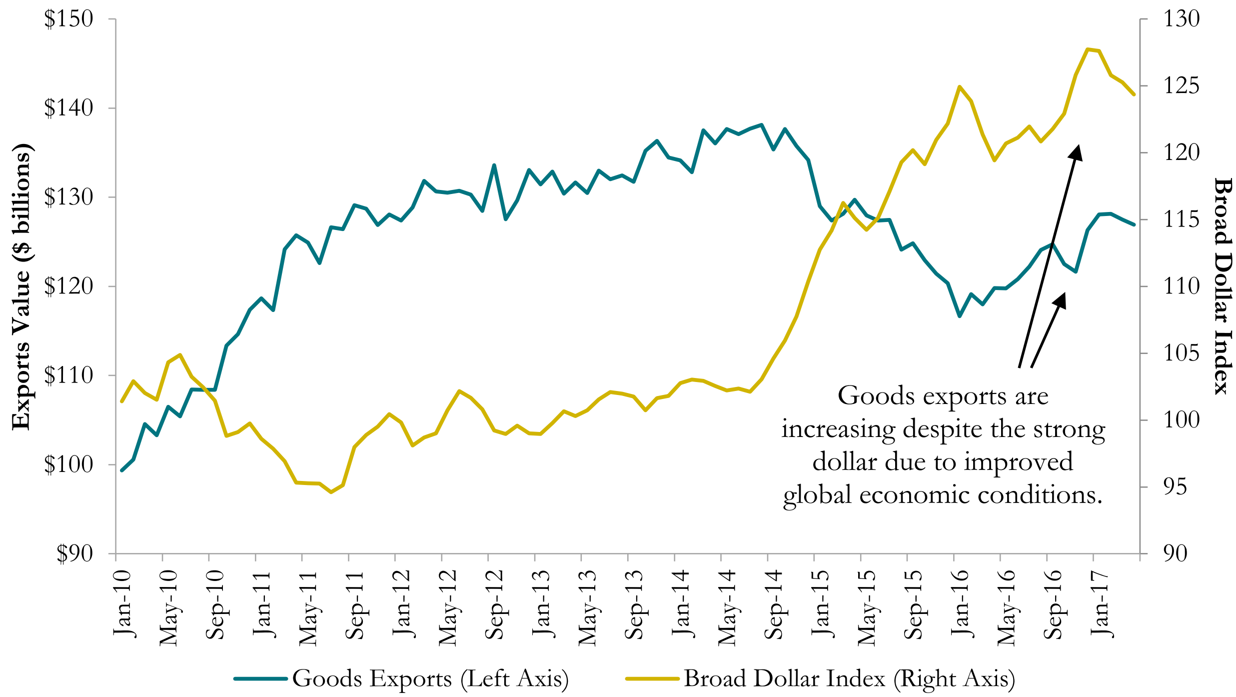


Source: Goldman Sachs

U.S. goods exports are increasing again, but policy uncertainty remains – After declining from late 2014 through early 2016, U.S. goods exports have begun growing again as shown in Figure 28. Services exports declined from mid-2015 to early 2016, but have also returned to growth. This is happening due to stronger global economic growth, especially in China. This export growth is also occurring despite the strong dollar, which remains elevated in relation to other currencies despite some recent weakening. While a strong dollar increases the cost of U.S. exports to foreign buyers, reducing their demand, economic growth in trading partner nations is generally a more important factor in determining export volumes. Therefore trade growth is expected to continue as global economic activity continues to strengthen.

The main risk to trade growth is uncertainty regarding the direction of U.S. trade policy. Higher tariffs on imports would likely lead to retaliation by trading partners, which could reduce exports. In Colorado, the agriculture, manufacturing, and natural gas industries are the most export-dependent industries. For example, while Colorado natural gas producers do not export directly to Mexico, the country imports significant amounts of U.S. natural gas. If exports to Mexico are reduced, excess supply will cause U.S. natural gas prices to fall and reduce natural gas-related industry activity in the state.

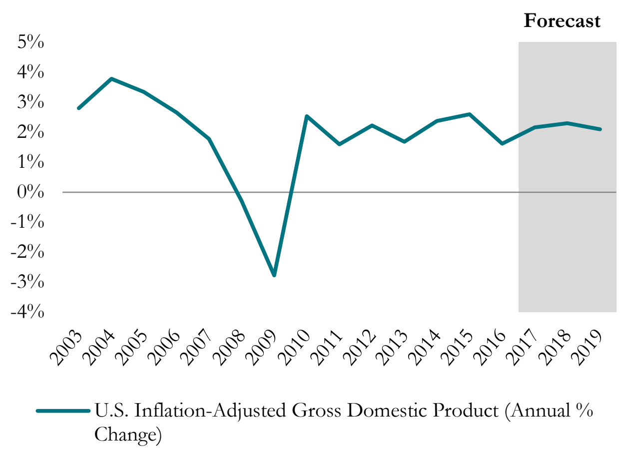
Figure 28. U.S. Goods Exports and Broad Dollar Index



Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau

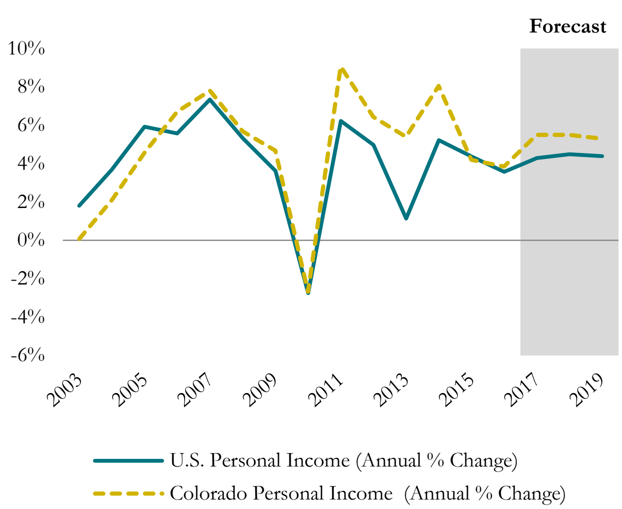
Summary of Key Economic Indicators
Actual and Forecast

U.S. Gross Domestic Product (GDP)



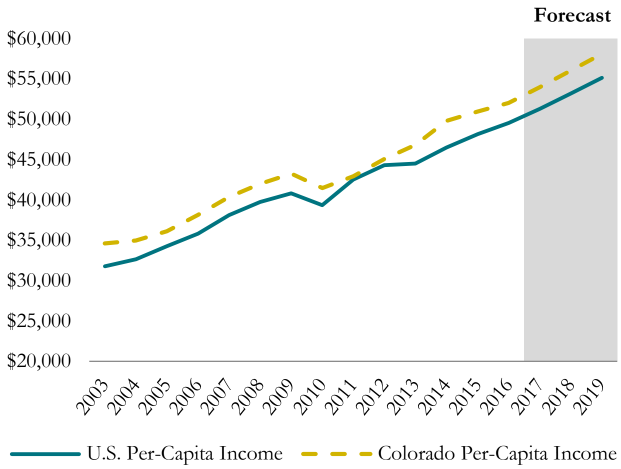
- GDP is a standard barometer for the economy's overall performance and reflects the value of final output produced in the U.S.
- U.S. GDP posted a modest 1.6 percent expansion in 2016. The pace of growth is forecast to reach 2.2 percent in 2017 and 2.3 percent in 2018.

U.S. and Colorado Personal Income



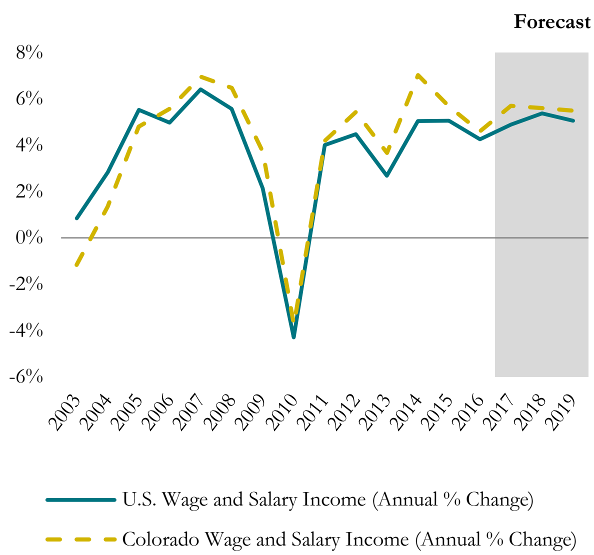
- Personal income growth in Colorado slowed to 3.9 percent in 2016 largely due to slowing employment growth, especially in the oil and gas industry. Personal income growth will expand in 2017 as the energy sector recovers; statewide personal income will increase by 5.5 percent in both 2017 and 2018.
- Nationwide, personal income increased 3.6 percent in 2016, and will grow by 4.3 percent in 2017. A tight labor market and gradual wage increases will allow personal income growth to pick up through 2018.

U.S. and Colorado Per-Capita Income



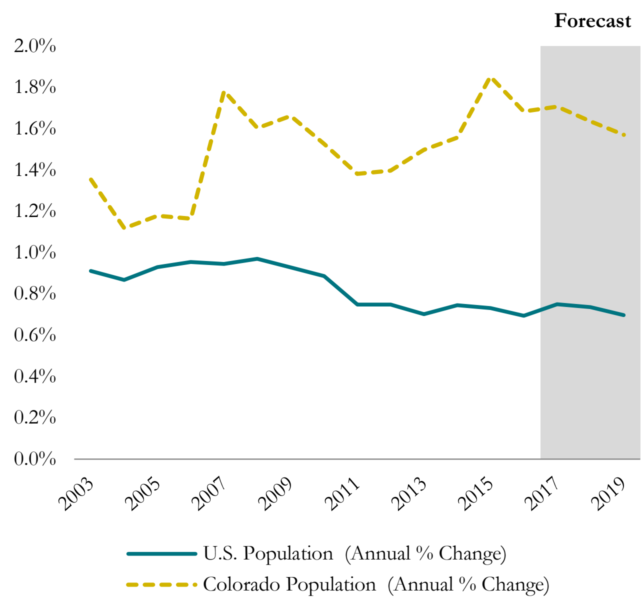
- After growing by 2.1 percent in 2016, per-capita income in Colorado is expected to resume growing faster than the nation overall, increasing by 3.7 percent to $54,000 in 2017.
- In the U.S., per-capita income increased 2.9 percent to $49,552 in 2016 and will grow by 3.5 percent to $51,298 in 2017.

U.S. and Colorado Wage and Salary Income



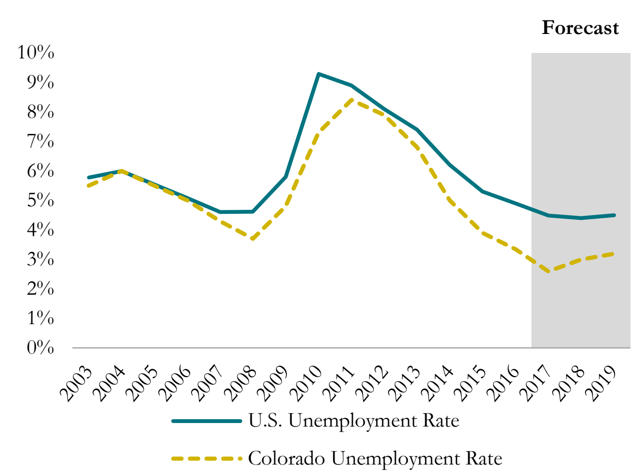
- Wage and salary growth in Colorado slowed in 2016 with 4.6 percent growth, largely due to the loss of relatively high-paying oil and gas jobs. Growth is expected to recover in 2017 to a 5.7 percent increase and then moderate slightly in 2018 and 2019.
- Wage and salary income for the nation increased 4.3 percent in 2016. Continued employment growth and recovery in the industrial and energy sectors will result in wage and salary growth of 4.9 percent in 2017 expanding to 5.4 percent in 2018.

U.S. and Colorado Population



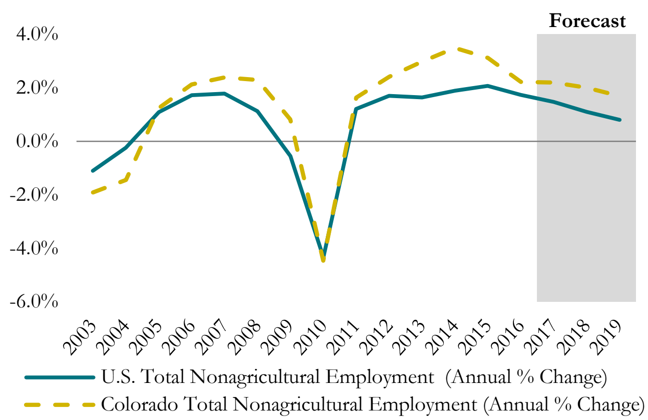
- High in-migration rates pushed Colorado's population growth rate to 1.7 percent in 2016, over double the national rate. A similar trend will continue in 2017, as the state is expected to add 64,000 people through net migration alone. The state's total population is expected to reach 5.82 million by 2019.
- The nation's population growth rate will remain steady at about 0.7 percent per year, as the population reaches 330.0 million by 2019.

U.S. and Colorado Unemployment



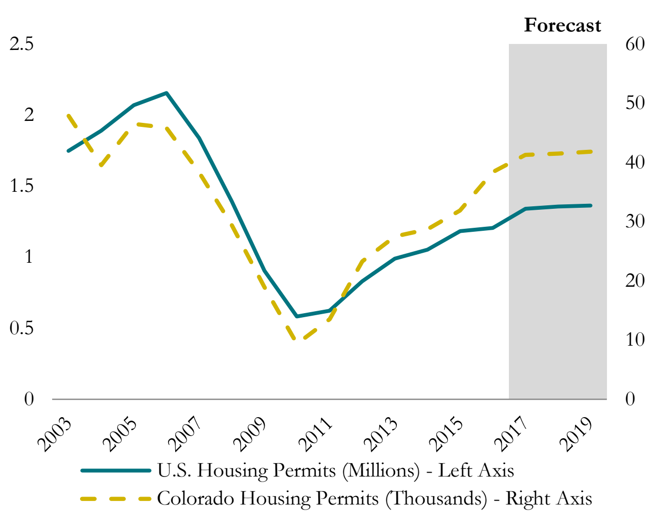
- The unemployment rate in Colorado averaged 3.3 percent in 2016, down over 1.5 percentage points from 2014 despite the oil and gas slowdown. Unemployment is expected to remain among the lowest in the nation, averaging 2.6 percent in 2017 and increasing slightly to 3.0 percent in 2018.
- The national unemployment rate followed a similar trend in 2016, but remained more than a 1.5 percentage points higher than in Colorado, averaging 4.9 percent. Continued improvements in the labor market will cause the rate to drop to 4.5 percent in 2017 and 4.4 percent in 2018.

U.S. and Colorado Total Nonagricultural Employment



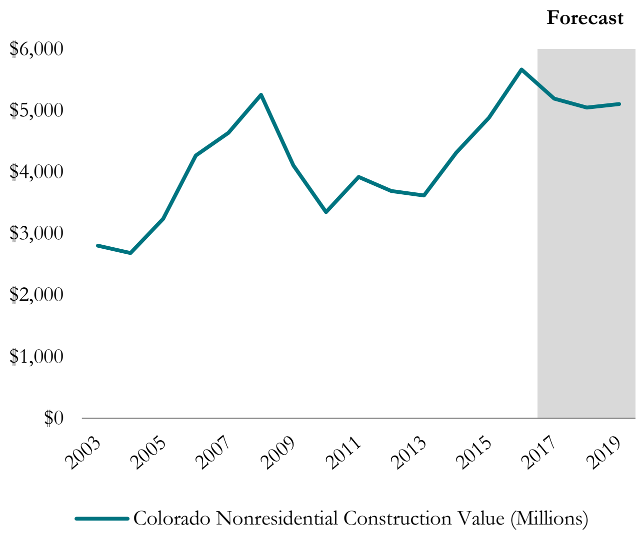
- Employment in Colorado grew 2.2 percent in 2016. Job growth will remain modest in 2017 due to the tight labor market before slowing further in 2018 as a result of slower labor force growth.
- Similar to Colorado, the growth rate of U.S. nonfarm payroll jobs slowed in 2016. Job growth will continue to slow nationwide as the labor market approaches full employment. Employment is forecast to increase 1.5 percent in 2017 and 1.1 percent in 2018.

U.S. and Colorado Housing Permits Issued



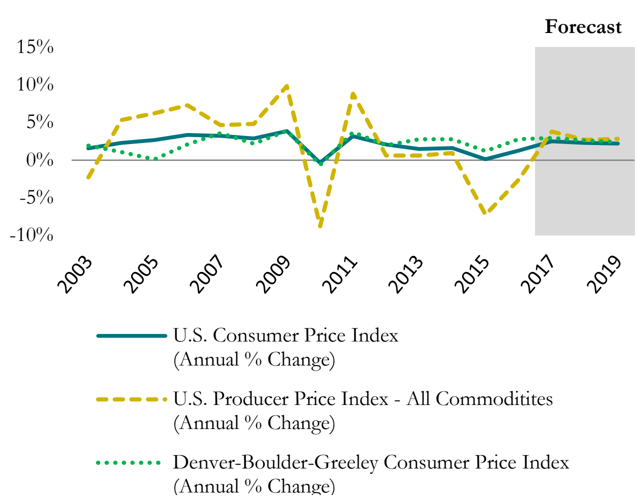
- In 2016, Colorado housing permits increased 20.5 percent with 38,400 permits issued; 41,300 permits are projected for 2017. The increases continue to be driven by population growth and strength in the state's metro housing markets.
- U.S. housing permits posted growth of just 2.0 percent in 2016 compared to the more robust growth rate of 12.4 percent in 2015, but will rebound with 11.0 percent growth in 2017. OSPB forecasts a return to more modest growth in 2018 and 2019.

Colorado Nonresidential Construction Value



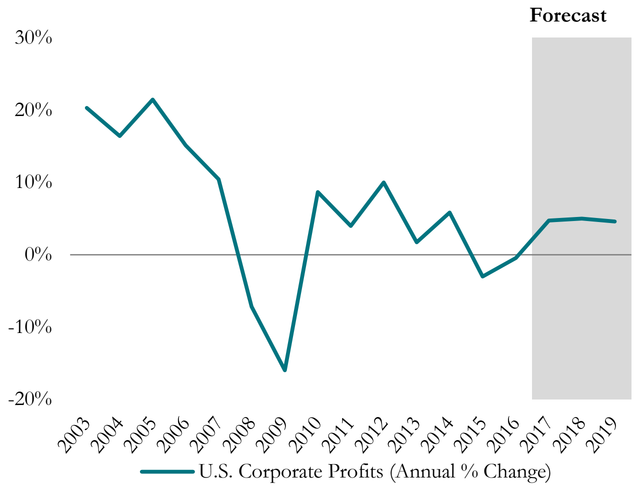
- Nonresidential construction value in Colorado increased by 16.1 percent in 2016. The value of nonresidential construction will decline slightly over 2017 and 2018.

Consumer Price Index and Producer Price Index



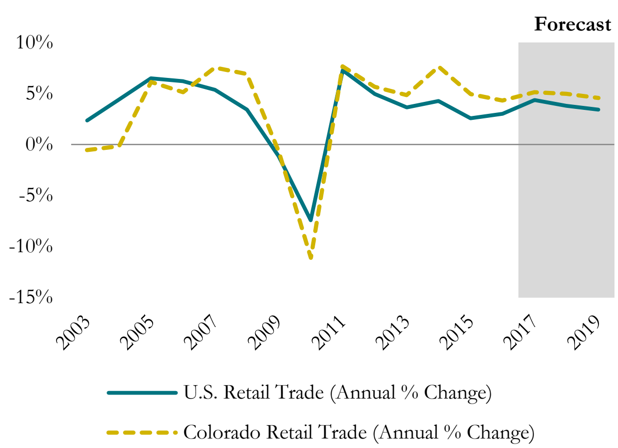
- Consumer prices nationally increased by 1.3 percent in 2016. OSPB expects the U.S. CPI to rise 2.5 percent in 2017, but decrease to 2.3 percent in 2018 and 2.2 percent in 2019.
- Producer prices fell another 2.6 percent in 2016, mostly due to low fuel and commodity prices. This trend will not continue in 2017; the index will rise 3.8 percent before moderating to 2.7 percent growth in 2018.
- The Denver-Boulder-Greeley CPI increased by 2.8 percent in 2016, which is more than twice the national average. Price increases will remain above the national average in 2017 before moderating over the forecast period.

U.S. Corporate Profits



- U.S. corporate profits fell by a modest 0.4 percent in 2016 as a weak global economy and a strong dollar impacted earnings early in the year.
- Profit growth of 4.8 percent is expected in 2017, followed by 5.0 percent growth in 2018.

Retail Trade



- Retail sales in Colorado will grow 5.1 percent in 2017 after posting 4.3 percent growth in 2016; sales growth will moderate over the remainder of the forecast period with increases of 5.0 percent in 2018 and 4.6 percent in 2019.
- Nationwide retail trade increased a modest 3.0 percent in 2016. Sales are forecast to grow 4.4 percent in 2017 due to the continuing economic expansion but moderate to 3.8 percent growth in 2018.

General Fund and State Education Fund Revenue Forecast

Relative to the March projections, the FY 2016-17 General Fund revenue forecast is lower by $62.1 million, or 0.6 percent. The forecast for FY 2017-18 is essentially unchanged. After an increase of just 1.7 percent in FY 2015-16, General Fund revenue is expected to increase a modest 3.4 percent in FY 2016-17. General Fund revenue is forecast to increase at a stronger rate of 6.7 percent in FY 2017-18.

Although sales taxes and individual income taxes are recovering from the oil and gas downturn and weaker economic growth during 2015 and 2016, General Fund revenue growth overall this fiscal year was weighed down by a few factors. However, these factors will not reduce revenue growth in FY 2017-18, which will allow for the stronger rate of increase.

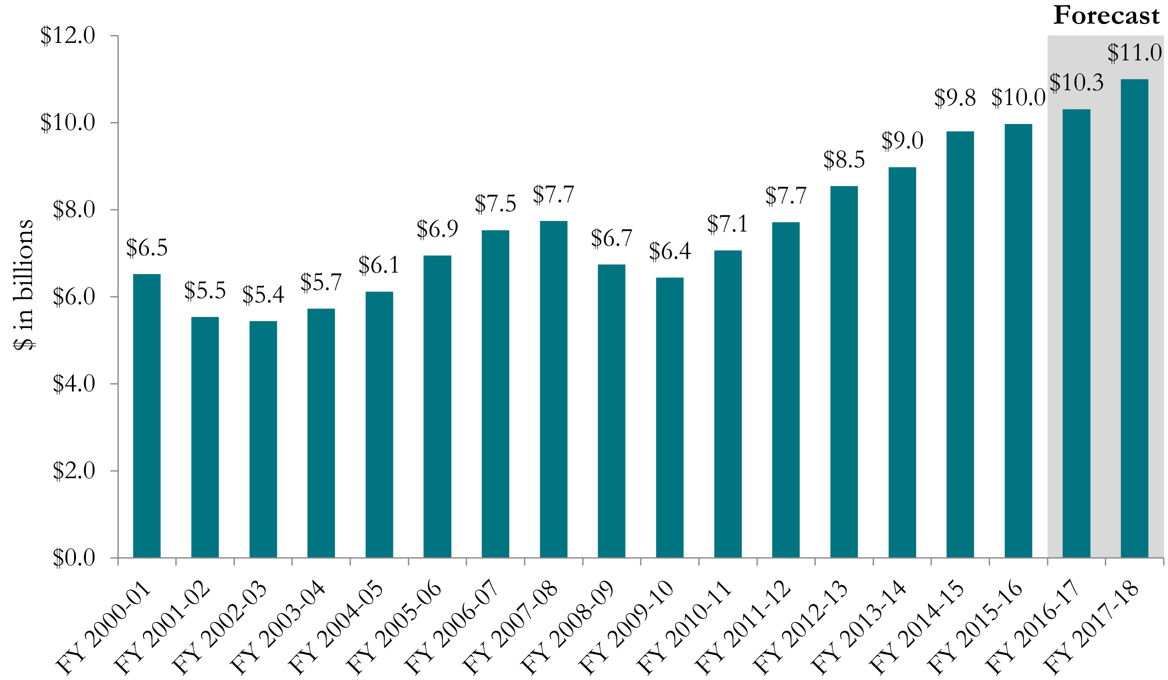
General Fund revenue this fiscal year is growing at a slightly higher rate from its weak growth in FY 2015-16. General Fund revenue is forecast to increase at a stronger rate in FY 2017-18 with continued economic expansion and without the factors that weighed on revenue growth this fiscal year.

As expected in the March forecast, it appears some taxpayers delayed income gains from investments in tax year 2016 in anticipation of a reduction in federal income tax rates. This weighed on income tax collections this fiscal year, but is expected to boost collections in FY 2017-18 as taxpayers realize some of the deferred gains. In addition, a portion of the modest growth in income tax collections this fiscal year was due to eligible taxpayers being able to claim the State Earned Income Tax Credit (EITC) as a regular income tax credit for the first time in tax year 2016.

Corporate income tax revenue is declining for the third consecutive year in FY 2016-17 mostly due to weak earnings experienced through much of last year. However, earnings have rebounded, which will generate an increase in corporate income tax revenue in FY 2017-18.

Figure 29 shows actual and projected total General Fund revenue from FY 2000-01 through FY 2017-18. 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 29. General Fund Revenue



Source: Office of the State Controller and OSPB forecast

Discussion of Forecasts for Major General Fund Revenue Sources

The following section discusses the forecasts for the three major General Fund revenue sources that together make up 95 percent of the total fund: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the remaining group of miscellaneous sources — such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor — will grow slightly over the forecast period.

Individual income tax **–** Individual income tax collections are rebounding modestly in FY 2016-17 with growth of 4.1 percent after an increase of 2.8 percent in FY 2015-16. Collections in FY 2017-18 are forecast to increase at a stronger rate of 6.1 percent.

Individual income tax collections from wage withholdings are growing at a higher rate with the end of the downturn in the oil and gas industry. However, other income tax collections this fiscal year from estimated payments and April tax filings were weak. This weakness was mostly a result of factors that will not reduce revenue growth through the remainder of the forecast period.

Individual income tax collections were weighed down in FY 2016-17 by taxpayers deferring investment income and as eligible taxpayers claimed the State EITC. Individual income tax collections will grow at a stronger rate in FY 2017-18 with a projected increase of 6.1 percent.

Although the stock market began to rebound in 2016, it appears some of the weakness in income tax revenue is a result of investors delaying the realization of gains in anticipation of federal income tax reductions. This forecast assumes that some of the deferred gains will be realized in tax year 2017, which will boost collections for FY 2017-18. Estimated income tax payments are forecast to grow 6.8 percent in FY 2016-17, and increase 14.1 percent in FY 2017-18. Estimated income tax payments are taxes paid on income that is not subject to withholding, such as earnings from self-employment, rents, and investments.

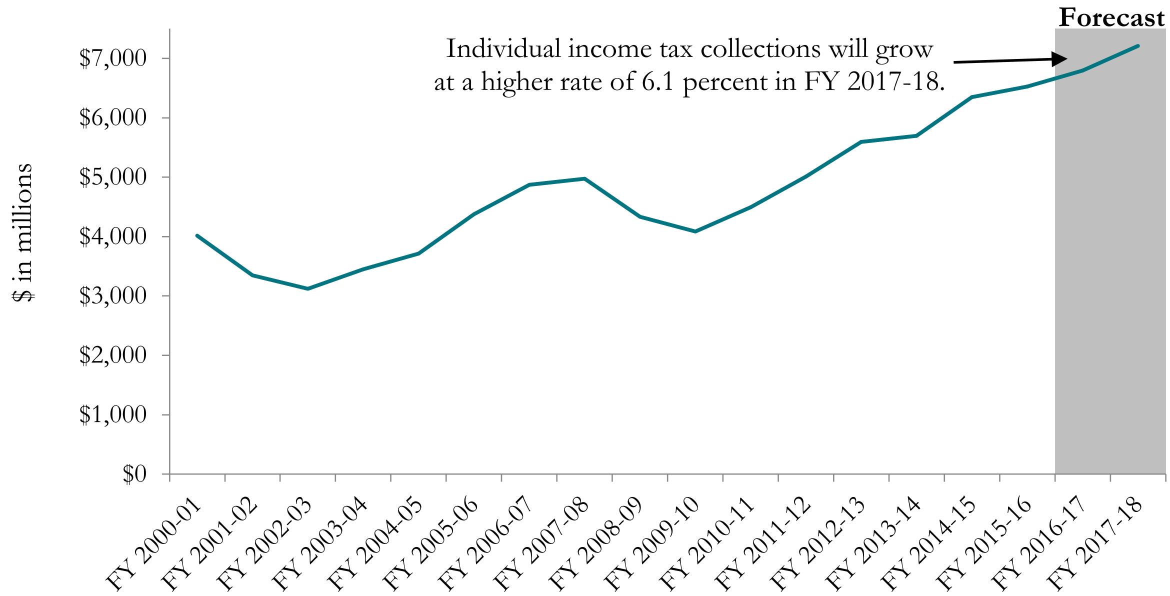
There is a high degree of uncertainty surrounding the forecast on tax collections from investment gains. The amount of investment gains that were delayed and that will be realized in the future is unknown and difficult to predict. Further, the timing of major federal tax legislation which could affect the realization of gains is uncertain. Thus, the forecast for income tax revenue may materially change as new information becomes available.

Eligible taxpayers claiming the State Earned Income Tax Credit (EITC) in tax year 2016 also weighed on income tax growth this fiscal year. In tax year 2015, the credit was used as a TABOR refund mechanism, but it is now a regular income tax credit that is reducing General Fund revenue through reduced tax liabilities and higher tax refunds. This credit is projected to have reduced FY 2016-17 income tax collections by approximately $80 million. The credit will lower collections by a similar amount in FY 2017-18.

Other changes in tax deductions and credits also are impacting revenue collections over the forecast period; notably, the Low-Income Housing Tax Credit, which is available for qualified low-income housing developments, is reducing income tax revenue by roughly $20 million in FY 2016-17 and $30 million in FY 2017-18.

Additionally, 2017 legislation expanded existing tax credits. SB 17-267 extended and expanded the income tax credit for business personal property taxes paid, which is projected to reduce income tax collections by about $10 million in FY 2018-19 and $20 million in FY 2019-20. However, as discussed in the following section on the forecast for sales tax revenue, SB 17-267 also distributes a portion of the special sales tax on retail marijuana sales to the General Fund on an ongoing basis which offsets the revenue reduction from the business personal property tax credit provisions in SB 17-267. In addition, HB 17-1356 allows the Colorado Economic Development Commission to allow for certain economic development-related tax credits to be transferable to other taxpayers, which will reduce income tax revenue by approximately $6 million in FY 2018-19 and $9 million in FY 2019-20.

Figure 30. Individual Income Tax Revenue



Source: Office of the State Controller and OSPB forecast

Corporate income tax – Corporate income tax collections are projected to decrease 18.5 percent in FY 2016-17. However, some of the large decline this fiscal year is a result of expected end-of-year accrual accounting adjustments. Corporate income tax revenue is forecast to increase 14.8 percent in FY 2017-18, the first increase in corporate income tax collections since FY 2013-14.

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 the main determinant of corporate income tax collections.

Corporate income taxes are projected to rebound with 14.8 percent growth in FY 2017-18, the first increase since FY 2013-14. However, corporate tax collections are expected to remain below their levels from earlier in the economic expansion.

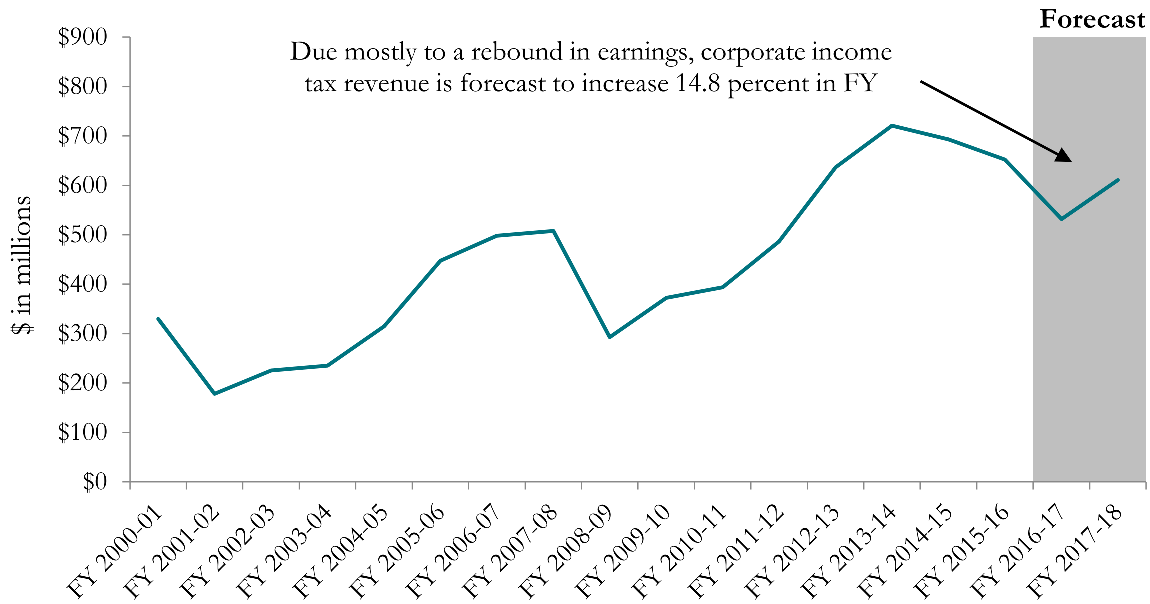
Corporate earnings weakened starting in 2015 after jumping to high levels earlier in the economic expansion. Sluggish global economic conditions, the decline in commodity prices, and the strong appreciation in the dollar weighed on the profits of multinational corporations. However, earnings have improved since the last half of 2016 with stronger growth internationally, a softening in the value of the dollar, and the stabilization of oil prices. Expectations are for continued earnings growth with the ongoing economic expansion.

The structure of the tax code can also have a large influence on tax collections. Notably, state legislation passed in response to the budget challenges in the aftermath of the Great Recession placed a cap on the amount of net operating losses corporations could deduct from taxable income. This temporarily increased revenue collections from FY 2010-11 to FY 2012-13. However, corporations could carryforward their deferred losses to claim them in future tax years. The elimination of the cap on losses, which started with tax year 2014, contributed materially to the weakness in corporate income tax collections over the past few fiscal years.

However, a smaller amount of carryforward losses is expected to place less downward pressure on corporate income tax collections going forward.

Although renewed growth in corporate income tax collections is forecast, the increases are expected to be constrained by higher business costs, especially for labor and debt payments, that will reduce profit margins and result in larger tax deductions and lower tax liabilities.

Figure 31. Corporate Income Tax Revenue, Actual and Forecast



Source: Office of the State Controller and OSPB forecast

Sales and use tax **–** Sales tax revenue is forecast to increase 6.5 percent in FY 2016-17 and increase an additional 7.5 percent in FY 2017-18.

Sales tax revenue is forecast to increase 6.5 percent in FY 2016-17 and 7.5 percent in FY 2017-18. These growth rates are being bolstered by non-economic factors and do not reflect the modest growth in consumer and business spending.

Sales tax revenue rebounded this fiscal year from the slowdown in FY 2015-16, which resulted from the drop in spending tied to the oil and gas industry's contraction as well as the weakness in retail prices. These conditions have partially abated, boosting collections as the state's economic expansion continues to generate job and wage gains and thus taxable spending.

The 6.5 percent increase for FY 2016-17 is being bolstered by an accrual accounting adjustment and the strong growth in collections from the special sales tax on retail marijuana. This fiscal year's growth is also boosted by sales tax collections from the online retailer Amazon. Collections from Amazon are expected to increase State sales tax revenue by $22.0 million in FY 2016-17. Without these factors, sales tax collections are growing about 4.0 percent, consistent with recent data that shows similar modest growth in consumer and business spending.

A portion of FY 2017-18's 7.5 percent projected increase is due to the higher tax rate for the special sales tax on retail marijuana sales pursuant to SB 17-267. This legislation increased the tax rate from 10 percent to 15 percent starting July 1, 2017. However, SB 17-267 also exempted retail marijuana from the state's 2.9 percent sales tax, making the net tax increase 2.1 percentage points. The FY 2017-18 projected increase in sales tax revenue would be a more modest 4.4 percent without including the revenue from the special tax on retail marijuana sales that is bolstered by the tax rate increase.

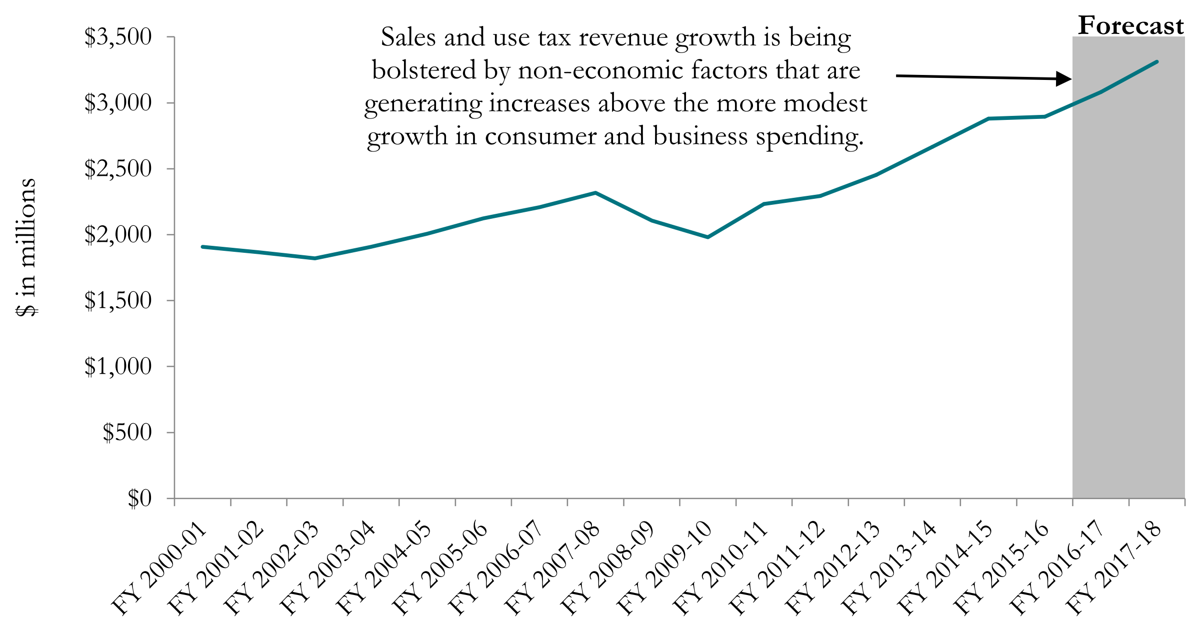
SB 17-267 also modified the distribution of the revenue from the special sales tax on retail marijuana. Starting with FY 2017-18, in addition to being distributed to the Marijuana Tax Cash Fund and local governments, a portion will also go the State Public School Fund and the General Fund. The General Fund is projected to receive $18.5 million in revenue from the special sales tax in FY 2017-18 and $30.3 million in FY 2018-19.

The use tax is a companion to the sales tax and is paid by Colorado residents and businesses on purchases that did not include a Colorado 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 revenue also rebounded this fiscal year after decreasing 7.3 percent in FY 2015-16. Without the oil and gas industry contraction and with less weakness in retail prices, collections are increasing 6.7 percent in FY 2016-17. Use tax revenue is projected to increase another 6.8 percent in FY 2017-18.

A portion of the FY 2017-18 increase in use tax collections is due to the implementation of reporting requirements for 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. Implementation will begin in FY 2017-18 when it is estimated to increase use tax collections by approximately $6 million.

Figure 32. Sales and Use Tax Revenue



Source: Office of the State Controller and OSPB forecast

State Education Fund Revenue Forecast

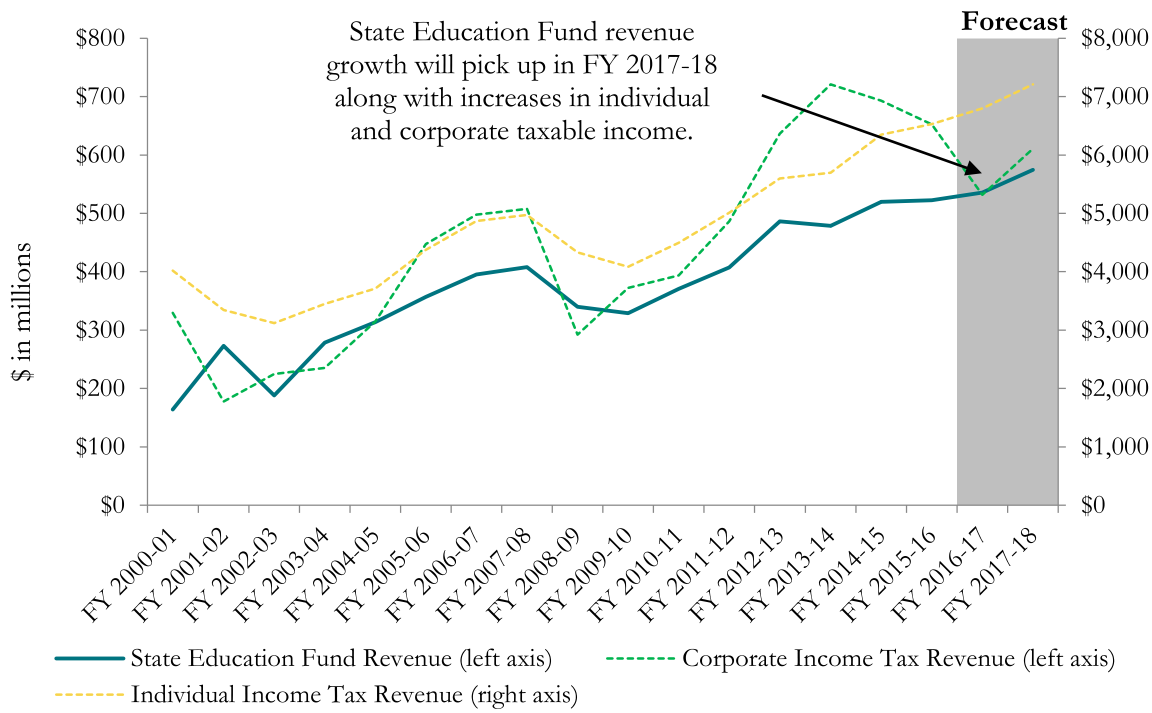
Tax revenue to the State Education Fund will increase 2.5 percent and 7.3 in FY 2016-17 and FY 2017-18, respectively.

Tax revenue to the State Education Fund will increase 2.5 percent and 7.3 percent in FY 2016-17 and FY 2017-18, respectively.

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 modest growth rate this fiscal year is due in part to taxpayers deferring investment income as well as the ongoing weakness in corporate taxable income. However, these factors are not expected to occur in FY 2017-18, and with continued economic expansion will allow for higher State Education Fund revenue growth.

The Colorado Constitution requires that one-third of one percent of taxable income from Colorado taxpayers be credited to the State Education Fund. In addition to this revenue, policies enacted over the past several years have transferred other General Fund money to the State Education Fund.

Figure 33. State Education Fund Revenue from One-Third of One Percent of Taxable Income



Source: Office of the State Controller and OSPB forecast

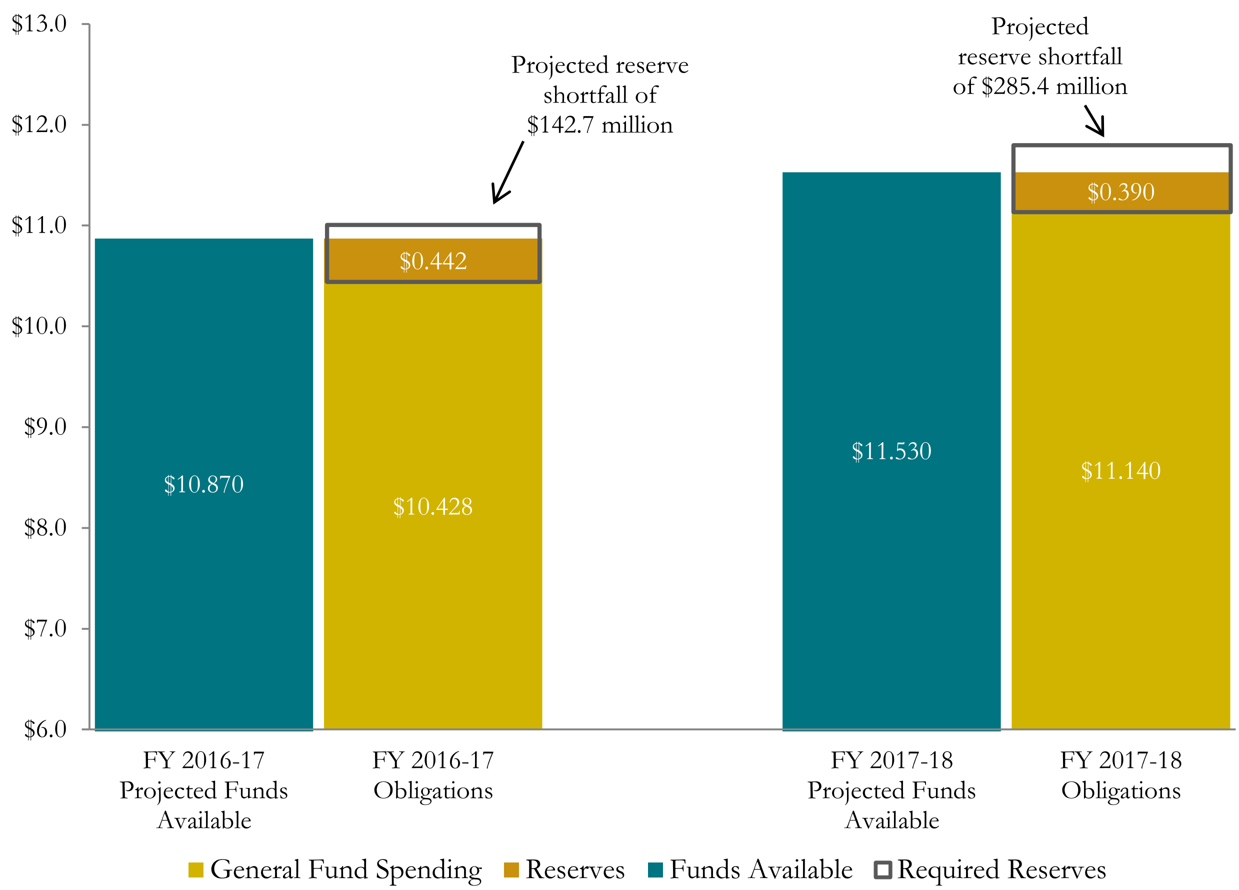
General Fund and State Education Fund Budget

***General Fund* –** As discussed in the "General Fund and State Education Fund Revenue Forecast" section starting on page 38, the General Fund revenue forecast for FY 2016-17 is lower by $62.1 million, or 0.6 percent, compared to the March 2017 forecast. The forecast for FY 2017-18 is essentially unchanged.

With this forecast and the budget for FY 2016-17, the State's General Fund reserve is projected to be $142.7 million below the required statutory reserve amount of 6.0 percent of appropriations. This amount is not far enough below the required reserve to trigger budget-balancing actions by the Governor. The Governor is required to take such actions when the ending balance is projected to be under half of its required amount. The State's General Fund reserve for FY 2017-18 is projected to be $285.4 million below the 6.5 percent required reserve amount. This is $52.3 million above the level which would trigger budget-balancing actions by the Governor.

Figure 34 summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2016-17 and FY 2017-18. The appropriations amounts for FY 2016-17 and FY 2017-18 reflect current law.

Figure 34. General Fund Available, Obligations, and Reserves, $ in Billions



It should be noted that the General Assembly did not enact a budget for FY 2017-18 with the intention of falling short of the reserve. The budget package was based on the Colorado Legislative Council Staff's March 2017 forecast, which was $324 million higher than OSPB's June forecast for General Fund revenue for FY 2016-17 and FY 2017-18 combined.

Senate Bill 17-267 – The passage of SB 17-267 during the 2017 session changed a number of factors that affect the State budget. The legislation replaced the Hospital Provider Fee with a new TABOR-exempt enterprise fee and lowered the Referendum C cap by $200 million in FY 2017-18. The cap increases by population growth and inflation from the lower amount in subsequent years.

SB 17-267 superseded and eliminated the need for SB 17-256, which restricted Hospital Provider Fee revenue in FY 2017-18 by $264.1 million. SB 17-256 was initially passed as a budget balancing measure to eliminate the General Fund obligation for a projected TABOR refund in FY 2017-18. By restricting Hospital Provider Fee revenue by $264.1 million, SB 17-256 would have also lowered federal matching money to hospitals by the same amount, resulting in a total reduction of $528.2 million.

SB 17-267 also increased the business personal property tax income tax credit, repealed the 2.9 percent sales tax on retail marijuana, which is subject to TABOR, and increased the special sales tax on marijuana, which is exempt from TABOR, from 8 percent to 15 percent in FY 2017-18. In addition, it authorized lease-purchase agreements on State facilities to raise money for transportation and capital construction projects, and repealed scheduled General Fund transfers to the Highway Users Tax Fund. Further, the legislation made the General Fund obligation for the senior and disabled veteran property tax exemption program the first TABOR refund mechanism in years in which a TABOR refund is required.

As a result of its provisions, SB 17-267 generated additional resources and flexibility for the operating budget in the General Fund. Figure 35 compares the level of General Fund appropriations for FY 2018-19 that can be supported by projected revenue while maintaining the General Fund's required reserve under current law with SB 17-267, as well as without the provisions of SB 17-267.

Figure 35. Comparison of Funds Available for FY 2018-19 General Fund Appropriations Subject to Limit under Current Law and without SB 17-267

Current Law	Without SB 17-267	Difference
$10,661.0 million	$10,463.4 million	$197.6 million

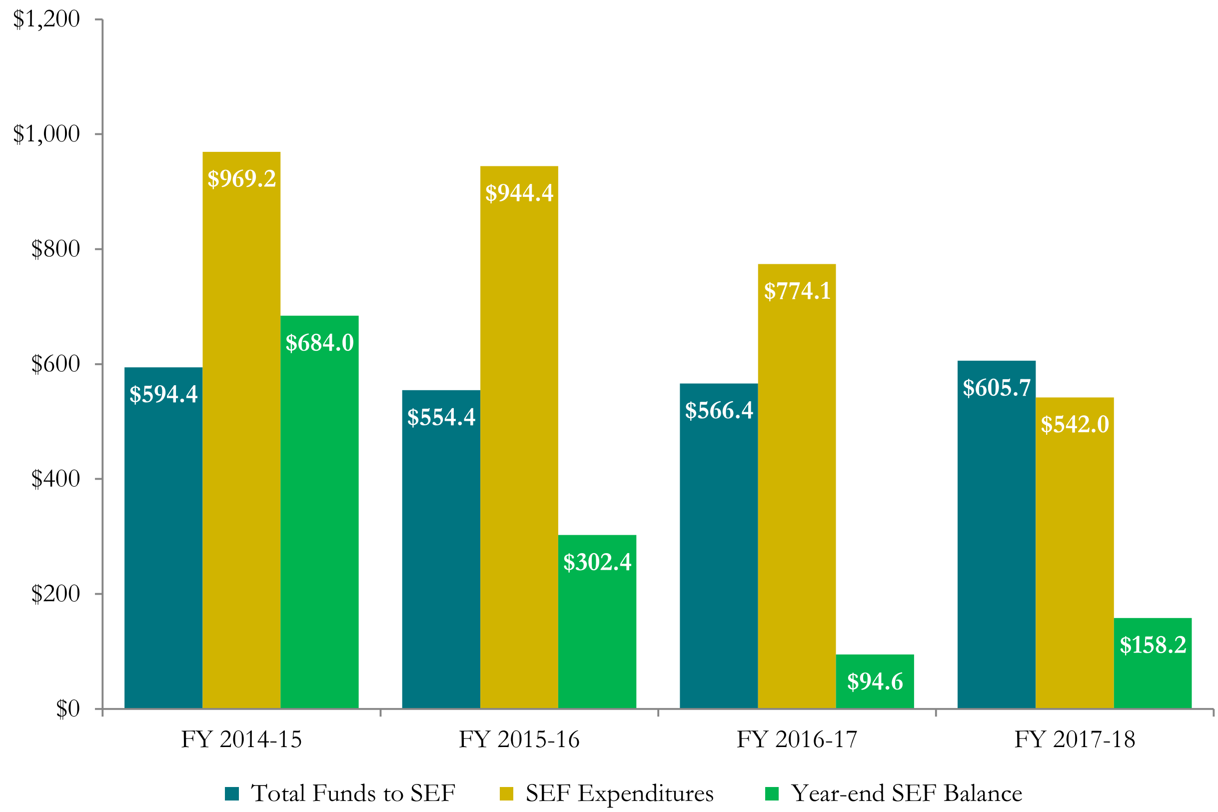
There are a few reasons that a higher level of appropriations can be supported in FY 2018-19 with the enactment of SB 17-267. First, the replacement of the Hospital Provider Fee with a new fee exempt from TABOR, along with the repeal of the 2.9 percent sales tax on retail marijuana, reduces cash fund revenue subject to TABOR under the Referendum C cap. This eliminates TABOR rebates that would have been required to be paid from the General Fund.

In addition, the legislation distributes a portion of the special sales tax on retail marijuana to the General Fund as an offset for the reduction in General Fund revenue from the expansion of the income tax credit for business personal property tax. Furthermore, the legislation repealed the $160 million required General Fund transfer to the Highway Users Tax Fund in FY 2018-19 and FY 2019-20. However, this reduction in General Fund obligations will be partially offset by lease-purchase payments from the General Fund for transportation and capital construction projects.

State Education Fund – The State Education Fund has supported a larger share of education funding in recent years than it has historically, which has drawn down its balance. Figure 36 summarizes total State Education Fund revenue available, total spending, and balance levels from FY 2014-15 through FY 2017-18.

In FY 2016-17, the year-end balance in the fund is expected to drop 68.7 percent to approximately $95 million from its level in FY 2015-16. However, a lower level of expenditures from the State Education Fund in FY 2017-18 will enable the fund balance to increase to a projected $158 million.

Figure 36. State Education Fund Money, Spending, and Reserves, $ in Millions



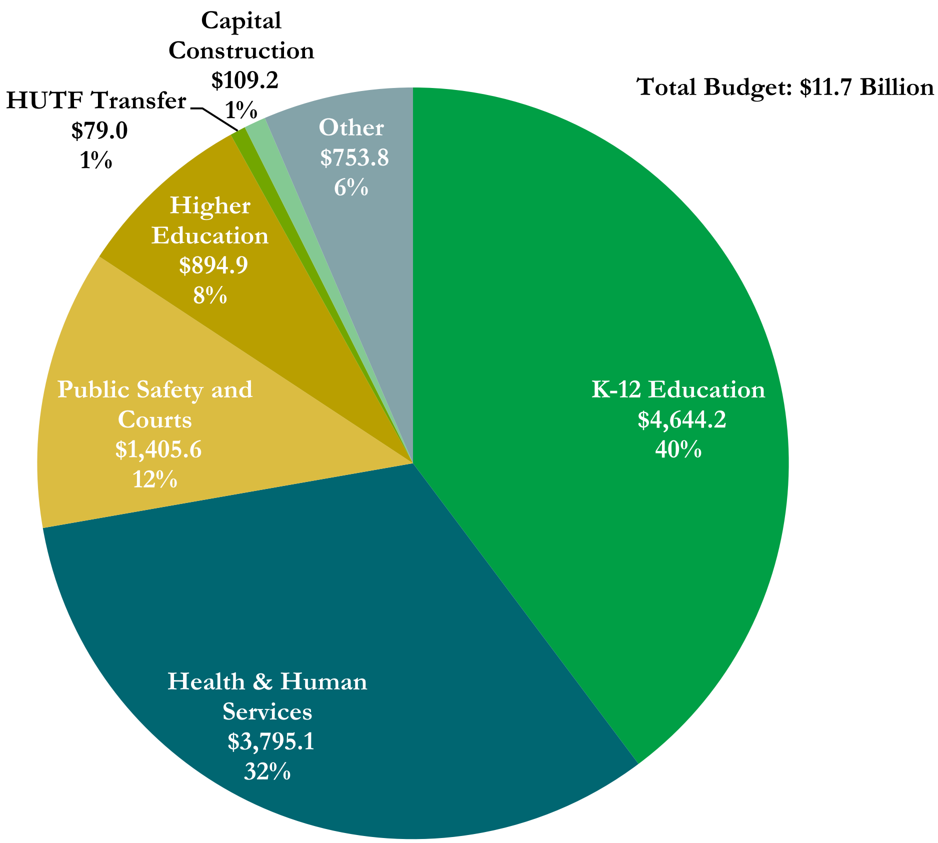
Detailed Overview Tables – A detailed overview of the amount of money available in the General Fund and State Education Fund, expenditures, and end-of-year reserves is provided in the overview tables in the Appendix at the end of this document beginning on page 65.

Spending by Major Department or Program Area

The General Fund provides funding for the State's core programs and services, such as preschool 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 preschool through 12th grade education and annually receives one-third of one percent of taxable income. In recent years, it has also received supplemental money from the General Fund as authorized by statute.

In Figure 37, the major areas of the General Fund and their share of the FY 2017-18 budget request are noted. Some 92 percent of General Fund and State Education Fund spending is found in the following areas: Preschool-12 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.

Figure 37. Composition of FY 2017-18 General Fund and State Education Fund Budget under Current Law



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 in 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.

As noted previously in this document, Colorado's economic growth has accelerated in the first half of 2017, and the expansion is expected to continue at a moderate pace through the forecast period. Although recession risk appears low at this time, unforeseen events can develop that could result in an economic downturn, which often causes declines in General Fund revenue. At the same time, demand for State services tends to increase during periods of economic weakness and higher unemployment. With the state constitution requiring a balanced budget, the combination of lower revenue and higher demand for services generates very difficult budgeting conditions.

Furthermore, as noted above, the General Fund reserve in FY 2017-18 is projected by this forecast to be near its level that would trigger budget balancing actions by the Governor. This could occur in a future forecast with only minor revisions downward in the projection for General Fund revenue.

General Fund Overview Table

Table 4 in the Appendix presents the General Fund Overview under current law for the June 2017 OSPB revenue forecast, providing details on forecasts for available General Fund money, expenditures, and end-of-year-reserves. The following section discusses the information presented in Table 4 in the Appendix.

Revenue

The top portion of the overview, shown in Figure 38, indicates the amount of General Fund money available for spending. The forecast for General Fund revenue is discussed in further detail in the "General Fund and State Education Fund Revenue Forecast" section starting on page 38. In addition to General Fund revenue, the General Fund receives money transferred from other State funds each fiscal year, although these transfers generally account for less than 1 percent of total revenue (shown in line 3 below).

Figure 38. General Fund Revenue Available, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
1	Beginning Balance	$689.6	$512.7	$441.6
2	General Fund Revenue	$9,971.4	$10,312.1	$10,999.0
3	Transfers to the General Fund	$24.1	$45.0	$89.2
4	**Total General Funds Available**	**$10,685.1**	**$10,869.8**	**$11,529.8**
	Dollar Change from Prior Year	$381.7	$184.7	$660.0
	Percent Change from Prior Year	3.7%	1.7%	6.1%

Expenditures

Spending subject to the appropriations limit – The middle portion of the General Fund overview in Table 4 shows General Fund spending. Each year, by statute, most General Fund spending cannot exceed 5 percent of the aggregate level of personal income received by Coloradans. This limit is projected to be $13.3 billion in FY 2016-17 and $13.9 billion in FY 2018-19. Therefore, the General Fund appropriations shown in Figure 39 (and on line 5 of Table 4) are about $3.5 billion under the limit for both years. The amounts subject to the limit shown below and in Table 4 for FY 2016-17 and FY 2017-18 reflect current law.

Figure 39. General Fund Spending Subject to the Appropriations Limit, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
5	Appropriations	$9,335.6	$9,784.5	$10,438.1
6	Dollar Change from Prior Year	$466.6	$448.9	$653.6
7	Percent Change from Prior Year	5.3%	4.8%	6.7%

Spending and outlays not subject to the appropriations limit – Figure 40 summarizes General Fund spending that does not count under the General Fund appropriations limit. More information about each line item is presented below the table.

Figure 40. General Fund Spending Not Subject to the Appropriations Limit, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
8	Total	$895.1	$643.7	$701.7
	Dollar Change from Prior Year	$86.6	-$251.4	$58.0
	Percent Change from Prior Year	10.7%	-28.1%	9.0%
9	TABOR Refund under Art. X, Section 20, (7) (d)	$0.0	$0.0	$0.0
10	Set Aside for Potential TABOR Refund under Art. X, Section 20, (3) (c)	-$58.0	$0.0	$0.0
	Cigarette Rebate to Local Governments	*$10.5*	*$9.3*	*$8.7*
	Marijuana Rebate to Local Governments	*$10.1*	*$15.2*	*$19.1*
	Old-Age Pension Fund/Older Coloradans Fund	*$118.3*	*$106.2*	*$105.4*
	Aged Property Tax & Heating Credit	*$9.3*	*$6.9*	*$6.8*
	Homestead Exemption	*$127.1*	*$136.4*	*$144.8*
	Interest Payments for School Loans	*$1.2*	*$3.4*	*$3.5*
	Fire/Police Pensions	*$3.7*	*$4.3*	*$4.3*
	Amendment 35 General Fund Expenditure	*$0.9*	*$0.8*	*$0.8*
11	**Total Rebates and Expenditures**	**$281.3**	**$282.5**	**$293.4**
12	Transfers to Capital Construction	$271.1	$84.5	$109.2
13	Transfers to Highway Users Tax Fund	$199.2	$79.0	$79.0
14	Transfers to State Education Fund per SB 13-234	$25.3	$25.3	$25.3
15	Transfers to Other Funds	$176.2	$172.4	$194.8
16	Other	$0.0	$0.0	$0.0
19	Reversions and Accounting Adjustments	-$58.3	$0.0	$0.0

Lines 9: Revenue exceeded the Referendum C cap in FY 2014-15 but is not projected to exceed the cap again during the forecast period. Spending not subject to the limit includes any TABOR refunds funded by the General Fund, which occur when State revenue exceeds its cap as defined in Article X, Section 20 (7) of the Colorado Constitution ("TABOR") and Section 24-77-103.6, C.R.S. ("Referendum C").

Line 11: "Rebates and Expenditures" account for a large portion of General Fund spending not subject to the appropriations limit. The primary programs under rebates and expenditures are: (1) 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; (2) the Marijuana Rebate, which distributes 15 percent of the retail marijuana sales tax through FY 2016-17 and 10 percent thereafter to local governments based on the percentage of retail marijuana sales in local areas; (3) the Old-Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; (4) the Aged Property Tax, Heat, and Rent

Credit, which provides property tax, heating bill, and rent assistance to qualifying low-income, disabled, or elderly individuals; and (5) the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans.

Lines 12 and 13: Transfers to transportation (Highway Users Tax Fund) and a portion of the transfers to capital construction (Capital Construction Fund) shown in these lines are commonly referred to as "228" transfers because they were put into law by SB 09-228. The 228 transfers originally amounted to a certain portion of General Fund revenue, but could be reduced or eliminated in a fiscal year based on the size of any TABOR refund. However, legislation passed during the 2016 and 2017 legislative sessions set the transfers at fixed amounts. SB 17-267 eliminated the scheduled transfers to the HUTF starting with FY 2018-19.

In addition to the 228 transfers, the capital construction transfer amounts shown in line 12 also include other transfers of General Fund money. Figure 41 shows the detail of the transfers for capital construction by fiscal year.

Figure 41. Capital Construction Fund Transfers, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
	Fixed "228" Transfers under HB 16-1416 and SB 17-262	$49.8	$52.7	$0.0
	Additional Transfers	$221.3	$31.8	$109.2
12	**Total**	**$271.1**	**$84.5**	**$109.2**

Line 14: Senate Bill 13-234 requires annual General Fund transfers to the State Education Fund from FY 2013-14 through FY 2018-19. The transfer is $25.3 million for FY 2017-18 and $25.0 million for FY 2018-19.

Line 15: State law requires transfers of General Fund money to various other State cash funds. Generally, the largest transfer in this line is money from the special sales tax on retail marijuana that is credited to the General Fund.

SB 17-267 modified the distribution of the revenue from the special sales tax on retail marijuana. Starting with FY 2017-18, in addition to being distributed to the Marijuana Tax Cash Fund and local governments, a portion will go the State Public School Fund and a portion will remain in the General Fund. The General Fund is projected to receive $18.5 million in revenue from the special sales tax in FY 2017-18 and $30.3 million in FY 2018-19. Figure 48 on page 61 in this report provides more detail on the distribution of marijuana tax revenue.

The FY 2015-16 and FY 2016-17 transfers to other funds amounts in line 15 also include a diversion of income tax revenue out of the General Fund to a separate severance tax fund pursuant to Senate Bill 16-218. This bill was passed in response to the April 2016 Colorado Supreme Court's decision in *BP America v. Colorado Department of Revenue* that allows for taxpayers to claim additional severance tax deductions. Senate Bill 16-218 creates a reserve fund and diverts income tax revenue to the fund to help pay the refunds. However, the legislation does not distinguish between severance tax refunds related to the court decision and severance tax refunds that would have occurred regardless of the decision.

For FY 2015-16, $56.8 million in income tax revenue was diverted to the aforementioned reserve fund to pay for severance tax refunds. This forecast projects that about $54.0 million in income tax revenue will be diverted from the General Fund to the reserve fund to pay severance tax refunds in FY 2016-17. More discussion on Senate Bill 16-218 and the impacts of the court decision can be found starting on page 58 in this report.

Line 19: This line includes any General Fund money that was not expended out of appropriations each fiscal year that was "reverted" back to the General Fund. It also includes various accounting adjustments made by the State Controller's office each year.

Reserves

The final section of the overview table in the Appendix ("Reserves") shows the amount of General Fund money remaining at the end of each fiscal year — the "Year-End General Fund Balance." This amount reflects the difference between total funds available and total expenditures. The section shows the statutorily determined reserve requirement and whether the amount of funds is above or below the requirement, titled, "Money Above/Below Statutory Reserve" in the General Fund overview in Table 4.

The FY 2015-16 reserve was required to be 5.6 percent of General Fund appropriations subject to the appropriations limit (excluding Certificates of Participation payments), minus diversions of income tax revenue pursuant to Senate Bill 16-218. As discussed above, $56.8 million in income tax revenue was diverted, and thus the required reserve was lowered by the same amount. The required reserve is 6.0 percent of appropriations (excluding Certificates of Participation payments) for FY 2016-17 pursuant to SB 17-266 and 6.5 percent for subsequent fiscal years.

The FY 2016-17 ending balance is projected by this forecast to be $142.7 million below the required reserve level under current law. This amount is not sufficiently enough below the required reserve to trigger budget-balancing actions by the Governor. The Governor is required to take such actions when the ending balance is projected to be under half of its required amount.

For FY 2016-17, half of the required reserve amounts to $292.2 million, or $149.5 million lower than the currently projected balance. In FY 2017-18, the ending balance is projected to be $285.4 million below the required reserve level, $52.3 million above the level that would trigger budget-balancing actions by the Governor.

Starting in FY 2015-16, General Fund appropriations for "lease-purchase" payments, called Certificates of Participation, for certain capital projects were made exempt from the reserve calculation requirement by Senate Bill 15-251. These appropriations amount to $37.8 million in FY 2015-16, $46.0 million in FY 2016-17, and $48.1 million in FY 2017-18. Figure 42 provides information on the General Fund ending balance.

Figure 42. General Fund Reserves, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
20	Year-End General Fund Balance	$512.7	$441.6	$390.0
21	Balance as a % of Appropriations	5.5%	4.5%	3.7%
22	**General Fund Statutory Reserve**	**$463.9**	**$584.3**	**$675.4**
23	Money Above/Below Statutory Reserve	$48.8	-$142.7	-$285.4

State Education Fund Overview

Figure 43 summarizes State Education Fund annual revenue and spending. It also includes projected beginning and ending fund balances. Reduced funding to the State Education Fund as well as higher appropriations have lowered the available balance. By the end of FY 2016-17, the ending balance is projected to be approximately $95 million, a decrease of more than $200 million from its level a year earlier. However, a lower level of expenditures from the State Education Fund in FY 2017-18 will enable the fund balance to increase to a projected $158 million.

Figure 43. State Education Fund Revenue, Spending, and Reserves, $ in Millions

State Education Fund ($ in Millions)			
	FY 2015-16	**FY 2016-17**	**FY 2017-18**
One-third of 1% of State Taxable Income	*$522.6*	*$535.4*	*$574.4*
Transfers under SB 13-234	*$25.9*	*$25.3*	*$25.3*
Other	*$6.0*	*$5.6*	*$6.0*
Total Funds to State Education Fund	**$554.4**	**$566.4**	**$605.7**
State Education Fund Expenditures	**$944.4**	**$774.1**	**$542.0**
Year-end Balance	**$302.4**	**$94.6**	**$158.2**

The State Education Fund plays an important role in the State's General Fund budget. Under the state constitution, the State Education Fund helps fund preschool through 12th-grade education, the largest General Fund program. Therefore, higher or lower spending from the State Education Fund affects General Fund appropriations in order to support the targeted level of school funding. Decisions in one year affect the range of choices in the next year because they impact the available balance in the State Education Fund for future spending and General Fund availability for other programs.

Table 5 in the Appendix incorporates all of the same information from the General Fund overview in Table 4, but also includes spending, revenue, and fund-balance information for the State Education Fund. Given the budget implications of the balance of funding between the State Education Fund and General Fund, a unified and multi-year view provides important insight into the sustainability of budgeting decisions.

Cash Fund Revenue Forecast

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

Cash fund revenue in FY 2016-17 is projected to be $153.2 million, or 5.2 percent, lower than FY 2015-16, as a decrease in revenue from the Hospital Provider Fee and miscellaneous cash funds will offset modest growth in revenue from other major categories of cash funds. The forecast for FY 2016-17 is $19.4 million, or 0.7 percent, lower than projections in the March forecast. This downward adjustment is mostly the result of lower expectations for severance tax revenue.

Cash fund revenue will decrease 17.3 percent in FY 2017-18 as the Hospital Provider Fee is replaced with the Healthcare Affordability and Sustainability Fee program, which is a TABOR-exempt enterprise in accordance with SB 17-267. The forecast for FY 2017-18 is $913.5 million, or 28.5 percent, lower compared with projections in March. In addition to the change in the Hospital Provider Fee, the exemption of retail marijuana sales from the 2.9 percent state sales tax pursuant to SB 17-267 and lower expectations for severance tax revenue also reduced cash fund revenue projections in relation to the March forecast.

***Transportation-related cash funds* —** Transportation-related cash fund revenue is forecast to grow 2.4 percent in FY 2016-17 and 1.7 percent in FY 2017-18. This is the same forecast as in March for FY 2016-17, but the forecast is 0.6 percent, or $7.6 million, lower than in March for FY 2017-18.

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and several smaller cash funds. 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 source for the transportation-related cash funds is from motor fuel taxes, followed by registration fees. Specific ownership taxes paid on vehicles are retained by local governments in a manner similar to property taxes.

Gas tax revenue received per mile driven is falling as vehicles become increasingly fuel-efficient.

More than 75 percent of motor fuel tax revenue comes from state gasoline taxes, which have been 22 cents per gallon in Colorado since 1991. Fuel tax revenue to the HUTF have averaged 2.0 percent growth per year during the current economic expansion. Growth is expected to continue at a modest rate, as increasingly fuel-efficient vehicles consume fewer gallons of gasoline and reduce fuel tax collections.

Vehicle registration revenue growth is a function of auto sales and in-migration to the state. Sales have been growing steadily since the end of the Great Recession in 2009. As the pent-up demand experienced since the 2008-09 recession decreases, new auto sales are beginning to decline nationally. In Colorado however, vehicle sales remain strong, though sales are expected to slow over the forecast period.

Because registration fees are based largely on vehicle age and weight, the continuing shift in consumer preference towards SUVs and light trucks is expected to partially offset less registration revenue due to the lower growth in new vehicle sales. This trend is also expected to contribute to increased revenue from vehicle fuel taxes. As a result of these trends, HUTF revenue growth is expected to average 2.5 percent over the next three fiscal years.

Figure 44. Transportation Funds Forecast by Source

Transportation Funds Revenue	Actual FY 15-16	Forecast FY 16-17	Forecast FY 17-18	Forecast FY 18-19
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$609.7**	**$625.6**	**$633.1**	**$645.5**
Change	2.1%	2.6%	1.2%	2.0%
Total Registrations	**$242.6**	**$253.9**	**$258.3**	**$265.0**
Change	2.6%	4.7%	1.7%	2.6%
Other HUTF Receipts	**$177.9**	**$182.1**	**$186.7**	**$193.5**
Change	2.7%	2.4%	2.5%	3.6%
Total HUTF	**$1,030.2**	**$1,061.6**	**$1,078.1**	**$1,103.9**
Change	2.3%	3.0%	1.6%	2.4%
State Highway Fund	**$52.2**	**$36.2**	**$47.2**	**$48.9**
Change	23.1%	-30.6%	30.2%	3.7%
Other Transportation Funds	**$98.8**	**$110.1**	**$114.9**	**$116.7**
Change	-7.6%	11.5%	4.4%	1.5%
Total Transportation Funds*	**$1,184.7**	**$1,213.7**	**$1,234.6**	**$1,260.7**
Change	2.2%	2.4%	1.7%	2.1%

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

Limited gaming revenue — The forecast for limited gaming revenue is unchanged from the March forecast. Gaming revenue is forecast to grow by $2.1 million, or 2.0 percent, to $120.4 million in FY 2016-17. Revenue from gaming in FY 2017-18 will grow an additional $3.2 million, or 2.7 percent, to $123.6 million.

The Colorado gaming industry has experienced mostly modest growth in the aftermath of the Great Recession, with expected FY 2016-17 limited gaming revenue remaining slightly below the pre-recession peak of $122 million in FY 2006-07. Continued economic expansion is expected to contribute to further modest increases in limited gaming revenue over the forecast period.

Limited gaming revenue is expected to surpass its pre-recession peak of $122 million, with projected revenue of $123.6 million in FY 2017-18.

Of the total expected limited gaming revenue of $120.4 million in FY 2016-17, $104.8 million will be subject to TABOR, as reflected in Figure 45. Of this amount, $103.0 million is classified as "base limited gaming revenue" as designated by State law after the passage of Amendment 50 in 2008. This revenue is distributed by statutory formula to the State General Fund, the State Historical Society, cities and counties affected by gaming activity, and economic development-related programs.

Gaming revenue attributable to Amendment 50, which is not subject to TABOR, is distributed mostly to community colleges, with a smaller portion going to local governments with communities affected by gaming. These distributions grow along with overall gaming revenue and will total $13.5 million and $13.7 million in FY 2016-17 and FY 2017-18, respectively. Figure 45 shows the distribution of limited gaming revenues in further detail.

Figure 45. Distribution of Limited Gaming Revenue

Distribution of Limited Gaming Revenues	Actual FY 15-16	Forecast FY 16-17	Forecast FY 17-18	Forecast FY 18-19
A. Total Limited Gaming Revenues	**$118.0**	**$120.4**	**$123.6**	**$126.7**
Annual Percent Change	6.0%	2.0%	2.7%	2.5%
B. Base Limited Gaming Revenues (max 3% growth)	**$101.0**	**$103.0**	**$105.8**	**$108.4**
Annual Percent Change	3.0%	2.0%	2.7%	2.5%
C. Gaming Revenue Subject to TABOR	**$102.7**	**$104.8**	**$107.6**	**$110.3**
Annual Percent Change	3.5%	2.0%	2.7%	2.5%
D. Total Amount to Base Revenue Recipients	**$91.1**	**$92.5**	**$94.6**	**$97.3**
Amount to State Historical Society	$25.5	$25.9	$26.5	$27.2
Amount to Counties	$10.9	$11.1	$11.4	$11.7
Amount to Cities	$9.1	$9.2	$9.5	$9.7
Amount to Distribute to Remaining Programs (State Share)	$45.6	$46.2	$47.3	$48.6
Amount to Local Government Impact Fund	$5.0	$5.0	$5.0	$5.0
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	$15.5	$16.1	$17.2	$18.5
E. Total Amount to Amendment 50 Revenue Recipients	**$12.5**	**$13.5**	**$13.7**	**$14.1**
Community Colleges, Mesa and Adams State (78%)	$9.8	$10.5	$10.7	$11.0
Counties (12%)	$1.5	$1.6	$1.6	$1.7
Cities (10%)	$1.3	$1.3	$1.4	$1.4

Hospital Provider Fee — The forecast for Hospital Provider Fee revenue in FY 2016-17 is essentially unchanged from the March forecast. Hospital Provider Fee collections are decreasing 18.3 percent, or $147.2 million, to $656.8 million in FY 2016-17. This decrease is due to the limit on Hospital Provider Fee revenue adopted for the FY 2016-17 budget under HB 16-1405.

Hospital Provider Fee revenue is reduced to zero in FY 2017-18 and FY 2018-19 as the Hospital Provider Fee will be replaced with the Healthcare Affordability and Sustainability Fee. This fee revenue, collected by the Colorado Healthcare Affordability and Sustainability Enterprise within the Department of Health Care Policy and Financing (HCPF), will be exempt from TABOR as the program is designated as an enterprise in accordance with SB 17-267. As with the Hospital Provider Fee, this new fee is paid by Colorado hospitals and is used, together with matching federal funds, to help cover the cost of the Medicaid program and enhance payments to health care providers.

Replacing the Hospital Provider fee with the new fee that is exempt from TABOR under SB 17-267 reduces cash fund revenue subject to TABOR by $865.3 million in FY 2017-18 and $859.8 million in FY 2018-19. This reduction is partially offset by $15.7 million in annual fee revenue that will be used by HCPF for other programs that are not part of the new enterprise that will thus be subject to TABOR. This revenue is included in the miscellaneous cash fund category starting in FY 2017-18.

Severance tax revenue **—** Severance tax revenue will increase to $51.5 million in FY 2016-17, after $18.9 million in revenue was collected in FY 2015-16. There are several factors contributing to the continued low level of collections. The ad valorem tax credit for State severance taxes is a contributing factor, as are persistently low oil and natural gas prices and amended returns filed in response to the Colorado Supreme Court ruling discussed below.

Severance tax collections in FY 2017-18 are expected to rebound due to slightly higher oil and gas prices, reduced ad valorem credits, and a smaller impact from the Supreme Court ruling. Total severance tax revenue will increase to $156.3 million in FY 2017-18.

The level of oil and natural gas prices are a main determinant of severance tax collection levels. After falling below $30 a barrel in early 2016, the West Texas Intermediate crude oil price has gradually recovered to around $50 a barrel. Prices are likely to remain near $50 a barrel through the end of 2017; natural gas prices are also expected to rise only slightly.

Severance tax revenue will increase to $51.5 million in FY 2016-17. Severance tax collections will rebound to $156.3 million in FY 2017-18.

The ongoing imbalance between the high levels of supply in relation to weakened demand is expected to persist. Although the November OPEC agreement to limit production was extended in May, U.S. producers have increased production in response to the recent uptick in prices, limiting the effectiveness of the agreement. Continued modest increases in demand combined with large supply levels are expected to prevent prices from rising materially.

However, there is a high degree of uncertainty in the trajectory of oil and gas prices as the world energy market is subject to international political developments and other difficult-to-predict factors. For example, oil prices have recently dropped below the $50 a barrel level due to concerns that increased production in the U.S. will prolong the supply glut. Therefore, the actual amount of severance tax revenue could materially differ from this forecast depending on the direction of future energy prices. More discussion of the oil and gas industry is included in "The Economy: Issues, Trends, and Forecast" section of this forecast, which starts on page 4.

In addition to persistent low oil and gas prices, ad valorem tax credits are weighing on State severance tax revenue. Severance taxpayers claim ad valorem tax credits based on the local property taxes they pay on the value of mineral extraction in the prior year. The impact of these credits was especially pronounced in FY 2015-16, when the incomes of taxpayers, and thus their tax liabilities, were greatly reduced due to plummeting energy prices. At the same time, large ad valorem credits were being claimed that were based on a much higher value of oil and gas from the prior year. In some cases, the difference in the size of the ad valorem credit in relation to gross severance tax liabilities caused net tax liabilities to fall to zero.

For FY 2016-17, gross liabilities will remain low due to persistent soft energy prices and decreased oil and gas production, but ad valorem credits will be smaller than the previous year, causing severance tax revenue to increase modestly. However, the Supreme Court ruling discussed below that began reducing severance tax collections in FY 2015-16 is also weighing on FY 2016-17 revenue. Modestly higher oil and gas prices in 2017, combined with less of an impact on collections from the court ruling and reduced ad valorem credits will cause severance tax revenue to rebound to a greater extent in FY 2017-18.

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

Senate Bill 16-218 was passed in the 2016 legislative session to account for these severance tax refunds. The bill created a reserve fund and diverts income tax revenue to the fund to help pay the refunds. However, the legislation does not distinguish between severance tax refunds related to the court decision and severance tax refunds that would have occurred regardless of the decision. Therefore, income tax revenue is currently being used to cover some severance tax refunds that would have occurred regardless of the decision.

Under Senate Bill 16-218, $56.8 million in income tax revenue was diverted in FY 2015-16 to the aforementioned reserve fund to pay for severance tax refunds. This amount is included in the "Transfers to Other Funds" line in Table 4 in the Appendix of this forecast.

Also under Senate Bill 16-218, in FY 2016-17, during any month in which severance tax refunds are larger than 15 percent of gross severance revenue, income tax is diverted to the reserve to pay the portion of the refund amount that exceeds the 15 percent threshold. This forecast assumes that $54.0 million in income taxes will be diverted from the General Fund to the reserve fund to cover severance tax refunds paid out in FY 2016-17. This amount is also included in the "Transfers to Other Funds" line in Table 4 in the Appendix. Therefore, a total of $110.8 million in General Fund is projected to be used to cover severance tax refunds under Senate Bill 16-218 over FY 2015-16 and FY 2016-17.

The above refund amounts are related to past tax year impacts of the Supreme Court ruling. Taxpayers will also claim more deductions for future tax years, which will reduce severance tax collections on an ongoing basis. This forecast assumes that the additional deductions will reduce annual severance tax collections by roughly $20 to $30 million each year. However, the estimated amount of the reduction to ongoing severance tax revenue in the future may change materially as more information becomes available regarding the revenue impacts of the deductions.

***Federal Mineral Leasing revenue* —** Colorado's share of Federal Mineral Lease (FML) revenue will rise 1.1 percent to $93.9 million in FY 2016-17. FML revenue continues to be weakened due to ongoing low energy prices. In addition, the refund of FML "bonus" payments to mineral extraction leaseholders on the Roan Plateau is causing reduced collections. As commodity prices gradually increase, FML revenue is expected to rebound modestly, increasing 9.8 percent to $103.1 million in FY 2017-18. The impact of lower energy prices on FML revenue is much smaller than the impact on severance taxes because the revenue stream is not affected by the ad valorem tax credits that impact severance tax gross liabilities. 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 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 shared with the state where production occurred.

FML revenue is reduced by a total of $23.4 million between FY 2015-16 and FY 2017-18 due to refunded bonus payments on cancelled leases on the Roan Plateau.

A portion of the reduced levels in FML revenue in FY 2015-16 through FY 2017-18 are a result of refunds to holders of cancelled leases on land for mineral extraction on the Roan Plateau in Colorado. The BLM carried out auctions for leases to produce natural gas on the Roan Plateau in 2008, collecting significant "bonus" payments. The BLM later revisited these leases and determined a need to re-negotiate or cancel several of them. As a result, the Bureau is refunding nearly $50 million of the bonus payments that were originally made.

Colorado's share of this amount, which amounts to $23.4 million, is being recouped from the State's share of FML revenue over a three-year period. The federal government is withholding $7.8 million of Colorado's FML payments from FY 2015-16 through FY 2017-18 to complete the required refund. Senate Bill 15-244 transfers money from the General Fund to the State Public School Fund, the Colorado Water Conservation Board Construction Fund, and the Local Government Mineral Impact Fund in each of the three fiscal years in order to backfill the decline in FML distributions.

Figure 46. Federal Mineral Leasing (FML) Payments, $ in Millions

Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	% Change
FY 2015-16	$6.7	$86.1	$92.9	-36.0%
FY 2016-17	$0.2	$93.7	$93.9	1.1%
FY 2017-18	$2.1	$101.0	$103.1	9.8%
FY 2018-19	$2.0	$110.2	$112.3	8.9%

FY 2015-16 figures are actual collections, and FY 2016-17 through FY 2018-19 are projections.

Other cash funds — Cash fund revenue to the Department of Regulatory Agencies (DORA) will increase 10.6 percent to $76.1 million in FY 2016-17. This revenue source will grow another 2.8 percent to $78.2 million in FY 2017-18. DORA regulates businesses and professionals in certain industries through licensing, rulemaking, enforcement, and approval of rates charged to consumers. The Department is responsible for oversight of a wide variety of professions, ranging from landscape architects and psychologists to hunting guides. 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. Revenue from this source will decrease 10.0 percent to $10.3 million in FY 2016-17. Each year, the DOWC performs a comprehensive review to determine the funding needed to operate its programs. Surcharges are increasing in the last half of FY 2017-18. This is contributing to the forecast increase of insurance-related revenue in FY 2017-18, when revenue is projected to increase 53.7percent to $15.8 million.

The category called Other Miscellaneous Cash Funds in Table 6 includes revenue from over 300 cash funds that generally collect revenue from fines, fees, and interest earnings. However, approximately 75 percent of the revenue comes from the largest 30 of these funds. These larger funds include the Employment Support Fund, Medicaid Nursing Facility Cash Fund, and the Marijuana Tax Cash Fund in FY 2015-16.

Total revenue to miscellaneous cash funds is expected to total $656.6 million in FY 2016-17, a decrease of 10.2 percent from FY 2015-16. The FY 2016-17 projection is the same as the March forecast. Revenue to these funds is expected to increase 6.3 percent to $698.2 million in FY 2017-18.

The reduction in miscellaneous cash fund revenue in FY 2016-17 is due to two main factors. First, revenue received by Ft. Lewis College and Western State Colorado University is assumed to not be subject to TABOR this fiscal year due to the assumption that these institutions will regain their enterprise status after being disqualified in FY 2015-16. Secondly, the shifting forward of revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund from FY 2016-17 to FY 2015-16 per House Bill 16-1409 contributed to the decrease. The resumption of this transfer in FY 2017-18 is contributing to the 6.3 percent overall increase in miscellaneous cash funds projected for next fiscal year.

Marijuana-related revenue — Revenue from the special taxes on the legal marijuana industry in the state authorized by Proposition AA in November 2013, along with revenue from the 2.9 percent sales tax collected on marijuana sales, are shown in Figure 47.

Figure 47. Tax Revenue from the Marijuana Industry

Tax Revenue from the Marijuana Industry	Actual FY 15-16	Forecast FY 16-17	Forecast FY 17-18	Forecast FY 18-19
Proposition AA Taxes				
Retail Marijuana 10%/15% Special Sales Tax	$67.3	$101.6	$191.5	$216.1
Retail Marijuana 15% Excise Tax	$42.7	$72.6	$92.1	$103.6
Total Proposition AA Taxes	**$110.0**	**$174.2**	**$283.6**	**$319.7**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$12.2	$12.4	$12.5	$12.5
Retail Marijuana 2.9% State Sales Tax	$19.4	$28.7	$0.0	$0.0
Total 2.9% Sales Taxes	**$31.6**	**$41.0**	**$12.5**	**$12.5**
Total Marijuana Taxes	**$141.6**	**$215.2**	**$296.1**	**$332.2**

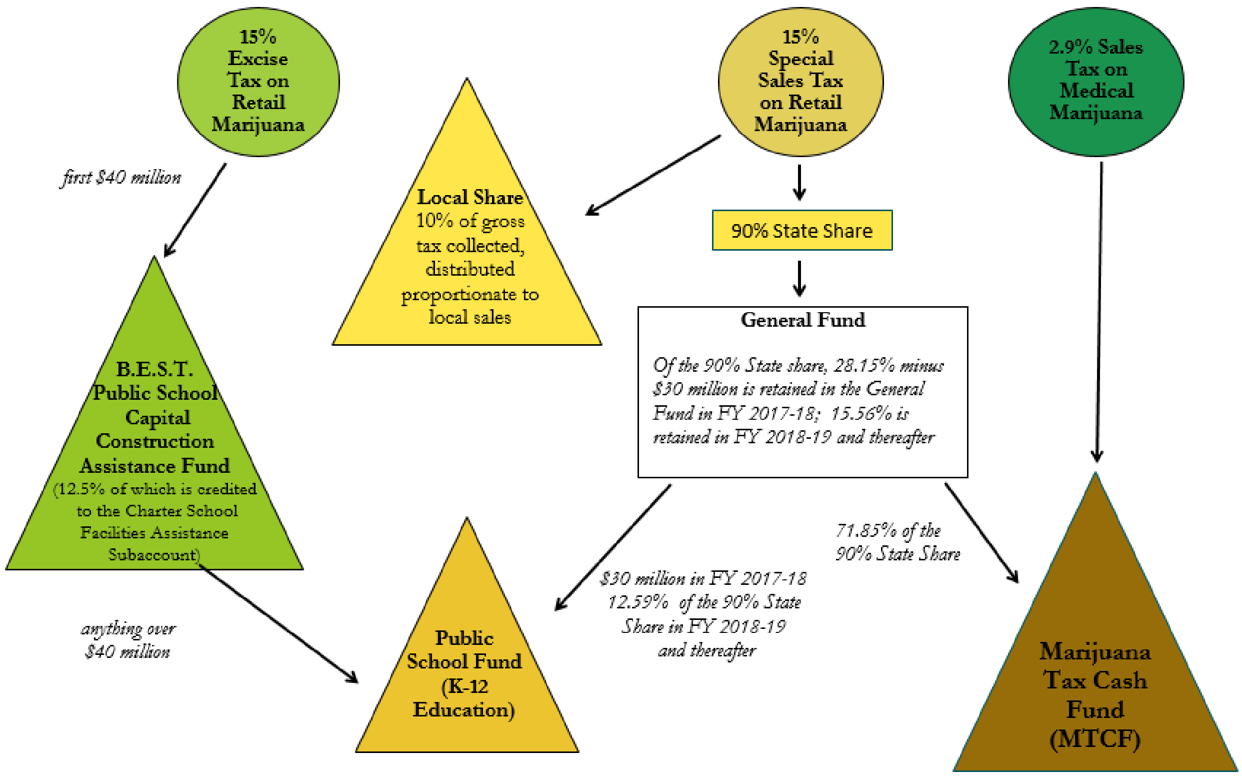
Source: Colorado Department of Revenue

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 on retail marijuana from the scheduled 8 percent rate in FY 2017-18 to 15 percent. The exemption of retail marijuana from the 2.9 percent state sales tax will result in $37.0 million less revenue subject to TABOR in FY 2017-18, while the increase in the special sales tax rate will result in $89.4 million more TABOR-exempt revenue.

Revenue from the 2.9 percent sales tax on retail and medical marijuana, as well as fees related to regulation of the marijuana industry, is included in the miscellaneous cash funds category in Table 6. The table does not include the proceeds from marijuana taxes authorized by Proposition AA as they are not subject to TABOR.

Revenue from the retail marijuana sales tax in Proposition AA goes first to the General Fund — and is included under sales tax revenue in Table 3 in the Appendix — before most of the revenue is transferred to the Marijuana Tax Cash Fund, public school finance, and local governments. The remaining amount after the 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, a majority of which goes to a cash fund for public school capital construction projects. Figure 48 shows the distribution of marijuana tax revenue.

Figure 48. Distribution of Marijuana Tax Revenue Starting in FY 2017-18



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 a portion of 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 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 inflation and population growth in subsequent years. More information on SB 17-267 can be found below.

Most General Fund revenue and a portion of cash fund revenue is 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.

SB 17-267 reduced the amount of revenue subject to TABOR and no TABOR refunds are projected during the forecast period – TABOR revenue came in $122.1 million below the cap in FY 2015-16 and is projected to be $302.3 million under the cap in FY 2016-17. TABOR revenue is expected to be below the cap by $582.8 million in FY 2017-18 and $665.2 million in FY 2018-19. The March 2017 forecast before the passage of SB 17-267 had projected TABOR revenue to be above the cap by $135.1 million in FY 2017-18 and by $145.1 million in FY 2018-19, triggering a General Fund obligation for rebates.

TABOR revenue is expected to be below the Referendum C cap by $582.8 million in FY 2017-18 and $665.2 million in FY 2018-19.

SB 17-267 had several provisions that affect the amount of TABOR revenue under the Referendum C cap. As mentioned above, SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The cap will grow by inflation and population growth from this lower base going forward.

Beginning in FY 2017-18, the Hospital Provider Fee will be replaced with the Healthcare Affordability and Sustainability Fee. This 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. This change will reduce TABOR revenue by $865.3 million in FY 2017-18 and $859.8 million in FY 2018-19. This reduction is partially offset by $15.7 million in annual fee revenue that will be used by the Department of Health Care Policy and Financing for other programs that are not part of the new enterprise and will thus be subject to TABOR.

In addition, SB 17-267 exempted retail marijuana from the 2.9 percent state sales tax, which will result in $37.0 million less revenue subject to TABOR in FY 2017-18, and $41.8 million less in FY 2018-19. Moreover, SB 17-267 extended and expanded the income tax credit for business personal property taxes paid, which is projected to reduce income tax collections by about $10 million in FY 2018-19 and $20 million in FY 2019-20. However, SB 17-267 also distributes a portion of the special sales tax on retail marijuana sales to the General Fund on an ongoing basis which offsets the revenue reduction from the business personal property tax credit.

Under current law, the conservation easement income tax credit becomes refundable during tax years following fiscal years in which a TABOR refund occurs. Because SB 17-267 results in no projected TABOR refunds during the forecast window, the credit is now projected to be nonrefundable in tax years 2018 and 2019, increasing TABOR revenue by $2.5 million in FY 2017-18 and $4.9 million in FY 2018-19.

Finally, SB 17-267 changed TABOR refund mechanisms. The legislation required that reimbursements paid to local governments in support of the senior homestead and disabled veterans property tax exemptions constitute a TABOR refund in years in which a refund is owed. The reimbursements become the first refund mechanism triggered when a TABOR refund is required. The six-tier sales tax refund becomes the second refund mechanism.

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.

- Alison Felix – Vice President and Denver Branch Executive, Denver Branch – Federal Reserve Bank of Kansas City
- Elizabeth Garner – State Demographer, Colorado Department of Local Affairs
- Alexandra Hall –Director, Division of Labor Standards and Statistics, Colorado Department of Labor and Employment
- 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 2011-2019

Line No.		Actual						June 2017 Forecast		
		2011	2012	2013	2014	2015	2016	2017	2018	2019
	Income									
1	Personal Income (Billions) /A	$219.9	$234.0	$246.6	$266.5	$277.7	$288.4	$304.3	$321.0	$338.0
2	Change	9.1%	6.4%	5.4%	8.1%	4.2%	3.9%	5.5%	5.5%	5.3%
3	Wage and Salary Income (Billions) /A	$118.6	$125.0	$129.6	$138.7	$146.6	$153.3	$162.1	$171.1	$180.5
4	Change	4.2%	5.4%	3.7%	7.0%	5.7%	4.6%	5.7%	5.6%	5.5%
5	Per-Capita Income ($/person) /A	$42,955	$45,089	$46,824	$49,823	$50,971	$52,059	$54,000	$56,053	$58,110
6	Change	7.6%	5.0%	3.8%	6.4%	2.3%	2.1%	3.7%	3.8%	3.7%
	Population & Employment									
7	Population (Thousands)	5,118.4	5,189.9	5,267.6	5,349.6	5,448.8	5,540.5	5,635.1	5,727.3	5,817.3
8	Change	1.4%	1.4%	1.5%	1.6%	1.9%	1.7%	1.7%	1.6%	1.6%
9	Net Migration (Thousands)	36.0	38.2	46.7	49.1	69.6	61.6	64.0	62.0	60.0
10	Unemployment Rate	8.4%	7.9%	6.8%	5.0%	3.9%	3.3%	2.6%	3.0%	3.2%
11	Total Nonagricultural Employment (Thousands)	2,258.6	2,313.0	2,381.9	2,464.9	2,541.9	2,598.3	2,655.5	2,708.6	2,754.6
12	Change	1.6%	2.4%	3.0%	3.5%	3.1%	2.2%	2.2%	2.0%	1.7%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	13.5	23.3	27.5	28.7	31.9	38.4	41.3	41.5	41.8
14	Change	16.5%	72.6%	18.1%	4.3%	11.1%	20.5%	7.6%	0.5%	0.7%
15	Nonresidential Construction Value (Millions) /B	$3,923.2	$3,695.3	$3,624.0	$4,320.5	$4,885.8	$5,673.3	$5,197.1	$5,051.6	$5,112.2
16	Change	24.7%	-5.8%	-1.9%	19.2%	13.1%	16.1%	-8.4%	-2.8%	1.2%
	Prices & Sales Variables									
17	Retail Trade (Billions) /C	$75.9	$80.2	$84.1	$90.5	$95.0	$99.1	$104.2	$109.4	$114.4
18	Change	7.7%	5.7%	4.8%	7.6%	4.9%	4.3%	5.1%	5.0%	4.6%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	220.3	224.6	230.8	237.2	240.0	246.6	253.9	260.5	266.7
20	Change	3.7%	1.9%	2.8%	2.8%	1.2%	2.8%	2.9%	2.6%	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.

/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial and manufacturing facilities, educational institutions, medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, 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. 2016 data is not final and represents OSPB's estimates.

Table 2. History and Forecast for Key National Economic Variables
Calendar Year 2011 – 2019

Line No.		Actual						June 2017 Forecast		
		2011	2012	2013	2014	2015	2016	2017	2018	2019
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$15,020.6	$15,354.6	$15,612.2	$15,982.3	$16,397.2	$16,662.1	$17,022.3	$17,413.8	$17,779.5
2	Change	1.6%	2.2%	1.7%	2.4%	2.6%	1.6%	2.2%	2.3%	2.1%
3	Personal Income (Billions) /B	$13,254.5	$13,915.1	$14,073.7	$14,809.7	$15,458.5	$16,011.6	$16,700.1	$17,451.6	$18,219.5
4	Change	6.2%	5.0%	1.1%	5.2%	4.4%	3.6%	4.3%	4.5%	4.4%
5	Per-Capita Income ($/person)	$42,528	$44,316	$44,508	$46,489	$48,173	$49,552	$51,298	$53,215	$55,171
6	Change	5.4%	4.2%	0.4%	4.5%	3.6%	2.9%	3.5%	3.7%	3.7%
7	Wage and Salary Income (Billions) /B	$6,633	$6,930	$7,116.7	$7,476.3	$7,854.8	$8,189.2	$8,590.5	$9,052.8	$9,511.2
8	Change	4.0%	4.5%	2.7%	5.1%	5.1%	4.3%	4.9%	5.4%	5.1%
	Population & Employment									
9	Population (Millions)	311.7	314.0	316.2	318.6	320.9	323.1	325.6	327.9	330.2
10	Change	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
11	Unemployment Rate	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.5%	4.4%	4.5%
12	Total Nonagricultural Employment (Millions)	131.9	134.2	136.4	139.0	141.8	144.3	146.4	148.0	149.2
13	Change	1.2%	1.7%	1.6%	1.9%	2.1%	1.7%	1.5%	1.1%	0.8%
	Price Variables									
14	Consumer Price Index (1982-84=100)	224.9	229.6	233.0	236.7	237.0	240.0	246.0	251.7	257.2
15	Change	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	2.5%	2.3%	2.2%
16	Producer Price Index - All Commodities (1982=100)	201.0	202.2	203.4	205.3	190.4	185.4	192.4	197.6	203.2
17	Change	8.8%	0.6%	0.6%	0.9%	-7.3%	-2.6%	3.8%	2.7%	2.8%
	Other Key Indicators									
18	Corporate Profits (Billions)	$1,816.6	$1,998.2	$2,032.9	$2,152.1	$2,088.1	$2,079.2	$2,178.1	$2,287.0	$2,392.2
19	Change	4.0%	10.0%	1.7%	5.9%	-3.0%	-0.4%	4.8%	5.0%	4.6%
20	Housing Permits (Millions)	0.624	0.830	0.991	1.052	1.183	1.207	1.340	1.357	1.364
21	Change	3.2%	32.9%	19.4%	6.2%	12.4%	2.0%	11.1%	1.3%	0.5%
22	Retail Trade (Billions)	$4,598.3	$4,826.4	$5,001.8	$5,215.7	$5,350.5	$5,512.3	$5,752.2	$5,970.5	$6,175.1
23	Change	7.3%	5.0%	3.6%	4.3%	2.6%	3.0%	4.4%	3.8%	3.4%

/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 2015-16	% Chg	June 2017 Estimate by Fiscal Year FY 2016-17	% Chg	FY 2017-18	% Chg	FY 2018-19	% Chg
	Excise Taxes:								
1	Sales	$2,652.6	1.3%	$2,824.5	6.5%	$3,037.4	7.5%	$3,190.0	5.0%
2	Use	$241.2	-7.3%	$257.3	6.7%	$274.8	6.8%	$286.8	4.4%
3	Cigarette	$37.2	-1.8%	$36.4	-2.2%	$34.0	-6.6%	$32.7	-3.7%
4	Tobacco Products	$21.1	18.5%	$22.5	6.9%	$22.4	-0.5%	$23.0	2.3%
5	Liquor	$43.6	5.0%	$45.0	3.3%	$45.2	0.5%	$46.0	1.7%
6	**Total Excise**	**$2,995.7**	**0.6%**	**$3,185.7**	**6.3%**	**$3,413.8**	**7.2%**	**$3,578.4**	**4.8%**
	Income Taxes:								
7	Net Individual Income	$6,526.5	2.8%	$6,795.6	4.1%	$7,207.3	6.1%	$7,532.6	4.5%
8	Net Corporate Income	$652.3	-5.8%	$532.0	-18.5%	$610.5	14.8%	$651.4	6.7%
9	**Total Income**	**$7,178.8**	**1.9%**	**$7,327.6**	**2.1%**	**$7,817.8**	**6.7%**	**$8,184.1**	**4.7%**
10	*Less: State Education Fund Diversion*	*$522.6*	*0.5%*	*$535.4*	*2.5%*	*$574.4*	*7.3%*	*$604.6*	*5.3%*
11	**Total Income to General Fund**	**$6,656.2**	**2.0%**	**$6,792.2**	**2.0%**	**$7,243.4**	**6.6%**	**$7,579.5**	**4.6%**
	Other Revenue:								
12	Insurance	$280.3	9.2%	$287.0	2.4%	$301.5	5.1%	$314.0	4.2%
13	Interest Income	$12.4	40.3%	$13.5	8.3%	$15.9	18.3%	$17.8	12.0%
14	Pari-Mutuel	$0.6	0.5%	$0.6	-3.0%	$0.6	-2.0%	$0.6	-2.0%
15	Court Receipts	$3.5	34.5%	$2.9	-15.2%	$2.8	-3.4%	$2.7	-3.5%
16	Other Income	$22.6	-33.7%	$30.3	34.1%	$20.9	-30.9%	$21.4	2.6%
17	**Total Other**	**$319.4**	**5.5%**	**$334.3**	**4.6%**	**$341.8**	**2.2%**	**$356.6**	**4.3%**
18	**GROSS GENERAL FUND**	**$9,971.4**	**1.7%**	**$10,312.1**	**3.4%**	**$10,999.0**	**6.7%**	**$11,514.6**	**4.7%**

Table 4. General Fund Overview /A
(Dollar Amounts in Millions)

Line No.		Actual FY 2015-16	June 2017 Estimate by Fiscal Year FY 2016-17	FY 2017-18	FY 2018-19
Revenue					
1	**Beginning Reserve**	**$689.6**	**$512.7**	**$441.6**	**$390.0**
2	**Gross General Fund Revenue**	**$9,971.4**	**$10,312.1**	**$10,999.0**	**$11,514.6**
3	*Transfers to the General Fund*	$24.1	$45.0	$89.2	$18.5
4	**TOTAL GENERAL FUND AVAILABLE**	**$10,685.1**	**$10,869.8**	**$11,529.8**	**$11,923.1**
Expenditures					
5	**Appropriation Subject to Limit**	**$9,335.6**	**$9,784.5**	**$10,438.1**	**$10,661.0**
6	*Dollar Change (from prior year)*	$466.6	$448.9	$653.6	$222.9
7	*Percent Change (from prior year)*	5.3%	4.8%	6.7%	2.1%
8	**Spending Outside Limit**	**$895.1**	**$643.7**	**$701.7**	**$572.5**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$0.0	$0.0	$0.0	$0.0
10	*Set Aside for Potential TABOR Refund under Art. X, Section 20, (3) (c)*	-$58.0	$0.0	$0.0	$0.0
11	*Rebates and Expenditures*	$281.3	$282.5	$293.4	$313.7
12	*Transfers for Capital Construction*	$271.1	$84.5	$109.2	$60.0
13	*Transfers to Highway Users Tax Fund*	$199.2	$79.0	$79.0	$0.0
14	*Transfers to State Education Fund under SB 13-234*	$25.3	$25.3	$25.3	$25.0
15	*Transfers to Other Funds*	$176.2	$172.4	$194.8	$173.7
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$10,230.7**	**$10,428.2**	**$11,139.8**	**$11,233.5**
18	*Percent Change (from prior year)*	5.7%	1.9%	6.8%	0.8%
19	Reversions and Accounting Adjustments	-$58.3	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$512.7**	**$441.6**	**$390.0**	**$689.6**
21	*Year-End General Fund as a % of Appropriations*	5.5%	4.5%	3.7%	6.5%
22	*General Fund Statutory Reserve*	$463.9	$584.3	$675.4	$689.6
23	*Above/Below Statutory Reserve*	$48.8	-$142.7	-$285.4	$0.0

/A See the section discussing the General Fund and State Education Fund Budget starting on page 45 for information on the figures in this table.

Table 5. General Fund and State Education Fund Overview /A
(Dollar Amounts in Millions)

Line No.		Actual FY 2015-16	June 2017 Estimate by Fiscal Year FY 2016-17	FY 2017-18	FY 2018-19
Revenue					
1	**Beginning Reserves**	**$1,373.6**	**$815.1**	**$536.2**	**$548.2**
2	*State Education Fund*	$684.0	$302.4	$94.6	$158.2
3	*General Fund*	$689.6	$512.7	$441.6	$390.0
4	**Gross State Education Fund Revenue**	**$554.4**	**$566.4**	**$605.7**	**$635.8**
5	**Gross General Fund Revenue /B**	**$9,995.5**	**$10,357.1**	**$11,088.2**	**$11,533.1**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$11,923.5**	**$11,738.5**	**$12,230.1**	**$12,717.2**
Expenditures					
7	General Fund Expenditures /C	$10,230.7	$10,428.2	$11,139.8	$11,233.5
8	State Education Fund Expenditures	$944.4	$774.1	$542.0	$693.3
9	**TOTAL OBLIGATIONS**	**$11,175.1**	**$11,202.3**	**$11,681.9**	**$11,926.8**
10	*Percent Change (from prior year)*	5.0%	0.2%	4.3%	2.1%
11	*Reversions and Accounting Adjustments*	-$66.6	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$815.1**	**$536.2**	**$548.2**	**$790.3**
13	State Education Fund	$302.4	$94.6	$158.2	$100.8
14	General Fund	$512.7	$441.6	$390.0	$689.6
15	*General Fund Above/Below Statutory Reserve*	$48.8	-$142.7	-$285.4	$0.0

/A See the section discussing the General Fund and State Education Fund Budget starting on page 45 for information on the figures in this table.
/B This amount includes transfers to the General Fund shown in line 3 in Table 4.
/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income shown in line 5 in Table 4 as well as all spending outside the limit shown in line 8 in Table 4.

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

Category	Actual FY 2015-16	June 2017 Estimate by Fiscal Year FY 2016-17	FY 2017-18	FY 2018-19
Transportation-Related /A	**$1,184.7**	**$1,213.7**	**$1,234.6**	**$1,260.7**
Change	1.7%	2.4%	1.7%	2.1%
Limited Gaming Fund /B	**$102.7**	**$104.8**	**$107.6**	**$110.3**
Change	3.4%	2.0%	2.7%	2.5%
Capital Construction - Interest	**$5.2**	**$4.1**	**$3.7**	**$4.6**
Change	-6.6%	-21.9%	-10.0%	24.6%
Regulatory Agencies	**$68.8**	**$76.1**	**$78.2**	**$80.5**
Change	4.8%	10.6%	2.8%	3.0%
Insurance-Related	**$11.4**	**$10.3**	**$15.8**	**$15.4**
Change	-42.7%	-10.0%	53.7%	-2.2%
Severance Tax /C	**$18.9**	**$51.5**	**$156.3**	**$163.8**
Change	-93.3%	172.3%	203.4%	4.8%
Hospital Provider Fees /D	**$804.0**	**$656.8**	N/A	N/A
Change	52.0%	-18.3%	N/A	N/A
Other Miscellaneous Cash Funds	**$731.3**	**$656.6**	**$698.2**	**$715.1**
Change	19.4%	-10.2%	6.3%	2.4%
TOTAL CASH FUND REVENUE	***$2,927.1***	***$2,773.9***	***$2,294.4***	***$2,350.5***
Change	5.4%	-5.2%	-17.3%	2.4%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40% of FASTER-related revenue is directed to two 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.

/C Severance tax revenue for FY 2015-16 differs from the amount reported by the State Controller's office, as the figures in Table 6 do not include the diversion of income tax revenue to pay for severance tax refunds under Senate Bill 16-218.

/D Hospital Provider Fee revenue is reduced to zero in FY 2017-18 and FY 2018-19 as the Hospital Provider Fee is replaced with the Healthcare Affordability and Sustainability Fee pursuant to SB 17-267.

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

Line No.		Actual FY 2015-16	June 2017 Estimate by Fiscal Year FY 2016-17	FY 2017-18	FY 2018-19
	TABOR Revenues:				
1	General Fund /A	$9,897.3	$10,210.5	$10,807.5	$11,298.5
	Percent Change from Prior Year	1.5%	3.2%	5.8%	4.5%
2	Cash Funds /A	$2,927.1	$2,773.9	$2,294.4	$2,350.5
	Percent Change from Prior Year	5.4%	-5.2%	-17.3%	2.4%
3	**Total TABOR Revenues**	**$12,824.4**	**$12,984.4**	**$13,101.8**	**$13,649.0**
	Percent Change from Prior Year	2.3%	1.2%	0.9%	4.2%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.6%	1.9%	1.7%	1.7%
5	Previous calendar year inflation	2.8%	1.2%	2.8%	2.9%
6	**Allowable TABOR Growth Rate**	4.4%	3.1%	4.5%	4.6%
7	TABOR Limit /B	$10,427.6	$10,689.7	$11,170.8	$11,684.6
8	General Fund Exempt Revenue Under Ref. C /C	$2,396.8	$2,294.6	$1,931.0	$1,964.3
9	**Revenue Cap Under Ref. C /B, /D**	**$12,946.5**	**$13,286.7**	**$13,684.6**	**$14,314.1**
10	***Amount Above/Below Cap***	**-$122.1**	**-$302.3**	**-$582.8**	**-$665.2**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$0.0**	**$0.0**	**$0.0**	**$0.0**
12	TABOR Reserve Requirement	$384.7	$389.5	$393.1	$409.5

/A Amounts differ from the General Fund and Cash Fund revenues reported in Table 3 and Table 6 due to accounting adjustments and because some General Fund revenue is exempt from TABOR.

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

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

APPENDIX C

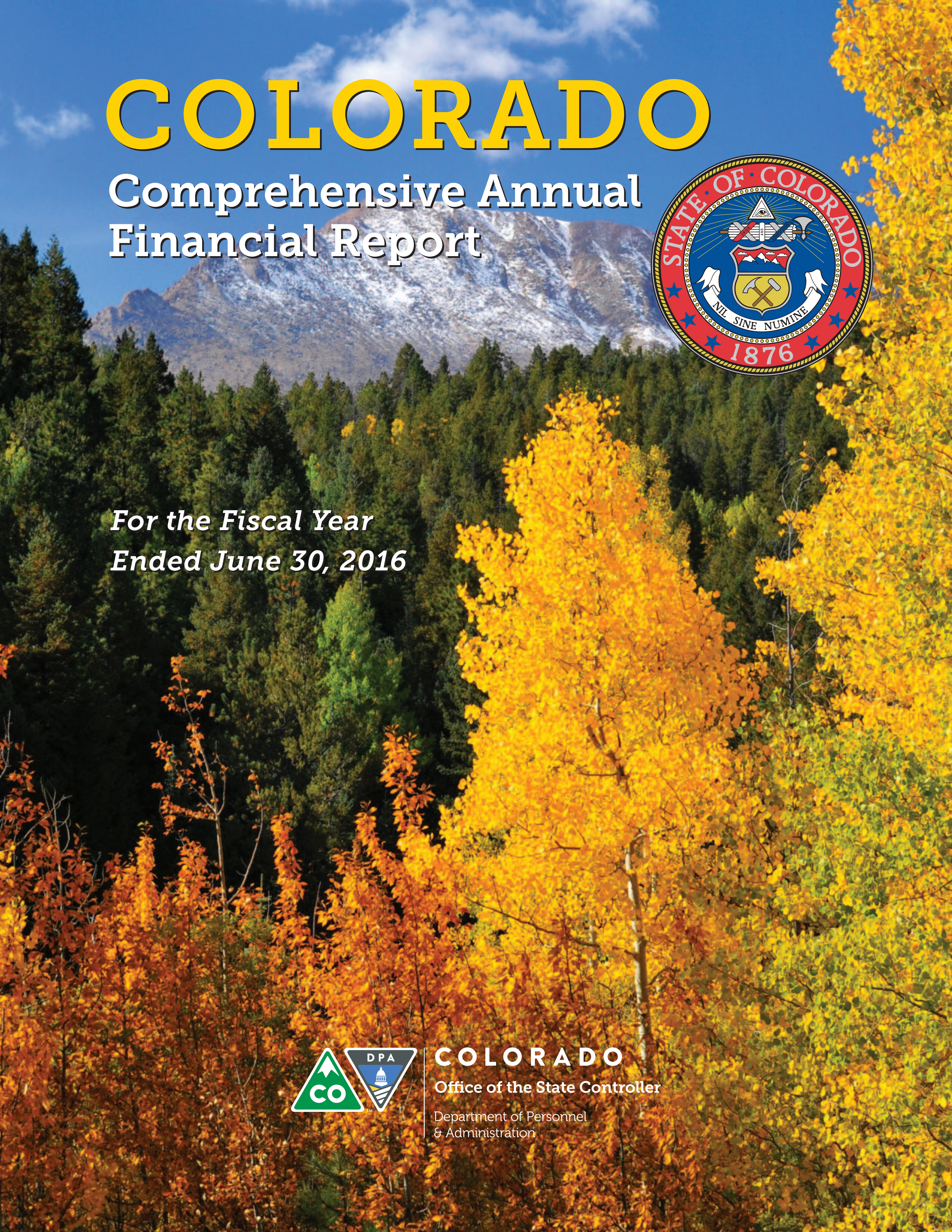
STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Pagination reflects the original printed document)

COLORADO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



COLORADO
Office of the State Controller
Department of Personnel & Administration

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

John Hickenlooper
Governor

Department of Personnel & Administration
June Taylor, Executive Director
Robert Jaros, State Controller

COLORADO
Office of the State Controller
Department of Personnel
& Administration

REPORT LAYOUT

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

INTERNET ACCESS

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

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

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CONTENTS

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

OPERATING INFORMATION

OTHER INFORMATION

Introductory Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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

February 27, 2017

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, 2016. Except for certain institutions of higher education, the State Controller is responsible for managing the finances and financial affairs of the State and is committed to sound financial management and governmental accountability.

We believe the financial statements 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.

Except as noted below, the basic financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB) and, except for the discretely presented component units, they are audited by the State Auditor of Colorado. The basic financial statements comprise the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and Required Supplementary Information. The MD&A, which begins on page 23, contains additional financial analysis and supplementary information that is required by GASB and should be read in conjunction with this transmittal letter. 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. (See additional information on "Cash Basis Accounting" on page 40 of the MD&A.) 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, and statistical tables that present financial, economic, and demographic data about the State.

The funds and entities included in the CAFR are those for which the State is financially accountable based on criteria for defining the financial reporting entity as prescribed by GASB. The primary government is the legal entity that comprises the major and nonmajor funds of the State, its departments, agencies, and State institutions of higher education. It also includes certain university activities that are legally separate but have been blended with the accounts of the institution that is financially accountable for the activity.

The State's elected officials are financially accountable for other legally separate entities that qualify as discretely presented component units. The following entities qualify as discretely presented component units of the State:

- 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
  - Colorado Venture Capital Authority
  - HLC @ Metro, Inc.
  - University of Colorado Real Estate Foundation

Additional information about these component units and other related entities is presented in Note 2 of the financial statements (see page 71). Audited financial reports are available from each of these entities.

PROFILE OF THE STATE OF COLORADO

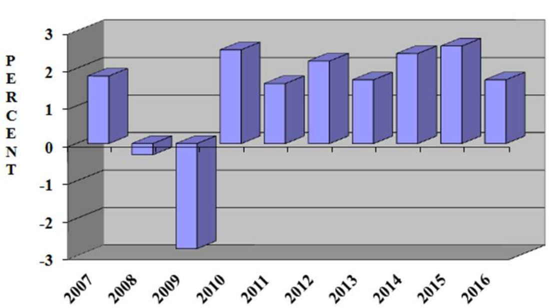
Colorado became the thirty-eighth state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,315 to 14,433 feet above sea level. The State's major economic sectors include agriculture, 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. Given the State's semi-arid climate, water resource development, allocation, and conservation are ongoing challenges for State management.

The State maintains a separation of powers 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, the Department of Education reports to the elected State Board of Education. The elected officials serve four-year terms with a limit on the number of terms allowed.

The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives who are also term limited. It is a citizen legislature whose general session lasts 120 days beginning in January of each year. Special sessions may be called by the Governor at his discretion and are limited to the topics identified by the Governor. 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, holds the most important power vested in the Legislature. The Committee is bipartisan with members drawn from each of the houses of the Legislature. The Governor's Office of State Planning and Budgeting develops and submits an executive branch budget proposal, but there is no requirement for the Joint Budget Committee or the General Assembly to adopt that proposal.

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, and district and county courts, served by more than 300 justices and judges in 22 judicial districts across the State. Municipal courts are not part of the State system. There are also seven water courts, one in each of the State's major river basins. The Judicial Branch budget is appropriated by the Legislature, and it is funded primarily from general-purpose revenues of the General Fund.

PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



ECONOMIC CONDITION AND OUTLOOK

The State's General Fund general-purpose revenues reflect the overall condition of the State economy, which showed slower growth in Fiscal Year 2015-16; General Fund revenues increased by $288.0 million (3.0 percent) from the prior year. In absolute dollars, the Office of State Planning and Budgeting (OSPB) reports personal income in the State increased by approximately 4.2 percent for 2015 and is forecast to increase by 4.0 percent for 2016. State nonagricultural employment levels rose by 75,300 in 2015, and are forecast to increase by another 56,700 in 2016.

The Bureau of Economic Analysis reports that inflation adjusted national gross domestic product (GDP) grew at an annualized rate of 2.0 percent in the third quarter of calendar year 2015 and 2.9 percent in the third quarter of 2016. Inflation adjusted GDP increased 1.5 percent from the third quarter of 2015 to the third quarter of 2016 (all percentage changes in the balance of this paragraph are measured on the third quarter to third quarter basis). National personal consumption expenditures account for over two-thirds of GDP and increased 2.6 percent. The increase in personal consumption was led by an increase of 5.6 percent in durable goods, the most significant in recreational goods and vehicles. Gross private domestic investment decreased 2.7 percent, primarily in transportation equipment and other equipment offset by an increase in investments in intellectual property products. Government spending increased by 0.3 percent related to increases in federal, and decreases in state and local government spending. Quarter-over-quarter exports increased by 2.0 percent and imports grew by 0.7 percent; net exports increased the GDP compared to the third quarter of 2015.

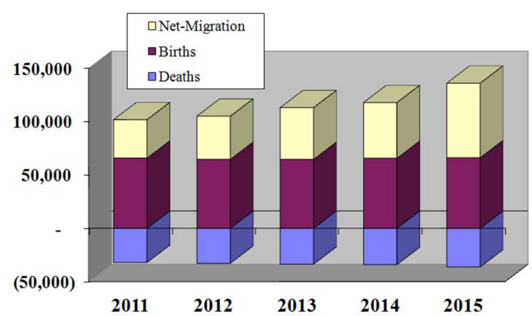
The national economy is continuing through a prolonged, anemic recovery resulting from the credit and housing boom and bust of the past two decades. This has been compounded by uncertainties in global markets and debates in the U.S. Congress over increases to federal debt ceiling, automatic tax increases and spending cuts. The June, 2016 Economic and Revenue Forecast of the Colorado Legislative Council observed that:

"Economic expansion is expected to progress at a relatively modest pace in both Colorado and the U.S. in 2016 and 2017. Low unemployment rates and slowing job growth are signaling full employment, which will contribute to upward wage pressure as labor becomes more difficult to find. The tourism, services, real estate, and construction sector – industries that depend on the health of the labor market – continue to grow at healthy rates across the nation and Colorado. More current indicators, including financial markets, consumer spending, and consumer debt, demonstrate economic expansion but at a slowing pace."

As reported by the OSPB, Colorado's economy remains in expansion. Despite notable headwinds in recent years, the State's economy has demonstrated resilience not seen in prior periods. Demand for workers among Colorado businesses remains strong. The urban areas along the Front Range have among the lowest unemployment in the country, with the Denver metro area having the lowest unemployment rate among large U.S. metro areas. The oil and gas industry's deep contraction that contributed to slowing in the overall economy appears to have reached a bottom, though industry activity is expected to remain at subdued levels. Even so, the absence of the large decline in spending in the economy going forward will help overall economic conditions. Further, data shows renewed growth in new business formation in Colorado, a key ingredient for economic and job growth. Sustained growth in housing construction and home sales, albeit still at comparatively low levels, will also add to employment and spending in the economy. However, the State's economic growth will remain at a more moderate pace than earlier in the expansion.

Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 49,400 from 2011 to 2015. International immigration increased from approximately 8,800 (2011) to 13,300 (2015). Similarly, domestic migration from other states increased from 24,900 (2011) to 54,500 (2015). The information in the adjacent chart is based on current Colorado Sate Demographer estimates. The Demographer forecasts net population growth of 99,200 for 2016 and 99,700 for 2017, and the OSPB forecasts net migration of 61,400 and 61,200 for those years, respectively, which indicates persistent immigration.

COMPONENTS OF COLORADO'S POPULATION CHANGE



According to the OSPB, economic growth for the nation overall continues to be modest. Persistent weakness in business investment and industrial production, along with subdued gains in business formation and productivity continue to result in lackluster growth. On the positive side, consumer spending and the labor market have been solid. In addition, the labor market recovery is broadening, with middle-wage industries adding jobs at a faster pace and lower wage workers seeing more wage growth. Further, although the industrial sector is not expected to generate a boost to economic growth going forward, an end to its downturn will at least present a smaller drag on economic activity.

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

- Unemployment will average 3.4 percent for 2016 compared with 3.9 and 5.0 percent in 2015 and 2014, respectively, and it is expected to slightly increase in 2017 to 3.6 percent.
- Wages and salary income will increase by 4.2 percent in 2016, by 5.5 percent in 2017, and by 5.4 percent in 2018.
- Total personal income will increase by 4.0 percent in 2016, and reach 5.4 percent by 2017.
- Net migration is expected to be 61,400 in 2016 and 61,200 in 2017, with total population growth of 1.7 percent in the same two years.
- Retail trade sales will increase by 4.3 percent in 2016 followed by an increase of 5.2 percent in 2017.
- Colorado inflation will be 2.7 percent in 2016 and 2017.

MAJOR GOVERNMENT FISCAL INITIATIVES

The General Assembly enacted, and the Governor signed, many bills during the 2016 Legislative Session. There were several areas of focus including education, healthcare, social programs and services, water conservation, and restructuring of cash funds. The following measures have a significant financial impact for Fiscal Year 2016-17:

- In accordance with the Public School Finance Act of 1994, the General Assembly appropriated an additional \$135.5 million of state funds to the Department of Education. This appropriation includes an increase of \$292.4 million from the General Fund and decreases totaling \$156.9 million in cash funds.

- The Colorado Water Conservation Board (CWCB) was appropriated \$7.9 million from the CWCB Construction Fund to support 11 projects and studies. Additionally, a one-time transfer of \$5.2 million and a recurring annual transfer of \$5.0 million were made from the Tax Perpetual Base Fund to the CWCB to fund studies, programs, and projects related to the Colorado Water Plan.

- The General Assembly transferred \$20 million from the Children's Basic Health Plan Trust to the newly created Primary Care Provider Sustainability Fund. This fund was created for the purpose of increasing access to primary care through rate enhancements for primary care office visits and services. \$20 million was also appropriated to the Department of Health Care Policy and Financing from the Primary Care Provider Sustainability Fund to pay for medical services premiums.

- The General Assembly appropriated \$6.0 million from the Marijuana Tax Cash Fund to the Department of Human Services for the purpose of increasing access to effective substance use disorder services. This measure requires regional managed service organizations (MSOs) to submit action plans to the Department of Human Services and the Department of Health Care Policy and Financing to increase access to effective substance use disorder services in their geographic regions. \$5.8 million of the appropriation is to be disbursed to MSOs and \$.2 million of the appropriation is to be used by the Department of Human Services for operating costs and effectiveness evaluation.

- The Department of Public Health and Environment received an appropriation of \$1.2 million from the Water Quality Improvement Fund to implement changes related to the Water Pollution Control Program. The program collects fees from permits from various sectors. This measure repeals the fee structure of the program and directs the Department to conduct a stakeholder process to determine the necessity and appropriateness of fees and submit a proposal to the Joint Budget Committee regarding the results. This measure also repeals the Water Quality Control Fund and creates separate, sector-specific cash funds to which fees from each sector are to be deposited.

- The General Assembly increased fees related to driver's licenses which will result in an increase in revenue to the Licensing Services Cash Fund (LCSF) in the amounts of \$1.5 million, \$2.1 million, and \$2.6 million for fiscal years ending 2017, 2018, and 2019, respectively. This measure also reduced the General Fund appropriation to the Department of Revenue by \$3.2 million while increasing the appropriation to the Department from the LCSF and Highway Users Tax Fund by \$1.2 million and \$2 million, respectively.

- The Governor's Office of Information Technology received an increase of \$22.4 million reappropriated funds to support the operating costs of the Colorado Benefits Management System. These funds are first appropriated to the Department of Health Care Policy and Financing and the Department of Human Services, then is transferred to the Governor's Office of Information Technology for service provision.

- The General Assembly appropriated \$18.9 million to the Department of Humans Services from cash funds to the Old Age Pension Fund (OAPF). The expenditures from the OAPF are driven by the size of the benefit and the number of qualified individuals. This appropriation aligns appropriations from the OAPF with actual expenditures.

BUDGETARY AND OTHER CONTROL SYSTEMS

The General Assembly appropriates the annual State budget for ongoing programs at a line item level segregated by department, except for custodial funds, certain statutory cash funds, and most federal funds. New programs are funded for the first time through enabling legislation and are continued through the Long Appropriations Act in future periods. 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 rollforward based on express legislative direction or extenuating circumstances. The State Controller, with the approval of the Governor, may also allow expenditures in excess of the appropriated budget. This approval occurs at a budget line item level. Capital construction appropriations are normally effective for three years and do not require State Controller rollforward approval.

The State records the appropriated budget in its accounting system, the Colorado Operations Resource Engine (CORE), along with nonappropriated budgets for most federal awards, statutory cash funds, and custodial funds of the various departments. Revenues and expenditures are tracked by funding source – general, general exempt, cash, reappropriated and federal funds – and are designated appropriated or non-appropriated. Appropriated budgets include amounts that require a legislative appropriation authorizing spending, whereas non-appropriated budgets represent amounts that do not require an act of the legislature and are often referred to as informational only appropriations. The accounting system flags monies to be disbursed without sufficient spending authority. Revenues and expenses/expenditures are accounted for on the basis used for the fund in which the budget is recorded except for certain budgetary basis exceptions (see Note RSI-1A).

Encumbrances are recorded throughout the year and result in a reduction of the available spending authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders, contracts, or other commitments are fulfilled. At fiscal year end, encumbrances lapse except those that represent appropriations that are approved for rollforward into the subsequent fiscal year, and legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Highway Users Tax Fund (see Note 41).

In developing the State's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Those controls also assure the reliability of financial records for preparing financial statements and maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the State's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

The State Auditor performs an audit of the Basic Financial Statements. The opinion of the State Auditor is on page 18 of this report. Besides annually auditing the statewide financial statements, the State Auditor has the authority to audit the financial statements and operations of the departments and institutions within State government.

In 1996, the United States Congress amended the Single Audit Act of 1984. The amended act clarifies the State's and the auditor's responsibility for ensuring that federal moneys are used and accounted for properly. Under the requirements of this act, transactions of major federal programs are tested. The State prepares a Schedule of Expenditures of Federal Awards for inclusion in the State Auditor's Statewide Single Audit Report. The State Auditor issues reports on the schedule, the financial statements, internal controls, and compliance with the requirements of federal assistance programs.

CERTIFICATE OF ACHIEVEMENT

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 comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the nineteenth 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 comprehensive annual financial report. 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 comprehensive annual financial report 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.

ACKNOWLEDGMENTS

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

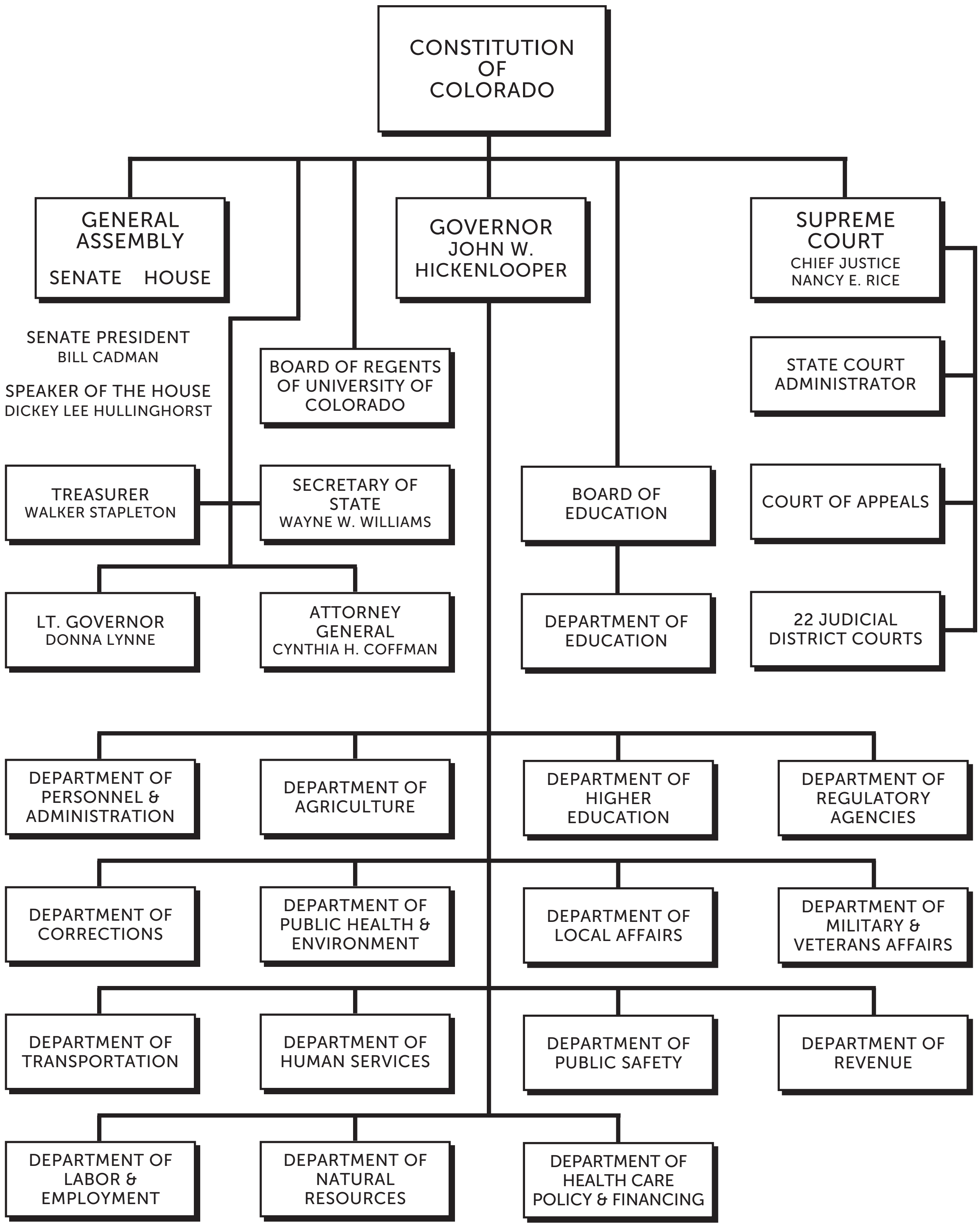
State of Colorado

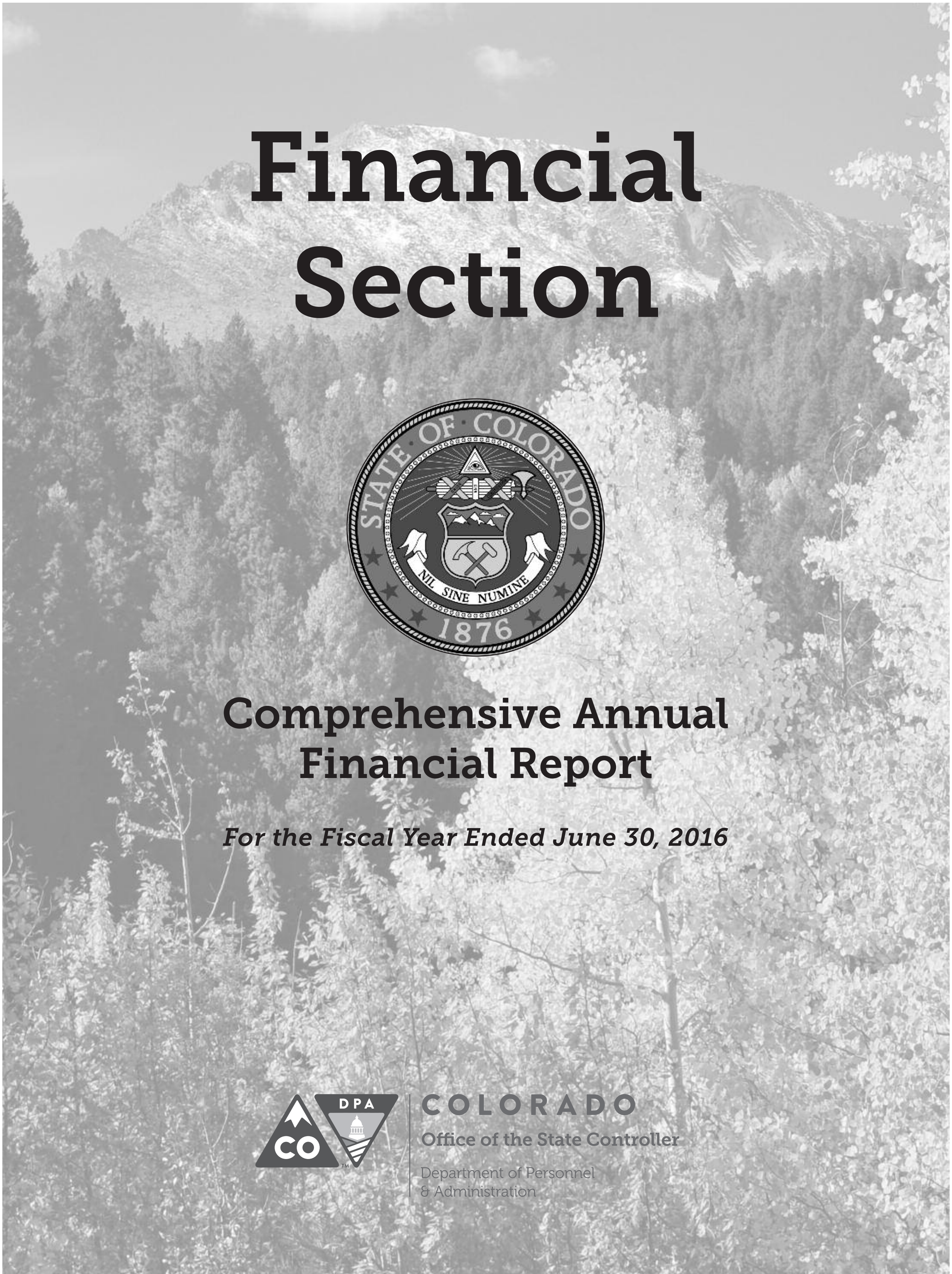
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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 (the State), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units identified in Note 2, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. In addition, we did not audit the financial statements of University Physicians, Inc., a blended component unit, which represents approximately 4 percent of the total assets, 14 percent of the net position, and 12 percent of the total revenues of Higher Education Institutions, a major proprietary fund, and approximately 3 percent of the total assets, 9 percent of the net position, and 9 percent of the total revenues of business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts and disclosures included for those discretely presented component units and for University Physicians, Inc., 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 University of Colorado Real Estate Foundation, which are discretely presented component units, and University Physicians, Inc., a blended component unit, were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards*.

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

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

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 of the State of Colorado, as of June 30, 2016, 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.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budget and actual schedules – budgetary basis, and notes to the required supplementary information that include the defined benefit pension plan and other postemployment benefit information listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 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 the 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, schedule of capital assets, schedule of other funds, non-appropriated budget and actual schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The transmittal letter, introductory section, the non-appropriated budget and actual schedule, 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, schedule of capital assets, and the schedule of other funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, the combining and individual nonmajor fund financial statements, schedule of capital assets, and the schedule of other funds 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 February 27, 2017, 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
February 27, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

FINANCIAL HIGHLIGHTS

Government-wide:

Assets of the State's governmental activities exceeded liabilities by $10,589.3 million, a decrease in net position of $207.5 million as compared to the prior year amount of $10,796.8 million. Cash and restricted cash balances decreased by $210.3 million. Taxes Receivable, net of refunds payable, decreased by $187.8 million, while investments and restricted investments decreased by $89.2 million. Capital assets, net of accumulated depreciation, increased by $120.1 million, primarily due to infrastructure projects and the state's contribution to public school construction.

Assets of the State's business-type activities exceeded liabilities by $4,981.7 million, an increase in net position of $483.9 million as compared to the prior year amount of $4,497.8 million. The increase was partly attributable to increases in some current asset balances and additional infrastructure investments made by Higher Education Institutions. The Unemployment Insurance fund reported a $127.7 million, or 20.5 percent increase in net position due primarily to a reduction of $121.3 million in long-term liabilities. Additionally, the aggregated business-type activities reported in the Other Enterprises Fund reported a $209.6 million increase in net position attributable primarily to additional investments in capital assets. In total, considering both governmental and business-type activities, the net position of the State increased by $276.3 million to $15,570.9 million.

Fund Level:

Governmental fund assets exceeded liabilities resulting in total fund balance of $6,609.4 million (prior year $6,846.8 million). The fund balance for all governmental funds decreased by $295.5 million from the prior year which was comprised of decreases in the General Fund, Resource Extraction Fund, and the State Education Fund, which were partially offset by increases in the Highway Users Tax Fund (HUTF), Capital Projects Fund, and Other Governmental Funds. The fund balance of the General Fund decreased by $157.0 million compared to the prior fiscal year due primarily to a 12.5 percent increase in transfers-out to other funds. General Fund revenues increased by 6.5 percent and expenditures increased by 7.0 percent relative to the prior fiscal year resulting in $350.1 million excess of revenues over expenditures for fiscal year 2015-16. 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 was signed into law and temporarily reduced the reserve requirement from 6.5 percent to 5.6 percent for fiscal year 2015-16. Absent additional law changes, the reserve requirement will return to 6.5 percent for fiscal year 2016-17 and beyond. The General Purpose Revenue Fund had $386.5 million on a GAAP basis to fund this reserve for fiscal year 2015-16. The fund balance of the Resource Extraction Fund decreased by $56.3 million due to declines in revenues from severance taxes, mineral leasing, and fee revenue. The HUTF fund balance increased by $42.9 million due primarily to an increase for transfers-in from other funds. The Capital Projects Fund increased by $49.5 million due to an increase in funding (transfer-in) from the General Purpose Revenue Fund. The State Education Fund decreased by $381.8 million primarily due to a planned spend-down of fund balance to maintain funding levels for education. The fund balance of the State Education fund has decreased over the last three fiscal years following a one-time transfer of $1.1 billion from the General Fund Surplus Fund in fiscal year 2012-13. The Other Governmental Funds increased by $207.2 million, due primarily to revenue increases across all Special Revenue Funds combined with smaller relative increases in expenditures.

Total net position for business-type activities was $4,981.7 million, of which $5,051.3 million was restricted for investment in capital assets, and $1,664.4 million restricted for the purposes of various funds which resulted in an unrestricted deficit of $1,734.1 million.

Debt Issued and Outstanding:

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2016, were $1,346.3 million (prior year $1,532.9 million), which is 16.1 percent (prior year 17.6 percent) of financial assets (cash, receivables, and investments) and 6.4 percent (prior year 7.2 percent) of total assets of governmental activities. The governmental activities debt is primarily related to infrastructure, State buildings, and public school buildings. The infrastructure debt is secured by future federal revenues and State highway revenues, State building debt by gaming distributions and judicial fees, and public school buildings debt by School Trust Land revenues. The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $4,747.2 million (prior year $4,670.3 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.

Revenue and Spending Limits:

The State Constitution indirectly limits the rate of spending increases and directly limits the State's ability to retain revenue in excess of the limit. Any excess must be refunded to the taxpayers unless otherwise approved by the voters. Referendum C was approved by voters in November 2005 which allows the State to retain revenues in excess of the TABOR limit for fiscal years 2005-06 through 2009-10. The State was under the Referendum C Excess State Revenue Cap for fiscal year 2015-16 by $122.1 million. The $31.4 million TABOR Refund Liability reported on the financial statements is expected to be refunded during fiscal year 2016-17. Refer to page 31 for more information on the TABOR requirements and Referendum C.

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 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 indicate the State is worse off.

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 on page 71.

Fund-Level 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.

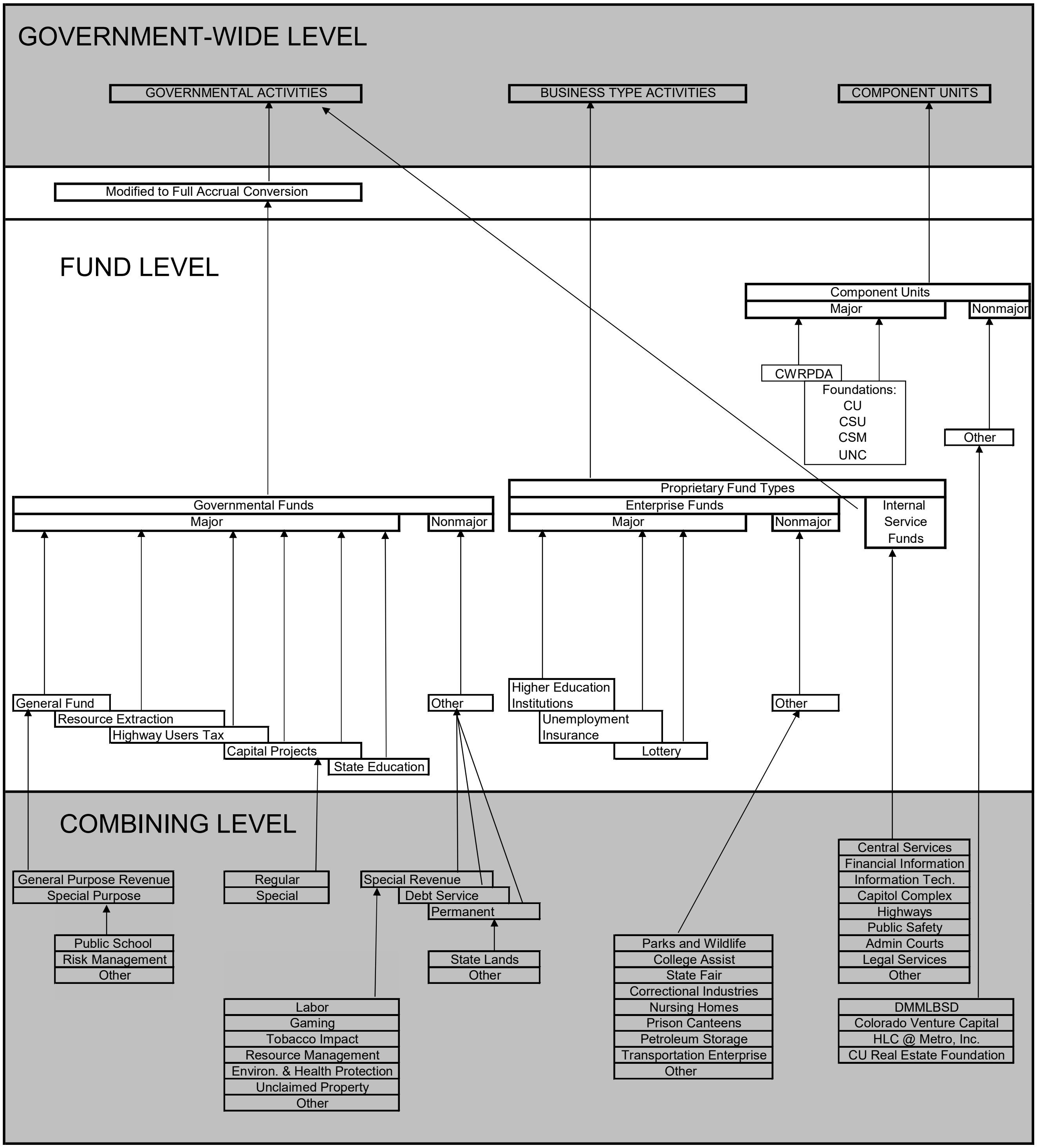
Notes to Basic Financial Statements

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
Enterprise Funds
Major
Nonmajor
Internal Service Funds
Governmental Funds
Major
Nonmajor
General Fund
Resource Extraction
Highway Users Tax
Capital Projects
State Education
Other
Higher Education Institutions
Unemployment Insurance
Lottery
Other
COMBINING LEVEL
General Purpose Revenue
Special Purpose
Public School
Risk Management
Other
Regular
Special
Special Revenue
Debt Service
Permanent
State Lands
Other
Labor
Gaming
Tobacco Impact
Resource Management
Environ. & Health Protection
Unclaimed Property
Other
Parks and Wildlife
College Assist
State Fair
Correctional Industries
Nursing Homes
Prison Canteens
Petroleum Storage
Transportation Enterprise
Other
Central Services
Financial Information
Information Tech.
Capitol Complex
Highways
Public Safety
Admin Courts
Legal Services
Other
DMMLBSD
Colorado Venture Capital
HLC @ Metro, Inc.
CU Real Estate Foundation

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

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	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Noncapital Assets	$ 9,179,140	$ 9,519,728	$ 6,585,468	$ 6,486,424	$ 15,764,608	$ 16,006,152
Capital Assets	11,860,988	11,740,878	8,702,667	7,978,950	20,563,655	19,719,828
Total Assets	21,040,128	21,260,606	15,288,135	14,465,374	36,328,263	35,725,980
Deferred Outflow of Resources	818,761	350,796	649,853	348,635	1,468,614	699,431
Current Liabilities	2,698,094	2,851,809	1,555,522	1,587,527	4,253,616	4,439,336
Noncurrent Liabilities	8,438,154	7,915,537	9,150,755	8,690,274	17,588,909	16,605,811
Total Liabilities	11,136,248	10,767,346	10,706,277	10,277,801	21,842,525	21,045,147
Deferred Inflow of Resources	133,375	47,262	250,058	38,380	383,433	85,642
Net Investment in Capital Assets	11,330,474	10,654,690	5,051,345	4,417,947	16,381,819	15,072,637
Restricted	3,236,095	3,507,907	1,664,396	1,496,411	4,900,491	5,004,318
Unrestricted	(3,977,303)	(3,365,803)	(1,734,088)	(1,416,530)	(5,711,391)	(4,782,333)
Total Net Position	$ 10,589,266	$ 10,796,794	$ 4,981,653	$ 4,497,828	$ 15,570,919	$ 15,294,622

The amount of total net position is one measure of the health of the State's finances. 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 net investment in capital assets of $16,381.8 million for governmental and business-type activities combined represents an increase of $1,309.2 million compared to the prior fiscal year. Governmental activities had an increase of $675.8 million in net investment in capital assets attributable primarily to transportation projects, public school construction, and purchases of vehicles and equipment. Business-type activities reported a $633.4 million increase in net investment in capital assets primarily due to continued capital investments being made by Higher Education Institutions and the Other Enterprise Funds. Net investment in capital assets is a noncurrent asset and therefore not available to meet related debt service requirements which must be paid from current revenues or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $4.9 billion, or 31.5 percent of net position. Restricted assets decreased by $103.8 million relative to the prior year while total net position increased by $276.3 million. 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 fund balance include the constitutionally mandated State Education Fund, the Highway Users Tax Fund, and resources pledged to debt service. Restricted net position for governmental activities decreased by $271.8 million while business-type activities reported an increase in restricted net position of $168.0 million.

The unrestricted component of total net position is a negative $5.7 billion for the fiscal year ended June 30, 2016. 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. This is primarily due to a $10.3 billion net pension liability which is reported only at the government-wide level for which the state does not have any related assets. Other long-term 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 decreased by $185.7 million and noncurrent liabilities increased by $983.1 million from the prior fiscal year.

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, expenses and transfers-out were greater than revenues and transfers-in which resulted in a decrease to net position of $265.7 million. Program revenues for governmental activities increased by $1,082.2 million (10.3 percent). General revenues for governmental activities increased by $143.3 million (1.3 percent) due to increased tax collections. Expenses for governmental activities increased by $1,634.6 million (7.6 percent) from the prior year. 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	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Program Revenues:						
Charges for Services	$ 2,173,376	$ 1,944,468	$ 5,937,454	$ 5,690,437	$ 8,110,830	$ 7,634,905
Operating Grants and Contributions	8,578,146	7,726,668	2,449,163	2,281,931	11,027,309	10,008,599
Capital Grants and Contributions	819,321	817,469	42,996	78,304	862,317	895,773
General Revenues:						
Taxes	10,346,832	10,163,812	-	7	10,346,832	10,163,819
Restricted Taxes	1,132,687	1,186,515	-	-	1,132,687	1,186,515
Unrestricted Investment Earnings	15,705	11,992	-	-	15,705	11,992
Other General Revenues	107,005	96,613	-	-	107,005	96,613
Total Revenues	23,173,072	21,947,537	8,429,613	8,050,679	31,602,685	29,998,216
Expenses:						
General Government	485,611	449,261	-	-	485,611	449,261
Business, Community, and Consumer Affairs	777,458	711,558	-	-	777,458	711,558
Education	5,859,964	5,687,573	-	-	5,859,964	5,687,573
Health and Rehabilitation	2,898,841	822,556	-	-	2,898,841	822,556
Justice	2,209,158	2,075,534	-	-	2,209,158	2,075,534
Natural Resources	135,491	120,374	-	-	135,491	120,374
Social Assistance	8,825,599	9,627,104	-	-	8,825,599	9,627,104
Transportation	1,830,368	1,896,904	-	-	1,830,368	1,896,904
Interest on Debt	62,021	59,078	-	-	62,021	59,078
Higher Education Institutions	-	-	6,446,902	6,004,484	6,446,902	6,004,484
Unemployment Insurance	-	-	531,607	530,130	531,607	530,130
Lottery	-	-	517,847	474,578	517,847	474,578
Parks and Wildlife	-	-	203,794	191,426	203,794	191,426
College Assist	-	-	320,774	338,631	320,774	338,631
Other Business-Type Activities	-	-	282,471	217,838	282,471	217,838
Total Expenses	23,084,511	21,449,942	8,303,395	7,757,087	31,387,906	29,207,029
Excess (Deficiency) Before Contributions, Transfers, and Other Items	88,561	497,595	126,218	293,592	214,779	791,187
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(352,733)	(256,738)	352,733	256,738	-	-
Internal Capital Contributions	(1,583)	-	10,183	-	8,600	-
Permanent Fund Additions	80	401	-	-	80	401
Total Contributions, Transfers, and Other Items	(354,236)	(256,337)	362,916	256,738	8,680	401
Total Changes in Net Position	(265,675)	241,258	489,134	550,330	223,459	791,588
Net Position - Beginning	10,796,794	10,562,162	4,497,828	3,947,498	15,294,622	14,509,660
Prior Period Adjustment (See Note 29A)	58,147	(6,626)	(5,309)	-	52,838	(6,626)
Net Position - Ending	$10,589,266	$ 10,796,794	$ 4,981,653	$ 4,497,828	$15,570,919	$15,294,622

Business-type activities' revenues and net transfers-in, in the preceding table, exceeded expenses by $489.1 million resulting in an increase in net position. From the prior year to the current year, program revenue from business-type activities increased by $378.9 million and expenses increased by $546.3 million.

When looking at the total change in net position from the prior year, including all prior period adjustments, the net position from the prior year increased $276.3 million, or 1.8 percent.

TABOR Revenue, Debt, and Tax-Increase Limits

Background and Current Condition

Fiscal year 2015-16 is the twenty third year of State operations under Article X, Section 20 of the State Constitution revenue limitations, also known as the Taxpayer Bill of Rights or 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 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 2005-06 through fiscal year 2009-10. 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 1996-97 through 2000-01, 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 2001-02 and 2002-03 and adjustments for inaccurate population estimates applied in fiscal year 2003-04 precluded TABOR refunds in those years. The State was required to refund $41.1 million in fiscal year 2004-05.

After the Referendum C five-year excess revenue retention period that encompassed fiscal year 2005-06 through fiscal year 2009-10, the State is subject to an Excess State Revenue Cap (ESRC) starting in fiscal year 2010-11. Calculation of the TABOR retention limit continues to apply, but the ESRC replaces it as the limit that triggers tax payer 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 2007-08, and the ratchet down provision does not apply to the ESRC.

For fiscal year 2015-16, unaudited State revenues subject to TABOR were $12,824.4 million, which was $122.1 million under the ESRC, and $2,396.8 million over the retention limit. Absent Referendum C, the State would have been required to refund the amount exceeding the retention limit. At the end of fiscal year 2015-16 total refunds were $3,450.6 million since the inception of TABOR. At June 30, 2016 the State reported total TABOR refunds payable of $31.4 million.

During fiscal year 2015-16, Fort Lewis College and Western State Colorado University disqualified as TABOR-exempt enterprises, which resulted in an increase of $59.3 million of newly qualified TABOR revenue. Adams State University re-qualified as a TABOR-exempt enterprise, which resulted in a TABOR revenue decrease of

$16.9 million. As required by TABOR, the State Controller makes the qualification of new enterprises and disqualification of existing TABOR enterprises neutral in the excess revenue calculation. In fiscal year 2015-16, the TABOR limit was increased by total of $42.4 million related to these changes in the TABOR district.

Referendum C

Referendum C, approved by the voters in the November 2005 election, contained the following provisions:

- The State shall be authorized to retain and spend all revenues in excess of the limit on spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constitutes a voter approved revenue change.

- After July 1, 2010, the limit on fiscal year spending is effectively raised to the highest population and inflation adjusted nonexempt revenue amount in the period from July 1, 2005, and before July 1, 2010. This provision disables the ratchet down provision during the five-year period.

- A General Fund Exempt Account is created within the General Fund to consist of the retained revenues for each fiscal year. The Legislature shall appropriate the moneys in the account for health care, education (including related capital projects), firefighter and police pension funding, and strategic transportation projects. Spending from the General Fund Exempt Account is limited to five percent of personal income, with certain adjustments.

- The Director of Research of the Legislative Council shall report the amount of revenues retained with a description of how the retained revenues were expended.

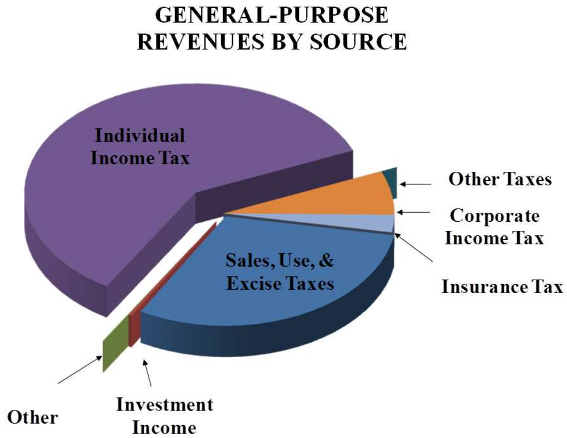
- The State retained $3,593.6 million during the five-year refund time-out period (fiscal year 2005-06 through 2009-10) authorized by Referendum C, and $11,179.8 million from fiscal year 2010-11 through 2015-16 due to the increasing ESRC as compared to TABOR limit, for a total of $14,773.4 million of retained Referendum C revenue.

INDIVIDUAL FUND ANALYSIS

General Fund

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 funds, transfers-in, fees and charges, or 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.

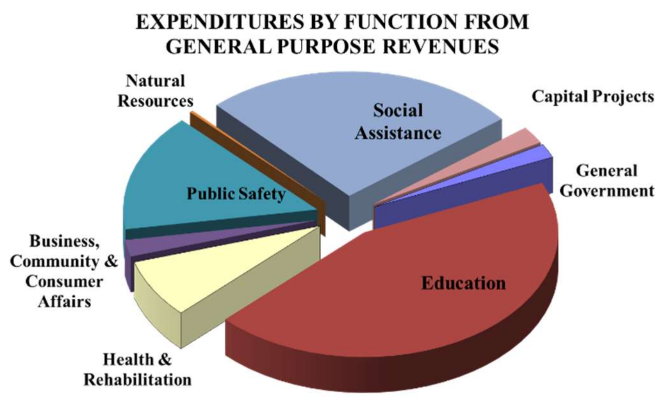
The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $1,076.6 million, $451.4 million of which was attributable to the General Purpose Revenue Fund, including non-spendable, restricted, committed, and assigned amounts. The General Purpose Revenue Fund decreased by $202.2 million from the prior fiscal year attributable to activities of fiscal year 2015-16. In fiscal year 2015-16, the State was able to fund the General Fund Statutory Reserve of $466.0 million on a budgetary basis, but was only able to reserve $386.5 million on a GAAP basis. The shortfall of $79.5 million in meeting the reserve on a GAAP basis was greater than the $52.6 million shortfall in the prior year, despite the reserve requirement decreasing by $110.5 million. The General Purpose Revenue Fund's $124.6 million year-end unrestricted cash and pooled cash balance decreased by $73.2 million from the prior year.



General Purpose revenues for fiscal years 2015-16 and 2014-15 were $17,973.0 million and $16,869.9 million, respectively – an increase of $1,103.0 million, or 6.5 percent. The largest contributor to the increase in general-purpose revenue was from federal grants and contracts which increased by $803.2 million or 11.3 percent ($736.1 million from the Title XIX Medicaid Program). Sales and use taxes also increased by $187.0 million or 6.9 percent over the prior year generally due to improving economic conditions. The only significant decline occurred with corporate income taxes which decreased $28.7 million, or 4.5 percent.

On the budgetary basis, total expenditures and transfers-out (excluding transfers not appropriated by department) funded from general-purpose revenues during fiscal years 2015-16 and 2014-15 were $9,637.7 million (see page 167) and $9,053.2 million, respectively. For fiscal year 2015-16, the total annual increase in general-funded appropriations was limited to 5.6 percent of personal income with certain adjustments. The primary adjustments are for changes in federal mandates, lawsuits against the State, and most transfers not appropriated by department. The limit is controlled through the legislative budget process.

The special purpose portion of the General Fund's fund balance totaled $625.2 million at June 30, 2016. This comprises the State Public School Fund, Risk Management activities and Other Special Purpose Funds.

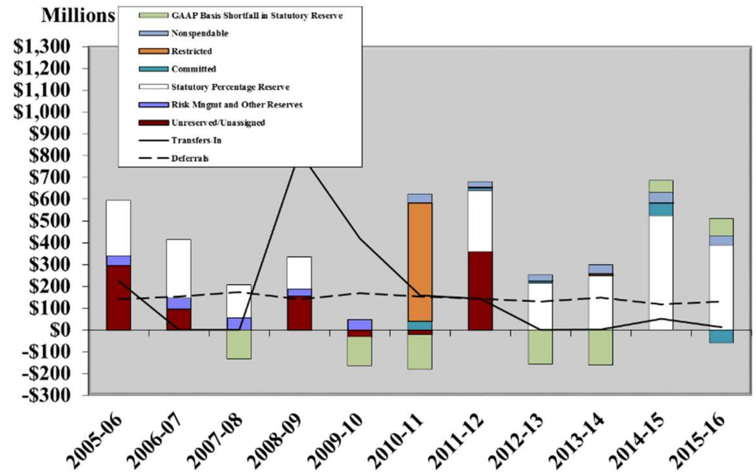


With expenditures reported using generally accepted accounting principles, the Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 79.2 percent of all fiscal year 2015-16 general-funded expenditures, which was consistent with the prior year. The largest increases were in the Departments of Health Care Policy and Financing, Education, Higher Education, Revenue, Human Services, and Corrections. The Department of Health Care Policy and Financing's expenditures increased by $167.6 million, or 7.2 percent, due to eligibility and funding changes that are occurring with the national Medicaid modernization efforts and growth in Medicaid populations. The Department of Education's expenditures increased by $120.7 million, or 3.6 percent, due to increased enrollment, required annual increases in funding, and provisions of the School Finance Act. The Department of Higher Education's expenditures increased by $95.5 million, or 12.6 percent, related to the restoration of state funding to public institutions of higher education (an increase of $70.0 million) as well as student financial aid (an increase of $18.4 million). The Department of Revenue's expenditures increased by $61.2 million, or 28.8 percent. The Department of Human Services' expenditures increased by $45.2 million, or 5.8 percent, primarily due to increases in mental health programs, information technology projects, child welfare and abuse prevention, and children and youth programs. Finally, the Department of Correction's expenditures increased by $40.5 million, or 5.6 percent. There were two significant decreases in departmental expenditures compared to the prior fiscal year. The Department of Public Health and Environment's expenditures decreased by $10.2 million, or 16.9 percent, and the Department of Public Safety's expenditures decreased by $12.5 million, or 9.9 percent.

As required by Senate Bills 03-196 and 03-197, the State converted to cash basis accounting for certain expenditures in fiscal year 2002-03 and subsequent years. House Bill 09-1367 also deferred certain Office of Information Technology (OIT) expenditures into the subsequent year. These changes result in an ongoing difference between the GAAP fund balance and the budgetary basis fund balance of the General Fund. During fiscal year 2015-16, the State met the statutory required reserve on a budgetary basis but not a GAAP basis. The statutorily required process of deferring expenditures moved $98.9 million of payroll, $90.5 million of Medicaid, and $0.6 million of OIT expenditures into fiscal year 2016-17. Revenues related to the deferral of the Medicaid expenditures were also deferred in the amount of $59.1 million. In total, $12.8 million more (net expenditure and revenue deferrals) was deferred into fiscal year 2015-16 compared to fiscal year 2014-15.

The chart shows the changes in the major classifications of fund balance for the General Fund in accordance with generally accepted accounting principles (GAAP). Statutes in effect for fiscal year 2015-16 require a 5.6 percent fund balance reserve of $466.0 million. Statutory compliance was achieved on budgetary basis, but not on a GAAP basis by $79.5 million. On a budgetary basis, there were deferrals of $130.9 million of payroll, Medicaid, and other costs into fiscal year 2016-17. The deferrals and transfers-in have prevented shortfalls on a GAAP basis in each year except fiscal years 2005-06, 2006-07, 2008-09, and 2011-12 when adequate resources were available for a positive statutory reserve.

GENERAL FUND - FUND BALANCE[1]



[1] Beginning in Fiscal year 2010-11, the implementation of GASB Statement No. 54 modified the required fund balance classifications. As a result, Risk Management and other Special Purpose Funds became part of General Fund fund balance. The General Purpose Revenue portion of the General Fund primarily comprises the Statutory Reserve and Unassigned balances, and the Special Purpose Revenue portion of the General Fund the remaining balances.

Resource Extraction Fund

The fund balance of the Resource Extraction Fund decreased by $56.3 million, or 4.1 percent, from the prior fiscal year. Revenues of the fund, including severance taxes, mineral leasing, and fees associated with regulation of mining activities, decreased by $252.6 million, or 54.9 percent. Severance taxes decreased $204.4 million as a surplus in supply of oil and natural gas resulted in a decline in exploration and production. A Colorado Supreme Court decision affected the deductibility of certain costs by energy companies in the calculation of severance taxes due to the state which also contributed to the decline. Additionally, there was a decrease of $50.9 million in federal grants and contracts due to declining coal production. 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. A significant portion, $417.6 million, of the fund's total fund balance of $1,310.9 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 increased by $21.5 million, or 5.4 percent, compared to the prior fiscal year.

Highway Users Tax Fund

The fund balance of the Highway Users Tax Fund (HUTF) increased by $42.9 million (4.3 percent) from the prior fiscal year. Revenues, expenditures, and transfers-out were consistent with the prior fiscal year. Capital outlay decreased $38.6 million (47.4 percent) from the prior fiscal year due to the completion of several multi-year projects during fiscal year 2015-16. The increase in fund balance was primarily attributable to an increase of $194.9 million for transfers-in compared to the prior fiscal year. Legislation in response to the economic downturn eliminated General Purpose Revenue Fund Surplus diversions to the HUTF. The transfer from the General Fund to the HUTF resumed in fiscal year 2015-16, which is the majority of the total transfers-in to the fund. The HUTF's total fund balance of $1,031.4 million is almost entirely (94.5 percent) restricted due to provisions of the State constitution which requires spending only for highway construction and maintenance. This restriction totals $975.0 million at June 30, 2016.

Capital Projects Fund

The fund balance of the Capital Projects Fund increased by $49.5 million (14.7 percent) from the prior fiscal year primarily due to increased funding from the General Purpose Revenue Fund. Transfers-in from the General Fund increased from $254.3 million in fiscal year 2014-15 to $275.7 million in fiscal year 2015-16 (8.4 percent). Total expenditures of the fund were $91.9 million in fiscal year 2015-16, an increase of $36.4 million, or 65.6 percent, compared to the prior fiscal year. The increase in expenditures was primarily in capital outlay and general government (construction services and building and land purchases totaling $24.4 million). Investment in capitalized Information Technology assets increased by $15.5 million.

State Education Fund

The fund balance of the State Education Fund declined by $381.8 million (55.6 percent) during fiscal year 2015-16. The fund balance has declined each since fiscal year 2012-13, which was the last year for a significant transfer-in from the General Fund, which was $1,073.5 million. The fund balance decline is due to efforts to maintain funding levels for public education during a time of statewide budget constraints. The majority of revenues for the fund are derived from a fixed percentage of certain taxpayer tax liabilities, which totaled $522.6 million and was an overall increase of $2.8 million relative to the prior fiscal year; an increase in revenues from individual and fiduciary income taxes of $14.7 million combined with a decrease in corporate income taxes of $11.9 million. 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 $886.1 million and $873.3 million in fiscal year 2015-16 and 2014-15, respectively.

Higher Education Institutions

The net position of the Higher Education Institutions fund increased from the prior fiscal year by $147.1 million, or 5.1 percent, which includes the effect of a negative $5.3 million prior period adjustment. The fund has a variety of revenue and funding sources which, overall, were relatively consistent with the prior fiscal year. However, tuition and fees of the institutions increased by $116.1 million due to enrollment and tuition increases and sales of goods and services increased by $170.0 million from the provision of student health services, room and board, bookstore and athletics revenues. In addition, federal grants and contacts increased by $42.5 million and other operating revenues increased by $57.8 million. Investment income decreased by $11.6 million from the prior fiscal year. Overall, total operating revenues increased by 7.3 percent while total operating expenses increased by 7.2 percent. Higher Education Institutions received capital contributions of $43.7 million and $71.0 million in fiscal years 2015-16 and 2014-15, respectively. Transfers-in to the Higher Education Institutions fund totaled $418.9 million for fiscal year 2015-16, an increase of 21.8 percent 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 $127.7 million (20.5 percent). Unemployment benefits paid declined by $5.0 million compared with a decline of $230.4 million during the prior fiscal year. The change in benefits paid is mirrored by a decrease of $6.5 million in federal grants received. Unemployment insurance premiums collected decreased by $94.9 million relative to the prior fiscal year due to a decrease in rates. 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 reports bonds payable of $125.4 million as of June 30, 2016. The fund's cash and pooled cash balance was $757.4 million, an increase of $22.9 million, or 3.1 percent, compared to the prior fiscal year.

State Lottery

The net position of the State Lottery fund decreased by $0.6 million, or a decline of 3.1 percent. The State Lottery generated operating income of $142.6 million for fiscal year 2015-16 which was up from $127.1 million reported for fiscal year 2014-15 on sales of goods and services of $594.4 million ($538.0 million for fiscal year 2014-15). The overall change represents a 12.2 percent increase in operating income due to a record Powerball jackpot of nearly $1.6 billion which led to lottery ticket sales growth. The Lottery distributed $63.7 million ($62.0 million in fiscal year 2014-15, a 2.8 percent increase) to the Great Outdoors Colorado program, a related organization, and transferred $80.3 million ($66.5 million in fiscal year 2014-15) to other State funds; $14.4 million primarily to fund operations of the State's Division of Parks and Recreation, $57.4 million to local governments through the Conservation Trust Fund, and $8.1 million to fund K-12 public school capital construction through the Building Excellent Schools Today grant program. Because of the requirement to distribute most of its income, the Lottery's net position, except the portion related to pension liabilities, is minimal and changes nominally from year to year.

ANALYSIS OF BUDGET VARIANCES

The following analysis is based on the General Fund Surplus Schedule included in Required Supplementary Information on page 167. 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 significant amounts that impacted the change.

- Department of Corrections' net decrease was $16.8 million.
  - $42.2 million increase for Personal Services including Health, Life and Dental costs, and
  - $28.6 million decrease for PERA Amortization Equalization Disbursement.
- Department of Education's net decrease was $89.5 million
  - $93.5 million decrease for State Share of Districts Total Program Funding.
- Governor's Office's net decrease was $6.2 million
  - $4.5 million decrease for Economic Development Commission.
- Department of Health Care Policy and Financing's decrease was $8.0 million
  - $22.3 million increase for Medical and Long Term Care Services for Medicaid Eligible Individuals, and
  - $20.9 million decrease for Behavioral Health Capitation and Service Payments.
- Department of Human Services' net increase was $15.9 million
  - $17.9 million increase for Personal Services including Health, Life, and Dental costs, and
  - $12.9 million decrease for PERA Amortization Equalization Disbursement, and
  - $6.8 million increase for Colorado Benefits Management System modernization, and
  - $6.7 million increase for Child Welfare Services.
- Department of Public Safety's net decrease was $5.4 million
  - $3.0 million decrease for Community Corrections Placements and Facility Payments.
- Department of Revenue's net increase was $110.2 million
  - $108.3 million increase for Old Age Pension.

Differences Between Final Budget and Actual Expenditures

Overexpenditures for all funds totaled $15.3 million for fiscal year 2015-16 including deficit fund balances that are considered overexpenditures. General-funded overexpenditures are discussed in detail in Note 8A on page 84 at the individual line item appropriation level. In total, State departments reported general-funded appropriations reversions of $52.3 million. In addition, departments reverted $17.8 million of revenue earned in excess of the amount that was needed to support specific cash-funded appropriations in the General Fund. 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.

- Department of Health Care Policy and Financing – The department reverted $17.9 million (0.7 percent) primarily comprising:
    - $8.4 million in the Regional Centers line, and
    - $2.4 million in the Behavioral Health Capitation Payments line, and
    - $1.1 million in the Division of Community and Family Support Early Intervention Services line.
- Department of Human Services – The department reverted $9.8 million (1.2 percent) primarily comprising:
    - $1.9 million in the Home Care Allowance and Home Care Allowance Grant lines, and
    - $1.3 million in the Community Transition Services line, and
    - $0.9 million in the Purchases of Contract Placements line, and
    - $0.7 million in the Child Welfare Services line, and
    - $0.6 million in the line item for the Crisis Response System for Walk-in, Stabilization, Mobile, Residential, and Respite Services, and
    - $0.5 million in the Rural Co-occurring Disorder Services line.
- Department of Corrections – The department reverted $6.0 million (0.8 percent) primarily comprising:
    - $3.9 million in the Purchases of Medical Services from Other Medical Facilities line, and
    - $0.6 million in the Purchase of Pharmaceuticals line, and
    - $0.4 million in the Utilities line, and
    - $0.4 million in the Payments to In-State Private Prisons line.
- Department of Public Safety – The department reverted $6.0 million (5.0 percent) primarily comprising:
    - $2.8 million in the Community Corrections Placements line, and
    - $2.3 million in the Wildland Fire Management Services line.
- Department of Judicial – The department reverted $2.7 million (0.6 percent) primarily comprising:
    - $1.3 million related in the Personal Services line, and
    - $0.6 million in the Leased Space/Utilities line.
- Department of Treasury - The department reverted $2.2 million (1.6 percent) primarily comprising:
    - $2.2 million in the Reimbursement to County Treasurers line.
- Department of Revenue – The department reverted $1.7 million (0.6 percent) primarily comprising:
    - $0.8 million in the Old Age Heat and Fuel and Property Tax Assistance Grant line.
- Department of Local Affairs – The department reverted $1.5 million (5.4 percent) primarily comprising:
    - $0.7 million in the Local Government Field Services (Rural Economic Developments) line, and
    - $0.6 million in the Volunteer Firefighter Retirement Plan line.
- Governor's Office – The office reverted $1.1 million (3.1 percent) primarily comprising:
    - $0.5 million in the Colorado Office of Film, Television and Media line, and
    - $0.2 million in the Economic Development Commission line.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's net investment in capital assets at June 30, 2016, was $16.4 billion ($15.1 billion in fiscal year 2014-15). Included in this amount were $17.1 billion of depreciable capital assets after reduction for $10.7 billion of accumulated depreciation. Also included was $3.5 billion of land, construction in progress, and non-depreciable infrastructure and other assets. The State added $849.1 million and $940.7 million of capital assets in fiscal year 2015-16 and 2014-15, respectively. Of the fiscal year 2015-16 additions, $120.1 million was recorded by governmental funds and $729.0 million was recorded by business-type activities. General-purpose revenues funded $271.1 million of capital and controlled maintenance expenditures during fiscal year 2015-16 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, 2016 and 2015, were (see Note 17 for additional detail):

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 118	$ 112	$ 566	$ 542	$ 684	$ 654
Collections	11	11	27	25	38	36
Other Capital Assets	2	1	15	15	17	16
Construction in Progress	757	898	1,006	1,180	1,763	2,078
Infrastructure	964	946	38	25	1,002	971
Total Capital Assets Not Being Depreciated	1,852	1,968	1,652	1,787	3,504	3,755
Capital Assets Being Depreciated						
Buildings and Related Improvements	3,226	2,903	9,076	8,331	12,302	11,234
Software	309	297	228	201	537	498
Vehicles and Equipment	908	870	1,083	1,046	1,991	1,916
Library Books, Collections, and Other Capital Assets	43	44	561	539	604	583
Infrastructure	11,424	11,041	855	446	12,279	11,487
Total Capital Assets Being Depreciated	15,910	15,155	11,803	10,563	27,713	25,718
Accumulated Depreciation	(5,901)	(5,381)	(4,752)	(4,374)	(10,653)	(9,755)
Total	$ 11,861	$ 11,742	$ 8,703	$ 7,976	$ 20,564	$ 19,718

The State is constitutionally prohibited from issuing general obligation debt except to fund buildings for State use, to defend the State or the U.S. in time of war, or to provide for unforeseen revenue shortfalls. Except for exempt enterprises, the TABOR amendment 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 24). Revenue bonds in this schedule include net payments on interest rate swap derivatives.

Fiscal Year 2015-16
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 150.7	$ 17.1	$ 127.9	$ 2.7	$ 1,205.2	$ 675.1	$ 1,483.8	$ 694.9
Business-Type Activities	57.1	10.0	4,320.6	2,755.6	372.7	110.0	4,750.4	2,875.6
Total	$ 207.8	$ 27.1	$ 4,448.5	$ 2,758.3	$ 1,577.9	$ 785.1	$ 6,234.2	$ 3,570.5

Fiscal Year 2014-15
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 172.3	$ 26.8	$ 289.8	$ 12.9	$ 1,227.8	$ 730.6	$ 1,689.9	$ 770.3
Business-Type Activities	54.3	9.5	4,242.8	2,738.4	399.2	127.2	4,696.3	2,875.1
Total	$ 226.6	$ 36.3	$ 4,532.6	$ 2,751.3	$ 1,627.0	$ 857.8	$ 6,386.2	$ 3,645.4

For fiscal year 2015-16, the total principal amount of capital leases, revenue bonds, and COPs was 39.6 percent of noncapital assets, as compared to 39.9 percent in the prior year. This percentage declined because noncapital assets decreased 1.5 percent while the principal amount of capital leases, revenue bonds, and COPs decreased 2.3 percent. The decrease in governmental activities was related to principal payments on the Department of Transportation's Transportation Revenue Anticipation Notes ($159.3 million) and the fact that there were not any significant new issuances of COPs. Business-type activities increased primarily due to additional financing of capital projects by Higher Education Institutions. Total per capita borrowing including bonds, Certificates of Participation, mortgages, notes, and capital leases was $1,196, $1,221, $1,200, $1,159 and $1,180 per person in fiscal years 2015-16, 2014-15, 2013-14, 2012-13 and 2011-12, respectively.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the State that were included in the fiscal year 2014-15 Management's Discussion and Analysis continue to affect the State at the end of fiscal year 2015-16, as follows:

- Referendum C Sunsets – Referendum C was passed by the voters in November 2005 and allowed the State to retain all revenues in excess of the TABOR limit for a five-year period from fiscal year 2005-06 through fiscal year 2009-10. During that period, the State retained $3,593.6 million that otherwise would have been required to be refunded to State taxpayers. No amounts were retained in fiscal years 2008-09 or 2009-10. Referendum C created an Excess State Revenue Cap (ESRC) that increases each year for inflation and population growth and allows the State to retain and spend amounts above the TABOR limit and below the ESRC. This provision removes the effect of the TABOR ratchet down provision (discussed earlier in this MD&A). However, economic recovery and State revenue growth rates in excess of the population and inflation adjustment will result in future refunds of TABOR revenues in excess of the ESRC. As discussed earlier, the ESRC was exceeded during fiscal year 2014-15 which resulted in a TABOR refund payable liability at June 30, 2016 of $31.4 million. No TABOR refund resulted from the operations of fiscal year 2015-16.

- Pension Plan Contributions

    - Like most institutions that rely heavily on investments, the Public Employees Retirement Association (PERA) was severely affected by the global economic downturn beginning in 2008. A negative 26.0 percent return on investments in 2008 was partially offset by positive returns in subsequent years, most recently 15.6 percent, 5.7 percent, and 1.6 percent in 2013, 2014, and 2015, respectively. These investment returns caused the funded ratio (actuarial value of assets, using a four-year smoothed-market value, divided by the actuarial accrued liability) of the State Division of PERA to decline from 73.3 percent at December 31, 2007 to 57.6 percent at December 31, 2015.

    - In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that adds three percentage points to the annual contribution (from amounts otherwise available for employee salary increases) in addition to the three percentage points required by the Amortization Equalization Disbursement (AED), which was approved in the 2004 legislative session. In the 2010 legislative session, the General Assembly extended the increases required by the AED and SAED. The AED will continue to increase 0.4 percentage points from calendar years 2013 through 2017. The SAED will continue to increase one-half percentage point from calendar years 2014 through 2017. These legislative changes increase the employer's annual contribution for most employees from 17.45 percent in 2014 to 20.15 percent in 2017 and beyond. If the funding ratio of the plan reaches 103 percent, both the AED and SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent of salary.

- For 2015, the actuarially determined contribution (ADC) rate was 22.35 percent. The deficiency of the statutory contribution rate compared to the ADC is expected to continue until all of the benefit and contribution reforms in statute are fully implemented.

- Senate Bill 10-001 made significant changes to the plan provisions that will affect the State over the long-term by improving the funded status of the plan. The most significant changes affecting the State Division of the plan include reducing the former 3.5 percent annual increase for retiree benefits to the lesser of the consumer price index or 2.0 percent, changing the timing of the annual increase, and making the annual increase contingent on the plan's funded status; extending the AED and SAED as discussed above; requiring future early retirement adjustments to be actuarially neutral; limiting annual increases in the highest average salary calculation for future retirees to 8.0 percent; removing the indexing of benefits for future retirees who become inactive with more than 25 years of service; changing the vesting period required for employer matching contributions; increasing the combined age and years of service requirement for current nonvested employees to 85, to 88 for new hires on or after January 1, 2011, to 90 for new hires on or after January 1, 2017, and increasing the related minimum retirement age; and requiring retirees returning to work for a PERA employer to pay member contributions that are not refundable and that do not increase service credits. Some of the changes authorized by Senate Bill 10-001 were the subject of a class action lawsuit naming the Governor and certain PERA Board members in claiming the changes are unconstitutional and seeking a mandatory injunction requiring payment of the annual increase in effect before the passage of Senate Bill 10-001. On October 20, 2014, after several proceedings, the Colorado Supreme Court ruled in favor of PERA.

- To provide budgetary relief for the State, Senate Bill 10-146 required that beginning July 1, 2010, members contribute an additional 2.5 percent of salary to their member accounts and the employer contribution rate be reduced to 11.35 percent. In the 2011 legislative session, Senate Bill 11-076 continued the 2.5 percent swap an additional year through June 30, 2012. This legislation sunset as of June 30, 2012.

♦ <u>Election 2000 Amendment 23</u> – 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 in 2000 and the deterioration of general-funded revenues during fiscal years 2008-09 and 2009-10, and the implementation of the Excess State Revenue Cap in fiscal year 2010-11, revenues in excess of the TABOR limit were not refunded in fiscal year 2014-15. However, resources that were once general-purpose revenues continue to be diverted to the State Education Fund. For fiscal year 2015-16, $944.7 million was budgeted from the State Education Fund. Revenues included $25.3 million in direct transfers in from the General Fund in addition to the exempted portion of revenues collected under Amendment 23. The amendment requires the General Assembly to increase funding of education by one percent over inflation through Fiscal Year 2010-11 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.

♦ <u>Cash Basis Accounting</u> – For Fiscal Year 2002-03 and following years, the Legislature changed the budgetary accounting for June payroll and certain Medicaid expenditures to the cash basis and deferred June paydates until July (after fiscal year-end). During fiscal year 2007-08, similar treatment was extended to certain Old Age Pension, Medicare, and Children's Basic Health Plan expenditures. In fiscal year 2008-09, 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 2010-11 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 ($59.1 million net of related deferred revenue in fiscal year 2015-16) are delayed until the following year assuming that subsequent revenues will be adequate to pay those liabilities. In Fiscal Year 2011-12, legislation was passed to eliminate the deferral of June pay dates until July for employees paid on a biweekly basis beginning in Fiscal Year 2012-13. 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 $124.6 million at June 30, 2016, providing apparent liquidity. The General Purpose Revenue Fund taxes receivable increased by $68.3 million to $1,435.6 million, tax refunds payable increased by $140.8 million to $792.9 million, and deferred inflows related to the tax receivables that are not expected to be collected within the next year also increased by $39.9 million to $218.3 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

  - Principal and interest payments on the remaining $127.9 million of Transportation Revenue Anticipation Notes issued by the Colorado Department of Transportation will be made during fiscal year 2016-17. No debt service for these notes extends beyond fiscal year 2016-17. While a portion of the debt service will be funded by federal funds, a significant amount will be funded by State sources. The Department of Transportation reports significant projected shortfalls in the funding needed to meet transportation infrastructure demand, and legislation increasing fees to provide other sources of transportation funding was enacted for Fiscal Year 2009-10.

  - In Fiscal Year 2010-11, the Bridge Enterprise in 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 2024-2025.

  - 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 $99.9 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, 2016

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,703,416	$ 2,525,453	$ 5,228,869	$ 278,268
Investments	-	392,188	392,188	7,795
Taxes Receivable, net	1,251,185	123,638	1,374,823	-
Contributions Receivable, net	-	-	-	56,681
Other Receivables, net	572,655	640,664	1,213,319	81,857
Due From Other Governments	440,053	94,860	534,913	3,411
Internal Balances	28,967	(28,967)	-	-
Due From Component Units	347	18,188	18,535	-
Inventories	53,261	54,748	108,009	-
Prepaids, Advances and Deposits	67,468	28,756	96,224	5,534
Total Current Assets	5,117,352	3,849,528	8,966,880	433,546
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,923,920	457,926	2,381,846	123,726
Restricted Investments	732,662	167,540	900,202	158,737
Restricted Receivables	510,028	40,009	550,037	2,532
Investments	219,369	1,941,040	2,160,409	2,366,357
Contributions Receivable, net	-	-	-	139,051
Other Long-Term Assets	675,809	129,425	805,234	900,600
Depreciable Capital Assets and Infrastructure, net	9,976,023	7,050,226	17,026,249	206,324
Land and Nondepreciable Capital Assets	1,851,910	1,652,441	3,504,351	58,360
Depreciable Capital Assets for Investment	33,055	-	33,055	-
Total Noncurrent Assets	15,922,776	11,438,607	27,361,383	3,955,687
TOTAL ASSETS	21,040,128	15,288,135	36,328,263	4,389,233
DEFERRED OUTFLOW OF RESOURCES:	818,761	649,853	1,468,614	3,715
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	856,076	-	856,076	-
Accounts Payable and Accrued Liabilities	1,166,681	771,248	1,937,929	30,056
TABOR Refund Liability (Note 8B)	31,358	-	31,358	-
Due To Other Governments	232,724	38,615	271,339	200
Due To Component Units	-	645	645	-
Unearned Revenue	123,769	306,222	429,991	-
Accrued Compensated Absences	11,522	22,761	34,283	-
Claims and Judgments Payable	46,343	-	46,343	-
Leases Payable	28,261	9,132	37,393	-
Notes, Bonds, and COPs Payable	171,835	267,134	438,969	53,150
Other Current Liabilities	29,525	139,765	169,290	169,339
Total Current Liabilities	2,698,094	1,555,522	4,253,616	252,745
Noncurrent Liabilities:				
Deposits Held In Custody For Others	90	20	110	376,818
Accrued Compensated Absences	154,510	293,365	447,875	-
Claims and Judgments Payable	276,010	39,657	315,667	-
Capital Lease Payable	122,404	47,994	170,398	-
Derivative Instrument Liability	-	13,222	13,222	-
Notes, Bonds, and COPs Payable	1,174,467	4,480,091	5,654,558	664,796
Due to Component Units	-	1,631	1,631	-
Net Pension Liability	6,295,004	3,957,073	10,252,077	3,333
Other Postemployment Benefits	-	289,133	289,133	-
Other Long-Term Liabilities	415,669	28,569	444,238	76,143
Total Noncurrent Liabilities	8,438,154	9,150,755	17,588,909	1,121,090
TOTAL LIABILITIES	11,136,248	10,706,277	21,842,525	1,373,835
DEFERRED INFLOW OF RESOURCES:	133,375	250,058	383,433	405
NET POSITION:				
Net investment in Capital Assets:	11,330,474	5,051,345	16,381,819	216,840
Restricted for:				
Construction and Highway Maintenance	966,743	-	966,743	-
Education	309,957	462,636	772,593	-
Unemployment Insurance	-	740,049	740,049	-
Debt Service	68,105	85,617	153,722	-
Emergencies	217,328	34,000	251,328	-
Permanent Funds and Endowments:				
Expendable	5,801	157,611	163,412	1,107,777
Nonexpendable	950,976	83,274	1,034,250	911,004
Other Purposes	717,185	101,209	818,394	633,718
Unrestricted	(3,977,303)	(1,734,088)	(5,711,391)	149,369
TOTAL NET POSITION	$ 10,589,266	$ 4,981,653	$ 15,570,919	$ 3,018,708

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Expenses		Program Revenues		
(DOLLARS IN THOUSANDS) Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 507,827	$ (22,216)	$ 151,844	$ 198,343	$ 3,050
Business, Community, and Consumer Affairs	775,342	2,116	145,016	308,908	-
Education	5,858,569	1,395	22,594	644,027	-
Health and Rehabilitation	2,896,123	2,718	102,441	1,764,254	-
Justice	2,203,272	5,886	240,524	114,740	56
Natural Resources	134,323	1,168	146,495	79,107	-
Social Assistance	8,823,596	2,003	912,678	5,330,406	-
Transportation	1,828,499	1,869	451,784	138,361	816,215
Interest on Debt	62,021	-	-	-	-
Total Governmental Activities	23,089,572	(5,061)	2,173,376	8,578,146	819,321
Business-Type Activities:					
Higher Education	6,444,072	2,830	4,305,427	1,835,957	43,183
Unemployment Insurance	531,607	-	607,520	41,644	-
Lottery	517,200	647	596,052	813	-
Parks and Wildlife	202,866	928	154,071	35,069	(187)
College Assist	320,660	114	8	346,633	-
Other Business-Type Activities	281,929	542	274,376	189,047	-
Total Business-Type Activities	8,298,334	5,061	5,937,454	2,449,163	42,996
Total Primary Government	31,387,906	-	8,110,830	11,027,309	862,317
Component Units:					
Colorado Water Resources and Power Development Authority	47,017		33,610	50,899	
University of Colorado Foundation	131,258			143,111	
Colorado State University Foundation	52,693			101,629	
Colorado School of Mines Foundation	28,420		1,900	4,905	
University of Northern Colorado Foundation	11,656			5,773	
Other Component Units	27,139		21,499	161	2,088
Total Component Units	$ 298,183	$ -	$ 57,009	$ 306,478	$ 2,088

General Revenues:
- Taxes:
  - Sales and Use Taxes
  - Excise Taxes
  - Individual Income Tax
  - Corporate Income Tax
  - Other Taxes
  - Restricted for Education:
    - Individual Income Tax
    - Corporate and Fiduciary Income Tax
  - Restricted for Transportation:
    - Fuel Taxes
    - Other Taxes
- Unrestricted Investment Earnings (Losses)
- Other General Revenues

Special Items (See Note 41)
(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 29A)
Accounting Changes (Note 29B)

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
$ (132,374)	$ -	$ (132,374)	
(323,534)	-	(323,534)	
(5,193,343)	-	(5,193,343)	
(1,032,146)	-	(1,032,146)	
(1,853,838)	-	(1,853,838)	
90,111	-	90,111	
(2,582,515)	-	(2,582,515)	
(424,008)	-	(424,008)	
(62,021)	-	(62,021)	
(11,513,668)	-	(11,513,668)	
-	(262,335)	(262,335)	
-	117,557	117,557	
-	79,018	79,018	
-	(14,841)	(14,841)	
-	25,867	25,867	
-	180,952	180,952	
-	126,218	126,218	
(11,513,668)	126,218	(11,387,450)	
-	-	-	37,492
-	-	-	11,853
-	-	-	48,936
-	-	-	(21,615)
-	-	-	(5,883)
-	-	-	(3,391)
-	-	-	67,392
2,940,839	-	2,940,839	-
290,276	-	290,276	-
6,061,679	-	6,061,679	-
643,761	-	643,761	-
410,277	-	410,277	-
474,623	-	474,623	-
47,977	-	47,977	-
609,678	-	609,678	-
409	-	409	-
15,705	-	15,705	17,082
107,005	-	107,005	8,263
-	-	-	(1,721)
(352,733)	352,733	-	-
(1,583)	10,183	8,600	-
80	-	80	-
11,247,993	362,916	11,610,909	23,624
(265,675)	489,134	223,459	91,016
10,796,794	4,497,828	15,294,622	2,930,718
58,147	(5,309)	52,838	-
-	-	-	(3,026)
$ 10,589,266	$ 4,981,653	$ 15,570,919	$ 3,018,708

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 272,814	$ 756,012	$ 56,696
Taxes Receivable, net	1,435,618	-	-
Other Receivables, net	427,768	23,582	3,271
Due From Other Governments	397,482	2,551	-
Due From Other Funds	88,688	18,899	5,033
Due From Component Units	347	-	-
Inventories	7,522	35,868	8,860
Prepaids, Advances and Deposits	38,089	18,546	1,252
Restricted Assets:			
Restricted Cash and Pooled Cash	427,861	109,772	752,176
Restricted Investments	-	-	-
Restricted Receivables	56,851	-	453,177
Investments	22,176	-	-
Other Long-Term Assets	-	417,554	12,150
Depreciable Capital Assets and Infrastructure, net	-	-	30
Land and Nondepreciable Capital Assets	-	-	-
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 3,175,216	$ 1,382,784	$ 1,292,645
LIABILITIES:			
Tax Refunds Payable	$ 849,726	-	$ 4,860
Accounts Payable and Accrued Liabilities	761,054	16,404	203,740
TABOR Refund Liability (Note 8B)	31,358	-	-
Due To Other Governments	128,481	42,306	34,195
Due To Other Funds	64,177	3,911	634
Unearned Revenue	26,347	9,222	16,834
Compensated Absences Payable	27	1	-
Claims and Judgments Payable	248	-	-
Other Current Liabilities	17,904	-	28
Deposits Held In Custody For Others	2	-	-
TOTAL LIABILITIES	1,879,324	71,844	260,291
DEFERRED INFLOW OF RESOURCES:	219,310	-	933
FUND BALANCES:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	-	30
Inventories	7,522	35,868	8,860
Permanent Fund Principal	-	-	-
Prepaids	37,977	18,546	1,252
Restricted	497,814	66,000	975,001
Committed	513,986	1,190,526	46,278
Assigned	19,283	-	-
TOTAL FUND BALANCES	1,076,582	1,310,940	1,031,421
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,175,216	$ 1,382,784	$ 1,292,645

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 389,655	$ -	$ 1,182,074	$ 2,657,251
-	-	36,428	1,472,046
164	-	114,358	569,143
1,741	-	38,015	439,789
786	-	11,743	125,149
-	-	-	347
-	-	299	52,549
34	113	5,354	63,388
-	311,476	322,635	1,923,920
-	-	732,662	732,662
-	-	-	510,028
4,290	-	192,903	219,369
49	-	24,294	454,047
-	-	-	30
-	-	69,160	69,160
-	-	33,055	33,055
$ 396,719	$ 311,589	$ 2,762,980	$ 9,321,933
$ -	$ -	$ 1,490	$ 856,076
9,324	7,149	130,779	1,128,450
-	-	-	31,358
-	-	27,742	232,724
1,195	-	35,721	105,638
6	-	59,420	111,829
-	-	6	34
-	-	140	388
-	-	6,879	24,811
-	-	88	90
10,525	7,149	262,265	2,491,398
-	-	867	221,110
-	-	19,141	19,171
-	-	298	52,548
-	-	1,043,619	1,043,619
32	114	5,354	63,275
5	304,326	237,287	2,080,433
386,157	-	1,194,149	3,331,096
-	-	-	19,283
386,194	304,440	2,499,848	6,609,425
$ 396,719	$ 311,589	$ 2,762,980	$ 9,321,933

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 2,657,251	$ 46,165	$ -	$ -	$ -	$ -	$ -	$ 2,703,416
Taxes Receivable, net	1,472,046	-	-	-	-	(220,861)	-	1,251,185
Other Receivables, net	569,143	3,512	-	-	-	-	-	572,655
Due From Other Governments	439,789	264	-	-	-	-	-	440,053
Due From Other Funds	125,149	14,499	-	-	-	-	(110,681)	28,967
Due From Component Units	347	-	-	-	-	-	-	347
Inventories	52,549	712	-	-	-	-	-	53,261
Prepaids, Advances and Deposits	63,388	4,080	-	-	-	-	-	67,468
Total Current Assets	5,379,662	69,232	-	-	-	(220,861)	(110,681)	5,117,352
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,923,920	-	-	-	-	-	-	1,923,920
Restricted Investments	732,662	-	-	-	-	-	-	732,662
Restricted Receivables	510,028	-	-	-	-	-	-	510,028
Investments	219,369	-	-	-	-	-	-	219,369
Other Long-Term Assets	454,047	-	-	-	-	221,762	-	675,809
Depreciable Capital Assets and Infrastructure, net	30	131,145	9,844,848	-	-	-	-	9,976,023
Land and Nondepreciable Capital Assets	69,160	1,287	1,781,463	-	-	-	-	1,851,910
Depreciable Capital Assets for Investment	33,055	-	-	-	-	-	-	33,055
Total Noncurrent Assets	3,942,271	132,432	11,626,311	-	-	221,762	-	15,922,776
TOTAL ASSETS	9,321,933	201,664	11,626,311	-	-	901	(110,681)	21,040,128
DEFERRED OUTFLOW OF RESOURCES:	-	55,602	-	763,159	-	-	-	818,761
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	856,076	-	-	-	-	-	-	856,076
Accounts Payable and Accrued Liabilities	1,128,450	31,085	-	7,146	-	-	-	1,166,681
TABOR Refund Liability (Note 8B)	31,358	-	-	-	-	-	-	31,358
Due To Other Governments	232,724	-	-	-	-	-	-	232,724
Due To Other Funds	105,638	5,043	-	-	-	-	(110,681)	-
Unearned Revenue	111,829	12,113	-	-	-	(173)	-	123,769
Compensated Absences Payable	34	427	-	-	-	11,061	-	11,522
Claims and Judgments Payable	388	-	-	-	37,453	8,502	-	46,343
Leases Payable	-	20,214	-	8,047	-	-	-	28,261
Notes, Bonds, and COPs Payable	-	-	-	171,835	-	-	-	171,835
Other Current Liabilities	24,811	270	-	-	-	4,444	-	29,525
Total Current Liabilities	2,491,308	69,152	-	187,028	37,453	23,834	(110,681)	2,698,094
Noncurrent Liabilities:								
Deposits Held In Custody For Others	90	-	-	-	-	-	-	90
Accrued Compensated Absences	-	9,792	-	-	-	144,718	-	154,510
Claims and Judgments Payable	-	-	-	-	121,146	154,864	-	276,010
Capital Lease Payable	-	85,338	-	37,066	-	-	-	122,404
Notes, Bonds, and COPs Payable	-	-	-	1,174,467	-	-	-	1,174,467
Net Pension Liability	-	364,655	-	-	-	5,930,349	-	6,295,004
Other Long-Term Liabilities	-	-	-	-	-	415,669	-	415,669
Total Noncurrent Liabilities	90	459,785	-	1,211,533	121,146	6,645,600	-	8,438,154
TOTAL LIABILITIES	2,491,398	528,937	-	1,398,561	158,599	6,669,434	(110,681)	11,136,248
DEFERRED INFLOW OF RESOURCES:	221,110	6,414	-	-	-	(94,149)	-	133,375
NET POSITION:								
Net investment in Capital Assets:	102,236	26,880	11,626,311	(424,953)	-	-	-	11,330,474
Restricted for:								
Construction and Highway Maintenance	966,411	-	-	332	-	-	-	966,743
Education	309,957	-	-	-	-	-	-	309,957
Debt Service	68,105	-	-	-	-	-	-	68,105
Emergencies	217,328	-	-	-	-	-	-	217,328
Permanent Funds and Endowments:								
Expendable	5,801	-	-	-	-	-	-	5,801
Nonexpendable	950,976	-	-	-	-	-	-	950,976
Other Purposes	717,185	-	-	-	-	-	-	717,185
Unrestricted	3,271,426	(304,965)	-	(210,781)	(158,599)	(6,574,384)	-	(3,977,303)
TOTAL NET POSITION	$ 6,609,425	$ (278,085)	$ 11,626,311	$ (635,402)	$ (158,599)	$ (6,574,384)	$ -	$ 10,589,266

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, 2016

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 5,993,003	$ -	$ -
Corporate Income	606,441	-	-
Sales and Use	2,893,838	-	-
Excise	101,874	-	609,680
Other Taxes	280,974	67,072	409
Licenses, Permits, and Fines	20,601	3,533	376,963
Charges for Goods and Services	73,268	6,632	134,185
Rents	223	3	3,318
Investment Income (Loss)	26,524	23,570	11,052
Federal Grants and Contracts	7,892,141	101,526	842,408
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	175,925	4,932	102,032
TOTAL REVENUES	18,064,812	207,268	2,080,047
EXPENDITURES:			
Current:			
General Government	222,176	-	57,685
Business, Community, and Consumer Affairs	163,743	14,402	-
Education	780,238	-	-
Health and Rehabilitation	1,649,933	453	11,277
Justice	1,404,791	-	123,635
Natural Resources	38,329	51,538	-
Social Assistance	7,752,117	-	-
Transportation	-	-	1,328,083
Capital Outlay	79,511	2,923	42,837
Intergovernmental:			
Cities	66,715	57,168	236,675
Counties	1,297,886	43,656	212,937
School Districts	4,107,412	2,495	-
Special Districts	65,186	20,430	46,917
Federal	2,298	1,697	-
Other	25,656	2,209	582
Debt Service	58,754	7	-
TOTAL EXPENDITURES	17,714,745	196,978	2,060,628
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	350,067	10,290	19,419
OTHER FINANCING SOURCES (USES):			
Transfers-In	3,913,450	4,488	204,713
Transfers-Out	(4,434,190)	(71,044)	(181,703)
Face Amount of Bond/COP Issuance	-	-	-
Bond/COP Premium/Discount	-	-	-
Sale of Capital Assets	10,264	-	-
Insurance Recoveries	3,455	-	432
Bond/COP Premium Refunding Proceeds	1	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(507,020)	(66,556)	23,442
NET CHANGE IN FUND BALANCES	(156,953)	(56,266)	42,861
FUND BALANCE, FISCAL YEAR BEGINNING	1,175,388	1,367,206	988,560
Prior Period Adjustment (See Note 29A)	58,147	-	-
FUND BALANCE, FISCAL YEAR END	$ 1,076,582	$ 1,310,940	$ 1,031,421

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 476,703	$ -	$ 6,469,706
-	45,897	-	652,338
-	-	45,223	2,939,061
-	-	188,980	900,534
1,543	-	158,600	508,598
3	-	408,709	809,809
-	-	930,320	1,144,405
-	-	139,206	142,750
4,023	5,791	67,885	138,845
7,878	-	203,545	9,047,498
-	-	80	80
-	-	65,110	65,110
175	238	37,632	320,934
13,622	528,629	2,245,290	23,139,668
21,009	-	23,133	324,003
1,583	-	294,148	473,876
2,362	44,742	25,101	852,443
193	-	121,771	1,783,627
5,082	-	207,441	1,740,949
-	-	17,131	106,998
7	-	972,766	8,724,890
-	-	3,035	1,331,118
57,265	34	8,571	191,141
-	-	64,676	425,234
-	-	101,670	1,656,149
-	841,125	43,843	4,994,875
-	-	12,418	144,951
-	-	380	4,375
-	204	49,796	78,447
4,396	-	216,962	280,119
91,897	886,105	2,162,842	23,113,195
(78,275)	(357,476)	82,448	26,473
301,537	25,615	465,120	4,914,923
(185,809)	(49,957)	(336,891)	(5,259,594)
11,000	-	-	11,000
314	-	-	314
-	-	(3,527)	6,737
747	-	-	4,634
-	-	-	1
127,789	(24,342)	124,702	(321,985)
49,514	(381,818)	207,150	(295,512)
336,680	686,258	2,292,698	6,846,790
-	-	-	58,147
$ 386,194	$ 304,440	$ 2,499,848	$ 6,609,425

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

(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	$ 6,469,706	$ -	$ -	$ -	$ 11,876	$ 6,481,582
Corporate Income	652,338	-	-	-	37,319	689,657
Sales and Use	2,939,061	-	-	-	1,779	2,940,840
Excise	900,534	-	-	-	(578)	899,956
Other Taxes	508,598	-	-	-	(10,342)	498,256
Licenses, Permits, and Fines	809,809	-	-	-	299	810,108
Charges for Goods and Services	1,144,405	-	-	-	9	1,144,414
Rents	142,750	-	-	-	-	142,750
Investment Income (Loss)	138,845	220	-	-	(105)	138,960
Federal Grants and Contracts	9,047,498	-	-	-	-	9,047,498
Additions to Permanent Funds	80	-	-	-	-	80
Unclaimed Property Receipts	65,110	-	-	-	-	65,110
Other	320,934	-	-	-	(4,764)	316,170
TOTAL REVENUES	23,139,668	220	-	-	35,493	23,175,381
EXPENDITURES:						
Current:						
General Government	324,003	2,080	42,352	-	1,701	370,136
Business, Community, and Consumer Affairs	473,876	6,322	16,737	-	(26,096)	470,839
Education	852,443	142	42,959	-	(106)	895,438
Health and Rehabilitation	1,783,627	1,333	56,027	-	2,606	1,843,593
Justice	1,740,949	1,666	224,730	-	3,039	1,970,384
Natural Resources	106,998	1,531	8,141	-	693	117,363
Social Assistance	8,724,890	9,078	15,133	-	(2,864)	8,746,237
Transportation	1,331,118	1,184	419,784	-	(138)	1,751,948
Capital Outlay	191,141	-	(627,770)	-	-	(436,629)
Intergovernmental:						
Cities	425,234	-	-	-	-	425,234
Counties	1,656,149	-	60	-	-	1,656,209
School Districts	4,994,875	-	-	-	-	4,994,875
Special Districts	144,951	-	-	-	-	144,951
Federal	4,375	-	-	-	-	4,375
Other	78,447	-	-	-	-	78,447
Debt Service	280,119	2,612	-	(211,516)	-	71,215
TOTAL EXPENDITURES	23,113,195	25,948	198,153	(211,516)	(21,165)	23,104,615
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,473	(25,728)	(198,153)	211,516	56,658	70,766
OTHER FINANCING SOURCES (USES):						
Transfers-In	4,914,923	4,502	-	-	-	4,919,425
Transfers-Out	(5,259,594)	(7,007)	-	-	-	(5,266,601)
Face Amount of Bond/COP Issuance	11,000	-	-	(11,000)	-	-
Bond/COP Premium/Discount	314	-	-	1,069	-	1,383
Sale of Capital Assets	6,737	-	(2,279)	-	-	4,458
Insurance Recoveries	4,634	-	-	-	-	4,634
Bond/COP Premium Refunding Proceeds	1	-	-	-	-	1
TOTAL OTHER FINANCING SOURCES (USES)	(321,985)	(2,505)	(2,279)	(9,931)	-	(336,700)
Internal Service Fund Charges to BTAs	-	259	-	-	-	259
NET CHANGE FOR THE YEAR	(295,512)	(27,974)	(200,432)	201,585	56,658	(265,675)
Prior Period Adjustment (See Note 29A)	58,147	-	-	-	-	58,147
TOTAL CHANGE FOR THE CURRENT YEAR WITH PRIOR PERIOD ADJUSTMENT	$ (237,365)	$ (27,974)	$ (200,432)	$ 201,585	$ 56,658	$ (207,528)

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, 2016

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 1,236,180	$ 757,411
Investments	391,521	-
Premiums Receivable, net	-	123,638
Student and Other Receivables, net	575,921	4,100
Due From Other Governments	64,304	5,133
Due From Other Funds	15,807	-
Due From Component Units	18,188	-
Inventories	38,274	-
Prepaids, Advances and Deposits	17,925	-
Total Current Assets	2,358,120	890,282
Noncurrent Assets:		
Restricted Cash and Pooled Cash	385,552	-
Restricted Investments	167,540	-
Restricted Receivables	-	-
Investments	1,908,039	-
Other Long-Term Assets	127,593	-
Depreciable Capital Assets and Infrastructure, net	6,051,702	9,897
Land and Nondepreciable Capital Assets	1,064,819	-
Total Noncurrent Assets	9,705,245	9,897
TOTAL ASSETS	12,063,365	900,179
DEFERRED OUTFLOW OF RESOURCES:	586,713	5,246
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	700,365	3,905
Due To Other Governments	-	1
Due To Other Funds	2,798	614
Due To Component Units	645	-
Unearned Revenue	255,408	908
Compensated Absences Payable	21,604	-
Leases Payable	8,681	-
Notes, Bonds, and COPs Payable	141,174	124,965
Other Current Liabilities	87,260	13,228
Total Current Liabilities	1,217,935	143,621
Noncurrent Liabilities:		
Due to Other Funds	-	-
Deposits Held In Custody For Others	-	-
Accrued Compensated Absences	281,135	-
Claims and Judgments Payable	39,657	-
Capital Lease Payable	44,182	-
Derivative Instrument Liability	13,222	-
Notes, Bonds, and COPs Payable	4,127,739	399
Due to Component Units	1,631	-
Net Pension Liability	3,496,484	11,026
Other Postemployment Benefits	289,133	-
Other Long-Term Liabilities	28,534	-
Total Noncurrent Liabilities	8,321,717	11,425
TOTAL LIABILITIES	9,539,652	155,046
DEFERRED INFLOW OF RESOURCES:	88,480	433
NET POSITION:		
Net investment in Capital Assets:	3,773,792	9,897
Restricted for:		
Education	462,636	-
Unemployment Insurance	-	740,049
Debt Service	67,358	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	157,611	-
Nonexpendable	83,274	-
Other Purposes	-	-
Unrestricted	(1,522,725)	-
TOTAL NET POSITION	$ 3,021,946	$ 749,946

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 50,088	$ 481,774	$ 2,525,453	$ 46,165
-	667	392,188	-
-	-	123,638	-
21,081	39,562	640,664	3,512
-	25,423	94,860	264
-	4,487	20,294	14,499
-	-	18,188	-
1,472	15,002	54,748	712
4,613	6,218	28,756	4,080
77,254	573,133	3,898,789	69,232
-	72,374	457,926	-
-	-	167,540	-
-	40,009	40,009	-
-	33,001	1,941,040	-
-	1,832	129,425	-
438	988,189	7,050,226	131,145
-	587,622	1,652,441	1,287
438	1,723,027	11,438,607	132,432
77,692	2,296,160	15,337,396	201,664
2,866	55,028	649,853	55,602
3,537	54,546	762,353	31,085
18	38,596	38,615	-
31,915	1,807	37,134	5,043
-	-	645	-
-	49,906	306,222	12,113
-	1,157	22,761	427
-	451	9,132	20,214
-	995	267,134	-
38,540	737	139,765	270
74,010	148,195	1,583,761	69,152
-	21,022	21,022	-
-	20	20	-
748	11,482	293,365	9,792
-	-	39,657	-
-	3,812	47,994	85,338
-	-	13,222	-
-	351,953	4,480,091	-
-	-	1,631	-
25,257	424,306	3,957,073	364,655
-	-	289,133	-
35	-	28,569	-
26,040	812,595	9,171,777	459,785
100,050	960,790	10,755,538	528,937
1,066	160,079	250,058	6,414
439	1,267,217	5,051,345	26,880
-	-	462,636	-
-	-	740,049	-
-	18,259	85,617	-
-	34,000	34,000	-
-	-	157,611	-
-	-	83,274	-
-	101,209	101,209	-
(20,997)	(190,366)	(1,734,088)	(304,965)
$ (20,558)	$ 1,230,319	$ 4,981,653	$ (278,085)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
Unemployment Insurance Premiums	$ -	$ 603,707
License and Permits	-	102
Tuition and Fees	2,765,443	-
Scholarship Allowance for Tuition and Fees	(613,735)	-
Sales of Goods and Services	2,026,876	-
Scholarship Allowance for Sales of Goods & Services	(22,981)	-
Investment Income (Loss)	1,532	-
Rental Income	14,688	-
Gifts and Donations	49,788	-
Federal Grants and Contracts	1,014,391	24,148
Intergovernmental Revenue	8,121	-
Other	359,917	-
TOTAL OPERATING REVENUES	5,604,040	627,957
OPERATING EXPENSES:		
Salaries and Fringe Benefits	4,303,860	12,187
Operating and Travel	1,384,884	513,842
Cost of Goods Sold	140,258	-
Depreciation and Amortization	402,691	1,913
Intergovernmental Distributions	34,008	2
Debt Service	-	-
Prizes and Awards	282	-
TOTAL OPERATING EXPENSES	6,265,983	527,944
OPERATING INCOME (LOSS)	(661,943)	100,013
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	12	3,709
Investment Income (Loss)	48,041	17,497
Rental Income	12,235	1
Gifts and Donations	207,762	-
Intergovernmental Distributions	(25,561)	-
Federal Grants and Contracts	265,969	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(5,496)	-
Insurance Recoveries from Prior Year Impairments	261	-
Debt Service	(143,788)	(3,662)
Other Expenses	(3,587)	-
Other Revenues	3,713	-
TOTAL NONOPERATING REVENUES (EXPENSES)	359,561	17,545
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(302,382)	117,558
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	43,738	10,130
Additions to Permanent Endowments	20	-
Transfers-In	418,916	-
Transfers-Out	(7,851)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	454,823	10,130
CHANGE IN NET POSITION	152,441	127,688
NET POSITION - FISCAL YEAR BEGINNING	2,874,814	622,258
Prior Period Adjustments (See Note 29A)	(5,309)	-
NET POSITION - FISCAL YEAR ENDING	$ 3,021,946	$ 749,946

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ -	$ 603,707	$ -
64	120,137	120,303	-
-	1,686	2,767,129	-
-	-	(613,735)	-
594,414	212,922	2,834,212	348,485
-	-	(22,981)	-
-	10,332	11,864	-
-	2,024	16,712	15,372
-	-	49,788	-
-	409,651	1,448,190	-
-	174,897	183,018	-
1,576	8,849	370,342	204
596,054	940,498	7,768,549	364,061
10,365	231,440	4,557,852	220,609
58,897	442,304	2,399,927	132,032
13,251	41,642	195,151	7,459
443	26,999	432,046	29,167
-	11,403	45,413	1,592
-	12,223	12,223	-
370,514	1,064	371,860	13
453,470	767,075	8,014,472	390,872
142,584	173,423	(245,923)	(26,811)
-	39,401	39,401	-
-	380	4,101	-
813	6,463	72,814	220
-	11,129	23,365	-
-	1,327	209,089	-
(63,715)	-	(89,276)	-
-	-	265,969	-
(4)	(28,009)	(33,509)	1,824
-	(187)	74	-
-	(10,400)	(157,850)	(2,610)
-	(309)	(3,896)	-
-	6	3,719	4
(62,906)	19,801	334,001	(562)
79,678	193,224	88,078	(27,373)
-	880	54,748	1,908
-	-	20	-
-	45,969	464,885	4,502
(80,290)	(30,456)	(118,597)	(7,007)
(80,290)	16,393	401,056	(597)
(612)	209,617	489,134	(27,970)
(19,946)	1,020,702	4,497,828	(250,115)
-	-	(5,309)	-
$ (20,558)	$ 1,230,319	$ 4,981,653	$ (278,085)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 2,179,595	$ -
Fees for Service	1,774,156	-
Receipts for Interfund Services	-	-
Sales of Products	39,836	-
Gifts, Grants, and Contracts	1,579,948	22,294
Loan and Note Repayments	448,725	-
Unemployment Insurance Premiums	-	625,922
Income from Property	26,923	-
Other Sources	135,107	1,103
Cash Payments to or for:		
Employees	(4,224,683)	(11,918)
Suppliers	(1,266,106)	(1,339)
Payments for Interfund Services	-	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(504,848)
Scholarships	(100,815)	-
Others for Student Loans and Loan Losses	(461,674)	-
Other Governments	(34,008)	-
Other	(94,369)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,635	131,214
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	2,476,082	-
Transfers-Out	(2,221,176)	-
Receipt of Deposits Held in Custody	502,191	-
Release of Deposits Held in Custody	(503,543)	-
Gifts and Grants for Other Than Capital Purposes	207,782	-
Intergovernmental Distributions	(25,561)	-
NonCapital Debt Proceeds	651	-
NonCapital Debt Service Payments	(109,192)	(125,364)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	327,234	(125,364)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(592,667)	(26)
Capital Contributions	11,184	-
Capital Gifts, Grants, and Contracts	15,388	-
Proceeds from Sale of Capital Assets	5,414	3,526
Capital Debt Proceeds	535,031	124,970
Capital Debt Service Payments	(389,803)	(128,877)
Capital Lease Payments	(11,576)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(427,029)	(407)

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 1,649	$ 2,181,244	$ -
-	245,516	2,019,672	9,482
-	12,609	12,609	322,443
594,412	60,234	694,482	1,592
-	423,305	2,025,547	70
-	420	449,145	-
-	-	625,922	-
-	13,106	40,029	15,407
1,640	106,434	244,284	12,235
(10,424)	(218,780)	(4,465,805)	(215,469)
(27,546)	(212,259)	(1,507,250)	(106,120)
(188)	(6,052)	(6,240)	(38,086)
(403,063)	(7,168)	(410,231)	(639)
-	-	(504,848)	-
-	-	(100,815)	-
-	(280,887)	(742,561)	-
-	(11,612)	(45,620)	(1,592)
(438)	(37,275)	(132,082)	(134)
154,393	89,240	377,482	(811)
434	54,725	2,531,241	7,663
(80,724)	(38,384)	(2,340,284)	(8,223)
-	760	502,951	267
-	(727)	(504,270)	(70)
-	1,027	208,809	-
(63,715)	-	(89,276)	-
-	23,660	24,311	-
-	(515)	(235,071)	-
(144,005)	40,546	98,411	(363)
40	(405,371)	(998,024)	(20,962)
-	-	11,184	-
-	-	15,388	-
391	140,512	149,843	52,216
-	451	660,452	176
-	(14,747)	(533,427)	(84)
-	(230)	(11,806)	(29,752)
431	(279,385)	(706,390)	1,594

(Continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 **(Continued)**

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	118,779	17,495
Proceeds from Sale/Maturity of Investments	2,386,561	-
Purchases of Investments	(2,310,376)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(72,406)	2
NET CASH FROM INVESTING ACTIVITIES	122,558	17,497
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	25,398	22,940
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,601,643	734,471
Prior Period Adjustment (See Note 29)	(5,309)	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,621,732	$ 757,411
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (661,943)	$ 100,013
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	402,691	1,913
Investment/Rental Income and Other Revenue in Operating Income	-	-
Net Periodic Pension Cost	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	283,296	3,710
(Gain)/Loss on Disposal of Capital and Other Assets	371	-
Compensated Absences	26,461	-
Insurance Premiums and State Subsidy	-	-
Claims and General Insurance Expenses Paid	-	-
Interest and Other Expense in Operating Income	10,618	10
Provision for Bad Debts	-	-
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(178,737)	18,793
(Increase) Decrease in Inventories	1,640	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	800	-
Increase (Decrease) in Accounts Payable	55,264	2,014
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	62,174	4,761
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,635	$ 131,214
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	815	10,130
Capital Assets Acquired by Grants or Donations and Payable Increases	90,470	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	22,213	-
Loss on Disposal of Capital and Other Assets	4,112	-
Disposal of Capital Assets	12,746	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	39,975	239
Assumption of Capital Lease Obligation or Mortgage	12,789	-
Financed Debt Issuance Costs	1,015	-
Fair Value Change in Derivative Instrument	3,708	-

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
605	14,665	151,544	113
-	142,282	2,528,843	-
-	(35,211)	(2,345,587)	-
208	2,155	(70,041)	107
813	123,891	264,759	220
11,632	(25,708)	34,262	640
38,456	579,856	2,954,426	45,525
-	-	(5,309)	-
$ 50,088	$ 554,148	$ 2,983,379	$ 46,165
$ 142,584	173,423	$ (245,923)	$ (26,811)
443	26,999	432,046	29,167
-	(10,397)	(10,397)	-
-	-	-	-
-	51,088	338,094	4
-	31	402	52
(9)	554	27,006	143
-	-	-	-
-	-	-	-
-	3,890	14,518	3,063
-	-	-	-
(671)	(17,187)	(177,802)	(10,294)
(347)	1,909	3,202	152
44	(909)	(65)	(3,636)
(174)	(42,866)	14,238	(4,187)
12,523	(97,295)	(17,837)	11,536
$ 154,393	$ 89,240	$ 377,482	$ (811)
-	880	11,825	1,870
-	-	90,470	-
-	-	22,213	-
4	28,102	32,218	9
-	-	12,746	-
-	2,461	42,675	172
-	-	12,789	20,230
-	-	1,015	-
-	-	3,708	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 84,486	$ 199,443	$ 495,848
Investments	-	633	-
Taxes Receivable, net	-	-	167,950
Other Receivables, net	2,174	18,369	333
Intrafund Receivables	8	-	-
Due From Other Funds	1,008	-	7,887
Inventories	-	-	5
Noncurrent Assets:			
Investments:			
Government Securities	-	14,221	-
Repurchase Agreements	-	686	-
Mutual Funds	-	5,751,132	-
Other Investments	-	762,241	-
Other Long-Term Assets	-	-	12,130
TOTAL ASSETS	87,676	6,746,725	$ 684,153
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	8,649
Accounts Payable and Accrued Liabilities	17,166	15,357	1,001
Due To Other Governments	-	-	293,873
Unearned Revenue	-	7,816	-
Claims and Judgments Payable	15,766	-	107
Other Current Liabilities	516	-	322,690
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	3,713	57,120
Accrued Compensated Absences	38	-	-
Other Long-Term Liabilities	-	-	713
TOTAL LIABILITIES	33,486	26,886	$ 684,153
NET POSITION:			
Held in Trust for:			
Pension/Benefit Plan Participants	54,190	-	
Individuals, Organizations, and Other Entities	-	6,719,839	
TOTAL NET POSITION	$ 54,190	$ 6,719,839	

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, 2016

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,129,100
Member Contributions	89,076	-
Employer Contributions	289,096	-
Investment Income/(Loss)	346	29,606
Unclaimed Property Receipts	-	32,598
Other Additions	3,623	3,234
Transfers-In	8,173	-
TOTAL ADDITIONS	390,314	1,194,538
DEDUCTIONS:		
Distributions to Participants	-	285,095
Health Insurance Premiums Paid	156,849	-
Health Insurance Claims Paid	170,156	-
Other Benefits Plan Expense	26,175	-
Payments in Accordance with Trust Agreements	-	660,225
Other Deductions	21,964	-
Transfers-Out	7,199	86
TOTAL DEDUCTIONS	382,343	945,406
CHANGE IN NET POSITION	7,971	249,132
NET POSITION - FISCAL YEAR BEGINNING	46,219	6,482,550
Prior Period Adjustments (Note 29)	-	(11,843)
NET POSITION - FISCAL YEAR ENDING	$ 54,190	$ 6,719,839

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 211,598	$ 34,693
Investments	-	-
Contributions Receivable, net	-	33,943
Other Receivables, net	79,422	24
Due From Other Governments	3,081	-
Prepaids, Advances and Deposits	-	554
Total Current Assets	294,101	69,214
Noncurrent Assets:		
Restricted Cash and Pooled Cash	109,778	-
Restricted Investments	158,737	-
Restricted Receivables	2,532	-
Investments	-	1,496,421
Contributions Receivable, net	-	77,591
Other Long-Term Assets	898,355	-
Depreciable Capital Assets and Infrastructure, net	21	434
Land and Nondepreciable Capital Assets	-	-
Total Noncurrent Assets	1,169,423	1,574,446
TOTAL ASSETS	1,463,524	1,643,660
DEFERRED OUTFLOW OF RESOURCES:	3,715	-
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	13,192	9,290
Due To Other Governments	200	-
Notes, Bonds, and COPs Payable	46,395	-
Other Current Liabilities	152,142	15,845
Total Current Liabilities	211,929	25,135
Noncurrent Liabilities:		
Deposits Held In Custody For Others	-	331,283
Notes, Bonds, and COPs Payable	548,350	-
Net Pension Liability	3,333	-
Other Long-Term Liabilities	30,946	15,314
Total Noncurrent Liabilities	582,629	346,597
TOTAL LIABILITIES	794,558	371,732
DEFERRED INFLOW OF RESOURCES:	405	-
NET POSITION:		
Net investment in Capital Assets:	21	434
Restricted for:		
Expendable	-	721,412
Nonexpendable	-	495,077
Other Purposes	628,589	-
Unrestricted	43,666	55,005
TOTAL NET POSITION	$ 672,276	$ 1,271,928

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

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 1,023	$ 11,503	$ 2,128	$ 17,323	$ 278,268
-	-	-	7,795	7,795
13,211	6,871	2,656	-	56,681
-	1,631	135	645	81,857
-	-	-	330	3,411
365	-	-	4,615	5,534
14,599	20,005	4,919	30,708	433,546
-	59	-	13,889	123,726
-	-	-	-	158,737
-	-	-	-	2,532
425,163	282,718	104,368	57,687	2,366,357
31,416	25,591	4,453	-	139,051
644	284	92	1,225	900,600
21	-	965	200,451	201,892
-	-	-	62,792	62,792
457,244	308,652	109,878	336,044	3,955,687
471,843	328,657	114,797	366,752	4,389,233
-	-	-	-	3,715
1,436	3,287	670	2,181	30,056
-	-	-	-	200
-	-	-	6,755	53,150
-	-	-	1,352	169,339
1,436	3,287	670	10,288	252,745
13,009	31,923	603	-	376,818
-	-	-	116,446	664,796
-	-	-	-	3,333
807	9,803	131	19,142	76,143
13,816	41,726	734	135,588	1,121,090
15,252	45,013	1,404	145,876	1,373,835
-	-	-	-	405
21	-	965	215,399	216,840
254,394	107,987	23,984	-	1,107,777
181,194	155,903	78,830	-	911,004
-	-	-	5,129	633,718
20,982	19,754	9,614	348	149,369
$ 456,591	$ 283,644	$ 113,393	$ 220,876	$ 3,018,708

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
OPERATING REVENUES:		
Fees	$ 33,586	$ -
Sales of Goods and Services	-	-
Investment Income (Loss)	7,261	-
Rental Income	-	-
Gifts and Donations	-	177,591
Federal Grants and Contracts	6,688	-
Other	24	1,969
TOTAL OPERATING REVENUES	47,559	179,560
OPERATING EXPENSES:		
Salaries and Fringe Benefits	1,478	-
Operating and Travel	14,639	24,940
Depreciation and Amortization	12	91
Debt Service	30,888	-
Foundation Program Distributions	-	106,214
TOTAL OPERATING EXPENSES	47,017	131,245
OPERATING INCOME (LOSS)	542	48,315
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income (Loss)	-	(21,084)
Gifts and Donations	-	-
Federal Grants and Contracts	-	-
Debt Service	-	-
Other Expenses	-	(13)
Other Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	(21,097)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	542	27,218
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	44,211	-
Special Items (See Note 41)	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	44,211	-
CHANGE IN NET POSITION	44,753	27,218
NET POSITION - FISCAL YEAR BEGINNING	630,549	1,244,710
Accounting Changes (See Note 29B)	(3,026)	-
NET POSITION - FISCAL YEAR ENDING	$ 672,276	$ 1,271,928

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

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ -	$ 1,900	$ -	$ -	$ 35,486
-	-	-	9,853	9,853
-	-	-	(1,648)	5,613
-	-	-	1,465	1,465
97,395	14,592	7,049	44	296,671
-	-	-	-	6,688
12,521	716	437	18,474	34,141
109,916	17,208	7,486	28,188	389,917
-	-	-	-	1,478
5,089	6,774	974	11,896	64,312
9	3	50	8,163	8,328
-	-	-	-	30,888
47,595	21,643	10,632	-	186,084
52,693	28,420	11,656	20,059	291,090
57,223	(11,212)	(4,170)	8,129	98,827
(9,409)	(12,914)	(2,351)	408	(45,350)
-	-	-	53	53
-	-	-	991	991
-	-	-	(7,073)	(7,073)
-	-	-	(6)	(19)
-	-	-	1,097	1,097
(9,409)	(12,914)	(2,351)	(4,530)	(50,301)
47,814	(24,126)	(6,521)	3,599	48,526
-	-	-	-	44,211
-	-	-	(1,721)	(1,721)
-	-	-	(1,721)	42,490
47,814	(24,126)	(6,521)	1,878	91,016
408,777	307,770	119,914	218,998	2,930,718
-	-	-	-	(3,026)
$ 456,591	$ 283,644	$ 113,393	$ 220,876	$ 3,018,708

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS RECAST TO THE STATEMENT OF ACTIVITIES FORMAT FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		ELIMINATIONS & ADJUSTMENTS	STATEMENT OF ACTIVITIES	
OPERATING REVENUES:				
Fees	$ 35,486			
Sales of Goods and Services	9,853			
Investment Income (Loss)	5,613	(5,581)		
Rental Income	1,465			
Gifts and Donations	296,671	(304,997)		
Federal Grants and Contracts	6,688	(6,688)		
Other	34,141	(15,642)		
TOTAL OPERATING REVENUES	389,917	(332,908)	57,009	CHARGES FOR SERVICES
OPERATING EXPENSES:				
Salaries and Fringe Benefits	1,478			
Operating and Travel	64,312			
Depreciation and Amortization	8,328			
Debt Service	30,888	7,074		
Foundation Program Distributions	186,084			
Other Expenses	-	19		
TOTAL OPERATING EXPENSES	291,090	7,093	298,183	EXPENSES
OPERATING INCOME (LOSS)	98,827			
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	(45,350)	45,350		
Gifts and Donations	53	(53)		
Federal Grants and Contracts	991	(991)		
Debt Service	(7,073)	7,073		
Other Expenses	(19)	19		
Other Revenues	1,097	(1,097)		
TOTAL NONOPERATING REVENUES (EXPENSES)	(50,301)	50,301		
		306,478	306,478	OPERATING GRANTS & CONTRIBUTIONS
		2,088	2,088	CAPITAL GRANTS & CONTRIBUTIONS
		17,082	17,082	UNRESTRICTED INVESTMENT EARNINGS
		8,263	8,263	OTHER GENERAL REVENEUS
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	48,526			
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	44,211	(44,211)		
Special Items (See Note 41)	(1,721)			
TOTAL CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:	42,490	(44,211)	(1,721)	SPECIAL AND/OR EXTRAORDINARY ITEM
CHANGE IN NET POSITION	91,016		91,016	CHANGE IN NET POSITION
NET POSITION - FISCAL YEAR BEGINNING	2,930,718		2,930,718	NET POSITION - FISCAL YEAR BEGINNING
Accounting Changes (See Note 29B)	(3,026)		(3,026)	Accounting Changes (See Note 29)
NET POSITION - FISCAL YEAR ENDING	$ 3,018,708		$ 3,018,708	NET POSITION - FISCAL YEAR ENDING

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES 1 Through 7 – 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.

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

A. NEW ACCOUNTING STANDARDS

During Fiscal Year 2015-16, the State implemented GASB Statement No. 72 – Fair Value Measurement and Application, GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, and GASB Statement No. 79 – Certain External Investment Pools and Pool Participants.

Statement No. 72 clarifies the definition of fair value and establishes accounting, valuation, and financial reporting standards for applying fair value to certain investments and disclosures related to all fair value measurements. This statement was implemented for the primary government, and since the Colorado Water Resources and Power Development Authority's year end was December 31, 2015, and GASB 72 is not effective until financial statement periods beginning after June 15, 2015, their statements do not reflect the reporting requirements of GASB 72.

Statement No. 73 establishes accounting and financial reporting standards for pensions outside the scope of GASB Statement No. 68 – Accounting and Financial Reporting for Pensions. This statement also amends disclosure requirements in the notes to the required supplementary information of GASB Statement No. 68, implemented for the primary government during Fiscal Year 2014-15. Statement No. 73 was implemented for the primary government, and since the Colorado Water Resources and Power Development Authority's year end was December 31, 2015, and GASB 73 is not effective until fiscal years beginning after June 15, 2015, their statements do not reflect the reporting requirements of GASB 73. During 2015, the Colorado Water Resources and Power Development Authority implemented GASB Statement No. 68.

Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement No. 79 was implemented for the primary government; however, since the Colorado Water Resources and Power Development Authority's year end was December 31, 2015, and GASB 79 is not effective until fiscal years beginning after June 15, 2015, their statements do not reflect the reporting requirements of GASB 79.

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report all nonfiduciary 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 government-wide statements include the *Statement of Net Position* and the *Statement of Activities*; these statements show the financial position and changes in financial position from the prior year. (See additional discussion in Note 3.)

NOTE 2 – 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, agencies, and state-funded institutions of higher education 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 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, 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.

The following entities qualify as 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
- Colorado Venture Capital Authority
- HLC @ Metro, Inc.
- University of Colorado Real Estate Foundation

The following table contains the primary factors for the inclusion of the non-foundation component units in the State's reporting entity:

Component Unit (Non Foundation)	**Board Appointment**	**Ability to Impose Will**	**Financial Benefit/Burden Relationship**
Colorado Water Resources and Power Development Authority	Appointment by the Governor, with consent of the Senate.	Water projects are subject to General Assembly authorization.	The Authority can enter into agreements in name of the State, while the State is required to develop project use plans for the Authority at no cost. The State may also appropriate funds in order for the Authority to meet its debt service requirements.
Denver Metropolitan Major League Stadium District	Appointment by the Governor, with consent of the Senate.	Board members serve at the pleasure of the Governor.	None.
Colorado Venture Capital Authority	Appointment by the Governor or legislature.	Bond issuance is contingent on legislative approval.	The Authority was capitalized based on general-purpose revenue tax credits.
HLC @ Metro, Inc.	Appointment by the State through the Metropolitan State University of Denver Board of Trustees.	The Board of Trustees of the Metropolitan State University of Denver controls and supervises the board of HLC @ Metro, Inc.	Metro State University of Denver has guaranteed the debt of HLC @ Metro, Inc.

The five foundations meet the GASB Statement No. 39 criteria discussed above and are included because they are deemed by management to be individually significant.

Detailed financial information may be obtained directly from these organizations at the following addresses:

Colorado Water Resources and Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203

University of Colorado Foundation
1800 Grant Street, Suite 725
Denver, Colorado 80203

Colorado State University Foundation
410 University Services Center
Fort Collins, Colorado 80523-9100

Colorado School of Mines Foundation
P. O. Box 4005
Golden, Colorado 80402-4005

University of Northern Colorado Foundation
1620 Reservoir Road
Greeley, Colorado 80631

Denver Metropolitan Major League Baseball Stadium District
2195 Blake Street, Suite 300
Denver, Colorado 80205

Colorado Venture Capital Authority
1625 Broadway, Suite 2700
Denver, Colorado 80202

HLC @ Metro, Inc.
1512 Larimer St., Suite 800
Denver, Colorado 80202

University of Colorado Real Estate Foundation
1800 Grant Street, Suite 725
Denver, Colorado 80203-1114

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:

Pinnacol Assurance
Colorado Educational and Cultural Facilities Authority
Colorado Health Facilities Authority
Colorado Agricultural Development Authority
Colorado Housing and Finance Authority
Colorado Sheep and Wool Authority
Colorado Beef Council Authority
Fire and Police Pension Association
The State Board of the Great Outdoors Colorado Trust Fund
Colorado Health Benefit Exchange

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 or it does not have a financial benefit or burden relationship with them. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related State institutions of higher education, but they do not meet all of the GASB Statement No. 39 requirements for inclusion as component units. These entities are included in the various note disclosures if they qualify as related parties or if omitting them would be misleading.

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 37).

The State has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the State, but it is operated by the hospital district under a twenty-year contract that is renewable at the district's option for successive ten-year terms up to 99 years from the original commencement date in November 1993.

The State's contract with the Huerfano County Hospital District states that the district is responsible for funding the operating deficits of the nursing home; however, since the State owns the nursing home, it retains ultimate financial responsibility for the home. Only the State's share of assets, liabilities, revenues, and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the State's on-site contract administrator. The State's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the State.

NOTE 3 – 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 show the segregation between the primary government and its component units. 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 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.

NOTE 4 – BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

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 Governmental Accounting Standards Board has defined major funds based on percentage thresholds; however, it allows presentation of any fund as a major fund when that fund is particularly important to financial statement users. The Capital Projects Fund, the State Education Fund, and the Lottery Fund do not meet the percentage threshold requirements, but they are presented as major funds under the discretion provided by the standard. The State's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, the Venture Capital Authority, HLC @ Metro, Inc. and University of Colorado Real Estate Foundation, which are presented as nonmajor component units.

The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

<u>General Fund</u>

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

<u>Resource Extraction</u>

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

<u>Highway Users Tax Fund</u>

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.

<u>Capital Projects Fund</u>

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:

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, 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.

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 Fund.

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 the State's 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 sales 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 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 members and beneficiaries of the Group Benefits Plan, which provides Health, Life, Dental, and Short-Term Disability Benefits to State employees.

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), the Multistate Lottery Winners Trust Fund 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, Veterans' Affairs, and the Department of Health Care Policy and Financing

Transportation

Department of Transportation

Component Units

The Colorado Water Resources and Power Development Authority is engaged only in business-type activities, and uses proprietary fund accounting for its operations. The authority's financial information is presented as of December 31, 2015.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, uses proprietary fund accounting in preparation of its financial statements, while the Venture Capital Authority, a nonmajor component unit, applies applicable GASB pronouncements. The financial information for the Denver Metropolitan Major League Baseball Stadium District and the Venture Capital Authority is presented as of December 31, 2015.

The five foundations presented as component units and HLC @ Metro, Inc. follow Financial Accounting Standards Board statements applicable to not-for-profit entities. The foundations' audited not-for-profit financial statements have been recast into the governmental format as allowed by GASB Statement No. 39. Financial information for the five foundation component units and HLC @ Metro, Inc. is presented as of June 30, 2016.

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

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

All transactions and balances of governmental funds are presented on the modified accrual basis of accounting consistent with the flow of current financial resources measurement focus and the requirements of Governmental Accounting Standards Board Interpretation No. 6. 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.

Component Units

The Colorado Water Resources and Power Development Authority uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liability is incurred.

NOTE 6 – ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET POSITION

A. 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.

B. RECEIVABLES

Component Units

The University of Colorado Foundation, the Colorado State University Foundation, the Colorado School of Mines Foundation, and the University of Northern Colorado Foundation all record unconditional promises to give as revenue and receivable in the period that the pledge is made. The University of Colorado Foundation, the Colorado State University Foundation, the Colorado School of Mines Foundation and the University of Northern Colorado Foundation use the allowance method to determine the uncollectible portion of unconditional contributions receivable. The Colorado School of Mines Foundation recognizes conditional promises to give as revenue and receivable when the conditions on which the pledges are dependent are substantially met.

C. INVENTORIES

Inventories of the various State agencies primarily comprise 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.

D. INVESTMENTS

Primary Government

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 money market investments (see Note 14). 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.

Component Units

Marketable equity and debt investments of the University of Colorado Foundation are presented at fair value based on quoted market prices; alternative investment fair values are based on national security exchange closing prices, if marketable, and on prorata share of the net assets of the investment, if not marketable. Realized and unrealized gains and losses are included in the change in net position.

The University of Colorado Foundation has concentrations of financial instruments in cash and investments that potentially subject it to credit risk. The foundation selects credit-worthy high-quality financial institutions, but frequently portions of its deposits are not insured by the FDIC. The foundation's concentrations in stocks, bonds, and alternative investments also subject it to credit risk. These investments are selected by professional managers and are monitored by the Investment Committee of the foundation's Board of Directors. Certain investment managers employ techniques such as leverage, futures and forwards contracts, option agreements, and other derivative instruments that create special risks that could adversely affect the foundation's investment portfolio valuation. Foundation management believes the investment policy is prudent for the long-term welfare of the foundation.

The mission of the Venture Capital Authority, a nonmajor component unit, is to make seed and early-stage investments in companies that are not fully established. Because of the inherent uncertainty of investment valuation where a ready market does not exist, as is the case with Venture Capital Authority investments, estimated values may differ from the values that would have been reported had a ready market existed, and the differences could be material.

E. 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 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.

(Amounts in Dollars)

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

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

(Amounts in Years)

Asset Class	Shortest Period Used	Longest Period Used
Land Improvements	3	50
Buildings	3	70
Leasehold Improvements	3	50
Vehicles and Equipment	1	50
Software	2	20
Library Books	3	20
Other Capital Assets	3	25
Infrastructure	20	75

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

The State capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

F. 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.

G. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

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.

In accordance with GASB Interpretation No. 6, 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.

Component Units

The Colorado Water Resources and Power Development Authority recognizes unused vacation and sick leave benefits as they are earned.

H. 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 21). 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.

I. NET POSITION AND FUND BALANCES

In the financial statements, assets and deferred outflows in excess of liabilities and deferred inflows are presented in one of two ways depending on the measurement focus used in reporting the fund.

On the government-wide *Statement of Net Position,* the proprietary funds' *Statement of Net Position,* and the fiduciary funds' *Statement of Fiduciary Net Position,* net position is segregated into restricted and unrestricted balances. Restrictions are limitations on how the net position may be used. Restrictions may be placed on net position by the external party that provided the resources, by the State Constitution, or by the nature of the asset (such as, in the case of capital assets).

The following paragraphs describe the restrictions reported in the three financial statement types cited above:

<u>Net Investment in Capital Assets</u> – This item comprises capital assets net of accumulated depreciation if applicable. The carrying value of capital assets are further reduced by the outstanding balances of leases, bonds, or other borrowings that were used to acquire, construct, or improve the related capital asset, Deferred outflows related to refunding losses also adjust this line item.

<u>Restricted for Construction and Highway Maintenance</u> – Article X, Section 18 of the State Constitution restricts the motor fuels tax and fee portion of the Highway Users Tax Fund. The restricted portion of the fund is appropriated for highway construction and maintenance activities.

<u>Restricted for Education</u> – The net position of the State Education Fund, a major special revenue fund, is restricted for education purposes based on Article IX, Section 17 of the State Constitution. Section 17 is commonly referred to as Amendment 23, which references the ballot number assigned to the issue in the general election of 2000. In addition, the net position of the Public School Fund, a Special Purpose fund is restricted for exclusive use pursuant to Article IX, Section 3 of the State Constitution.

The net position of Higher Education Institutions, a major proprietary fund, is restricted for educational purposes that primarily include student loans and scholarships restricted by the federal government and other sponsoring entities and revenue balances pledged for auxiliary facility debt as a result of bond covenants. Balances related to various instructional, research and academic support programs and capital projects may also be restricted based on requirements of donors and sponsors. Finally, Article XVIII, Section 9 of the State Constitution, also known as Amendment 50, requires that specified gaming receipts only be used for instructional purposes and scholarship programs.

<u>Restricted for Unemployment Insurance</u> – The entire net position balance of the Unemployment Insurance Fund is reported as restricted because federal regulations limit nearly all the balance to paying unemployment insurance claims.

<u>Restricted for Debt Service</u> – The net position of the Debt Service Fund, a nonmajor governmental fund, are restricted to be used only for upcoming principal and interest payments. The net position in governmental activities is found in the Department of Personnel & Administration and in the Department of Treasury on behalf of the Build Excellent Schools Today (BEST) program. The Higher Education Institutions Fund also reports certain balances restricted for principal and interest payments on revenue-bonded debt.

<u>Restricted for Emergencies</u> – The General Assembly designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve for emergencies three percent or more of fiscal year spending. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises. State properties and the Unclaimed Property Trust Fund included as part of the required reserve are not represented in this amount. (See Note 8B for more

information on the current year amount of the emergency reserve.)

Restricted Permanent Funds and Endowments – This item is segregated into two components. The restricted balances reported as nonexpendable are related to the principal portion of governmental Permanent Funds, such as the State Lands Fund, amounts dedicated to fund capital construction activity, and the endowment portion of the Higher Education Institutions Fund that must be maintained in perpetuity. The restricted balances reported as expendable are primarily the earnings on the related principal balances. In general these earnings can only be used for education program purposes.

Restricted for Other Purposes – The State operates certain funds that were established at the direction of federal government, the courts, the State Constitution, or other external parties. The most significant purposes include:

- Settlements in various funds that have been directed by the courts for specific uses in environmental remediation and consumer protection cases.
- Gaming activities pursuant to Article XVIII, Section 9 of the State Constitution restricted to provide an operating reserve, for historic preservation purposes, and for distribution to support local and State community colleges.
- Federal moneys held for mining reclamation, housing programs, and scholarship trusts.
- Aviation Fund moneys collected pursuant to Article X, Section 18 of the State Constitution.
- Lottery proceeds for parks and outdoor projects as directed by Article XXVII of the State Constitution.
- Tobacco taxes for health related programs pursuant to Article X, Section 21 of the State Constitution.

On the *Balance Sheet – Governmental Funds,* assets in excess of liabilities are reported as fund balances and are segregated between spendable and nonspendable amounts, as follows:

Nonspendable – This fund balance category consists of inventories, prepaid expenditures, and the corpus of permanent funds. The fund balance consists primarily of prepaid advances to counties for social assistance programs, to local entities for species conservation, permanent funds related to state lands, and to Colorado cities and special districts from emergency management funds.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained. The categorization, in part, is a result of the State's spending prioritization policy. When an expenditure is incurred that could be funded from either restricted or unrestricted sources it is the State's general policy that 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.

Spendable fund balance classifications include:

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.

Restrictions are in place on the *Balance Sheet – Governmental Funds* to reflect the restrictions discussed for the government-wide *Statement of Net Position*, except for Permanent Funds that are presented as Nonspendable. The emergency reserve is restricted in the Labor Fund, a nonmajor Other Special Revenue Fund, the Colorado Water Conservation Board Construction Fund and the Severance Tax Perpetual Base Fund in Resource Extraction, and the Controlled Maintenance Trust Fund within special-purpose General Funds. The gaming proceeds are restricted in the Gaming Fund, a nonmajor Other Special Revenue Fund, and funds legally required to be held for debt service in the Debt Service Fund, an Other Governmental Fund, while the remaining restrictions are represented in various funds.

In addition to restrictions on the government-wide *Statement of Net Position*, the *Balance Sheet – Governmental Funds* includes restrictions for other financing arrangements under which the proceeds are restricted to the purpose of the issuance. The unspent proceeds are primarily related to public school construction under the Building Excellent Schools Today (BEST) program, in the Special Purpose General Fund.

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 five and six-tenths percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) 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. Historically, the legislature has acted to reduce the reserve when revenues were projected to be inadequate to fund appropriations and the reserve. The reserve is applicable for both GAAP and budget basis purposes. The GAAP based fund balance was not sufficient to report the entire reserve as Committed fund balance. As a result, only the remaining GAAP fund balance of $386.5 million was committed for this purpose.

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

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

<u>Assigned</u> – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2015-16 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

<u>Unassigned</u> – This classification is the residual classification in the General Fund, and is not shown in other governmental funds unless the fund balance is a deficit. For Fiscal Year 2015-16, there was no unassigned fund balance because of the shortfall in the statutory reserve discussed in the Committed section of this note.

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

A. 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, and
- Intergovernmental revenues (including capital and operating grants).

B. 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 that is derived from the Statewide Indirect Cost Allocation Plan that was approved by the federal government during Fiscal Year 2015-16. The Statewide Appropriations/Cash Fees Plan includes indirect costs not chargeable to federal sources, including the majority of the Governor's Office.

The Plan uses costs from Fiscal Year 2012-13 that were incorporated in State agency budgets in Fiscal Year 2015-16. 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 line item at the bottom of the *Statement of Activities.*

C. 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 8 – 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 beginning on page 161. 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, 2016, were $15,347,508 as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical Services Premiums – The Department of Health Care Policy and Financing overexpended this line item by $3,620,565 of cash funds and $68,674 of reappropriated cash funds. This appropriation pays for the majority of Medicaid services rendered for clients. The overexpenditures occurred as a result of higher than expected utilization of services by Medicaid clients.
- Medicare Modernization Act (MMA) State Contribution Payment – This line item overexpended general funds in the amount of $154,208. The reason for the overexpenditure was due to a higher than anticipated caseload.
- Behavioral Health Fee-for-service – This appropriation line pays for Medicaid covered Behavioral Health services that are paid on a fee-for-service basis to providers. An unexpected increase in utilization is the cause of the general fund overexpenditure of this line in the amount of $251,317.
- Children's Basic Health Plan Medical and Dental Costs. – The Children's Basic Health Plan Medical and Dental Costs appropriation covers expenditures for services rendered for CHP+ clients. The cash overexpenditure in the amount of $1,133,477 occurred as a result of higher than anticipated recoveries of payments made in prior years.

Approved State Department Subject to the $3.0 Million Limit:

- Administrative Courts Operating Expenses - The Department of Personnel and Administration overexpended reappropriated cash funds on this line item by $5,837 for one time construction expenditures for an office in Grand Junction.
- Department of Public Health and Environment Indirect Costs Assessment – An oversight occurred during the figure-setting process on several divisional indirect costs assessment appropriation amounts. The oversight, paired with an increase of the cash indirect rate from 25.7% to 27.5 % for Fiscal Year 2016, caused the assessment of indirect costs within many divisions to exceed the spending authority for indirect costs. The total cash amount overexpended was $922,368.
- CORE Operations – The Department of Education overexpended their reappropriated cash line by $121,724. This amount is equal to the combined federal appropriations in FY 2015 and FY 2016 for CORE operations. The Department does not have a basis for assigning the costs to their federal programs

in proportion to the benefit provided as required by federal regulations.

- Operating Expenses – The Department of Military and Veterans Affairs overexpended a federal fund line in the amount of $62,857. The cooperative agreement contract with National Guard Bureau specifically excludes indirect costs for other than specific payroll costs. The federal government is denying the costs as indirect and disallowed.

- CORE Operations – The Department of Natural Resources overexpended their cash line related to this appropriation by $88,683 to pay their federal portion of costs related to the implementation of a new statewide accounting system. The amount overexpended is equal to the combined federal appropriations for Fiscal Years 2015 and 2016. The Department does not have any federal partners to provide funding for this cost.

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

- Distribution to Local Public Health Agencies – This cash fund resided at the Department of Public Health and Environment but was repealed with the passing of House Bill 16-1408. Cleanup on the fund left the Department with a fund balance deficit of $529.

- High Performance Transportation Enterprise – The Department of Transportation had a deficit fund balance related to this line item of $2,886,656. Pursuant to C.R.S. 43-4-806 (4), the Transportation Commission loaned monies to the High Performance Transportation Enterprise. Although there was a positive cash balance in the fund as of fiscal year end, the remaining unpaid loan liability was greater. The deficit this year has decreased from last year's amount of $3,294,462.

- Aviation Fund – The Department of Transportation had a deficit fund balance in this fund in the amount of $5,189,122 related to lower than anticipated tax revenues resulting from low fuel prices.

- Division of Professions and Occupations Cash Fund The Department of Regulatory Agencies had a deficit fund balance in this fund of $471,306 due to unforeseen and inefficient permit activity revenue. Fees were increased for this fund in April 2016.

- Various – With the implementation of the new statewide financial system, CORE, there were four small overexpenditures individually totaling $3,482 due to timing mismatches.

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 2016-17 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, 2016:

- Health Care Expansion Fund - $227,350

- Medicaid Buy-In Cash Fund - $139,883

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. The 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 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) 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. The basis for the ESRC is the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2007-08 and resulted in a Fiscal Year 2015-16 ESRC of $12,946.5 million.

In Fiscal Year 2014-15, revenue subject to the ESRC was originally $12,530.8 million or $169.7 million over the ESRC of $12,361.0 million. As a result, $169.7 million of revenue was due back to tax payers, plus $3.6 million of additional understated and un-refunded amounts from previous years. Total refunds were originally calculated to be $173.3 million.

In Fiscal Year 2015-16, a reclassification of revenue from federal sources and other adjustments for the prior year resulted in a $28.6 million reduction in the prior year spending limit and a lower TABOR refund payable than originally stated for Fiscal Year 2014-15.

Revenue in Fiscal Year 2015-16 subject to the ESRC was $12,824.4 million, which is $122.1 million under the $12,946.5 million ERSC, and $2,396.8 million over the original TABOR limit. TABOR refunds payable from Fiscal Year 2014-15 are $31.4 million.

Since the inception of Referendum C in Fiscal Year 2005-06 the State has retained $14,773.4 million -- $3,593.6 million during the initial five year revenue retention period, and an additional $11,179.8 million as a result of the higher ESRC limit in Fiscal Years 2010-11 through 2015-16.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2015-16 that amount was $384.7 million.

At June 30, 2016, the financial net positions, or fund balance of the following funds, were applied to the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $83,000,000.
- Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34,000,000.
- Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund – $33,000,000.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33,000,000.
- Controlled Maintenance Trust Fund, a portion of the major General Fund – $68,328,000.
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5,000,000.
- The 2015 legislative session Long Appropriations Act designated up to $130,372,000 of State properties as the remainder of the emergency reserve.

The estimate of the needed reserve was based on the December 2015 revenue estimate prepared by the Legislative Council. Because the revenues subject to the TABOR reserve requirement were less than estimated, the amount designated for the reserve was $1,967,759 more than required by the State Constitution. However, 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 9 Through 17 – DETAILS OF ASSET ITEMS

NOTE 9 – CASH AND POOLED CASH

Primary Government

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 invest 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 is shown in the annual Treasurer's Report. 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.

Including restricted amounts and fiduciary funds, the Cash and Pooled Cash line on the financial statements includes $7,249.3 million ($7,254.7 million at amortized cost) of claims of the State's funds on moneys in the Treasurer's pooled cash.

At June 30, 2016, the treasurer had invested $7,408.5 million (fair value) of the pool and held $0.5 million of certificates of deposit.

The State had an accounting system cash deposit balance of $ 1,200.4 million in the Treasurer's pool. Under the GASB Statement No. 40 definitions $40.3 million of the State's total bank balance of $1,245.9 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.

Component Units

The Colorado Water Resources and Power Development Authority had cash deposits of $2.1 million with bank balances of $2.1 million at December 31, 2015. Of the booked amount, $250,000 was federally insured. The authority also reported as cash and cash equivalents $19.2 million held by the State Treasurer, $111.0 million held in COLOTRUST and CSAFE, and $189.1 million held in a third party, short-term, prime investment fund. COLOTRUST (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust) are local government investment vehicles that qualify as 2a7-like investment pools, where the value of each share is maintained at $1.00. COLOTRUST, CSAFE and the third party investment fund have credit quality ratings of AAA, while cash held by the State Treasurer is not rated for credit quality.

NOTE 10 – 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 14 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 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.

NOTE 11 – RECEIVABLES

Primary Government

The Taxes Receivable of $1,374.8 million shown on the government-wide *Statement of Net Position* primarily comprises the following:

- $1,435.6 million, mainly of self-assessed income and sales tax recorded in the General Purpose Revenue Fund. This amount includes $220.9 million of taxes receivable expected to be collected after one year and reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Position.* These long-term receivables are offset by deferred inflows on the *Balance Sheet – Governmental Funds*.
- $123.6 million of unemployment insurance premiums receivable recorded in the Unemployment Insurance Fund.
- $36.4 million recorded in nonmajor special revenue funds, of which, approximately $11.5 million is from gaming tax, $11.5 million is insurance premium tax, and $11.1 million is tobacco tax.

In addition, $58.1 million of Taxes Receivable, $33.2 million of Other Receivables, and $361.8 million of intergovernmental receivables were recorded in the Highway Users Tax 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. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

The Other Receivables of $1,213.3 million shown on the government-wide *Statement of Net Position* are net of $171.7 million in allowance for doubtful accounts and primarily comprise the following:

- $575.9 million of student and other receivables of Higher Education Institutions.
- $427.8 million of receivables recorded in the General Fund, of which $14.5 million is from interest receivable on investments. The Department of Health Care Policy and Financing also recorded receivables of $361.1 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $6.8 million of patient receivables.
- $114.4 million recorded by Other Governmental Funds including $43.5 million of tobacco settlement revenues expected within the following year, $8.7 million of rent and royalty receivables recorded by the State Lands Fund and $16.3 million from the Great Outdoors Colorado program recorded by Parks and Wildlife.
- $23.6 million recorded by the Resource Extraction Fund.

Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of $960.1 million at December 31, 2015. During 2015, the authority made new loans of $106.2 million and canceled or received repayments for existing loans of $172.8 million.

University of Colorado Foundation contributions receivable of $33.9 million and $77.6 million are reported as Contributions Receivable current and noncurrent, respectively, in the Statement of Net Position – Component Units. At June 30, 2016, the amount reported as contributions receivable totals $125.3 million of unconditional promises to give which were offset by an $11.6 million allowance for uncollectible contributions and a $2.2 million unamortized pledge discount using discount rates ranging from 0.41 percent to 5.81 percent.

At June 30, 2016, Contributions Receivable for the Colorado State University Foundation included contributions of $47.3 million, which were offset by $1.5 million of unamortized pledge discounts calculated using the five-year U.S. Treasury note rate and $1.2 million of allowance for uncollectible pledges. At June 30, 2016, contributions from two donors represented approximately 36 percent of net contributions receivable for the foundation.

At June 30, 2016, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $30.8 million was offset by $3.2 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 54 percent of the foundation's contributions receivable at June 30, 2016, consists of a pledge from one donor and approximately $4.9 million is due from trusts held by others.

At June 30, 2016, combined current and noncurrent Contributions Receivable for the University of Northern Colorado Foundation was $7.3 million. It was offset by $0.2 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 60 percent of the foundation's contributions receivable at June 30, 2016 consists of pledges from two donors and approximately 26 percent of its contributions for the year are from three donors.

NOTE 12 – INVENTORIES

Inventories of $108.0 million shown on the government-wide *Statement of Net Position* at June 30, 2016, primarily comprises the following:

- $66.9 million of resale inventories, of which, Resource Extraction recorded $35.9 million, and Higher Education Institutions recorded $27.5 million.
- $22.6 million of consumable supplies inventories, of which, $10.8 million was recorded by the Higher Education Institutions, $8.6 million was recorded by the Highway Users Tax Fund, $1.8 million by the General Purpose Revenue Fund, and $820,398 by Parks and Wildlife, a nonmajor enterprise fund.
- $12.9 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

NOTE 13 – PREPAIDS AND ADVANCES

Prepaids and Advances of $96.2 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $17.3 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to social assistance programs.
- $13.1 million in advances to Colorado cities and special districts by the Division of Homeland Security and Emergency Management.
- $16.5 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.
- $10.4 million in Higher Educational Institutions, of which $6.5 million was at Colorado State University that primarily related to library subscriptions.
- $4.6 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

NOTE 14 – INVESTMENTS

Primary Government

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. The fair value of most of the State's investments are determined from quoted market prices except for money market investments that are reported at amortized cost, which approximates market.

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 18 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 minimum credit quality ratings at the highest rating 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 collateralization and other 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 14, 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 2015-16, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $55,128, for the Unclaimed Property Tourism Trust Fund of $5,101 and for the Major Medical Fund of $16,828. For the Treasurer's pooled cash fund, the State Treasurer realized a loss from the sale of investments of $172,747.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2016 and 2015, the treasurer had $85.9 million and $59.2 million at fair value, respectively, of GOCO's funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $8.2 million of investment in residential mortgages by paying the property taxes of certain elderly State citizen homeowners that qualify for the 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 $4.9 million as of June 30, 2016. See Note 38 for additional details.

Excluding fiduciary funds, the State recognized $1,713,951 of net realized gains from the sale of investments held by State agencies other than the State Treasurer during Fiscal Year 2015-16.

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 9)	$ 1,200,413
Investments:	
Governmental Activities	8,360,490
Business-Type Activities	2,500,767
Fiduciary Activities	6,528,913
Less: Cash in Clearing Accounts	(2,166)
Total	$ 18,588,417
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 6,008,646
Add: Warrants Payable Included in Cash	215,646
Total Cash and Pooled Cash	6,224,292
Add: Restricted Cash	2,381,846
Add: Restricted Investments	900,202
Add: Investments	9,081,510
Add: Unrealized Gain Not Posted	567
Total	$ 18,588,417

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. 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 table lists the investments of the State Treasurer's pooled cash, major governmental funds, and nonmajor governmental funds in the aggregate, by investment type at fair value.

The *Other* category of the General Fund comprises the issuance trustee's deposit of proceeds from Certificates of Participation issued for local school district capital construction under the Build Excellent Schools Today (BEST) program. The $14.0 million is reported in the Public School Buildings Fund, a Special Purpose General Fund. 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. The *Other* category of the Other Governmental funds comprises the issuance trustees' deposit of unexpended proceeds from Certificates of Participation issued for BEST issuances ($67.5 million reported in the Debt Service Fund, an Other Governmental Fund and $3.3 million related to investments in the Public School Fund. None of the securities listed in the table below are subject to custodial credit risk:

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
INVESTMENT TYPE				
U.S. Government Securities	$ 3,633,085	$ -	$ 218,202	$ 3,851,287
Commercial Paper	846,606	-	-	846,606
Corporate Bonds	1,668,442	-	225,281	1,893,723
Asset Backed Securities	1,025,406	-	249,374	1,274,780
Mortgages Securities	4,919	8,205	161,855	174,979
Mutual Funds	230,000	-	3,170	233,170
Other	-	13,971	71,974	85,945
TOTAL INVESTMENTS	$ 7,408,458	$ 22,176	$ 929,856	$ 8,360,490

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in the aggregate, and fiduciary funds by investment type at fair value. Investment types included in the *Other* category for Higher Education Institutions primarily consist of: a variety of investments held by the University of Colorado Foundation ($325.7 million) and the Colorado School of Mines Foundation ($30.8 million); money market funds ($313.5 million); equity trusts ($288.1 million); repurchase agreements ($88.4 million); fixed income trusts ($42.4 million); municipal bonds ($20.4 million) and other investments ($10.6 million).

The *Other* category of the Other Enterprise funds primarily comprises the Bridge Enterprise trustee's holdings that include unexpended proceeds of $18.3 million from prior years of bond issuances.

The table below also shows the fair value of securities held by these funds that are subject to custodial credit risk.

(Amounts in Thousands)

	Business-Type Activities			Fiduciary
	Higher Education Institutions	Other Enterprises	Total	Fiduciary
INVESTMENT TYPE				
U.S. Government Securities	$ 385,491	$ -	$ 385,491	$ 14,854
Commercial Paper	2,000	-	2,000	-
Corporate Bonds	272,242	-	272,242	-
Corporate Securities	13,938	-	13,938	-
Repurchase Agreements	-	-	-	686
Asset Backed Securities	99,625	-	99,625	-
Mortgages Securities	60,619	-	60,619	-
Mutual Funds	513,265	15,263	528,528	5,751,132
Other	1,119,918	18,406	1,138,324	762,241
TOTAL INVESTMENTS	$ 2,467,098	$ 33,669	$ 2,500,767	$ 6,528,913
INVESTMENTS SUBJECT TO CUSTODIAL RISK				
U.S. Government Securities	$ 116,012	$ -	$ 116,012	$ 14,854
Commercial Paper	2,000	-	2,000	-
Corporate Bonds	133,232	-	133,232	-
Corporate Securities	-	-	-	-
Repurchase Agreements	-	-	-	686
Asset Backed Securities	68,542	-	68,542	-
Mortgages Securities	3,469	-	3,469	-
TOTAL SUBJECT TO CUSTODIAL RISK	$ 323,255	$ -	$ 323,255	$ 15,540

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, which shows the Treasurer's Pooled Cash Investments, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate.

In addition to the amounts shown in the following table:

Certain trustees, as discussed under Custodial Credit Risk, 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.

(Amounts In Thousands)

Standard & Poor's	Moody's	U.S. Govt. Agencies	Commercial Paper	Corporate Bonds	Repurchase Agreements	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Guaranteed Investment Contract	Municipal Bonds & Other	Total
Treasurer's Pool:											
Long-term Ratings											
AAA		$	$	$ 73,291	$	$ 1,025,406	$ 230,000	$	$	$	$ 1,328,697
AA		795,328		682,386		4,919					$ 1,482,633
A				835,003							$ 835,003
BBB				77,762							$ 77,762
Short-term Ratings											
A-1		1,639,664	846,606								$ 2,486,270
Unrated											
Total T-Pool		**2,434,992**	**846,606**	**1,668,442**	**-**	**1,030,325**	**230,000**	**-**	**-**	**-**	**6,210,365**
Higher Education Institutions:											
Long-term Ratings											
AAA		13,071		4,562		40,676				6,182	64,491
	Aaa	14,509		13,426		19,930	326,283	186		145	374,479
AA		115,589		44,283		25,130				7,881	192,883
	Aa	21,233		12,626		1,266		127		1,542	36,794
A				65,824		846				383	67,053
	A			38,940		3,482		274		277	42,973
BBB				34,656		241					34,897
	Baa			37,414		4,452		215			42,081
BB				319		14					333
	Ba			2,414		1,389		10			3,813
B						50					50
	B			121		358					479
CCC						837					837
	Caa			66		1,344					1,410
D				155		1,516					1,671
	Ca			109		167					276
Short-term Ratings											
	P-1		2,000								2,000
Unrated		30,621		16,321	88,365	57,846	8,796	186,798		5,707	394,454
Total Higher Ed		**195,023**	**2,000**	**271,236**	**88,365**	**159,544**	**335,079**	**187,610**	**-**	**22,117**	**1,260,974**
Fiduciary Funds:											
Long-term Ratings											
AAA				2,235		20,749					22,984
	Aaa				686						686
AA		17,287		23,675							40,962
A				29,429							29,429
BBB				9,355							9,355
Unrated							4,151,535	2,231,188	130,651		6,513,374
Total Fiduciary		**17,287**	**-**	**64,694**	**686**	**20,749**	**4,151,535**	**2,231,188**	**130,651**	**-**	**6,616,790**
All Other Funds:											
Long-term Ratings											
AAA				22,681		228,625					251,306
	Aaa						2,856				2,856
AA		135,288		111,312		156,929	876			4,428	408,833
A				19,257							19,257
BBB				7,337							7,337
Unrated						13,131					13,131
Total Other		**135,288**	**-**	**160,587**	**-**	**398,685**	**3,732**	**-**	**-**	**4,428**	**702,720**
Total		**$ 2,782,590**	**$ 848,606**	**$ 2,164,959**	**$ 89,051**	**$ 1,609,303**	**$ 4,720,346**	**$ 2,418,798**	**$ 130,651**	**$ 26,545**	**$ 14,790,849**

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.

The University of Colorado operates a treasury function separate from the State Treasurer and uses duration to measure and manage interest rate risk for most of its investments. However, University Physicians Incorporated, a blended component unit of the University of Colorado, manages interest rate risk using weighted average maturity and limits the time to maturity of individual investments to no more than ten years, based on the credit quality rating.

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 with the average maturity of the pool not to exceed two and one-half years. The policy also sets maximum maturity limits for certain individual funds for which the Treasurer manages investments including the Public School Permanent Fund (4 - 6 years), the Major Medical Insurance Fund (5 - 8 years), and the Unclaimed Property Tourism Promotion Trust Fund (5 - 10 years).

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 in the amount of $251.9 million with a duration of 8.4 years and a short-term inflation protected securities index fund in the amount of $60.3 million with a duration of 2.5 years. These securities are excluded from the duration table on the following page because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure. The 10.081 year weighted average maturity of U.S. Government securities reported in the Fiduciary Funds comprises of $9.8 million in the Lottery Division, used to pay a prize annuity and $14.2 million of securities held by the Unclaimed Property Tourism Trust Fund. The Lottery also holds foreign government bonds with a fair value of $3.0 million and a weighted average maturity of 4.569 years. The Lottery plans to hold its investments to maturity.

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

Pool %age	Investment Type	Treasurer's Pool Fair Value Amount	Treasurer's Pool Weighted Average Maturity	Higher Education Institutions Fair Value Amount	Higher Education Institutions Weighted Average Maturity	Fiduciary Funds Fair Value Amount	Fiduciary Funds Weighted Average Maturity	All Other Funds Fair Value Amount	All Other Funds Weighted Average Maturity
49.0	U.S. Government Securities	$ 3,633,085	1.343	$ 83,942	4.753	$ 24,050	10.081	$ 218,202	5.961
11.4	Commercial Paper	846,606	0.094	2,000	0.500	-	-	-	-
22.5	Corporate Bonds	1,668,442	1.985	116,478	5.190	-	-	225,281	5.260
13.9	Asset Backed Securities	1,030,325	2.585	63,615	3.540	-	-	411,228	4.778
3.1	Money Market Mutual Funds	230,000	-	-	-	-	-	-	-
0.0	Municipal Bonds	-	-	12,484	4.900	-	-	3,308	8.460
0.0	Foreign Government Bonds	-	-	-	-	3,001	4.569	-	-
100	Total Investments	$ 7,408,458		$ 278,519		$ 27,051		$ 858,019	

The University of Colorado manages interest rate risk in its Treasurer's pool using a measure of duration. The University's Investment Advisory Committee recommends limits on the duration of fixed income securities using Callan Associates Incorporated data.

The University of Colorado holds repurchase agreements of $88.4 million to provide temporary investment of funds restricted for capital construction projects. The repurchase agreements are over-collateralized and the counterparty to the agreements is required to provide additional collateral when the fair value of U.S. Government securities and U.S. Government agencies securities provided as collateral declines below 104 percent or 105 percent, respectively. As a result, the University does not have interest rate risk associated with these agreements. The $88.4 million is not shown in the following duration table; however, the duration associated with the repurchase agreements is 2.51 years.

Certain trustees, as discussed under Custodial Credit Risk, 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. The trustees' investment in the pool is not segregated, but is a share in the overall pool.

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.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
University of Colorado:		
U.S. Treasury Bonds and Notes	$ 178,653,659	4.400
U.S. Treasury TIPS	1,811,031	6.500
U.S. Government Agency GSE Notes	96,338,001	6.860
Municipal Bonds	7,899,817	7.520
Corporate Bonds	151,680,196	7.800
Certificates of Deposit	1,240,736	3.970
Asset Backed Securities	95,930,347	13.350
Bond Mutual Funds	180,517,670	2.330
Colorado School of Mines:		
Bond Mutual Funds-1	$ 970,824	5.700
Bond Mutual Funds-2	672,801	1.100
Bond Mutual Funds-3	439,883	0.800
Colorado Mesa University:		
U.S. Government Securities	$ 700,223	3.226
Corporate Bonds	994,280	3.480
Bond Mutual Funds	225,767	4.200
Taxable Municipal Bonds	492,103	3.060
Private Purpose Trust:		
CollegeInvest:		
Bond Mutual Fund-1	$ 670,733,666	5.870
Bond Mutual Fund-2	706,609,343	5.800
Bond Mutual Fund-3	427,713,477	0.096
Bond Mutual Fund-4	396,300,900	1.960
Bond Mutual Fund-5	192,365,571	7.900
Bond Mutual Fund-6	95,344,945	4.680
Bond Mutual Fund-7	46,001,943	5.800
Bond Mutual Fund -8	3,322,958	6.860

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 certain of the individual funds for which the State Treasurer manages investments. The pool and each of the individual funds may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 90 percent) set for the other allowed investment types. For the pool and the other funds for which the Treasurer manages investments, 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. With the implementation of GASB Statement No. 54, 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 2015-16	Fiscal Year 2014-15
Governmental Activities:		
Major Funds		
General-General Purpose	$ 2,525	$ (1,911)
General-Special Purpose	2,224	(116)
Resource Extraction	2,384	(252)
Highway Users Tax	2,350	(1,852)
Capital Projects-Regular	910	571
Capital Projects-Special	17	(4)
State Education	(188)	(2,156)
NonMajor Funds:		
State Lands	21,717	328
Other Permanent Trusts	35	(9)
Labor	(573)	(1,654)
Gaming	378	(111)
Tobacco Impact Mitigation	517	(24)
Resource Management	47	(34)
Environment Health Protection	422	(125)
Other Special Revenue	1,712	76
Unclaimed Property	5,018	502
Information Technology	81	(72)
Administrative Courts	5	(2)
Legal Services	20	9
Other Internal Service	1	1
Business-Type Activities:		
Major Funds		
Higher Education Institutions	(72,406)	(26,192)
Lottery	208	(51)
NonMajor Funds:		
CollegeInvest	429	(243)
Wildlife	482	(77)
College Assist	515	(88)
Correctional Industries	21	(10)
State Nursing Homes	54	(5)
Prison Canteens	23	1
Petroleum Storage Tank	8	(16)
Transportation Enterprise	610	(219)
Other Enterprise Activities	13	(15)
Fiduciary:		
Pension/Benefits Trust	(232)	(20)
Private Purpose Trust	(189,164)	(184,464)
	$(219,837)	$(218,234)

Fair Value Measurements

To the extent available, the State's investments are recorded at fair value as of June 30, 2016. Fair value is the price that would be received to sell and 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, 2016:

		Fair Value Measurements Using		
	Fair Value as of 6/30/2016 (in thousands)	**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	$ 4,264,463	$ 282,943	$ 3,981,520	$ -
Bank Acceptances	-	-	-	-
Commercial Paper	848,607	-	848,607	-
Corporate Bonds	2,165,964	139,010	2,026,954	-
Corporate Equities	12,828	12,828	-	-
Repurchase Agreements	686	686	-	-
Asset-backed Securities	1,374,405	31,083	1,343,322	-
Mortgages	235,598	57,150	170,243	8,205
Mutual Funds	6,506,987	6,384,325	122,662	-
Reverse Repurchase Agreements	-	-	-	-
Guaranteed Investment Contracts	-	-	-	-
Other - Uncategorized	801,803	636,431	37,403	127,969
Total Investments by Fair Value Level	$ 16,211,341	$ 7,544,456	$ 8,530,711	$ 136,174

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Below are the primary inputs and valuation techniques used for Level 3 Other - Uncategorized.

Other – Uncategorized Investments

Interest in Foundation Investments – the Colorado School of Mines and Colorado State University interest in Foundation investments are managed by their respective Foundations on behalf of each institution, and are reflected in each Foundation's Long-term Investment Pool (LTIP). The investments totaling $30.8 million for the School of Mines and $13.0 million for Colorado State University represent a share of the Foundation's LTIP and therefore, the institutions do not own any specific investments. As such, the fair value measurements for the investments were reported as Level 3 inputs. The investments are under each Foundation's LTIP policy. This policy requires funds to be managed in a diversified manner to reduce risks with the goal of providing a steady stream of funding. The LTIP must be over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, would achieve the overall portfolio objectives. This diversification is to ensure that adverse or unexpected developments arising in one security or asset class will not have a significant detrimental impact on the entire portfolio.

Capital Construction Financing – these investments totaling $83.7 million represent Certificates of Participation (COPs) proceeds held by the trustee on behalf of the state. There is no market price associated with these investments.

Deferred Property Taxes – these investments totaling $8.2 million represent taxes paid to counties on behalf of property owners in Colorado. The value shown is the outstanding balance owed to the State at June 30, 2016, and there is no market price associated with these investments.

The valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) is presented on the following table.

Investments Measured at the Net Asset Value (NAV)	
Fixed Income Trust	42,400
Equity Trust	288,057
Money Market Funds	313,507
Repurchase agreements	89,051
CU Foundation	325,670
Guaranteed Investment Contracts	130,651
Money Market Funds	1,205
Total Investments Measured at the NAV	$ 1,190,541

Component Units

Component units that are identified as foundations apply neither GASB Statement No. 3 nor GASB Statement No. 40 because they prepare financial statements under standards set by the Financial Accounting Standards Board. Therefore, the foundation investment disclosures are presented separately from the other component units.

Component Units – Non-Foundations

Except for guaranteed investment contracts (which are excluded), the Colorado Water Resources and Power Development Authority's investment policy allows investments consistent with those authorized for governmental entities by State statute as described at the beginning of this Note 14. The authority's repurchase agreements, which are not held in the authority's name, were all subject to custodial credit risk because its trustee is considered both the purchaser and custodian of the investments. The Colorado Water Resources and Power Development Authority's investments at December 31, 2015, were:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
U.S. Government Securities	$ 88,751
Repurchase Agreements	69,986
TOTAL INVESTMENTS	$ 158,737

The Authority's statements do not reflect the reporting requirements of GASB Statement No. 72, as its year-end was December 31, 2015 and GASB 72 is not effective until financial statement periods beginning after June 30, 2015.

The Colorado Venture Capital Authority, a nonmajor component unit, through its limited partnership with High Country Venture LLC (General Partner), makes equity investments solely in seed and early stage Colorado companies. Because the Authority does not invest in foreign or fixed income securities, credit quality, interest rate, and foreign currency risks are not applicable to the Authority's investments.

Credit Quality Risk

The Colorado Water Resources and Power Development Authority's repurchase agreements are collateralized with U.S. Treasuries, Government Agencies and obligations explicitly guaranteed by the U.S. Government. All existing repurchase agreements specify a collateralization rate between 103 percent and 105 percent. Government agency securities collateralizing the repurchase agreements are all rated AAA. U.S. Treasuries and obligations guaranteed by the U.S. Government that collateralize the repurchase agreements are exempt from credit risk disclosure under GASB 40, therefore a rating agency assessment is not required.

Interest Rate Risk

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cash flow needs of its future bond debt service, and holding those investments to maturity. The authority had $158.7 million of investments subject to interest rate risk with the following maturities; one year or less – 8 percent, two to five years – 29 percent, six to ten years – 31 percent, eleven to fifteen years – 26 percent, and sixteen years or more – 6 percent.

Concentration of Credit Risk

Component Units – Foundations

The four Higher Education Institution foundations reported as component units on the Statement of Net Position – Component Units do not classify investments according to risk because they prepare their financial statements under standards set by the Financial Accounting Standards Board.

At June 30, 2016, the University of Colorado Foundation held $336.8 million of domestic equity securities, $355.3 million of international equity securities, $189.2 million of fixed income securities and $563.7 million of alternative investments including real estate, private equities, hedge funds, absolute return funds, venture capital, oil and gas assets, commodities and other investments. The foundation has adopted FASB guidance in valuing its investments. Ninety percent of the University of Colorado Foundation's alternative investments, or $505.5 million in fair value, are carried at net asset value and do not fall in the fair value hierarchy. See the following table.

	Fair Value	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash and cash equivalents	$ 7,204,666	$ 7,204,666	$	$
Domestic equities	332,793,658	332,793,658		
International equities	355,301,583	355,301,583		
Fixed income	189,176,921	15,264,021	173,912,900	
Alternative				
Private equity	38,100,000		38,100,000	
Venture capital	285,095			285,095
Commodities	19,112,684	19,112,684		
Other	678,497		454,975	223,522
Assets held under split-interest agreements	37,500,985	34,492,219	3,008,766	
Beneficial interests in charitable trusts	7,430,388			7,430,388
Total Investments by Fair Value Level	$ 987,584,477	$ 764,168,831	$ 215,476,641	$ 7,939,005
Alternative Investments Measured at the Net Asset Value (NAV)				
Real estate	$ 76,431,377			
Private equity	191,164,474			
Long/short hedged equity	28,514,933			
Absolute returns	136,277,227			
Venture capital	60,778,714			
Commodities	12,349,347			
Total Investments Measured at the NAV	505,516,072			
Total Investments	$ 1,493,100,549			

The foundation's spending policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment loss of $24.4 million is net of $11.5 million of investment fees and comprises

$18.3 million of interest, dividends and other income, $25.6 million of realized gains, and $56.8 million of unrealized losses.

At June 30, 2016, the Colorado State University Foundation held $201.8 million of equity securities, $31.9 million of fixed income securities, $143.3 million of alternative investments (comprising hedged equities, absolute return, private equity and alternative fixed income investments), and $48.1 million in cash and other investments. Certain level 3 assets were held in investments that calculate net asset value per share.

	Fair Value	Fair Value Measurements Using Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash equilvalents	$ 7,577,989	$ 7,577,989	$	$
Equities	201,817,571	108,305,985	93,511,586	
Fixed income	31,870,308	31,870,308		
Alternative investments	-			
Hedged equities	25,540,383		13,462,386	12,077,997
Absolute return	72,128,317		72,088,416	39,901
Private equity	41,314,697			41,314,697
Fixed income	4,364,860			4,364,860
Short duration	39,693,975	39,693,975		
Student-managed investments	855,041	855,041		
Total Investments by Fair Value Level	$ 425,163,141	$ 188,303,298	$ 179,062,388	$ 57,797,455

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 4.5 percent (net of investment and administrative fees and expenses) of the three-year average of investment fair value to be distributed. At June 30, 2016 the CSMF held $282.1 million of investments consisting of $255.6 million held as a long-term investment pool, $10.7 million in beneficial interests in endowments, $11.8 million in split-interest agreements, and $4.0 million in gift annuity agreements. Of the Level 3 investments, $167.9 million was held in certain entities that calculate net asset value per share.

	Fair Value	Fair Value Measurements Using Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Long-term investments				
Managed domestic equity funds	$ 59,775,857	$ 41,796,526	$ 17,979,331	$
Internaational equities	61,439,865	25,045,090	36,394,775	
Fixed income	9,583,230			9,583,230
Fixed income - mutual funds	17,287,481	17,287,481		
Cash equivalent funds	3,555,061		3,555,061	
Long/short hedge funds	59,154,697		35,707,761	23,446,936
Private equity/venture capital	44,823,921			44,823,921
Chartiable trusts	26,468,859	25,906,074	418,911	143,874
Total Investments by Fair Value Level	$ 282,088,971	$ 110,035,171	$ 94,055,839	$ 77,997,961

At June 30, 2016, the University of Northern Colorado Foundation held $41.7 million of equity securities, $18.7 million of fixed income securities, $32.3 million of alternative investments, $3.8 million of cash and other investments and $6.8 million in beneficial interest in trusts held by others. Level 3 assets in the table on the next page are held in certain entities that calculate net asset value. The Foundation's investment loss of $2.4 million is net of $0.4 million of management fees and comprises $2.0 million of interest and dividends and $4.0 million of realized and unrealized losses.

	Fair Value	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash equivalent mutual funds	$ 442,950	$ 442,950	$	$
Equities	41,707,187	41,707,187		
Fixed income	18,733,869	9,291,425	9,442,444	
Student-managed funds	2,409,676		2,409,676	
Stock/bond mixed mutual funds	930,419	930,419		
Alternative Investments				
Low correlated hedge	14,638,203			14,638,203
Limited partnerships	5,776,703	5,776,703		
Commodities	4,038,012	4,038,012		
Real estate	3,737,093			3,737,093
Illiquid Credit	2,248,967			2,248,967
Private equity	1,908,095			1,908,095
Beneficial interest in long-term trusts	6,796,726			6,796,726
Total Investments by Fair Value Level	$ 103,367,900	$ 62,186,696	$ 11,852,120	$ 29,329,084

NOTE 15 – 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 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 16 – OTHER LONG-TERM ASSETS

The $805.2 million shown as Other Long-Term Assets on the government-wide Statement of Net Position is primarily long-term taxes receivable, and long-term loans. Long-term taxes receivable of $220.9 million and $58.1 million recorded in the General Purpose Revenue Fund and the Highway Users Tax Fund, respectively, are not segregated on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable and Restricted Receivables, respectively, and the taxes receivables are offset by unearned revenue.

The $454.0 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 ($12.2 million), a major special revenue fund, and the Resource Extraction Fund ($417.6 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 $129.4 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 17 – CAPITAL ASSETS

Primary Government

During Fiscal Year 2015-2016 the State capitalized $39.6 million of interest incurred during the construction of capital assets. The majority of this interest was capitalized by Higher Education Institutions in the amount of $35.1 million, while the remainder was attributable to the Bridge Enterprise Program in the Department of Transportation.

The schedule on the following page shows the capital asset activity for Fiscal Year 2015-16. The schedule shows that $691 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $1.1 billion of construction in progress were completed and added to capital assets for Business Type activities.

(Amounts in Thousands)

	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	104,605	$ 6,275	$ -	$ 18	$ 110,898
Land Improvements	7,276	-	-	-	7,276
Collections	10,996	-	-	-	10,996
Other Capital Assets	1,063	-	-	747	1,810
Construction in Progress (CIP)	897,973	565,729	(690,881)	(15,521)	757,300
Infrastructure	946,314	2	17,314	-	963,630
Total Capital Assets Not Being Depreciated	1,968,227	572,006	(673,567)	(14,756)	1,851,910
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	47,916	1,713	554	(121)	50,062
Buildings	2,854,611	24,037	299,705	(1,837)	3,176,516
Software	296,936	58,517	11,883	(58,736)	308,600
Vehicles and Equipment	869,576	94,719	2,453	(58,402)	908,346
Library Materials and Collections	6,203	237	-	(694)	5,746
Other Capital Assets	38,004	1,350	(1,131)	(889)	37,334
Infrastructure	11,040,862	24	360,103	22,953	11,423,942
Total Capital Assets Being Depreciated	15,154,108	180,597	673,567	(97,726)	15,910,546
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(30,307)	(1,921)	-	73	(32,155)
Buildings	(877,177)	(77,823)	-	106	(954,894)
Software	(185,705)	(28,043)	-	286	(213,462)
Vehicles and Equipment	(516,585)	(67,239)	-	28,117	(555,707)
Library Materials and Collections	(4,313)	(462)	-	698	(4,077)
Other Capital Assets	(33,316)	(1,830)	-	128	(35,018)
Infrastructure	(3,734,054)	(372,674)	-	573	(4,106,155)
Total Accumulated Depreciation	(5,381,457)	(549,992)	-	29,981	(5,901,468)
Total Capital Assets Being Depreciated, net	9,772,651	(369,395)	673,567	(67,745)	10,009,078
TOTAL GOVERNMENTAL ACTIVITIES	11,740,878	202,611	-	(82,501)	11,860,988
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	525,125	18,753	5,435	-	549,313
Land Improvements	16,882	-	-	-	16,882
Collections	25,279	1,469	-	192	26,940
Construction in Progress (CIP)	1,180,434	949,580	(1,108,854)	(15,249)	1,005,911
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	25,414	-	12,520	-	37,934
Total Capital Assets Not Being Depreciated	1,788,595	969,802	(1,090,899)	(15,057)	1,652,441
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	636,701	6,532	68,670	965	712,868
Buildings	7,688,747	21,983	659,842	(7,347)	8,363,225
Software	201,390	19,417	7,415	(548)	227,674
Vehicles and Equipment	1,046,278	85,047	7,182	(55,511)	1,082,996
Library Materials and Collections	534,889	23,198	-	(1,517)	556,570
Other Capital Assets	4,146	-	-	-	4,146
Infrastructure	446,447	88,281	347,790	(27,546)	854,972
Total Capital Assets Being Depreciated	10,558,598	244,458	1,090,899	(91,504)	11,802,451
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(336,914)	(30,588)	-	40	(367,462)
Buildings	(2,691,639)	(262,432)	-	2,228	(2,951,843)
Software	(145,783)	(24,152)	-	(1,993)	(171,928)
Vehicles and Equipment	(753,361)	(81,566)	-	51,849	(783,078)
Library Materials and Collections	(404,013)	(20,405)	-	1,250	(423,168)
Other Capital Assets	(1,429)	(294)	-	-	(1,723)
Infrastructure	(40,416)	(12,607)	-	-	(53,023)
Total Accumulated Depreciation	(4,373,555)	(432,044)	-	53,374	(4,752,225)
Total Capital Assets Being Depreciated, net	6,185,043	(187,586)	1,090,899	(38,130)	7,050,226
TOTAL BUSINESS-TYPE ACTIVITIES	7,973,638	782,216	-	(53,187)	8,702,667
TOTAL CAPITAL ASSETS, NET	$ 19,714,516	$ 984,827	$ -	$ (135,688)	$ 20,563,655

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

(Amounts in Thousands)

		Depreciation Amount
GOVERNMENTAL ACTIVITIES		
	General Government	$ 20,354
	Business, Community and Consumer Affairs	2,552
	Education	31,845
	Health and Rehabilitation	20,479
	Justice	47,506
	Natural Resources	1,670
	Social Assistance	1,134
	Transportation	395,285
	Internal Service Funds (Charged to programs and BTAs based on usage)	29,167
Total Depreciation Expense - Governmental Activities		549,992
BUSINESS-TYPE ACTIVITIES		
	Higher Education Institutions	402,691
	Other Enterprise Funds	26,999
	Unemployment Insurance	1,913
	State Lottery	443
Total Depreciation Expense - Business-Type Activities		432,046
Total Depreciation Expense Primary Government		$ 982,038

Component Units

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment of $147.6 million, net of accumulated depreciation of $85.6 million, at December 31, 2015. The district depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from 3 to 50 years.

HLC @ Metro, Inc., a nonmajor component unit, reported $39.4 million of depreciable capital assets net of depreciation. A nondepreciable capital asset for the use of land at below market rent, under an agreement with Metropolitan State University of Denver, carries a value of $4.9 million.

NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

Most State of Colorado employees, excluding four-year college and university employees, participate in a defined benefit (DB) pension plan; however, all employees, with the exception of certain higher education employees, have the option of participating in a defined contribution (DC) plan instead (see Note 20). The DB plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). The State plan and the other divisions' plans described below are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, CO 80217-5800 or by calling the PERA Info line at 1-800-759-7372, or by visiting http://www.copera.org.

Administration of the Plan

In 1931, State statute established PERA and the State Division Trust Fund; subsequent statutes created the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the Denver Public Schools Division Trust Fund, and the Health Care Trust Funds. The state participates in the State Division Trust Fund and judges are part of the Judicial Division Trust Fund. Changes to the plan require an actuarial assessment and legislation by the General Assembly as specified in Title 24, Article 51 of the Colorado Revised Statutes.

Most members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution plan. If that election is not made, the employee is automatically enrolled in the plan to which they last contributed or, if there was no prior participation, to the defined benefit plan. PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contribution to the defined contribution plan is the same amount as the contribution to the PERA defined benefit plan.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available (see Note 20C), unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional retirement plan.

Defined Retirement Benefits

Plan members (except State troopers) are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For members with less than five years of service credit as of January 1, 2011 age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.

State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20 and 65 – 5. For members eligible to retire as of January 1, 2011, reduced service benefits are calculated in the same manner as a service retirement benefit; however, the benefit is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement. For members eligible to retire after January 1, 2011, an additional actuarial reduction applies.

Members with five years of service credit as of January 1, 2011, are also eligible for retirement benefits without a reduction for early retirement based on the original hire date, as follows:

- Hired before January 1, 2007 – age 55 and age plus years of service equals 80 or more.
- Hired between January 1, 2007 and December 31, 2010 – age 55 and age plus years of service equals 85 or more. Age plus years of service requirements increase to 85 for members with less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

Monthly benefits, except as discussed below, are calculated as 2.5 percent times the number of years of services times the highest average salary (HAS). Monthly benefits in the Judicial Division for retirements on or after July 1, 1999 for members hired on or before July 1, 1973 are calculated as 4 percent for the years 0-10, 1.66 percent for years 11-16, 1.5 percent for years 17-20, and 2.5 percent for years 21 and greater.

For retirements in the State and Judicial Divisions before January 1, 2009, HAS was calculated as one-twelfth of the average of the highest annual salaries on which contributions were paid that are associated with three periods (one period for judges) of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

For retirements after January 1, 2009, the HAS is calculated based on original hire date as follows:

- Hired before January 1, 2007 – HAS is calculated based on four periods of service credit and is limited to a 15 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 15 percent increase.
- Hired on or after January 1, 2007 – HAS is calculated based on four periods of service credit and is limited to an 8 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 8 percent increase.

Notwithstanding any other provisions, members first eligible for retirement after January 2, 2011 have a maximum increase between periods of 8 percent.

The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

Prior to January 1, 2010, retiree benefits were increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in the Annual Increase Reserve (AIR) established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

In the 2010 legislative session, the general assembly set the current benefit increase as the lesser of 2 percent or the average of the monthly CPI amounts for the calendar year preceding the year in which the benefits are paid, and moved the payment date for all increases to July.

If PERA's overall funded status is at or above 103 percent, the annual increase cap of 2 percent will increase by 0.25 percentage points per year. If PERA's overall funded status reaches 103 percent then subsequently drops below 90 percent, the adjusted annual increase cap will decrease by 0.25 percentage points per year, but will never drop below 2 percent. The funded ratio increase does not apply for three years when a negative return on investment occurs.

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and accrued interest at the time of retirement. Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the money purchase formula only.

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who have 5 years of service and withdraw their accounts before reaching retirement eligibility and before reaching age 65 receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. Members not having 5 years of service and not eligible for full or reduced retirement receive an employer matching contribution of one-half of their account balance measured at January 1, 2011. Contributions after January 1, 2011, are not eligible for the additional 50 percent match until the member earns five years of service credit. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limit the rate to a maximum of 5 percent. Effective January 1, 2009, the rate was set at 3 percent and remained at the rate through June 30, 2016.

Disability and Survivor Benefits

PERA provides a two-tiered disability program for most members. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits through a third party insurance carrier. If the member is not totally and permanently disabled, they are provided reasonable income replacement (maximum 60 percent of PERA includable salary for 22 months). If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit. There is no earned service requirement for judges, and the earned service requirement may be waived for State troopers who become disabled as the result of injuries in the line of duty.

If a member has at least one year of earned service and dies before retirement, their qualified survivors are entitled to a single payment or monthly benefits depending on their status as defined in statute. The member's spouse may be eligible to receive the higher of the money purchase benefit or the defined benefit, but not less than 25 percent of HAS. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate. The earned service requirement is waived if a member's death is job-incurred.

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8.0 percent of their gross covered wages, except for State troopers and Colorado Bureau of Investigation officers, who contribute 10.0 percent. From July 1, 2010 through June 30, 2012, member and State Trooper (including Colorado Bureau of Investigation agents) rates were 10.5 and 12.5 percent, respectively. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

In the 2004 and 2010 legislative sessions, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary for calendar years 2006 and 2007, with subsequent year increases of 0.4 percent of salary through 2017, to a maximum of 5 percent (except for the Judicial Division whose AED contribution was frozen at the 2010 level).

In the 2006 and 2010 legislative sessions, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries, for calendar years 2008 through 2017, to a maximum of 5 percent (except for the Judicial Division whose SAED contribution was frozen at the 2010 level). The SAED will be deducted from the amount otherwise available to increase State employees' salaries.

At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point.

The following table summarizes employer contribution requirements, including AED and SAED for all employees except Judges and State Troopers for the last three fiscal years. The rates in the table are expressed as a percentage of salary as defined in Title 24, Article 51, Section 101 (42) of the Colorado Revised Statutes.

	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016	
	CY13	CY14		CY15		CY16
	7-1-13 to 12-31-13	1-1-14 to 6-30-14	7-1-14 to 12-31-14	1-1-15 to 6-30-15	7-1-15 to 12-31-15	1-1-16 to 6-30-16
Employer Contribution Rate	10.15%	10.15%	10.15%	10.15%	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S., Section 24-51-208 (1)(f)	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the State Division	9.13%	9.13%	9.13%	9.13%	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411	3.40%	3.80%	3.80%	4.20%	4.20%	4.60%
Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	3.00%	3.50%	3.50%	4.00%	4.00%	4.50%
Total Employer Contribution Rate to the State Division	15.53%	16.43%	16.43%	17.33%	17.33%	18.23%

For State Troopers the State was required to contribute 12.85 percent and AED and SAED based on the rates shown in the previous table. For Judges the State was required to contribute 13.66 percent and AED of 2.20 percent and SAED of 1.50 percent (frozen at that level since 2010).

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2015, the State Division of PERA had a funded ratio of 57.6 percent and a 60-year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly lower at 55.6 percent. The Judicial Division had a funded ratio of 71.4 percent based on current contribution rates and 68.8 percent based on market rates.

Employer contributions are recognized by the State Division 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 State Division. In Fiscal Year 2015-16 the State made retirement contributions of $589.6 million and $7.4 million for the State and Judicial Divisions, respectively, excluding the Heath Care Trust Fund contribution.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

C. PENSION RELATED BALANCES

At fiscal year ended 2016, the State of Colorado reported a liability of $10.3 billion for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The proportion of the net pension liability was based on contributions to the State and Judicial Divisions for the calendar year 2015 relative to the total contributions of participating employers to the State and Judicial Divisions.

At December 31, 2015, the State of Colorado's proportion of the State Division was 95.71 percent, which was a decrease of 0.14 percent from its proportion measured as of December 31, 2014 (93.98 percent for the Judicial Division, which is an increase of 0.38 percent).

For the Fiscal Year 2015-16, the State of Colorado recognized pension expense for the State and Judicial Divisions of $1,021.8 million. For the State Division the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts In Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	128,186	509
Changes of assumptions or other inputs	-	118,885
Net difference between projected and actual earnings on pension plan investments	751,801	35
Changes in proportion and differences between contributions recognized and proportionate share of contributions	116,103	119,895
Contributions subsequent to the measurement date	243,032	-
Total	$ 1,239,122	$ 239,324

For the Judicial Division the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts In Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	3,111	3
Changes in assumptions and other inputs	26,353	-
Net difference between projected and actual earnings on pension plan investments	11,730	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,053	-
Contributions subsequent to the measurement date	4,031	-
Total	$ 47,278	$ 3

Deferred outflows of resources totaling $247.1 million for the State Division and Judicial Division) related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the Fiscal Year ended 2016. For the State Division other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Amounts In Thousands)

Fiscal Year Ended	
2017	59,206
2018	59,263
2019	55,678
2020	9,720
2021	-
Thereafter	-

For the Judicial Division other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Amounts In Thousands)

Fiscal Year Ended	
2017	(1,939)
2018	(1,939)
2019	(1,430)
2020	142
2021	-
Thereafter	-

<u>Actuarial Assumptions</u>

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	State Division	Judicial Divison
Actuarial cost method	Entry age	Entry age
Price inflation	2.80%	2.80%
Real wage growth	1.10%	1.10%
Wage inflation	3.90%	3.90%
Salary increases, including wage inflation	3.90 to 9.57%	4.40 to 5.40%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50%	7.50%
Muncipal bond index rate 12/31/15	None	3.57%
Beginning period of application	None	2040
Discount rate	7.50%	5.73%
Future post-retirement benefit increases:		
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuations were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.

- o Refinement of the 18 month annual increase timing.
- o Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - o Recognition of merit salary increases in the first projection year.
  - o Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - o Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - o Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The State Division's long-term expected rate of return on pension plan investments was determined using 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; ultimately support a long-term expected rate of return assumption of 7.50 percent.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.50 percent and 5.73 percent for the State and Judicial Divisions, respectively. 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 3.90 percent.

- 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, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions 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 previously discussed assumptions, for the State Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date. For the Judicial Division the fiduciary net position was projected to be depleted in 2040 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 7.50 percent on plan investments was applied to all periods before 2040 and the Bond Buyer Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System, was applied on and after 2040 to develop the discount rate. The discount rate used to measure the total pension liability from the prior measurement date was 6.14 percent, a change of (0.41) percent compared to the current measurement date.

The following table shows the sensitivity of Colorado's proportionate share of the net pension liability to changes in the discount rate for the State Division and Judicial Division from 7.50 percent and 5.73 percent respectively to what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent and 4.73 percent respectively) or 1-percentage-point higher (8.50 percent and 6.73 percent respectively):

State Division

(Amount in Thousands)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$ 12,733,718	$ 10,079,249	$ 7,858,879

Judicial Division

(Amount in Thousands)

	1% Decrease (4.73%)	Current Discount Rate (5.73%)	1% Increase (6.73%)
Proportionate share of the net pension liability	$ 222,293	$ 172,828	$ 130,582

D. OTHER PENSION CONTRIBUTIONS

The Fire and Police Pension Association (FPPA), a related organization, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2015-16 and 2014-15, the Department of Local Affairs transferred $3.7 million and $4.2 million, respectively, to the association for pension contributions and premiums of the accidental death and disability insurance policy the association provides to volunteer firefighters.

Component Units

Employees of the Colorado Water Resources and Power Development Authority (CWRPDA) are covered under the State Division of PERA as discussed above. The Authority implemented GASB Statement Nos. 68 and 71 for its fiscal year ended December 31, 2015, which is the fiscal year for the Authority included in this report. The implementation of GASB Statement Nos. 68 and 71 resulted in a decrease to the beginning net position of CWRPDA for its fiscal year ended December 31, 2015 of $3.03 million. Refer to Note 29B of this report for additional information on the Authority's prior period adjustment. The Authority reported a liability of $3.33 million for its proportionate share of the net pension liability at December 31, 2015 and pension expense of $256,401 for its fiscal year ended December 31, 2015. CWRPDA reported total deferred outflows of resources of $254,882 and total deferred inflows of resources of $17,570 related to pensions at December 31, 2015. The audited financial statements for the Colorado Water Resources and Power Development Authority for its fiscal year ended December 31, 2015 include additional information related to pensions and are available at: http://www.cwrpda.com/index.php/reports.

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

Actuarial valuations of an ongoing OPEB plan 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. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see Note RSI-3) following the notes to the financial statements, presents multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan 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 plan members to that point.

Primary Government

PERA Health Care Trust Fund

The PERA Health Care Program is a cost-sharing multiple employer plan. It began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Title 24, Article 51, Part 12 of the Colorado Revised Statutes establishes the Fund and authorizes PERA to administer and subsidize a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit.

Effective July 1, 2000, the maximum monthly subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $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 maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year of service less than 20 years.

An additional implicit subsidy exists for participating retirees not eligible for Medicare Part A. This occurs because State statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding that the premium is calculated assuming that the participants have Medicare Part A coverage. At December 31, 2015, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.27 billion, a funded ratio of 18.4 percent, and a 30-year amortization period.

The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208(1)(f) of the Colorado Revised Statutes. Beginning July 1, 2004, the State contribution to the Health Care Trust Fund was 1.02 percent of gross covered wages. The State paid contributions of $34.3 million, $27.0 million, $25.9, million, $24.9 million, and $24.1 million in Fiscal Years 2015-16, 2014-15, 2013-14, 2012-13, and 2011-12 respectively. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. The Health Care Trust Fund offers two general types of plans – fully insured plans offered through healthcare organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered health care plans in 2014. As of December 31, 2015, there were 55,092 participants, including spouses and dependents, from all contributors to the plan.

The Health Care Trust Fund began providing dental and vision plans to its participants in 2001. The participants pay the premiums for the coverage, and there is no subsidy provided for the dental and vision plans.

In the December 31, 2015, actuarial valuation, the entry age level dollar actuarial cost method was used. The actuarial assumptions included a 7.50 percent investment rate of return and discount rate, and an aggregate 3.90 percent projection of salary increases, both assuming a 2.80 percent inflation rate and real wage growth of 1.10 percent. Medical claims are projected to increase annually by 5.00 percent based on different subsidy and premium options. The UAAL is being amortized as a level dollar amount on a level percent open basis over 30 years. Except for the discount rate these assumptions primarily affect plan assets available rather than the actuarial accrued liability because the benefit is a fixed subsidy amount.

The financial statements for the PERA Health Care Trust Fund can be found within PERA's financial statements as referenced at the beginning of Note 18.

University of Colorado – Other Postemployment Benefits Plan

The University Post-Retirement Health Care & Life Insurance Benefits Plan is a single-employer defined benefit healthcare plan administered by the University of Colorado. The University's plan provides medical, prescription drug, dental and life insurance benefits for employees who retire from the University, as well as their spouses, dependents, and survivors. The University's

Board of Regents has the authority to establish and amend benefits provisions.

The contribution requirements of plan members and the University are established by the University's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2015-16, the University contributed $14.4 million to the plan. Plan members contributed 0.26 percent of covered payroll (defined as the annual payroll of active employees covered by the plan) and the University contributed 0.98 percent of covered payroll.

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation for the University Post-retirement Health Care & Life Insurance Benefits Plan:

(Amounts In Thousands)

Annual required contribution	$	65,667
Interest on net OPEB obligation		10,880
Adjustment to annual required contribution		(14,843)
Annual OPEB cost (expense)		61,704
Contributions made		(14,350)
Increase/(Decrease) in net OPEB obligation		47,354
Net OPEB obligation - beginning of year		241,779
Net OPEB obligation - end of year		289,133

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

(Amounts In Thousands)

Fiscal Year		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
2015-16	$	61,704	23.3%	$	289,133
2014-15	$	62,461	26.1%	$	241,779
2013-14	$	46,842	35.5%	$	195,587

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $523.4 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $523.4 million. The UAAL of the plan exceeds the Net OPEB Obligation (NOPEBO) due to the portion of the UAAL not required to be recognized as NOPEBO at the implementation of GASB Statement No. 45. The covered payroll was $1.3 billion, and the ratio of UAAL to covered payroll was 39.2 percent. The current valuation was calculated on the basis of the unit credit actuarial cost method. The actuarial assumptions included a 4.5 percent investment rate of return, and health care trend rates ranging from 5.5 to 10.0 percent in 2015, down to 5.0 percent in 2030. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Colorado State University – Other Postemployment Benefits Plans

Colorado State University administers four single employer defined benefit healthcare qualifying trust plans. The Retiree Medical Premium Refund Plan (RMPR) is open to new members and provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the University and are participants in its defined contribution plan. The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) is closed to new members and provides a monthly subsidy for medical premiums of up to $433 (reduced by the amount of premium subsidy provided by PERA) for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) closed to new members and supplements prescription benefits provided through PERA for employees with ten or more years of PERA service. The Long-Term Disability Insurance Plan (LTD) is open to new members and provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or until attained age between 65 and 70 years depending on when the employee became disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by going to: http://busfin.colostate.edu/Resources/Fin_Statements.aspx

The contribution requirements of all plan members and the University are established by the University's Board of Governors. The required contribution for the RMPR, URX, and LTD plans is set by the University in consultation with outside benefit consultants, under-writers, and actuaries. The subsidy amount under the RMPS increases annually in alignment with the increase in the cost of individual coverage under the lowest cost medical option. For Fiscal Year 2015-16, the University contributed $4.5 million to the RMPR at a contribution rate of 1.39 percent of covered earnings, $2.0 million to the RMPS at a 11.27 percent contribution rate, and $0.1 million to the URX at a 0.69 percent contribution rate. Employees contributed $1.4 million at a 0.32 percent contribution rate to the LTD plan. Members of the RMPS, RMPR, and URX plans are not required to make contributions, however members of the LTD plan are required to contribute. As of June 30, 2016, RMPR had 4,472 active members, 17 terminated but eligible members, and 408 retired members or beneficiaries receiving benefits; the RMPS had 193 active members, 157 terminated but eligible members, and 508 retired members or beneficiaries receiving benefits; the URX had 193 active members, 157 terminated but eligible members, and 353 retired members or beneficiaries receiving benefits; and LTD had 5,064 active members and 26 retired members or beneficiaries receiving benefits.

All four plans are on a full accrual basis of accounting. Plan assets are recorded at quoted market prices and contributions benefits and refunds are recorded in the month incurred. Administrative costs are financed as direct expenditures of the trust.

As of the most recent actuarial valuation date of January 1, 2016, funded ratios for RMPR, RMPS, URX, and LTD were 102.2 percent, 48.8 percent, 26.0 percent, and 65.7 percent, respectively. RMPR, RMPS, URX, and LTD reported actuarial value of plan assets of $40.7 million, $22.3 million, $0.6 million, and $7.9 million, respectively, and actuarial accrued liabilities of $39.8 million, $45.6 million, $2.3 million, and $12.1 million, respectively. The actuarial value of plan assets for RMPR exceeded the actuarial accrued liability so the plan was overfunded on an actuarial basis by $896,000. RMPS, URX, and LTD reported unfunded actuarial accrued liabilities of $23.4 million, $1.7 million and $4.1 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was $325.1 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was -0.3 percent. Plan contributions for RMPS, URX, and LTD are not based on salaries or covered payroll.

The RMPR and LTD plans used the entry age normal actuarial cost method, while the RMPS and URX plans use the unit credit method. All four plans used a 4 percent investment rate of return, and used a 3 percent inflation adjustment. The LTD plan also assumed a 4 percent salary increase, while the RMPR, RMPS and URX plans did not incorporate that assumption into their analysis because benefits are not based on salary.

The RMPR and URX assumed no health care cost trend adjustment, and RMPS assumed an annual healthcare cost trend initial rate of 7 percent declining to an ultimate rate of 5 percent. The LTD does not use a healthcare trend rate because it provides income replacement not healthcare. The RMPR and LTD plans used a level percentage of projected payroll to amortize the UAAL and the RMPS and URX plans used a level dollar amount. All four plans originally amortized the UAAL over 30 years. The amortization period for the RMPR was reduced to a one-year open period with the transfer to a qualified trust, while 22 years remain on the closed period for the RMPS and URX and 30 years remains for the LTD open period.

Other Programs

The State provides employees with a limited amount of Basic Life and Accidental Death and Dismemberment coverage underwritten by Minnesota Life at no cost to the employee. Through the same company, the State also provides access to group Optional Life and Accidental Death and Dismemberment coverage with premiums paid by the employee.

Component Units

Employees of the Colorado Water Resources and Power Development Authority are covered under the PERA Health Care Trust Fund discussed above.

NOTE 20 – OTHER EMPLOYEE BENEFITS

Primary Government

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 2015-16, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $10 or $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 18A). 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. EMPLOYEE DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan which was established for State and local government employees in 1981. At July 1, 2009, the State's administrative functions were transferred to PERA in a fiduciary to fiduciary transfer; all costs of administration and funding are borne by the plan participants. The 457 plan allows for voluntary participation to provide additional benefits at retirement, and all employees may contribute to the 457 plan. At conversion, State employees were the primary participants in the 457 plan. In calendar year 2015, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $6,000 in 2015, for total contributions of $24,000. Contributions and earnings are tax deferred. At December 31, 2015, the plan had net position of $691.7 million and 17,814 participants.

C. OTHER RETIREMENT PLANS

<u>PERA 401k Plan</u>

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the 457 plan, the defined contribution plan, and the defined benefit plan. Title 24, Article 51, Part 14 of the Colorado Revised Statutes, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. In calendar year 2015, PERA members were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $6,000 in 2015, for total contributions of $24,000. Contributions and earnings are tax deferred. On December 31, 2015, the plan had net position of $2,644 million and 68,791 accounts.

PERA Defined Contribution Retirement Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the State's defined contribution plan was transferred to PERA and participants of the State's plan became participants of the PERA defined contribution plan. Existing State plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years. Title 24, Article 51, Part 15 of the Colorado Revised Statutes, assigns the authority to establish Plan provisions to the PERA Board of Trustees.

Contribution requirements are established under Title 24, Article 51, Section 1505 of the Colorado Revised Statutes. Participants in the plan are required to contribute 8 percent (10 percent for State troopers) of their salary. The contribution rate was restored from the temporary increase in Fiscal Years 2010-11 and 2011-12 to 10.5 percent (12.5 percent for State Troopers). Additionally, the State of Colorado is required to contribute AED and SAED to the State Division as shown in the following table. The rates in the table are expressed as a percentage of salary as defined in Title 24, Article 51, Section 101 (42) of the Colorado Revised Statutes.

	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016	
	CY13	CY14		CY15		CY16
	7-1-13 to 12-31-13	1-1-14 to 6-30-14	7-1-14 to 12-31-14	1-1-15 to 6-30-15	7-1-15 to 12-31-15	1-1-16 to 6-30-16
Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411	3.40%	3.80%	3.80%	4.20%	4.20%	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	3.00%	3.50%	3.50%	4.00%	4.00%	4.50%
Total Employer Contribution Rate to the State Division	6.40%	7.30%	7.30%	8.20%	8.20%	9.10%

Participating employees of the PERA defined contribution 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 defined contribution plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the Colorado Revised Statutes. As a result, forfeitures do not reduce pension expense. At December 31, 2015, the plan had a net position of $141.0 million and 5,403 participants.

The financial statements for the PERA Deferred Compensation Plan, the PERA 401k Plan, and the PERA Defined Contribution Plan can be found within PERA's financial statements as referenced at the beginning of Note 18.

Higher Education Optional Retirement Plans

Legislation in 1992 authorized State institutions of higher education the option of offering other retirement plans to their employees. At that time, certain employees had the choice of retaining their membership in PERA. As a result of the legislation, some employees of various institutions may be covered under defined contribution plans such as the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), the Variable Annuity Life Insurance Corporation (VALIC), or other similar plans. Generally these plans are available to faculty or other staff members who are not part of the State's classified employee system. Faculty members at the University of Colorado are also covered under Social Security.

Other State Retirement Plans

The State made contributions to other retirement plans of $173.4 million and $142.0 million during Fiscal Years 2015-16 and 2014-15, respectively. In addition, the State paid $123.6 million and $101.4 million in FICA and Medicare taxes on employee wages during Fiscal Years 2015-16 and 2014-15, respectively.

D. TERMINATION BENEFITS

The University of Colorado provides an early retirement incentive program to tenured professors who are at least 55 years of age, whose age and years of service combined equal at least 70, and who participate in the University's optional retirement plan. The time period for the arrangement is from calendar year 2010 to 2016. The incentive is equal to twice the base salary and supplemental pay and requires the immediate relinquishment of tenure status. In Fiscal Year 2015-16 85 faculty members participated in the program at a present value accrued cost of $7.2 million, with an assumed discount rate of 5 percent.

Component Units

Employees of the Colorado Water Resources and Power Development Authority may voluntarily contribute to the PERA 401k Defined Contribution Pension Plan discussed above.

NOTE 21 – RISK MANAGEMENT

Primary Government

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. Claims brought under state law are limited to $350,000 per person and $990,000 per accident pursuant to the Colorado Governmental Immunity Act, CRS 24-10-101. 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). Flood insurance is also purchased for properties in flood zones designated by FEMA that may carry a higher deductible. The State has also purchased excess liability coverage for automotive liability outside Colorado for $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty 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, 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 nonincremental 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 the 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 2015-16, the State recovered approximately $2.1 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State 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 $8.1 million of insurance recoveries during Fiscal Year 2015-16. Of that amount approximately $3.2 million was related to asset impairments that occurred in prior years. The remaining $4.8 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $2.1 million, as noted above), a Pension and Other Employee Benefits Fund, and $1.1 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 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 2015-16, 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 and $11.1 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2015-16 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $258,815 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2013-14 through 2015-16. 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 and over $500,000 per claimant. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $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 Years 2015-16, however, the University collected $500,263 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2013-14 through 2015-16.

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 and has purchased reinsurance for individual claims up to statutory limits. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 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 with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for claims 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 also 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), and $1.0 million of unmanned aerial vehicles liability insurance. There were no significant reductions in insurance coverage in Fiscal Year 2015-16, 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, auto, 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 2015-16, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

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 2015-16, 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 $448.1 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $5.0 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 2015-16 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 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 2015-16, 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 general liability insurance ($0 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 2015-16 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 2011-12. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 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 $2,000,000 ($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 2015-16, 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 per occurrence ($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 2015-16 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 per occurrence (no 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 2015-16 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				
2015-16	27,429	1,767	4,270	24,926
2014-15	23,395	10,599	6,565	27,429
2013-14	29,194	(2,094)	3,705	23,395
Workers' Compensation				
2015-16	130,357	36,072	32,757	133,672
2014-15	120,600	43,642	33,885	130,357
2013-14	119,689	32,911	32,000	120,600
Group Benefit Plans:				
2015-16	14,717	188,021	186,972	15,766
2014-15	14,248	183,548	183,079	14,717
2013-14	12,647	162,025	160,424	14,248

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
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2015-16	13,858	10,180	7,312	16,726
2014-15	14,445	8,684	9,271	13,858
2013-14	10,962	11,715	8,232	14,445
University of Colorado Denver:				
Medical Malpractice				
2015-16	9,498	2,883	912	11,469
2014-15	7,139	4,060	1,701	9,498
2013-14	5,448	3,798	2,107	7,139
Graduate Medical Education Health Benefits Program				
2015-16	1,799	7,233	7,366	1,666
2014-15	1,711	7,644	7,556	1,799
2013-14	1,386	8,595	8,270	1,711
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2015-16	28,660	46,728	48,628	26,760
2014-15	33,555	40,237	45,132	28,660
2013-14	32,540	40,337	39,322	33,555
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2015-16	56	367	68	355
2014-15	81	32	57	56
2013-14	101	69	89	81
Fort Lewis College:				
Worker's Compensation				
2015-16	13	15	28	-
2014-15	21	24	32	13
2013-14	3	18	-	21
General Liability				
2015-16	-	44	5	39
2014-15	-	-	-	-
2013-14	-	-	-	-
Colorado Mesa University:				
Workers' Compensation				
2015-16	28	220	28	220
2014-15	17	50	39	28
2013-14	67	26	76	17
General Liability				
2015-16	-	35	32	3
2014-15	-	548	548	-
2013-14	118	(30)	88	-
Western State Colorado University:				
Workers' Compensation				
2015-16	-		-	
2014-15	14	(11)	3	-
2013-14	110	-	96	14
General Liability				
2015-16	-		-	
2014-15	-	-	-	-
2013-14	20	(20)	-	-

Component Units

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss, and is self-insured for any director or officer legal liability. There were no significant reductions in insurance coverage and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

NOTE 22 – LEASE COMMITMENTS

Primary Government

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 noncancellable for financial reporting purposes.

At June 30, 2016, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease (Before Depreciation)

	Land	Buildings	Equipment and Other
Governmental Activities	$ -	$ 58,056	$ 251,276
Business-Type Activities	-	40,032	51,427
Total	$ -	$ 98,088	$ 302,703

At June 30, 2016, the State expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 62	$ 209	$ 271
Business-Type Activities	-	11	11
Total	$ 62	$ 220	$ 282

During the year ended June 30, 2016, the State incurred the following contingent rentals related to capital and operating leases:

(Amounts in Thousands)

Contingent Rentals

	Capital	Operating	Total
Governmental Activities	$ -	$ -	$ -
Business-Type Activities	$ -	$ 25	$ 25
Total	$ -	$ 25	$ 25

Colorado State University Research Foundation (CSURF), a related party, is a not-for-profit Colorado corporation, established to aid and assist the institutions governed by the Colorado State University System Board of Governors in their research and educational efforts. Support provided by the Foundation to the institutions (Colorado State University and Colorado State University – Pueblo) includes patent and licensing management, finance and acquisition of research and educational facilities, and acquisition and management of equipment and land. Colorado State University paid CSURF $1.2 million in Fiscal Year 2015-16 for leased space, and at June 30, 2016 had total future lease obligations for leased space of $7.3 million. It also paid CSURF $4.3 million during the fiscal year for equipment and vehicles and had total future lease obligations for leased equipment and vehicles of $22.6 million.

In Fiscal Year 2015-16, the Community College of Aurora made operating lease payments of approximately $2.2 million to the Community College of Aurora Foundation, which is the landlord for the Community College's main campus.

For Fiscal Year 2015-16, the State recorded building and land rent of $58.3 million for governmental-type activities, $24.6 million for business-type activities and $37 thousand for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $11.0 million and $40.0 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $4.2 million of capital lease interest costs for governmental activities and $1.7 million for business-type activities.

The State entered into approximately $19.2 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, 2016, 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
2017	$ 45,769	$ 26,495	$ 28,261	$ 3,609	$ 9,132	$ 1,677
2018	43,663	23,203	23,252	2,953	6,838	1,456
2019	37,948	18,745	19,645	2,471	5,342	1,279
2020	29,565	16,061	16,909	2,044	4,618	1,130
2021	26,949	12,098	15,072	1,680	3,681	991
2022 to 2026	97,325	33,348	41,095	3,847	21,362	3,064
2027 to 2031	5,325	12,674	6,431	467	6,153	408
2032 to 2036	1,017	653	-	-	-	-
2037 to 2041	208	568	-	-	-	-
2042 to 2046	136	441	-	-	-	-
2047 to 2051	61	176	-	-	-	-
2052 to 2056	61	-	-	-	-	-
Thereafter	627	-	-	-	-	-
Present Value of Minimum Lease Payments And Imputed Interest	$ 288,654	$ 144,462	$ 150,665	$ 17,071	$ 57,126	$ 10,005

Component Units

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2018. Total rental expense for the year ended December 31, 2015, was $129,483. The total minimum rental commitment as of December 31, 2015, is $361,697.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2022. The total rental expense for the year ended June 30, 2016 was $147,590. The total minimum rental commitment under the leases was $874,000 at June 30, 2016.

NOTE 23 – SHORT-TERM DEBT

On July 23, 2015 the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2015A. The notes were due and payable on June 28, 2016, at a coupon rate of 1.667 percent. The total interest related to this issuance was $9.3 million; however, the notes were issued at a premium of $7.7 million, resulting in net interest costs (including the cost of issuance) of $1.7 million and a yield of 0.278 percent. The notes were issued for cash management purposes and were repaid by June 28, 2016, 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 21, 2015, the State Treasurer issued $165.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2015A. The notes were due and payable on June 29, 2016, at a coupon rate of 1.545 percent. The total interest related to this issuance was $2.4 million; however, the notes were issued at a premium of $1.9 million, resulting in net interest costs (including cost of issuance) of $707,046 or 0.293 percent. The notes matured on June 29, 2016, and were repaid.

On January 12, 2016, the State Treasurer issued $339.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2015B. The notes were due and payable on June 29, 2016, at a coupon rate of 2.103 percent. The total interest related to this issuance was $3.3 million; however, the notes were issued at a premium of $2.9 million, resulting in net interest costs (including cost of issuance) of $537,973 or 0.231 percent. The notes matured on June 29, 2016, and were repaid.

The following schedule shows the changes in short-term financing for the period ended June 30, 2016:

(Amount in Thousands)

	Beginning Balance July 1	Changes		Ending Balance June 30
		Additions	Reductions	
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 600,000	$ (600,000)	$ -
Education Loan Anticipation Notes	-	504,000	(504,000)	-
Total Governmental Activities Short-Term Financing	-	1,104,000	(1,104,000)	-
Total Short-Term Financing	$ -	$ 1,104,000	$ (1,104,000)	$ -

NOTE 24 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Primary Government

Various institutions of higher education, the State Nursing Homes, History Colorado, 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 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.

During Fiscal Year 2015-16 the State's governmental activities had $128.8 million of federal and State revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. Collectively, the State's business-type activities had $1,760.3 million in available net revenue after operating expenses to meet the $407.5 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 35.)

During Fiscal Year 2015-16 the State recorded $237.8 million of interest costs, of which $68.3 million was recorded by governmental activities and $169.5 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $10.6 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.5 million of interest on Certificates of Participation issued by the Judicial Branch, $28.2 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $7.4 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 $143.8 million of interest on revenue bonds issued by institutions of higher education, $12.2 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, $9.7 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise, and $3.7 million of interest on Unemployment Insurance Fund's federal loan and revenue bonds. College Assist and the Transportation Enterprise are nonmajor enterprise funds.

Annual maturities of notes, bonds, and COPs payable at June 30, 2016, are as follows:

(Amounts in Thousands)

	Governmental Activities							
Fiscal	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 126,100	$ 2,680	$ 2,090	$ 275	$ 43,645	$ 47,841	$ 171,835	$ 50,796
2018	-	-	2,135	231	44,855	46,633	46,990	46,864
2019	-	-	2,175	187	46,170	45,278	48,345	45,465
2020	-	-	2,220	142	27,385	43,905	29,605	44,047
2021	-	-	2,270	95	50,465	103,234	52,735	103,329
2022 to 2026	-	-	2,315	48	259,715	180,010	262,030	180,058
2027 to 2031	-	-	-	-	347,995	128,409	347,995	128,409
2032 to 2036	-	-	-	-	258,410	61,151	258,410	61,151
2037 to 2041	-	-	-	-	80,540	16,415	80,540	16,415
2042 to 2046	-	-	-	-	22,655	2,240	22,655	2,240
Subtotals	126,100	2,680	13,205	978	1,181,835	675,116	1,321,140	678,774
Unamortized Prem/Discount	1,825	-	-	-	23,337	-	25,162	-
Totals	$ 127,925	$ 2,680	$ 13,205	$ 978	$ 1,205,172	$ 675,116	$ 1,346,302	$ 678,774

(Amounts in Thousands)

Business-Type 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
2017	$ 242,629	$ 183,826	$ 2,075	$ 1,388	$ 21,755	$ 15,594	$ 266,459	$ 200,808
2018	122,018	177,335	1,109	1,257	22,805	14,546	145,932	193,138
2019	127,884	172,553	528	1,225	23,760	13,398	152,172	187,176
2020	130,004	167,217	583	1,210	24,660	12,239	155,247	180,666
2021	136,082	162,042	497	1,196	25,815	11,086	162,394	174,324
2022 to 2026	721,696	724,059	49,188	8,494	132,941	35,489	903,825	768,042
2027 to 2031	771,939	549,682	-	-	83,475	7,690	855,414	557,372
2032 to 2036	786,164	357,947	-	-	-	-	786,164	357,947
2037 to 2041	638,225	171,603	-	-	-	-	638,225	171,603
2042 to 2046	246,945	49,480	-	-	-	-	246,945	49,480
2047 to 2051	53,615	15,156	-	-	-	-	53,615	15,156
2052 to 2056	44,070	4,637	-	-	-	-	44,070	4,637
Subtotals	4,021,271	2,735,537	53,980	14,770	335,211	110,042	4,410,462	2,860,349
Unamortized Prem/Discount	267,865	-	(12)	-	37,451	-	305,304	-
Unaccreted Interest	(8,075)	-	-	-	-	-	(8,075)	-
Totals	$ 4,281,061	$ 2,735,537	$ 53,968	$ 14,770	$ 372,662	$ 110,042	$ 4,707,691	$ 2,860,349

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. See Note 28 for additional information.

Assuming current interest rates are applied over the term of the debt, at June 30, 2016, 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
2017	$ 675	$ 122	$ 1,283	$ 2,080
2018	975	119	1,255	2,349
2019	550	117	1,232	1,899
2020	575	115	1,213	1,903
2021	575	113	1,194	1,882
2022 to 2026	4,800	527	5,541	10,868
2027 to 2031	11,250	480	4,298	16,028
2032 to 2036	14,100	200	2,106	16,406
2037 to 2041	6,035	17	183	6,235
Totals	$ 39,535	$ 1,810	$ 18,305	$ 59,650

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

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ 1,488,500	$ 21,075	$ 1,318,442	$ 2,828,017
Business Type Activities	5,545,857	60,799	466,203	$ 6,072,859
Total	$ 7,034,357	$ 81,874	$ 1,784,645	$ 8,900,876

Component Units

Debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2015, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2016	$ 46,395	$ 26,499	$ 72,894
2017	45,910	24,403	70,313
2018	43,880	22,267	66,147
2019	42,335	20,252	62,587
2020	37,850	18,297	56,147
2021 to 2025	172,520	67,016	239,536
2026 to 2030	117,430	35,211	152,641
2031 to 2035	72,795	13,272	86,067
2036 to 2040	10,835	2,473	13,308
2041 to 2045	4,795	481	5,276
Total Future Payments	$ 594,745	$ 230,171	$ 824,916

The original principal amount for the outstanding bonds was $1,058.4 million. Total interest paid during 2015 was $30.9 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds are insured as to payment of principal and interest by National Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The Water Resources Revenue Bonds, Series 2004B, 2004E and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B, 2008A, 2009A, 2010A, 2011A and 2013A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The Water Resources Revenue Bonds Series 2014A are insured as to payment of principal and interest by Build America Mutual Assurance Company. The authority can issue up to $150.0 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds, and as of December 31, 2015, it had $9.3 million of these bonds outstanding.

Metropolitan State University of Denver has unconditionally guaranteed the debt service on bonds issued by the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority and transferred to HLC @ Metro, Inc. in October 2010. Bonds of $54.9 million were issued to finance the University's Hotel and Hospitality Learning Center. The debt service requirements to maturity for HLC @ Metro, Inc. at June 30, 2016, are as follows:

(Amounts in Thousands)

Fiscal Year	Principal	Interest	Total
2017	$ 825	$ 3,178	$ 4,003
2018	1,075	3,138	4,213
2019	1,250	3,090	4,340
2020	1,300	3,038	4,338
2021	1,350	2,981	4,331
2022 to 2026	7,395	13,817	21,212
2027 to 2031	8,870	11,425	20,295
2032 to 2036	10,820	8,292	19,112
2037 to 2041	13,285	4,376	17,661
2042 to 2043	7,595	378	7,973
Total Future Payments	$ 53,765	$ 53,713	$ 107,478

NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2015-16:

(Amount in Thousands)

	Restated Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 3,054	$ 9,315	$ (2,972)	$ 9,397	$ 9,307
Accrued Compensated Absences	162,002	16,118	(12,088)	166,032	11,522
Claims and Judgments Payable	347,467	1,554	(26,668)	322,353	46,343
Capital Lease Obligations	172,329	20,236	(41,900)	150,665	28,261
Bonds Payable	289,789	-	(161,864)	127,925	126,100
Certificates of Participation	1,227,828	19,528	(42,184)	1,205,172	43,645
Notes, Anticipation Warrants, Mortgages	15,250	45	(2,090)	13,205	2,090
Net Pension Liability	5,565,526	729,478	-	6,295,004	-
Other Long-Term Liabilities	423,809	262,862	(271,003)	415,668	-
Total Governmental Activities Long-Term Liabilities	8,207,054	1,059,136	(560,769)	8,705,421	267,268
Business-Type Activities					
Deposits Held In Custody For Others	43,739	42,420	(43,739)	42,420	42,400
Accrued Compensated Absences	289,560	52,128	(25,562)	316,126	22,761
Claims and Judgments Payable	41,460	3,846	(5,649)	39,657	-
Capital Lease Obligations	54,281	12,789	(9,944)	57,126	9,132
Derivative Instrument Liabilities	9,515	3,937	(230)	13,222	-
Bonds Payable	4,242,726	475,269	(397,400)	4,320,595	243,304
Certificates of Participation	399,231	1,557	(28,127)	372,661	21,755
Notes, Anticipation Warrants, Mortgages	28,317	26,913	(1,261)	53,969	2,075
Net Pension Liability	3,579,748	377,325	-	3,957,073	-
Other Postemployment Benefits	241,779	47,354	-	289,133	-
Other Long-Term Liabilities	85,182	1,676	(56,658)	30,200	-
Total Business-Type Activities Long-Term Liabilities	9,015,538	1,045,214	(568,570)	9,492,182	341,427
Fiduciary Activities					
Deposits Held In Custody For Others	464,415	348,618	(429,588)	383,445	322,612
Accrued Compensated Absences	62	-	(24)	38	-
Other Long-Term Liabilities	671	713	(671)	713	-
Total Fiduciary Activities Long-Term Liabilities	465,148	349,331	(430,283)	384,196	322,612
Total Primary Government Long-Term Liabilities	$ 17,687,740	$ 2,453,681	$ (1,559,622)	$ 18,581,799	$ 931,307

The beginning balance was restated to include $43.7 million in business-type activities in deposits held in custody. Previously no long term deposits held in custody were recorded in business-type activities; however at June 30, 2016, the Parks and Outdoor Recreation Cash Fund at the Department of Natural Resources recorded $20,000 of long term deposits held in custody.

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 18 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 23. 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 19 and 21 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*

At June 30, 2016, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Position*:

The $415.7 million shown for governmental activities primarily comprises:

- $242.3 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Purpose Revenue Fund and Highway Users Tax Fund. Payment is not expected within one year.
- $150.3 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $3.1 million of unclaimed property liabilities estimated to be due to claimants.

The $30.2 million (including $1.6 million Due to Component Units) shown for business-type activities primarily comprises $28.5 million of unearned revenue in Higher Education Institutions, the most significant balances of which relate to an early retirement incentive program and an alternate Medicare program at the University of Colorado ($7.8 million and $18.5 million, respectively).

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 720,385	$ 23,775	$ (149,415)	$ 594,745	$ 46,395
Other Long-Term Liabilities	$ 193,859	$ 113,653	$ (98,527)	$ 208,985	$ 152,948

Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority were primarily contained in its Drinking Water and Water Pollution Control Funds, accounting for $23.3 million of the $30.9 million total. Other long-term liabilities of the Water Operations Fund were $7.6 million. Forty-seven percent of total, other long-term liabilities ($14.4 million) were related to project costs payable – amounts not yet requisitioned – on loans made to local government borrowers.

The University of Colorado Foundation has beneficial interest in various split-interest agreements including charitable gift annuities, charitable remainder trusts (annuity and unitrust), two charitable lead trusts, a pooled life income fund, charitable remainder trusts held by others, and perpetual trusts. Charitable gift annuity assets are immediately available to the foundation. After termination of charitable remainder trust agreements, the related assets revert to the foundation to create an endowment to support university activities. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Position – Component Units*. Actuarially determined life expectancies and applicable rates of return are used to estimate the obligation to named beneficiaries. The fair value of assets in excess of the estimated liability is recorded as Gifts and Donations revenue at the date of the gift.

Changes in the value of investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Position – Component Units*. At June 30, 2016, the foundation held $37.5 million of split interest agreement investments with $16.9 million of related liabilities and reported $7.3 million of net beneficial interest in charitable trusts held by others.

At June 30, 2016, the University of Colorado Foundation held $342.0 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Position – Component Units*, this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

At June 30, 2016, the Colorado State University Foundation held $13.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Position – Component Units*, this liability is reported as Deposits Held in Custody.

At June 30, 2015, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust, charitable gift annuity contracts and pooled income assets of $15.8 million; related liabilities of $9.4 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Position – Component Units*.

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $9.4 million mentioned above and total $4.6 million. At June 30, 2016, CSMF reported $31.9 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Position – Component Units* as Deposits Held in Custody.

NOTE 26 – 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 2015-16, debt was defeased in both governmental and business-type activities.

At June 30, 2016, 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	$ 133,435
Business-Type Activities:	
University of Colorado	519,380
Colorado State University	274,315
Colorado School of Mines	31,160
Western State College	9,225
Colorado Mesa University	28,445
Adams State College	16,415
Fort Lewis College	36,425
Total	$ 1,048,800

The Board of Regents of the University of Colorado issued $156,810,000 of its Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2016B-1 to partially defease its 2011A Enterprise Revenue Bonds. The defeased debt had an interest rate of 5.07 percent, and the new debt had an interest rate of 2.84 percent. The remaining term of the debt was 25 years and the estimated debt service cash flows decreased by $17,989,915. The defeasance resulted in an economic gain of $13,445,062 and book loss of $15,802,343 that will be amortized as an adjustment of interest expense over the remaining 25 years of the new debt.

The Board of Trustees of the Colorado School of Mines issued $21,600,000 of its Institutional Enterprise Revenue and Refunding Bonds, Series 2016 to partially defease its 2009A Enterprise Refunding and Improvement Revenue Bonds and 2009C Institutional Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 3.00 to 5.00 percent, and the new debt had an interest rate of 2.00 to 5.00 percent. The remaining term of the debt was 9.5 years and the estimated debt service cash flows decreased by $2,672,310. The defeasance resulted in an economic gain of $2,222,094 and book loss of $2,503,746 that will be amortized as an adjustment of interest expense of the reaming 9.2 years of the new debt.

The State Board for Community Colleges and Occupation Education issued $2,925,000 of its Systemwide Revenue Bonds, Series 2016 to defease its 2003 Systemwide Revenue Bonds. The defeased debt had an interest rate of 3.375 to 4.125 percent, and the new debt had an interest rate of 1.5 to 4.0 percent. The remaining term of the debt was 15 years and the net present value of savings was approximately $370,910. The defeasance resulted in an economic gain of $452,421 and a book loss of $9,337.

The Board of Directors of the Auraria Higher Education Center issued $5,845,000 of its Auraria Parking Enterprise Revenue Refunding Bonds, Series 2016 to partially defease its 2006 Auraria Parking Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 4.366 percent, and the new debt had an interest rate of 1.8 percent. The remaining term of the debt was 10 years and the estimated debt service cash flows decreased by $835,419. The defeasance resulted in an economic gain of $762,556 and a book loss of $293,338 that will be amortized as an adjustment of interest expense over the remaining 10 years of the new debt.

The Board of Directors of the Auraria Higher Education Center issued $7,415,000 of its Auraria Student Fee Revenue Refunding Bonds, Series 2016 to partially defease its 2006 Auraria Student Fee Revenue Refunding Bonds. The defeased debt had an interest rate of 4.077 percent, and the new debt had an interest rate of 1.4 percent. The remaining term of the debt was 5 years and estimated debt service cash flows decreased by $452,363. The defeasance resulted in an economic gain of $435,332 and a book loss of $196,770 that will be amortized as an adjustment of interest expense over the remaining 5 years of the new debt.

The Board of Trustees of Fort Lewis College issued $11,250,399 of its Enterprise Revenue Refunding Bonds, Series 2016A to partially defease its 2007A Dorm Revenue Bonds. The defeased debt had an interest rate of 4.71 percent, and the new debt had an interest rate of 2.55 percent. The remaining term of the debt was 18 years and estimated debt service cash flows decreased by $1,474,650. The defeasance resulted in an economic gain of $1,225,192 and a book loss of $937,119 that will be amortized as an adjustment of interest expense over the remaining 18 years of the new debt.

The Board of Trustees of Fort Lewis College issued $28,122,534 of its Enterprise Revenue Refunding Bonds, Series 2016B to partially defease its 2007B1 Student Union Center Revenue Bonds. The defeased debt had an interest rate of 4.87 percent, and the new debt had an interest rate of 3.03 percent. The remaining term of the debt was 23 years and estimated debt service cash flows decreased by $3,967,154. The defeasance resulted in an economic gain of $3,460,827 and a book loss of $2,482,061 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

NOTE 27 – 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, 2016 was $154.9 million ($5 million of which was a current liability). Superfund sites account for approximately $154.5 million ($4.2 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 $57 million related to the operation of a water treatment plant. The new water treatment plant was completed in Fiscal Year 2011-12, and the operating and maintenance costs of the new 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 calendar year 2023, the State will assume 100 percent of the operating costs of the new plant, estimated at $2.3 million annually. 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, 2016, the State has received $5.0 million in recoveries from other responsible parties.
- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $64.8 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 commenced in 2013. Current operating and maintenance costs are borne 100 percent by the State. The State's share of the costs to complete the remaining remediation projects is estimated to total $2.7 million through 2018. Beginning in 2016, the department will share these costs 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 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 $5.5 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. Two remedial design projects on surface and subsurface water have been completed. The cost-sharing ratio of 10 percent State, 90 percent EPA, is expected to end in 2018 at which time the State assumes 100 percent of the cost. 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 $18.1 million related to the clean-up of contamination from mine waste piles and drainage. The liability includes the construction of a water treatment plant from 2014 to 2016. The State will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-sharing ratio of 10 percent State, 90 percent EPA until 2027, after which time the State assumes 100 percent of the costs. 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 28 – 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, 2016.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activites
Deferred Outflow of Resources:		
Derivative Instruments	-	6,104
Refunding Losses	4,115	171,995
Pensions	814,646	471,754
	818,761	**649,853**
Deferred Inflow of Resouces		
Nonexchange Transactions	339	595
Refunding Gains	-	897
Timing Differences	(90)	4
Service Concession Arrangements	-	142,361
Pensions	133,126	106,201
	133,375	**250,058**

A. DERIVATIVE INSTRUMENTS

On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2008A debt issuance. The swap agreement was not terminated with the refunding of the Series 2008A bonds by the Series 2010A Refunding Bonds issued in 2010. This 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 outflows $6.1 million as of June 30, 2016.

The Swap 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 an original notional amount of $43.2 million and current notional amount of $39.5 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 0.31 percent at June 30, 2016. Cash flows between the parties are settled on the net difference. The market value to Colorado School of Mines as of June 30, 2016 was $13.2 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, 2037. 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 market 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, 2016, 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.

B. 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. On June 30, 2016, deferred outflows in governmental activities related to unamortized refunding losses included $2.0 million in the Department of Transportation and $2.0 million in the Department of Corrections. All of the unamortized refunding gains and losses in business-type activities were in Higher Education Institutions.

C. TIMING DIFFERENCES

Deferred Inflows are recorded for unavailable revenue resulting from timing differences that are primarily related to long-term taxes receivables. The majority of the deferred inflow balance is recognized as revenue over time in the government-wide Statement of Activities.

D. NONEXCHANGE TRANSACTIONS

Deferred inflows are recorded for grant receipts when all of the eligibility requirements for the grant have been met except the time requirement. As of June 30, 2016, the Department of Health Care Policy and Financing, a governmental activity, held $0.3 million and Colorado State University, a business-type activity, held $0.6 million in receipts awaiting the passage of time.

E. 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. Deferred inflows totaling approximately $142 million were related to Service Concession Arrangements at the High Performance Transportation Enterprise. Refer to Note 40 for additional information on Service Concession Arrangements.

F. PENSIONS

Primary Government

Additional information on the components of deferred inflows and deferred outflows for pensions can be found in Note 18.

Component Unit

The Colorado Water Resources and Power Development Authority reported $3.7 million of deferred outflows of resources and $0.4 million of deferred inflows of resources.

NOTES 29 Through 32 – DETAILS OF NET POSITION AND FUND BALANCE

NOTE 29 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

A. PRIOR PERIOD ADJUSTMENTS

The beginning net position/fund balance was restated as a result of the following prior period adjustments:

Business-Type activities decreased by $5,309,091 in the Higher Education Institutions Fund, when the Western State Colorado University failed to record a Fiscal Year 2010 sale of the University Center.

Governmental activities increased by $58,146,934. This is comprised of an increase of $50,239,579 in the General Fund when the Department of Public Safety corrected an overstatement of expenditures in prior years related to the Disaster Recovery grant, an increase of $13,899,334 due to TABOR liability classification errors, and a decrease of $5,991,979 when the Department of Health Care Policy and Financing recorded an outstanding disallowance from a 2000 to 2006 agreement with Denver Health and Hospital Authority.

Although not reflected as a change in Governmental activities, the Information Technology Internal Service Fund was decreased by $15,294,135 and the Financial and Human Resources Information Technology Systems Fund was increased by $15,294,135 when legislation created a new Fund within the Department of Personnel and Administration to manage the State's Financial and Human Resources Systems. This activity was transferred from the Governor's Office of Information Technology.

	Government-Wide Statements		Major Governmental Fund	Major Proprietary Fund		Major Fiduciary Fund
Subject	Governmental Activities	Business-Type Activities	General Fund	Higher Education Institutions	Internal Service Funds	Private Trust Fund
Western State University Correction		(5,309,091)		(5,309,091)		
Medicaid Claim Disallowance	(5,991,979)		(5,991,979)			
Disaster Recovery Correction	50,239,579		50,239,579			
TABOR Corrections	13,899,334		13,899,334			
Information Technology Fund Reclass	(15,294,135)				(15,294,135)	
Financial & Human Resources Information Technology Systems Reclass	15,294,135				15,294,135	
Multistate Lottery Winners Adjustment						(11,842,743)
.	58,146,934	(5,309,091)	58,146,934	(5,309,091)	-	(11,842,743)

Based on analysis performed and with the adoption of GASB No. 72, fiduciary activities decreased by $11,842,743 with the removal of assets and liabilities related to the Powerball Annuity Winners Trust Fund previously reported as a Private Trust Fund of the State of Colorado, Division of the Lottery. Due to the nature of the Multi-State Lottery Association Grand Prize Trust Agreement for the State of Colorado, the State of Colorado does not have a fiduciary responsibility for the assets and liabilities of the Trust as they are reported as U.S. Government Securities Held for Grand Prize Annuities on the Multi-State Lottery Association's financial statements.

B. ACCOUNTING CHANGES

Component Unit

The Colorado Water Resources and Power Development Authority implemented GASB Statements Nos. 68 and 71 which are accounting and financial reporting requirements related to employee pension benefits. The implementation was for the Authority's fiscal year ended December 31, 2015 which is the fiscal year of the Authority included in this report. This implementation resulted in a decrease to beginning net position of $3,025,963.

NOTE 30 – FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balance comprises the following (See Note 6I for additional details.):

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND:			
General Government	$139,099	$ 380,587	$ 19,283
Business, Community and Consumer Affairs	-	41,452	-
Education	358,383	12,829	-
Health and Rehabilitation	-	21,733	-
Justice	332	7,964	-
Natural Resources	-	2,702	-
Social Assistance	-	46,719	-
TOTAL	$497,814	$ 513,986	$ 19,283
RESOURCE EXTRACTION:			
General Government	$ 66,000	$ -	$ -
Business, Community and Consumer Affairs	-	262,114	-
Education	-	7,466	-
Natural Resources	-	920,946	-
TOTAL	$ 66,000	$ 1,190,526	$ -
HIGHWAY USERS TAX:			
General Government	$ 59,293	$ 25,737	$ -
Health and Rehabilitation	3,778	-	-
Justice	920	3,573	-
Transportation	911,010	16,968	-
TOTAL	$975,001	$ 46,278	$ -
CAPITAL PROJECTS:			
General Government	$ -	$ 375,064	$ -
Education	-	4,922	-
Health and Rehabilitation	-	1,030	-
Justice	5	4,554	-
Natural Resources	-	142	-
Social Assistance	-	445	-
TOTAL	$ 5	$ 386,157	$ -
STATE EDUCATION:			
Education	$304,326	$ -	$ -
TOTAL	$304,326	$ -	$ -
OTHER GOVERNMENTAL FUNDS:			
General Government	$162,085	$ 389,326	$ -
Business, Community and Consumer Affairs	47,080	306,178	-
Education	-	89,832	-
Health and Rehabilitation	20,596	114,908	-
Justice	-	185,096	-
Natural Resources	6,666	-	-
Social Assistance	860	108,809	-
TOTAL	$237,287	$ 1,194,149	$ -

The significant fund balances held for restricted purposes as of June 30, 2016, include:

- $139.1 million in the General Fund in the General Government function represents $68.3 million in the Controlled Maintenance Trust Fund, $56.8 million in the General Fund for severance tax refunds and $14.0 million in the School Capital Construction Assistance Fund.
- $358.4 million in the General Fund in the Education function includes $357.0 million related to the BEST program; a portion in cash from bond proceeds issued by the Treasurer and a portion in local school district matching funds restricted for public school fund construction under a settlement agreement.
- $911.0 million in the Highway Users Tax Fund in the Transportation function from motor fuels tax and fees that pursuant to Article X, Section of the State Constitution is restricted for highway construction and maintenance.
- $304.3 million in the State Education Fund in the Education function from 0.33 percent of income taxes is restricted for educational purposes pursuant to Article IX, Section 17 of the State Constitution.
- $162.1 million in the Other Governmental Funds in the General Government function includes $83.0 for the TABOR emergency reserve recorded in the Major Medical Fund, $68.1 million of investments recorded in Building Excellent Schools Today Fund and $11.0 million recorded in the Tobacco Tax Fund.

The significant fund balances held for committed purposes as of June 30, 2016, include:

- $380.6 million in the General Fund in the General Government function includes $329.7 million of the $386.5 million that represents the portion of the $466.0 million representing the 5.6 percent statutory reserve available on a GAAP basis (see Note 6I).
- $262.1 million in the Resource Extraction Fund in the Business, Community, and Consumer Affairs function includes $254.1 million – $56.9 million from severance tax and federal mineral leasing moneys held for the Department of Local Affairs for distribution to local governments and $197.2 from severance tax receipts by the Department of Local Affairs.
- $920.9 million in the Resource Extraction Fund in the Natural Resources function includes $467.4 million that represents cash balances and loans receivable for loans issued to local governments by the Colorado Water Conservation Board and $403.5 million represents cash and long term severance tax loans receivables.
- $375.1 million in the Capital Projects funds in the General Government function represents cash and receivables related to appropriated multi-year capital projects.
- $389.3 million in the Other Governmental Funds in the General Government function primarily represents $220.5 million in the Unclaimed Property Funds and $78.0 million in Tobacco Litigation Settlement Funds.
- $306.2 million in Other Governmental Funds in the Business, Community and Consumer Affairs function primarily represents $84.4 million in the Major Medical Fund, $51.0 million in the Limited Gaming Fund, $21.0 million in the Workmen's Compensation Fund, $22.8 million in the Clean and Renewable Energy Fund, and $25.6 million in the Employment Support Fund.
- $114.9 million in the Other Governmental Funds in the Health and Rehabilitation function primarily represents $28.0 million in the Natural Resources Damage Recovery Fund, $15.6 million in the Small Communities Water and Wastewater Grant Fund, $11.2 million from the Hazardous Substances Response Fund, and $5.1 million the Natural Disaster Cash Fund.
- The $185.1 million in Other Governmental Funds in the Justice function primarily represents $9.7 million in the Disaster Emergency Fund in the Department of Public Safety, $14.7 million in the Supreme Court Committee Fund, $10.4 million in the Victims Assistance Fund, and $11.4 million in the Victims Compensation Fund.
- The $108.8 million in Other Governmental Funds in the Social Assistance function primarily represents $37.0 million in the Adult Dental Fund, $32.0 million in the Children’s Basic Health Plan Trust Fund, $6.0 million in the State Veterans Trust Fund, and $5.2 million in the Colorado Autism Treatment Fund.

NOTE 31 – STABILIZATION ARRANGEMENTS

In accordance with C.R.S. 24-75-201.1(1)(d), the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. The reserve is calculated as five and six-tenths percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) 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 2015-16 there was no use of the reserve. As of June 30, 2016, on a legal budgetary basis the reserve was $466.0 million. On a GAAP basis only $386.5 million was available for the reserve (see Note 6I).

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.

NOTE 32 – 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.

Pursuant to Rule 8.2003.D, the Hospital Provider Fee Oversight Advisory Board (OAB) has established a reserve of four percent of the estimated expenditures for the Hospital Provider Fee Cash Fund plus any interest accrued by the fund. For Fiscal Year 2015-16, the maximum amount that could be kept in reserve was $68 million although the OAB lowered the target reserve to $5 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. The minimum fund balance is reported as Committed in the nonmajor Health and Environmental Protection Fund.

NOTE 33 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2016, were:

.

DUE FROM OTHER FUNDS (amounts in thousands)	General Fund	Resource Extraction	Highway Users Tax	Capital Projects
MAJOR FUNDS:				
General Fund	$ 35,778	$ 96	$ 29	$ -
Resource Extraction	1,134	-	-	60
Highway Users	-	-	-	953
Capital Projects	780	-	-	-
Higher Education Institutions	14,016	565	444	-
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
Labor	-	-	-	-
Tobacco Impact Mitigation	23	-	-	-
Environment and Health Protection	-	-	-	-
Other Special Revenue	18	3,250	123	-
PERMANENT FUNDS:				
State Lands Trust Nonexpendable	-	-	-	-
OTHER GOVERNMENTAL FUNDS SUBTOTAL	41	3,250	123	-
ENTERPRISE FUNDS:				
Wildlife	-	-	-	-
Correctional Industries	35	-	-	-
OTHER ENTERPRISE FUNDS SUBTOTAL	35	-	-	-
INTERNAL SERVICE FUNDS:				
Information Technology	12,262	-	16	182
Legal Services	83	-	19	-
INTERNAL SERVICE FUNDS SUBTOTAL	12,345	-	35	182
FIDUCIARY FUNDS:				
Pension and Benefit Trust	48	-	3	-
Treasury Agency Funds	-	-	-	-
TOTAL	$ 64,177	$ 3,911	$ 634	$ 1,195

DUE TO OTHER FUNDS (amounts in thousands)

Higher Education Institutions	Unemployment Insurance	State Lottery	All Other Funds	Total
$ 753	$ 481	$ 20,836	30,715	$ 88,688
-	-	-	17,705	18,899
-	-	-	4,080	5,033
-	-	-	6	786
-	-	-	782	15,807
-	-	-	531	531
-	-	-	98	121
3	-	-	22	25
-	-	-	7,664	11,055
-	-	-	11	11
3	-	-	8,326	11,743
-	-	3,192	137	3,329
1,123	-	-	-	1,158
1,123	-	3,192	137	4,487
-	133	-	1,795	14,388
-	-	-	9	111
-	133	-	1,804	14,499
919	-	-	38	1,008
-	-	7,887	-	7,887
$ 2,798	$ 614	$ 31,915	$ 63,593	$ 168,837

All of the material receivables and related payables shown in the schedule on the previous two pages 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 $30.7 million from All Other Funds is primarily comprised of $15.5 million in payables from the Limited Gaming Fund and $10.4 million in payables from the State Lands Trust School Fund.

The General Fund receivable of $35.8 million within the General Fund primarily includes $35.6 million in personal services and operating line item reversions payable from the General Purpose Revenue Fund to the State Employee Reserve Fund.

The General Fund receivable of $20.8 million from the State Lottery Fund primarily consists of a payable recorded by the Conservation Trust Fund for $12.8 million, and to the Building Excellent Schools Today Grant Program for approximately $8.0 million.

The Resource Extraction Fund receivable of $17.7 million from All Other Funds primarily includes $17.4 million of loans from the Division of Parks and Wildlife Fund.

The Information Technology Internal Service Fund receivable of $12.3 million consists of transfers from the General Fund to the Information Technology Revolving Fund for reversions and various projects.

The Higher Education Institution Funds receivable of $14.0 million from the General Fund primarily consists of transfers between the Department of Higher Education and various Institutions of Higher Education.

NOTE 34 – TRANSFERS BETWEEN FUNDS

Transfers between funds for the fiscal year ended June 30, 2016, were as follows:

TRANSFER-OUT FUND (amounts in thousands)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 3,573,665	4,192	$ 199,309
Resource Extraction	45,293	20	-
Highway Users Tax	3,797	-	3,539
Capital Projects	130	-	1,431
State Education	8,020	-	-
Higher Education Institutions	4,852	-	-
Lottery	65,499	-	434
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	430	276	-
Gaming	15,759	-	-
Tobacco Impact Mitigation	3,153	-	-
Resource Management	204	-	-
Environment and Health Protection	11,708	-	-
Unclaimed Property	8,173	-	-
Other Special Revenue	71,228	-	-
PERMANENT FUNDS:			
State Lands Trust	87,050	-	-
Other Permanent Trust	-	-	-
OTHER GOVERNMENTAL FUNDS SUBTOTAL	197,705	276	-
ENTERPRISE FUNDS:			
Wildlife	4,880	-	-
College Assist	82	-	-
State Fair	106	-	-
Correctional Industries	865	-	-
State Nursing Homes	1,695	-	-
Prison Canteens	86	-	-
Other Enterprise	537	-	-
OTHER ENTERPRISE FUNDS SUBTOTAL	8,251	-	-
INTERNAL SERVICE FUNDS:			
Central Services	740	-	-
Financial Information Technology	50	-	-
Information Technology	379	-	-
Capitol Complex	1,415	-	-
Administrative Courts	138	-	-
Legal Services	2,913	-	-
Other Internal Service	345	-	-
INTERNAL SERVICE FUNDS SUBTOTAL	5,980	-	-
FIDUCIARY FUNDS:			
Pension and Benefit Trust	172	-	-
Private Purpose Trust	86	-	-
TOTAL	$ 3,913,450	$ 4,488	$ 204,713

TRANSFER-IN FUND (amounts in thousands)

Capital Projects	State Education	Higher Education Institutions	All Other Funds	TOTAL
$ 275,861	$ 25,321	$ 208,689	$ 147,153	$ 4,434,190
-	-	15,544	10,187	71,044
3,175	-	-	171,192	181,703
13,866	-	163,941	6,441	185,809
-	294	7,644	33,999	49,957
-	-	2,999	-	7,851
-	-	-	14,357	80,290
-	-	-	4,613	5,319
1,515	-	6,923	11,627	35,824
7,046	-	12,428	1,741	24,368
-	-	-	-	204
-	-	-	730	12,438
-	-	-	64,568	72,741
34	-	-	19,924	91,186
-	-	748	6,834	94,632
-	-	-	179	179
8,595	-	20,099	110,216	336,891
-	-	-	21,073	25,953
-	-	-	-	82
-	-	-	-	106
-	-	-	-	865
-	-	-	1,092	2,787
-	-	-	-	86
40	-	-	-	577
40	-	-	22,165	30,456
-	-	-	596	1,336
-	-	-	-	50
-	-	-	-	379
-	-	-	358	1,773
-	-	-	-	138
-	-	-	73	2,986
-	-	-	-	345
-	-	-	1,027	7,007
-	-	-	7,027	7,199
-	-	-	-	86
$ 301,537	$ 25,615	$ 418,916	$ 523,764	$ 5,392,483

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 $3,307.1 million from the General Purpose Revenue Fund to the State Public School Fund (both within the General Fund), $275.9 million to the Capital Projects funds (for controlled maintenance and capital projects), and $208.7 million to the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

Additional transfers-out from the General Fund include $199.3 million to the Highway Users Tax Fund and $94.1 million from the Public School Fund to the Charter School Institute Fund (both within the General Fund). In addition, $25.3 million was transferred to the State Education Fund, and $11.0 million was transferred to the Debt Service Fund for payment on outstanding certificates of participation issued by the Building Excellent Schools Today program.

The Resource Extraction transfer-out to the General Fund includes a $41.6 million transfer from the Mineral Leasing Fund to the State Public School Fund. Transfers to the Higher Education Fund include $12.0 million from the Federal Mineral Leasing Revenues Fund to the Lease-Purchase Cash Fund.

The Highway Users Tax Fund transfer-out to All Other Funds includes $169.9 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation. Miscellaneous transfers out totaling $1.3 million make up the rest of the balance.

The Capital Projects transfers-out include $163.9 million to Institutions of Higher Education representing spending on state-funded capital projects managed by the institutions.

The State Education Fund transfers-out includes $34.0 million to the Early Literacy Fund in All Other Funds.

The Lottery transfer-out to the General Fund primarily comprises $57.4 million to the Conservation Trust Fund in the Department of Local Affairs as a statutory distribution of Lottery net proceeds. Additionally, $14.4 million was transferred to the Division of Parks and Wildlife in All Other Funds.

The Gaming transfers-out include distributions of limited gaming revenues of $15.5 to the General Fund and $7.5 million to the Creative Industries Cash Fund and the Advance Industries Acceleration Fund in the Governor's Office of Economic Development and International Trade.

The Tobacco Impact Mitigation Fund includes transfers-out to Higher Education Funds of $12.4 million from the Tobacco Litigation Settlement Moneys Health Education Fund.

The Unclaimed Property transfers-out include a transfer of $63.9 million to the Adult Dental Fund in the Department of Health Care Policy and Financing in All Other Funds.

The Other Special Revenue transfers-out to the General Fund include $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); $5.3 million to support programs in the Department of Public Safety; $5.7 million to support programs in the Department of Human Services; and $10.2 million for federal and indirect cost allocations. Additionally, the transfers-out to All Other Funds includes transfers of $11.8 million from the Justice Center Cash Fund to the Debt Service Fund for payment on the outstanding certificates of participation related to the Ralph L. Carr Justice Center.

The State Lands Trust transfer-out to the General Fund includes $86.8 million to the Public School Capital Construction Assistance Fund.

NOTE 35 – DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in Higher Education Institutions. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Net donor restricted endowment appreciation totaled $14.1 million, which includes depreciation of investment value for some institutions of higher education.

The University of Colorado reported net appreciation on endowment investments of $13.4 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 amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may also be expended.

NOTE 36 – 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 2015-16, the following pledges were in place:

The Department of Transportation pledged $128.8 million (net) of federal grants under agreement with the Federal Highway Administration and certain motor vehicle fees and taxes of the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes. The debt was originally issued in Fiscal Year 1999-00 to finance the reconstruction of a portion of a major interstate highway through Denver and other infrastructure projects across the State, and it has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents approximately 8.2 percent of the total revenue stream, and $128.8 million of the pledge commitment remains outstanding.

The Department of Transportation Statewide Bridge Enterprise pledged $106.8 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 2010-11, and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the revenue stream, and $625.2 million of the pledge commitment remains outstanding.

The Department of Labor and Employment pledged $125.0 million (gross) of Unemployment Insurance (UI) Premium collections to secure $127.3 million of principal and interest on debt issued to stabilize unemployment insurance rates. The debt was issued in Fiscal Year 2013-14, and has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents 100 percent of the revenue stream, and $127.3 million of the pledge commitment (principal and interest) 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 2002-03 and furthest maturity date of Fiscal Year 2054-55. 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:

- $1.1 billion (net) pledged by the University of Colorado to secure $127.8 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 2015-16 and has a final maturity date of Fiscal Year 2046-47. The pledged revenue represents approximately 75.5 percent of the revenue stream, and $2.4 billion of the pledge (principal and interest) remains outstanding.
- $242.2 million (gross) pledged by Colorado State University to secure $59.1 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 2007-08 and has a final maturity date of Fiscal Year 2054-55. The pledged revenue represents 100 percent of the total revenue stream, and $1.8 billion of the pledge (principal and interest) remains outstanding.
- $57.1 million pledged by the Colorado School of Mines to secure $14.5 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt was originally issued in Fiscal Year 2014-15 and has a final maturity date of Fiscal Year 2042-43. The pledged revenue represents approximately 55.4 percent of the net total student fee and auxiliary revenue streams and 100 percent of the gross tuition and facilities fee revenues. $204.3 million of the pledge (principal and interest) remains outstanding.
- $29.7 million (gross) pledged by Metropolitan State University of Denver to secure $6.0 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 2009-10 and has a final maturity date of Fiscal Year 2044-45. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $158.1 million of the pledge (principal and interest) remains outstanding.
- $25.1 million (net) pledged by Colorado Mesa University to secure $12.4 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2044-45. The pledged revenue represents approximately 56.0 percent of the revenue stream and $358.0 million of the pledge (principal and interest) remains outstanding.
- $31.6 million pledged by the University of Northern Colorado to secure $9.8 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 2007-08 and furthest maturity date of Fiscal Year 2039-40. The pledged revenue represents 35.4 percent of the net total auxiliary and student fee revenue streams and also represents 100 percent of gross tuition revenues. $200.1 million of the pledge (principal and interest) remains outstanding.

- $16.7 million (gross) pledged by Colorado State University – Pueblo to secure $5.3 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2043-44. The pledged revenue represents 100 percent of the revenue stream, and $165.8 million of the pledge (principal and interest) remains outstanding.

- $8.8 million (net) pledged by the Fort Lewis College to secure $3.4 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 2007-08 and furthest maturity date of Fiscal Year 2037-38. The pledged revenue represents 38.5 percent of the revenue stream, and $73.6 million of the pledge (principal and interest) remains outstanding.

- $8.3 million (net) pledged by the Western State Colorado University to secure $6.0 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 2008-09 and furthest maturity date of Fiscal Year 2044-45. The pledged revenue represents 39.7 percent of the revenue stream, and $182.3 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Department of Transportation	$ 1,566,285	$ (1,437,505)	$ 128,780	$ 126,100	$ 2,680	$ 128,780
Higher Education Institutions	1,984,082	(455,553)	1,528,529	103,957	157,999	261,955
Labor - Unemployment Insurance	124,965	-	124,965	124,965	2,312	127,277
Statewide Bridge Enterprise	106,810	-	106,810	-	18,234	18,234
	$ 3,782,142	$ (1,893,058)	$ 1,889,084	$ 355,022	$ 181,225	$ 536,246

NOTE 37 – 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 Physicians Incorporated (UPI) is a not-for-profit entity that performs the billing, collection, and disbursement functions for professional services provided by the University of Colorado Denver teaching hospital. UPI is also a component unit of the State that is blended into the Higher Education Institutions Fund. In addition, UPI provides its services under contracts with the University of Colorado Hospital Authority (UCHA), a related party unit of the State.

The Auraria Higher Education Center's parking segment charges students, faculty and staff fees for the use of parking lots and structures. The Center's student facilities segment charges fees to students for the use of its facilities. This segment is part of the Higher Education Institutions Enterprise.

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

CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO	AURARIA HIGHER EDUCATION CENTER	
	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
ASSETS:			
Current Assets	$ 225,289	$ 5,725	$ 8,554
Other Assets	219,883	4,732	363
Capital Assets	43,082	46,009	20,908
Total Assets	488,254	56,466	29,825
DEFERRED OUTFLOW OF RESOURCES	-	(635)	(110)
LIABILITIES:			
Current Liabilities	51,668	2,819	4,317
Noncurrent Liabilities	8,893	40,073	24,766
Total Liabilities	60,561	42,892	29,083
DEFERRED INFLOW OF RESOURCES	-	76	90
NET POSITION:			
Net Investment in Capital Assets	32,881	3,909	1,622
Restricted for Permanent Endowments:			
Restricted Net Position	-	4,311	4,856
Unrestricted	394,812	4,643	(5,936)
Total Net Position	$ 427,693	$ 12,863	$ 542

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES:			
Tuition and Fees	$ -	$ -	$ 5,426
Sales of Goods and Services	753,978	9,789	17,353
Other	-	-	55
Total Operating Revenues	753,978	9,789	22,834
OPERATING EXPENSES:			
Depreciation	4,466	2,463	2,017
Other	695,012	7,326	18,497
Total Operating Expenses	699,478	9,789	20,514
OPERATING INCOME	54,500	-	2,320
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income	11,365	388	28
Gifts and Donations	(15,899)	-	-
Other Nonoperating Revenues	99	-	-
Debt Service	(253)	(1,795)	(833)
Other Nonoperating Expenses	-	-	(7,610)
Total Nonoperating Revenues(Expenses)	(4,688)	(1,407)	(8,415)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Transfers-In	-	1,407	1,570
Total Contributions, Transfers, and Other	-	1,407	1,570
CHANGE IN NET POSITION	49,812	-	(4,525)
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	377,881	12,863	5,067
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 427,693	$ 12,863	$ 542

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

NET CASH PROVIDED (USED) BY:			
Operating Activities	$ 47,587	$ 4,864	$ 4,181
Noncapital Financing Activities	(15,899)	(1,407)	(1,217)
Capital and Related Financing Activities	(4,974)	(3,556)	(2,985)
Investing Activities	(41,028)	(206)	(33)
NET DECREASE IN CASH AND POOLED CASH	(14,314)	(305)	(54)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	98,891	5,715	5,235
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 84,577	$ 5,410	$ 5,181

NOTE 38 – COMPONENT UNITS

The State reports eight component units under the requirements of Governmental Accounting Standards Board (GASB) Statements No. 14 – The Financial Reporting Entity, Statement No. 39 – Determining Whether Certain Organizations Are Component Units, and Statement No. 61 – The Financial Reporting Entity: Omnibus-An Amendment to GASB Statements No. 14 and No. 34. The State's component units are separated into major, and nonmajor below. Financial statements for the major component units are presented in the Basic Financial Statements and for the nonmajor component units in the Supplementary Section of the Comprehensive Annual Financial Report.

A. MAJOR 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. It is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. Its primary revenue sources are income from invested bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and EPA grants. The Authority incurred $7.9 million in expenses for the State during 2015 for two State departments.

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. During Fiscal Year 2015-16, the foundation distributed $106.2 million of gifts and income to or for the benefit of the University of Colorado and other beneficiaries.

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. During Fiscal Year 2015-16, the foundation transferred $47.6 million to the University.

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. During Fiscal Year 2015-16 the foundation transferred, $21.6 million to the University.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated 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. During Fiscal Year 2015-16, the foundation transferred $10.6 million to the University. At June 30, 2016, the Foundation owed the University $0.6 million.

B. NONMAJOR COMPONENT UNITS

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, after it defeased all outstanding debt.

The Colorado Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the State and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority $50.0 million of insurance-premium tax credits, which it subsequently sold to insurance companies. The VCA deferred the revenue related to the sale, and recognizes it as insurance companies apply the credits over a ten-year period. The related revenue is reported as Gifts and Donations on the *Statement of Revenues, Expenses, and Changes in Net Position - Component Units* to reflect the contribution of capital by the State.

In 2005, the authority created Colorado Fund I, LP with a portion of the proceeds from the sale of premium tax credits. The VCA has committed to providing up to $21.8 million to Colorado Fund I LP, originally thru June 2015 and extended to June 2017 (unless otherwise terminated), for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agri-technology and medical device industries, and retail. As of December 31, 2015, the VCA has contributed approximately $21.8 million or 100 percent of its total funding commitment to Colorado Fund I, LP.

In 2010 the authority created Colorado Fund II, LP and has committed to providing up to $25.4 million over the term of the fund (through December 2019 unless otherwise terminated). As of December 31, 2015, the VCA has contributed approximately $22.7 million or 89 percent of its total funding commitment to Colorado Fund II, LP.

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.

During the year ended June 30, 2016, net assets of $1.7 million were transferred to the University of Colorado, the University of Colorado Foundation and the University of Colorado Property Corporation, Inc. (CUPCO, blended within the University) from the University of Colorado Real Estate Foundation (CUREF). Since June 30, 2016, CUREF continues to transfer assets, liabilities and other obligations to the University and the affiliated parties, with all transfers and the dissolution of CUREF anticipated to be completed by June 30, 2017. The increase in the level of financial burden/benefit to the University affected the component unit determination for CUREF. CUREF was added as a discretely presented nonmajor component unit for the fiscal year ended June 30, 2016 which resulted in a $6.1 million decrease to beginning net position for component units.

NOTE 39 – RELATED PARTIES AND ORGANIZATIONS

Primary Government

University of Colorado Denver Anschutz Medical Campus enters into related-party transactions with University of Colorado Health (UCHealth) under contracts that support the University's medical education mission. During Fiscal Year 2015-16, under these contracts, UCHealth paid the University $92.5 million and the University paid UCHealth $12.9 million. Not included in these amounts are $0.6 million in reimbursements during the fiscal year made by UCHealth to the University for salaries and benefits of state classified employees who work at UCHealth, and for whom the University is responsible. At June 30, 2016 the University had accounts receivable from UCHealth for $7.4 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 members, who are the University of Colorado, UCHealth and University Physicians, Inc. 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 2015-16 the Trust paid medical claims on behalf of the University of $169.0 million. The University contributed $174.5 million to the Trust and its employees contributed $22.5 million. At June 30, 2016 the University had accounts receivable from the Trust for $8,000 and accounts payable to the Trust for $272,000.

The Colorado State University – Pueblo Foundation was established to benefit Colorado State University Pueblo. The Foundation transferred $7.5 million in cash and $354,684 in in-kind assets to the University in Fiscal Year 2015-16. At June 30, 2016, the University had an account receivable from the Foundation for $550,438.

The Adams State University Foundation provides scholarships and work-study grants to students, and program development grants to Adams State University. The Foundation provided $1.4 million in scholarships, grants and operating expense reimbursements during Fiscal Year 2015-16.

The Colorado Mesa University Foundation provides financial assistance to Colorado Mesa University students and assists the University in serving educational needs. In Fiscal Year 2015-16, the Foundation awarded $1.2 million in scholarship funds directly to students. Also in Fiscal Year 2015-16, the Colorado Mesa University Real Estate Foundation donated $3.4 million in property to the University. The University made operating transfers to the Foundation for $324,811 and transferred $3.4 million to the Colorado Mesa University Real Estate Foundation.

The Fort Lewis College Foundation exists to support Fort Lewis College. During Fiscal Year 2015-16 the Foundation funded $927,873 for scholarships and passed through $2.8 million in grants for program support.

Metropolitan State University of Denver Foundation, Inc. was organized and is operated to promote the general welfare and development of Metropolitan State University of Denver. The foundation provided $2.7 million of funding to the University in Fiscal Year 2015-16. The foundation also reimbursed the University $268,771 for services provided by University employees and left un-reimbursed $307,950 of these services. At June 30, 2016, the Foundation owed the University $544,302.

Western State Colorado University Foundation was established to aid Western State Colorado University in fulfilling its educational mission. The Foundation transferred $5.1 million to the University in Fiscal Year 2015-16.

Most of the State's community colleges have established foundations to assist in their educational missions. With the exception of the Community College of Aurora, the Community College of Denver, Arapahoe Community College, Lamar Community College, Pikes Peak Community College, Pueblo Community College and Red Rocks Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000.

In Fiscal Year 2015-16, the Arapahoe Community College Foundation transferred $563,037 in scholarships and grants to Arapahoe Community College.

The Community College of Aurora paid $1.6 million to the Community College of Aurora Foundation for the transfer of the Centretech Campus to the College. This amount was for the $1.8 million cost less the $200,000 the Foundation held as a maintenance reserve plus closing costs. In Fiscal Year 2015-16, the Foundation provided $459,246 to the College for grants and scholarships.

The Community College of Denver Foundation provided $538,919 to the Community College of Denver for scholarships and $183,585 in pass through grant funding and support for other activities.

The Lamar Community College Foundation transferred $427,911 to Lamar Community College to be used for spending on a capital construction project, and $198,029 for scholarships and other activities.

Pikes Peak Community College Foundation provided $832,236 to Pikes Peak Community College in the form of reimbursements for direct expenditures, financial aid support and grant funds. The College in turn provided $246,411 of operating support to the Foundation.

The Pueblo Community College Foundation provided Pueblo Community College $736,307 in the form of scholarships, grants, construction funds, program funding and discretionary funds.

The Red Rocks Community College Foundation provided $969,190 to Red Rocks Community College. Of this amount, $389,518 was for scholarships and $295,298 was for the construction of the Arvada Health Professions and Science Building. The rest of the funds were for grants, special projects and support of operating expenses. The College provided $226,924 to the Foundation for operating expenses.

The Great Outdoors Colorado Board (GOCO) 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 2015-16, the board funded $25.3 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2016, GOCO owed the Department of Natural Resources $16.5 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, is a related party to the State through the Department of Health Care Policy & Financing. During Fiscal Year 2015-16 the Colorado Health Benefit Exchange reimbursed the State $2.9 million for software programming and other information technology expenses.

Colorado Housing and Finance Authority (CHFA) is a related party to the State in three different activities as follows:

- The Colorado Housing and Finance Authority 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 $4.9 million as of June 30, 2016. The Department receives monthly payments from CHFA for all principal payments and interest collected by the Authority. On bond maturity dates ranging from 2025 through 2031, the Department of Treasury will receive any unpaid principal balance of the bonds, plus all accrued and unpaid interest.
- CHFA acts as the fiscal agent for the Colorado Energy Office State Energy Plan grant that provides loans for energy efficiency or renewable energy projects. The outstanding loan balance at CHFA on June 30, 2016 was $5.8 million. In Fiscal Year 2015-16, the Energy Office paid CHFA $28,487 in administrative fees for this service.
- Under CRS 8-77-103.5 CHFA is authorized "…to issue bonds and notes as are necessary to maintain adequate balances in the unemployment compensation fund or to repay moneys advanced to the State from the Federal Unemployment trust fund, or both." On June 28, 2012, as a conduit issuer in an exchange transaction, CHFA issued Colorado Unemployment Compensation Fund Special Revenue Bonds with a par value of $624.8 million. Bond payments are funded by employers' unemployment insurance premiums. The bonds are special, limited obligations of the Authority, payable and secured by assets held in a trust estate which consists of pledged revenue and principal funded by the State's unemployment compensation fund. Pledged revenues in the trust consist, at least in part, of employer's unemployment insurance premiums. The bonds do not create a financial obligation of the Authority

beyond payment of principal and interest. As of June 30, 2016 $125.0 million of bonds was outstanding. The Department of Labor and Employment paid CHFA $62,000 in administration fees in Fiscal Year 2015-16 for this arrangement.

Component Units

The Colorado Venture Capital Authority (VCA) has Limited Partnership Agreements with Colorado Fund I, LP and Colorado Fund II, LP, and has selected High Country Venture, LLC, to serve as manager and general partner of both funds. The partnership agreements allocate income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2015, VCA's investments in Colorado Fund I and Colorado Fund II totaled $23.4 million and $29.2 million respectively.

NOTE 40 – SERVICE CONCESSION ARRANGEMENTS

In February 2014, the High Performance Transportation Enterprise (HPTE), a portion of the nonmajor Transportation Enterprise, entered into a 50 year concession agreement with Plenary Roads Denver (Plenary). The purpose of this arrangement is to maximize infrastructure, improve safety, and better manage traffic through a partnership between public and private sectors. In March 2014, HPTE transferred the operations of the I-25 high occupancy toll (HOT) lanes to Plenary. Plenary has the right to collect tolls for both the 1-25 HOT lane and US-36 managed lanes and raise the toll rate, with approval of the HPTE Board. If the HPTE Board does not approve the requested rate, HPTE must compensate Plenary for the loss of revenue.

Plenary financed, designed, and constructed US-36 Phase I and Phase II tolled and managed lanes which were completed and placed into service on July 22, 2015 and March 31, 2016, respectively. As of June 30, 2016, HPTE totaled $259.3 million.

With the completion of Phase I, Plenary assumed the obligation for HPTE's existing $54.0 million loan secured through the Transportation Infrastructure Finance and Innovation Act. Plenary also assumed responsibility for maintaining the managed lanes.

NOTE 41 – 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 $27.9 million, $186.3 million and $1.2 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

NOTE 42 – 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, 2016, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

NOTE 43 – CONTINGENCIES

The Colorado Governmental Immunity Act (CGIA) sets upper limits on State liability at $350,000 per individual and $990,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. 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. Effective January 1, 2012, the Act was amended to waive the State's sovereign immunity for legal proceedings in which the State has been determined to be negligent in conducting prescribed fires.

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 numerous 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 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.

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.1 billion, of the $8.3 billion outstanding balance of loans in repayment status. However, the probability of a material loss is remote, and the State's liability is capped at the net position of the College Assist program of $104.2 million.

At June 30, 2016, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $197.8 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the State to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds. Individual claims in exceeding $5.0 million include four claims for refunds of $6.7 million to $40.6 million income taxes. The Department of Revenue will vigorously defend these claims. The likelihood of an unfavorable outcome is uncertain.

Various notes and bonds have been issued by state school districts that may impact the State. Colorado statutes provide that if a district indicates it will not make a required payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The State shall then withhold state property-tax-equalization payments to the defaulting school district for a period up to 12 months to cover the State's loss. Currently, notes or bonds valued at approximately $7.3 billion are outstanding. Of this amount, $1 billion is covered by private insurance.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the State being liable to those parties for any disallowed expenditure. Individually significant disallowances are disclosed in the following paragraph.

The TABOR Foundation, a not-for-profit entity that is not part of State government, has filed suit against the Colorado Department of Health Care Policy and Financing alleging that the hospital provider fee is a tax, not a fee; therefore, requiring a vote of the people. The plaintiff challenge the fee imposed in Fiscal Years 2011, 2012 and 2013, and seek a refund of all revenue collected, kept, or spent unconstitutionally, plus interest. Approximately $2.65 billion has been collected in fees. The Complaint was filed on June 26, 2015. The Colorado Department of Health Care Policy and Financing filed a motion to dismiss arguing that the hospital provider fee is a fee and not a tax. The Motion is fully briefed and is pending before the district court. The Colorado Department of Health Care Policy and Financing will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

A suit was filed against the Colorado Department of Health Care Policy and Financing where the plaintiff seeks to expand the coverage of Direct Antiviral Acting (DAA) drugs for all Medicaid recipients with Hepatitis C, and to enjoin the Department from implementing any policy or protocol that denies access to DAA drugs to any Medicaid beneficiary who is infected with Hepatitis C. The Department of Health Care Policy and Financing will vigorously defend these claims. The Department estimates that it would cost $200 million in state funds to provide DAA drugs to all Medicaid recipients infected with Hepatitis C. The likelihood of an unfavorable outcome is uncertain.

The Centers for Medicare and Medicaid Services (CMS) conducted an onsite visit of the Pueblo Regional Center (PRC) and sent the Colorado's Department of Health Care Policy and Financing (HCPF) a report of its findings and requested a development of corrective action plan. CMS claimed that HCPF violated federal administrative requirements regarding administration of the Medicaid Home and Community Based Services waiver program for developmentally disabled for approximately 60 individuals. CMS alleged violations of federal rules that involve the provision of services to those individuals between November 1, 2014 and November 2015 and seeks disallowance of payments to HCPF for services provided at PRC. HCPF submitted its proposed corrective action plan on September 26, 2016, and expects ongoing discussion with CMS. HCPF intends to dispute portions of disallowed amounts along with some of the other sanctions. The likelihood of an unfavorable outcome is uncertain. There is a possibility that the losses could reach greater than $5 million.

The State of New Mexico filed suit against The State of Colorado claiming that Colorado contributed to mine waste disposal in the Upper Animas Mining District near Silverton, Colorado creating an imminent and substantial endangerment to the citizens and environment of Utah and New Mexico. Waste discharges also deposited contaminated sediments in Utah's San Juan River which may impact groundwater quality. Any judgment for damages would be covered by Risk Management. Utah and New Mexico seek injunctive relief to achieve "complete remediation of the contaminated rivers, the abatement and cessation of further releases from [the Upper Animas mining district], and the prevention of future catastrophes like the August 5, 2016 Gold King Mine blowout." Both New Mexico and the Navajo Nation have filed suit against the Environmental Protection Agency, its contractors, and others in federal district court in New Mexico. Colorado is not defendant in those lawsuits. Mediation efforts have been unsuccessful. The State will vigorously defend its interests, although, the likelihood of an unfavorable outcome is uncertain. No dollar amount has been stated against Colorado. Depending on whether other responsible parties contribute to the cleanup costs and natural resources damages costs, the State could incur in excess of $100 million.

The National Federation of Independent Businesses (NFIB), has filed suit against the Colorado Secretary of State alleging that §§ 24-21-104 and 24-21-104.5, C.R.S. violate TABOR. These provisions allocate fees collected by the Secretary's Business and Licensing Division to a cash fund, and authorize appropriations from that cash fund to the Secretary's Elections Division and to counties to support election functions. NFIB seeks a refund of allegedly unconstitutionally collected registration fees, and the imposition of penalties, interest, fees, and costs in accordance with Colorado Constitution Article X, § 1. The complaint does not seek a precise monetary award; The State's estimate of exposure is approximately $20 million. The parties filed cross-motions for summary judgment in Denver District Court. After full briefing and oral argument, on November 3, 2015, the District Court granted summary judgment in the Secretary's favor. The Court did not decide whether the fees are taxes. NFIB has filed a timely appeal to the Colorado Court of Appeals, and the Court has not set a briefing schedule. The Secretary will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in this Note 43, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 44 – SUBSEQUENT EVENTS

Primary Government

A. DEBT ISSUANCES AND REFUNDINGS

On July 8, 2016, the Auraria Higher Education Center issued of $1,720,903 from Series 2015 Student Fee Tax-Exempt Bonds to reimburse construction costs of the Tivoli Park/Quadrangle project. On August 31, 2016, the Auraria Higher Education Center drew down an additional $601,609 of the 2015A proceeds for the purpose of financing construction of the Tivoli Park/Quad, the Tivoli Patio and Coffee Lounge, and other future student gathering spaces throughout campus. The repayment of the bonds is funded by a $5 per student, per semester fee.

On July 21, 2016, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2016A. The notes were issued with a premium of $6,434,250, an average coupon rate of 3.09%, and a true interest cost of 0.59%. The notes mature on June 29, 2017. The total due on that date includes $275,000,000 in principal and $7,980,556 in interest. By statute, interest on the notes is payable from the General Fund.

On July 26, 2016, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2016A. The notes mature on June 27, 2017. The total due on that date includes $600,000,000 in principal and $11,952,778 in interest. The notes were issued with a premium of $8,603,000, an average coupon rate of 2.17%, and a true interest cost of 0.60%.

On September 29, 2016, the Western State Colorado University issued $26,995,000 Auxiliary Facilities Revenue Refunding Bonds, Series 2016, with an average interest rate of 3.69%. The proceeds of the issue were used to refund the Series 2009 Revenue Bonds and a portion of the Series 2010A Institutional Enterprise Revenue Bonds. The 2016 Refunding bonds begin to mature on May 15, 2017 in increasing amounts through May 15, 2039. The bonds are collateralized by a pledge of certain revenues of the auxiliary facilities system.

On November 9, 2016, University of Northern Colorado Board of Trustees issued $23,500,000 in fixed rate Institutional Enterprise Revenue Bonds, Series 2016, at a $4,100,000 premium for total proceeds of $27,600,000. The coupon rates of the bonds range from 3% - 5% with maturities of principal starting in 2020 and ending in 2046.

On December 20, 2016, the Board of Governors of the Colorado State University System issued Series 2016A and series 2016B Bonds. The 2016B Bonds were issued with a premium of $5,113,543. The Series 2016B Bonds mature on March 1, 2036 and includes $64,980,000 of principle and have an interest rate of 3% to 4%. The 2016A Bonds were issued with $5,235,000 of principal, and have an interest rate of 1.5% to 3.4%. The Series 2016A Bonds mature on March 1, 2025.

On December 29, 2016, the Colorado Department of Transportation issued $70,000,000 of Certificates of Participation series 2016, and was issued at a premium of $7,017,143 with interest from 3% to 5%. The certificate maturity date is June 15, 2036. The Certificated will be used for the headquarters facilities lease purchase agreement.

On January 12, 2017, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2016B. The notes were issued with a premium of $5,311,250, an average coupon rate of 3.93%, and a true interest cost of 0.88%. The notes mature on June 29, 2017. The total due on that date includes $375,000,000 in principal and $6,842,361 in interest. By statute, interest on the notes is payable from the General Fund.

B. OTHER

During the year ended June 30, 2016, net assets of $1.7 million were transferred to the University of Colorado, the University of Colorado Foundation and the University of Colorado Property Corporation, Inc. (CUPCO, blended within the University) from the University of Colorado Real Estate Foundation (CUREF). Since June 30, 2016, CUREF continues to transfer assets, liabilities and other obligations to the University and the affiliated parties, with all transfers and the dissolution of CUREF anticipated to be completed by June 30, 2017. Due to the increase in the level of financial burden/benefit to the University, CUREF is included as a discretely presented nonmajor Component Unit. As such, those transfers completed since July 1, 2016 are disclosed in the Component Unit section that follows.

In November 2016, College Assist renewed agreements with four collection agencies to collect on defaulted student loans for a one-year term. The agreements may be renewed for a one-year term if both parties agree.

On November 15, 2016, CSU announced a $53,300,000 gift from alumnus Walter Scott, Jr. In recognition of this gift, the engineering college will be officially named the Walter Scott, Jr. College of Engineering.

On November 18, 2016, the PERA Board of Trustees chose to modify the long-term inflation expectations to 2.4 percent from 2.8 percent and to reduce the long-term investment return assumption to 7.25 percent from 7.5 percent. The PERA Board also made several adjustments to the demographic assumptions including the adoption of new mortality tables to more accurately reflect the actual experience of the PERA membership. Longer life expediencies mean that PERA is paying benefits for a longer period of time. The changes in assumptions adopted by the Board will lengthen the time it will take to reach full funding.

In December 2016, College Assist entered into a one-year Rehabilitation Loan Agreement with Navient Credit Finance Corporation, to sell eligible rehabilitation loan at the 2.75% discount. This agreement may be renewed annually, if both parties agree.

On February 15, 2017, the University of Northern Colorado closed the sale of the University Apartments for an approximate of $7.1 million in cash, in exchange for the University apartment asset.

Component Units

On July 1, 2016, the Land Holding Venture, LLC (LHV LLC), with the University of Colorado Real Estate Foundation (CUREF) as sole member, transferred its ownership interest in various vacant land holdings and in a residential home to University of Colorado Property Corporation, Inc. (CUPCO) which were carried at $4.1 million as of June 30, 2016. On the same date, LHV transferred its interest in an option agreement to purchase vacant land to CUPCO carried at $15.7 million.

On July 1, 2016, CUREF assigned its single share in University of Colorado United Kingdom Foundation Limited (CU UK) to the University of Colorado Foundation. The net assets of CU UK of $1.0 million were consolidated into CUREF as of June 30, 2016.

On July 7, 2016, LHV LLC executed a binding commitment to sell real property to a third party for $1.2 million, subject to certain contingencies. LHV LLC transferred the same real property to CUPCO on July 13, 2016, subject to the purchase and sale commitment. The carrying value of this property was $0.6 million as of June 30, 2016.

On July 31, 2016, Partnership Holding Venture, LLC (PHV LLC), with CUREF as sole member, transferred its assets to the University of Colorado Foundation and Campus Village Apartments II (CVA II), with CUREF as sole member, transferred its assets to CUPCO. Both PHV LLC and CVA II were dissolved as of July 31, 2016.

On August 1, 2016, CUREF transferred its sole membership interest in 18th Avenue, LLC, to the University. 18th Avenue's net assets of $1.7 million were consolidated into CUREF as of June 30, 2016. In addition, 33rd Street, LLC, with CUREF as sole member, sold real property to the University, subject to existing leases, under terms of a purchase and sale agreement dated October 31, 2013, and amended July 26, 2016 where the two parties executed a binding commitment to sell real property on August 1, 2016 ("the closing date"), which was closed as scheduled.

On September 16, 2016, Campus Village Apartments (CVA), with CUREF as sole member, and the owner of an off-campus housing project, the plaintiff in litigation, mutually agreed to limit the monetary risks arising from the uncertainty of a pending appeal decision. The plaintiff, in the lower court case, challenged the policy of the University to require, according to the plaintiff, "with very few exceptions [that] all first-time domestic freshman and international students" at CU Denver live at CVA. A jury trial in 2015 returned a verdict in favor of the plaintiff and awarded damages. The agreement reached in September 2016 provides for payment to the plaintiff of $6.2 million to be made by CUREF on behalf of CVA if the appeals court finds in favor of the plaintiff. In the event the appeals court returns a decision reversing the verdict and vacating the judgment, CVA will have no further payment obligation. If the appeals court remands the case to the district court for rehearing, the plaintiff agrees to dismiss the original claims, as well as pending newer claims. If the appeals court affirms the district court's judgment, CVA agrees to pay the plaintiff an additional $0.1 million, and the plaintiff agrees to acknowledge that the judgment has been satisfied and will dismiss all claims.

On December 31, 2016, CUREF transferred all if its membership interests in CVA to CUPCO. The total assets of CVA at December 31, 2016 was $40,015,888, total liabilities were $54,500,096 of which $53,033,531 was tax exempt bond obligations (net of unamortized bond discount).

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, 2016

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 2,726,798	
Income Taxes			6,007,037	
Other Taxes			255,702	
Federal Grants and Contracts			10	
Sales and Services			425	
Interest Earnings			14,368	
Other Revenues			22,999	
Transfers-In			228,857	
TOTAL REVENUES AND TRANSFERS-IN			9,256,196	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 10,006	$ 10,006	9,952	$ 54
Corrections	780,620	763,813	757,809	6,004
Education	3,567,985	3,478,443	3,477,852	591
Governor	41,668	34,935	34,381	554
Health Care Policy and Financing	2,507,458	2,492,619	2,476,744	15,875
Higher Education	857,416	856,383	856,067	316
Human Services	814,405	821,778	812,014	9,764
Judicial Branch	481,075	480,761	478,097	2,664
Labor and Employment	8,009	7,587	7,518	69
Law	15,258	15,284	14,440	844
Legislative Branch	43,297	43,297	43,297	-
Local Affairs	20,470	20,405	20,217	188
Military and Veterans Affairs	8,285	8,295	7,819	476
Natural Resources	27,672	27,672	27,349	323
Personnel & Administration	11,712	10,926	10,831	95
Public Health and Environment	48,015	47,015	46,577	438
Public Safety	125,171	119,777	113,796	5,981
Regulatory Agencies	1,923	1,923	1,904	19
Revenue	74,122	74,261	73,997	264
Treasury	9,067	9,038	6,821	2,217
SUB-TOTAL OPERATING BUDGETS	9,453,634	9,324,218	9,277,482	46,736
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	1,974	827	1,147
Corrections	3,451	35,730	11,536	24,194
Education	7,600	10,940	1,364	9,576
Governor	11,389	45,946	9,924	36,022
Higher Education	65,226	290,701	159,200	131,501
Human Services	16,657	46,731	11,877	34,854
Military and Veterans Affairs	667	8,166	3,870	4,296
Personnel & Administration	11,654	20,724	10,638	10,086
Public Health and Environment	-	323	126	197
Public Safety	-	11,111	7,918	3,193
Revenue	-	93,838	10,411	83,427
Transportation	500	500	500	-
Treasury	-	13	-	13
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	117,144	566,697	228,191	338,506
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 9,570,778	$ 9,890,915	9,505,673	$ 385,242
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (249,477)	

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, 2016

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 31,562	
Income Taxes			522,600	
Other Taxes			85,259	
Tuition and Fees			696,203	
Sales and Services			1,298,518	
Interest Earnings			30,091	
Other Revenues			651,275	
Transfers-In			1,069,940	
Capital Contributions			1,908	
TOTAL REVENUES AND TRANSFERS-IN			4,387,356	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 30,447	$ 30,882	28,388	2,494
Corrections	71,139	68,255	56,762	11,493
Education	1,202,513	1,164,556	1,093,247	71,309
Governor	223,375	223,540	208,846	14,694
Health Care Policy and Financing	998,386	1,129,651	1,115,353	14,298
Higher Education	745,154	752,150	746,193	5,957
Human Services	232,274	212,267	168,349	43,918
Judicial Branch	148,277	147,723	124,668	23,055
Labor and Employment	70,516	67,364	58,588	8,776
Law	59,670	59,407	53,157	6,250
Legislative Branch	1,344	1,344	1,191	153
Local Affairs	14,908	14,879	13,245	1,634
Military and Veterans Affairs	2,081	2,081	1,789	292
Natural Resources	178,758	182,624	159,158	23,466
Personnel & Administration	115,571	123,711	109,063	14,648
Public Health and Environment	199,073	198,787	175,643	23,144
Public Safety	205,113	206,078	185,236	20,842
Regulatory Agencies	83,368	83,122	73,841	9,281
Revenue	189,455	188,821	118,343	70,478
State	21,570	21,570	20,397	1,173
Transportation	35,822	34,822	32,907	1,915
Treasury	14,754	14,754	14,378	376
SUB-TOTAL OPERATING BUDGETS	4,843,568	4,928,388	4,558,742	369,646
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	2,945	261	2,684
Corrections	660	1,322	-	1,322
Governor	(814)	19,706	1,119	18,587
Higher Education	39,276	174,507	14,378	160,129
Human Services	980	142	126	16
Judicial Branch	147	8,698	317	8,381
Labor and Employment	25,263	30,231	2,880	27,351
Natural Resources	11,157	30,457	8,510	21,947
Personnel & Administration	2,850	15,903	1,061	14,842
Public Health and Environment	192	26,864	4,352	22,512
Public Safety	1,145	6,060	3,067	2,993
Transportation	-	500	500	-
Treasury	-	237	-	237
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	80,856	317,572	36,571	281,001
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 4,924,424	$ 5,245,960	4,595,313	650,647
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (207,957)	

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, 2016

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 5,532,770	
TOTAL REVENUES AND TRANSFERS-IN			5,532,770	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,104,365	$ 5,171,553	5,088,440	$ 83,113
Human Services	424,825	449,494	411,478	38,016
Military and Veterans Affairs	-	970	583	387
Public Health and Environment	21,866	21,866	16,936	4,930
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	5,551,056	5,643,883	5,517,437	126,446
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,551,056	$ 5,643,883	5,517,437	$ 126,446
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 15,333	

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, 2016

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 9,050,853	$ -	$ -	$ 205,343
Cash	633,925	44,087	244,477	34,727
Federal	5,529,481	-	-	828
Sub-Total Revenues and Transfers-In Appropriated	15,214,259	44,087	244,477	240,898
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	892,585	-	-	-
Cash	3,898,150	458,773	2,093,225	78,412
Federal	2,462,132	101,526	842,408	7,050
Sub-Total Revenues and Transfers-In Non-Appropriated	7,252,867	560,299	2,935,633	85,462
Total Revenues and Transfers-In Appropriated and Non-Appropriated	22,467,126	604,386	3,180,110	326,360
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	9,277,481	-	-	228,192
Cash Funded	511,104	42,296	233,346	23,299
Federally Funded	5,515,433	-	-	828
Expenditures/Expenses and Transfers-Out Appropriated	15,304,018	42,296	233,346	252,319
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	920,628	-	-	-
Cash Funded	3,847,064	263,240	2,174,299	7,722
Federally Funded	2,510,448	101,562	731,982	7,165
Expenditures/Expenses and Transfers-Out Non-Appropriated	7,278,140	364,802	2,906,281	14,887
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	22,582,158	407,098	3,139,627	267,206
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	(89,759)	1,791	11,131	(11,421)
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	(25,273)	195,497	29,352	70,575
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	4,749	2,384	2,350	927
Increase/(Decrease) for GAAP Expenditures Not Budgeted	439,717	139,075	897,298	(10,500)
Increase/(Decrease) for GAAP Revenue Adjustments	(486,387)	(395,013)	(897,270)	(67)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(156,953)	(56,266)	42,861	49,514
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	1,175,388	1,367,206	988,560	336,680
Prior Period Adjustments (See Note 29A)	58,147	-	-	-
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 1,076,582	$ 1,310,940	$ 1,031,421	$ 386,194

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

		PROPRIETARY FUND TYPES						
STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,256,196
554,434	1,597,762	722,322	13,821	434	207,436	331,144	2,787	4,387,356
-	1,289	-	-	-	1,172	-	-	5,532,770
554,434	1,599,051	722,322	13,821	434	208,608	331,144	2,787	19,176,322
-	-	-	-	-	-	-	-	892,585
-	1,601,243	2,350,855	611,193	596,657	408,707	43,072	1,584,881	13,725,168
-	211,812	186	24,148	-	408,478	-	-	4,057,740
-	1,813,055	2,351,041	635,341	596,657	817,185	43,072	1,584,881	18,675,493
554,434	3,412,106	3,073,363	649,162	597,091	1,025,793	374,216	1,587,668	37,851,815
-	-	-	-	-	-	-	-	9,505,673
902,038	1,574,732	736,316	10,070	40,958	195,340	323,212	2,602	4,595,313
-	2	-	-	-	1,174	-	-	5,517,437
902,038	1,574,734	736,316	10,070	40,958	196,514	323,212	2,602	19,618,423
-	-	-	-	-	-	-	-	920,628
34,025	1,371,255	2,290,391	493,018	143,570	194,810	42,631	1,327,149	12,189,174
-	175,877	15,908	24,146	-	400,054	-	-	3,967,142
34,025	1,547,132	2,306,299	517,164	143,570	594,864	42,631	1,327,149	17,076,944
936,063	3,121,866	3,042,615	527,234	184,528	791,378	365,843	1,329,751	36,695,367
(347,604)	24,317	(13,994)	3,751	(40,524)	12,094	7,932	185	(442,101)
(34,025)	265,923	44,742	118,177	453,087	222,321	441	257,732	1,598,549
(189)	29,272	-	2	208	1,837	107	434	42,081
-	622,355	18,926	(4,372)	(412,945)	(16,862)	(34,646)	1,998	1,640,044
-	(734,717)	411	10,130	(438)	(9,773)	(1,804)	(3,246)	(2,518,174)
-	-	102,356	-	-	-	-	-	102,356
(381,818)	207,150	152,441	127,688	(612)	209,617	(27,970)	257,103	422,755
686,258	2,292,698	2,874,814	622,258	(19,946)	1,020,702	(250,115)	6,528,769	17,623,272
-	-	(5,309)	-	-	-	-	(11,843)	40,995
$ 304,440	$ 2,499,848	$ 3,021,946	$ 749,946	$ (20,558)	$ 1,230,319	$ (278,085)	$ 6,774,029	$ 18,087,022

GENERAL FUND SURPLUS SCHEDULE

The General Fund for GAAP purposes is not equivalent to the General Fund for budgetary purposes. The General Fund for GAAP purposes contains activities that are considered cash funds for budget purposes, and includes, State Public School, Risk Management Fund, and Other Special Purpose Funds that do not have a sufficient original-source revenue stream to qualify as special revenue funds. The General Purpose Revenue Fund balance represents $451.4 million of the GAAP General Fund balance of $1,076.6 million on the *Balance Sheet – Governmental Funds.*

The General Purpose Revenue Fund is the principal operating fund of the State. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The general fund surplus is a statutorily defined amount that varies from the fund balance reported in the General Purpose Revenue Fund by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A).

The schedule on the following page is presented to document compliance with the constitutional requirement for a positive general fund surplus on the budgetary basis. This schedule includes both appropriated and nonappropriated activity. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* by the specific purpose revenue funds discussed above and in several other ways as discussed in the following paragraphs.

The total fund balance in the General Purpose Revenue Fund column on the *Combining Balance Sheet – General Funds* represents cumulative general-purpose and augmenting revenues in excess of expenditures. The ending general fund surplus is reconciled to the General Purpose Revenue Fund fund balance on the *Combining Balance Sheet – General Fund Components* presented in the Supplementary Section of the Comprehensive Annual Financial Report.

General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent earned revenues that were greater than the related appropriation for specific cash-funded expenditures in the General Purpose Revenue Fund. These revenues in excess of the related expenditures become part of total fund balance. *(See Note 8A beginning on page 84 for information regarding the Old Age Pension expenditure at the Department of Revenue.))*

In order to measure the general fund surplus, encumbrances of the prior year related to approved rollforwards are subtracted from the revised budget and reduce the ending general fund surplus balance in the line item titled "State Controller Approved Rollfowards" because the related balances are not available for subsequent appropriation.

In order to properly state the amounts reverted, most restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule, with the exception of unspent appropriations related to unreleased prior year Medicaid overexpenditure restrictions.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 2,999,700	$ 2,922,600	$ 2,893,838		
Other Excise Taxes	94,500	102,200	101,874		
Individual Income Tax, net	6,164,400	6,015,000	5,993,003		
Corporate Income Tax, net	692,300	599,900	606,441		
Estate Tax	-	-	-		
Insurance Tax	260,600	289,300	280,345		
Parimutuel, Courts, and Other	25,200	23,200	26,319		
Investment Income	17,000	9,400	12,440		
Gaming	-	-	15,464		
TOTAL GENERAL PURPOSE REVENUES	10,253,700	9,961,600	9,929,724		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	10,006	10,006	9,952	$ 54	$ 106
Corrections	780,620	763,813	757,832	5,981	-
Education	3,567,985	3,478,443	3,477,852	591	339
Governor	41,668	35,501	34,418	1,083	2,546
Health Care Policy and Financing	2,507,458	2,499,449	2,481,523	17,926	2,547
Higher Education	857,693	857,165	856,849	316	54
Human Services	814,405	830,292	820,528	9,764	8,341
Judicial Branch	481,075	480,761	478,097	2,664	87
Labor and Employment	8,009	8,287	7,754	533	665
Law	15,258	15,284	14,443	841	-
Legislative Branch	43,297	43,297	43,297	-	316
Local Affairs	24,721	26,918	25,463	1,455	56
Military and Veterans Affairs	8,285	8,295	7,901	394	-
Natural Resources	27,672	27,672	27,349	323	6
Personnel & Administration	11,712	10,926	10,831	95	1,101
Public Health and Environment	48,015	50,289	49,867	422	-
Public Safety	125,171	119,777	113,796	5,981	1,352
Regulatory Agencies	6,073	6,073	6,054	19	-
Revenue	165,641	275,791	274,138	1,653	198
State	-	-	-	-	55
Transportation	-	102	102	-	-
Treasury	141,910	141,881	139,665	2,216	-
TOTAL ACTUAL BUDGET AND EXPENDITURES	9,686,674	9,690,022	9,637,711	$ 52,311	$ 17,769
Variance Between Actual and Estimated Budgets	21,206	(97,301)	-		
TOTAL ESTIMATED BUDGET	9,707,880	9,592,721	9,637,711		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	545,820	368,879	292,013		
EXCESS AUGMENTING REVENUES			17,769		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	16,400	24,300	13,094		
Transfers-Out To Various Cash Funds	(56,300)	(116,500)	(64,875)		
Transfer-Out to Capital Projects - General Fund	(309,200)	(270,700)	(270,630)		
Transfer-Out to Capital Projects - General Fund-Exempt Account	(500)	(500)	(500)		
Transfers-Out to Highway Users Fund	(205,100)	(199,200)	(199,200)		
Transfers-Out to the State Education Fund	(25,300)	(25,300)	(25,321)		
TOTAL TRANSFERS	(580,000)	(587,900)	(547,432)		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES	(34,180)	(219,021)	(237,650)		
BEGINNING GENERAL FUND SURPLUS	-	113,131	113,131		
Release of Prior Year Statutory Reserve (6.5%)	576,500	576,490	576,485		
Establish Current Year Statutory Reserve (5.6%)	(611,320)	(520,700)	(465,994)		
Release of Contractually Restricted Energy Performance Leases			1,267		
Contractually Restricted Energy Performance Leases			(332)		
GAAP Revenues/(Expenditures) Not Budgeted			(55,655)		
Release of Assigned Prior Year State Controller Approved Rollfowards			20,731		
State Controller Approved Rollfowards			(19,283)		
Release of Prior Year Proposition AA Refund Restricted Account		58,000	58,000		
Prior Period Adjustment (see Note 29)			58,147		
ENDING GENERAL FUND SURPLUS	$ (69,000)	$ 7,900	48,847		
ADJUSTMENTS TO BUDGETED REVENUE AND EXPENDITURES FOR GAAP FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2016-17 for Budget			(90,493)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2016-17 for Budget			(98,890)		
GAAP Information Technology Expenditures Deferred to Fiscal Year 2016-17 for Budget			(627)		
GAAP Revenues Related to Deferred Medicaid Payroll and Medicaid Program Expenditures			59,096		
GAAP FUND BALANCE NOT AVAILABLE FOR GENERAL FUND SURPLUS:					
Fair Value of Investments in Excess of Cost			2,525		
NonSpendable			45,357		
Restricted			57,132		
Committed			329,652		
Assigned			19,283		
Shortfall in GAAP Basis Statutory Reserve			79,542		
ENDING GAAP GENERAL PURPOSE REVENUE FUND BALANCE			$ 451,424		

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

With the implementation of a new financial system, Colorado Operations Resource Engine (CORE), in Fiscal Year 2014-15, the budget schedules are now 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 (see pages 161 to 163). These schedules are presented in the budgetary fund structure discussed below.

The budgetary fund types used by the State differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all financial resources received by the State that have been designated to support specific expenditures. Federal funds are primarily made up of revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated by the General Assembly.

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 nonadministrative 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 40. 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. In Fiscal Year 2015-16, the Department of Transportation capitalized project expenditures of $450.6 million from all funding sources.

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 explained in Note RSI-1A. 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 8A. 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 statements. 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* (see page 164) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 161 to 163) and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (pages 239 to 241) relate to the change in fund balances/net position for the funds presented in the fund-level statements (see pages 48 to 65).

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 statements. 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 statements 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's defined benefit pension plan is administered by the Public Employees' Retirement Association (PERA). The plan is a cost-sharing multiple-employer plan. 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 for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Additionally, information is not available for fiscal years prior to 2014.

(Amounts In Thousands)

	2016		2015		2014	
	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.71%	93.98%	95.85%	93.60%	95.86%	93.44%
State's proportionate Share of Net Pension liability (asset)	$ 10,079,249	$ 172,828	$ 9,015,773	$ 129,500	$ 8,539,181	$ 102,756
State's covered-employee payroll	$ 2,717,027	$ 51,896	$ 2,530,865	$ 50,596	$ 2,476,598	$ 46,957
State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	370.97%	333.03%	356.23%	255.95%	344.79%	218.83%
Plan fiduciary net position as a percentage of the total pension liability	127.82%	150.82%	148.98%	201.98%	156.94%	252.48%

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 Division

(Amounts In Thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions	$ 593,526	$ 466,883	$ 399,955	$ 362,791	$ 272,068	$ 252,727	$ 287,394	$ 272,957	$ 236,155	$ 233,151
Contributions in relation to the contractually required contributions	(593,526)	(466,883)	(399,955)	(362,791)	(272,068)	(252,727)	(287,394)	(272,957)	(236,155)	(233,151)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered-employee payroll	$ 3,303,501	2,607,999	2,503,941	2,405,633	2,526,097	2,345,730	2,712,631	2,582,169	2,233,019	N/A
Contributions as a percentage of covered-employee payroll	17.97%	17.90%	15.97%	15.08%	10.77%	10.77%	10.59%	10.57%	10.58%	N/A

Judicial Division

(Amounts In Thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions	$ 8,043	$ 7,306	$ 6,259	$ 5,677	$ 4,258	$ 3,955	$ 4,498	$ 4,272	$ 3,696	$ 3,649
Contributions in relation to the contractually required contributions	(8,043)	(7,306)	(6,259)	(5,677)	(4,258)	(3,955)	(4,498)	(4,272)	(3,696)	(3,649)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered-employee payroll	$ 58,882	53,488	39,185	37,647	39,532	36,709	42,451	40,410	34,946	N/A
Contributions as a percentage of covered-employee payroll	13.66%	13.66%	15.97%	15.08%	10.77%	10.77%	10.59%	10.57%	10.58%	N/A

B. SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions are discussed in Note 18 on pages 111 and 112.

NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT INFORMATION

As required by GASB Statements No 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the State's Schedule of Funding Progress for its other post-employment benefit plans.

Under the standards, the State must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations. See Note 19 on page 114 for additional information regarding the plans listed in the schedule.

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] ((b-a)/c)
University of Colorado:							
2015-16	7/1/2015	$ -	$ 523,409,000	$ 523,409,000	0.0%	$ 1,336,248,000	39.2%
2014-15	7/1/2014	$ -	$ 523,409,000	$ 523,409,000	0.0%	$ 1,336,248,000	39.2%
Restated 2013-14	7/1/2012	$ -	$ 406,782,000	$ 406,782,000	0.0%	$ 1,253,260,000	32.5%
2012-13	7/1/2012	$ -	$ 406,782,000	$ 406,782,000	0.0%	$ 1,141,100,000	35.6%
Colorado State University:							
RMPR							
2015-16	1/1/2016	$ 40,739,061	$ 39,842,947	$ (896,114)	102.2%	$ 325,054,595	-0.3%
2014-15	1/1/2015	$ 36,988,354	$ 36,252,781	$ (735,573)	102.0%	$ 305,287,641	-0.2%
2013-14[2]	1/1/2014	$ 36,329,003	$ 34,013,693	$ (2,315,310)	106.8%	$ 285,017,218	-0.8%
RMPS							
2015-16	1/1/2016	$ 22,275,345	$ 45,646,475	$ 23,371,130	48.8%	N/A	N/A
2014-15	1/1/2015	$ 21,554,455	$ 51,483,575	$ 29,929,120	41.9%	N/A	N/A
2013-14[2]	1/1/2014	$ 19,696,918	$ 50,077,254	$ 30,380,336	39.3%	N/A	N/A
URX							
2015-16	1/1/2016	$ 594,366	$ 2,285,901	$ 1,691,535	26.0%	N/A	N/A
2014-15	1/1/2015	$ 581,396	$ 2,749,825	$ 2,168,429	21.1%	N/A	N/A
2013-14[2]	1/1/2014	$ 497,968	$ 2,840,945	$ 2,342,977	17.5%	N/A	N/A
LTD							
2015-16	1/1/2016	$ 7,926,531	$ 12,071,325	$ 4,144,794	65.7%	N/A	N/A
2014-15	1/1/2015	$ 7,506,099	$ 12,016,221	$ 4,510,122	62.5%	N/A	N/A
2013-14[2]	1/1/2014	$ 5,350,150	$ 11,569,893	$ 6,219,743	46.2%	N/A	N/A

[1] The CSU-RMPS, CSU-URX, and CSU-LTD plans' benefits are not based on salaries or covered payroll.

[2] In Fiscal Year 2013-14, Colorado State University transferred assets into a qualified trust for its RMPR, RMPS, URX and LTD plans.

Colorado State University's Statements of Net Positions and Statements of Changes in Plan Net Position, and Schedule of Employer Contributions are presented below.

Colorado State University
Post Employment Benefit Plan Statements
As of and for the Period Ended June 30, 2016

	RMPR	RMPS	URX	LTD
STATEMENT OF PLAN NET POSITION				
Assets:				
Cash and Pooled Cash	$ 40,728,334	$ 22,269,479	$ 594,209	$ 7,924,444
Employee Receivables	-	-	-	-
Interest and Dividend Receivables	10,727	5,865	156	2,087
Liabilities:				
Accrued Payables	340	185	5	65
Total Net Position	$ 40,738,721	$ 22,275,159	$ 594,360	$ 7,926,466
STATEMENT OF CHANGES IN PLAN NET POSITION				
Additions:				
Contributions from Employers	$ 4,508,681	$ 1,967,812	$ 120,248	-
Contributions from Members	-	-	29,864	1,409,459
Net Investment Income from Interest and Dividends	81,591	48,675	1,352	16,908
Net Investment Income from Investment Expense	(3,758)	(2,246)	(62)	(780)
Deductions:				
Benefits & Refunds Paid to Members & Beneficiaries	775,077	1,266,180	$ 67,844	$ 921,777
Administrative Expense	60,762	27,176	70,587	83,382
Change in Net Position	$ 3,750,675	$ 720,885	$ 12,971	$ 420,428
Net Position - Fiscal Year Beginning	36,988,046	21,554,274	581,389	7,506,038
Net Position - Fiscal Year Ending	$ 40,738,721	$ 22,275,159	$ 594,360	$ 7,926,466
SCHEDULE OF EMPLOYER CONTRIBUTIONS				
Annual Required Contribution	$ 4,508,681	$ 1,967,812	$ 120,248	$ 1,190,005
Percent Contributed	100.0%	100.0%	100.0%	118.4%

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 REVENUE

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, 2016

		SPECIAL PURPOSE FUNDS			
(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	STATE PUBLIC SCHOOL	RISK MANAGEMENT	OTHER SPECIAL PURPOSE	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 124,581	$ 3,797	$ 23,243	$ 121,193	$ 272,814
Taxes Receivable, net	1,435,618	-	-	-	1,435,618
Other Receivables, net	425,697	-	91	1,980	427,768
Due From Other Governments	395,193	2,242	-	47	397,482
Due From Other Funds	21,632	-	-	67,056	88,688
Due From Component Units	347	-	-	-	347
Inventories	7,522	-	-	-	7,522
Prepaids, Advances and Deposits	37,947	-	140	2	38,089
Restricted Assets:					
Restricted Cash and Pooled Cash	4	4,313	-	423,544	427,861
Restricted Receivables	-	-	-	56,851	56,851
Investments	8,205	-	-	13,971	22,176
TOTAL ASSETS	$ 2,456,746	$ 10,352	$ 23,474	$ 684,644	$ 3,175,216
LIABILITIES:					
Tax Refunds Payable	$ 792,926	$ -	$ -	$ 56,800	$ 849,726
Accounts Payable and Accrued Liabilities	749,844	1	1,169	10,040	761,054
TABOR Refund Liability (Note 8B)	31,358	-	-	-	31,358
Due To Other Governments	105,081	-	-	23,400	128,481
Due To Other Funds	63,365	-	808	4	64,177
Unearned Revenue	26,319	-	5	23	26,347
Compensated Absences Payable	2	-	-	25	27
Claims and Judgments Payable	248	-	-	-	248
Other Current Liabilities	17,904	-	-	-	17,904
Deposits Held In Custody For Others	2	-	-	-	2
TOTAL LIABILITIES	1,787,049	1	1,982	90,292	1,879,324
DEFERRED INFLOW OF RESOURCES:	218,273	1,037	-	-	219,310
FUND BALANCES:					
Nonspendable:					
Inventories	7,522	-	-	-	7,522
Prepaids	37,835	-	140	2	37,977
Restricted	57,132	-	-	440,682	497,814
Committed	329,652	9,314	21,352	153,668	513,986
Assigned	19,283	-	-	-	19,283
TOTAL FUND BALANCES	451,424	9,314	21,492	594,352	1,076,582
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,456,746	$ 10,352	$ 23,474	$ 684,644	$ 3,175,216

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 5,993,003	$ -	$ -	$ -	$ 5,993,003
Corporate Income	606,441	-	-	-	606,441
Sales and Use	2,893,838	-	-	-	2,893,838
Excise	101,874	-	-	-	101,874
Other Taxes	280,974	-	-	-	280,974
Licenses, Permits, and Fines	18,622	-	13	1,966	20,601
Charges for Goods and Services	17,181	-	55,832	255	73,268
Rents	221	-	-	2	223
Investment Income (Loss)	19,556	36	330	6,602	26,524
Federal Grants and Contracts	7,886,167	-	-	5,974	7,892,141
Other	155,089	3,127	220	17,489	175,925
TOTAL REVENUES	17,972,966	3,163	56,395	32,288	18,064,812
EXPENDITURES:					
Current:					
General Government	163,480	-	55,802	2,894	222,176
Business, Community, and Consumer Affairs	156,939	-	-	6,804	163,743
Education	773,681	3,529	-	3,028	780,238
Health and Rehabilitation	1,648,721	-	-	1,212	1,649,933
Justice	1,404,732	-	-	59	1,404,791
Natural Resources	36,745	-	-	1,584	38,329
Social Assistance	7,736,944	-	-	15,173	7,752,117
Capital Outlay	23,627	-	-	55,884	79,511
Intergovernmental:					
Cities	27,403	-	-	39,312	66,715
Counties	1,284,246	-	-	13,640	1,297,886
School Districts	714,219	3,262,751	-	130,442	4,107,412
Special Districts	48,390	-	-	16,796	65,186
Federal	2,298	-	-	-	2,298
Other	25,015	-	-	641	25,656
Debt Service	14,504	-	-	44,250	58,754
TOTAL EXPENDITURES	14,060,944	3,266,280	55,802	331,719	17,714,745
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,912,022	(3,263,117)	593	(299,431)	350,067
OTHER FINANCING SOURCES (USES):					
Transfers-In	141,773	3,369,692	-	401,985	3,913,450
Transfers-Out	(4,314,268)	(100,589)	(1,569)	(17,764)	(4,434,190)
Sale of Capital Assets	(15)	-	-	10,279	10,264
Insurance Recoveries	116	-	3,339	-	3,455
Bond/COP Refunding Proceeds	1	-	-	-	1
TOTAL OTHER FINANCING SOURCES (USES)	(4,172,393)	3,269,103	1,770	394,500	(507,020)
NET CHANGE IN FUND BALANCES	(260,371)	5,986	2,363	95,069	(156,953)
FUND BALANCE, FISCAL YEAR BEGINNING	653,648	3,328	19,129	499,283	1,175,388
Prior Period Adjustment (See Note 29A)	58,147	-	-	-	58,147
FUND BALANCE, FISCAL YEAR END	$ 451,424	$ 9,314	$ 21,492	$ 594,352	$ 1,076,582

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, 2016

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 304,934	$ 84,721	$ 389,655
Other Receivables, net	164	-	164
Due From Other Governments	1,741	-	1,741
Due From Other Funds	6	780	786
Prepaids, Advances and Deposits	34	-	34
Investments	1,120	3,170	4,290
Other Long-Term Assets	49	-	49
TOTAL ASSETS	$ 308,048	$ 88,671	$ 396,719
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 9,278	$ 46	$ 9,324
Due To Other Funds	1,173	22	1,195
Unearned Revenue	6	-	6
TOTAL LIABILITIES	10,457	68	10,525
FUND BALANCES:			
Reserved for:			
Nonspendable:			
Prepaids	32	-	32
Restricted	-	5	5
Committed	297,559	88,598	386,157
TOTAL FUND BALANCES	297,591	88,603	386,194
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 308,048	$ 88,671	$ 396,719

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Other Taxes	$ 1,543	$ -	$ 1,543
Licenses, Permits, and Fines	3	-	3
Investment Income (Loss)	3,955	68	4,023
Federal Grants and Contracts	1,724	6,154	7,878
Other	175	-	175
TOTAL REVENUES	7,400	6,222	13,622
EXPENDITURES:			
Current:			
General Government	21,009	-	21,009
Business, Community, and Consumer Affairs	1,583	-	1,583
Education	2,243	119	2,362
Health and Rehabilitation	39	154	193
Justice	4,975	107	5,082
Social Assistance	7	-	7
Transportation	-	-	-
Capital Outlay	53,376	3,889	57,265
Debt Service	4,396	-	4,396
TOTAL EXPENDITURES	87,628	4,269	91,897
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,228)	1,953	(78,275)
OTHER FINANCING SOURCES (USES):			
Transfers-In	220,205	81,332	301,537
Transfers-Out	(179,125)	(6,684)	(185,809)
Face Amount of Bond/COP Issuance	11,000	-	11,000
Bond/COP Premium/Discount	314	-	314
Insurance Recoveries	92	655	747
TOTAL OTHER FINANCING SOURCES (USES)	52,486	75,303	127,789
NET CHANGE IN FUND BALANCES	(27,742)	77,256	49,514
FUND BALANCE, FISCAL YEAR BEGINNING	325,333	11,347	336,680
FUND BALANCE, FISCAL YEAR END	$ 297,591	$ 88,603	$ 386,194

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, 2016

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 1,182,074	$ -	$ -	$ 1,182,074
Taxes Receivable, net	36,428	-	-	36,428
Other Receivables, net	105,676	-	8,682	114,358
Due From Other Governments	37,652	341	22	38,015
Due From Other Funds	11,732	-	11	11,743
Inventories	299	-	-	299
Prepaids, Advances and Deposits	5,351	-	3	5,354
Restricted Assets:				
Restricted Cash and Pooled Cash	75,273	218	247,144	322,635
Restricted Investments	22,249	-	710,413	732,662
Investments	125,357	67,546	-	192,903
Other Long-Term Assets	18,607	-	5,687	24,294
Land and Nondepreciable Capital Assets	81	-	69,079	69,160
Depreciable Capital Assets for Investment	-	-	33,055	33,055
TOTAL ASSETS	$ 1,620,779	$ 68,105	$ 1,074,096	$ 2,762,980
LIABILITIES:				
Tax Refunds Payable	$ 1,490	$ -	$ -	$ 1,490
Accounts Payable and Accrued Liabilities	126,224	-	4,555	130,779
Due To Other Governments	27,731	-	11	27,742
Due To Other Funds	25,072	-	10,649	35,721
Unearned Revenue	54,116	-	5,304	59,420
Compensated Absences Payable	6	-	-	6
Claims and Judgments Payable	140	-	-	140
Other Current Liabilities	6,879	-	-	6,879
Deposits Held In Custody For Others	88	-	-	88
TOTAL LIABILITIES	241,746	-	20,519	262,265
DEFERRED INFLOW OF RESOURCES:	399	-	468	867
FUND BALANCES:				
Reserved for:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	18,960	-	181	19,141
Inventories	298	-	-	298
Permanent Fund Principal	-	-	1,043,619	1,043,619
Prepaids	5,351	-	3	5,354
Restricted	169,182	68,105	-	237,287
Committed	1,184,843	-	9,306	1,194,149
TOTAL FUND BALANCES	1,378,634	68,105	1,053,109	2,499,848
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,620,779	$ 68,105	$ 1,074,096	$ 2,762,980

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Sales and Use	$ 45,223	$ -	$ -	$ 45,223
Excise	188,980	-	-	188,980
Other Taxes	158,600	-	-	158,600
Licenses, Permits, and Fines	408,709	-	-	408,709
Charges for Goods and Services	930,275	-	45	930,320
Rents	4,589	-	134,617	139,206
Investment Income (Loss)	22,703	554	44,628	67,885
Federal Grants and Contracts	203,409	-	136	203,545
Additions to Permanent Funds	-	-	80	80
Unclaimed Property Receipts	65,110	-	-	65,110
Other	37,619	-	13	37,632
TOTAL REVENUES	2,065,217	554	179,519	2,245,290
EXPENDITURES:				
Current:				
General Government	22,575	-	558	23,133
Business, Community, and Consumer Affairs	294,148	-	-	294,148
Education	25,101	-	-	25,101
Health and Rehabilitation	121,771	-	-	121,771
Justice	207,441	-	-	207,441
Natural Resources	2,346	-	14,785	17,131
Social Assistance	972,766	-	-	972,766
Transportation	3,035	-	-	3,035
Capital Outlay	7,047	-	1,524	8,571
Intergovernmental:				
Cities	64,676	-	-	64,676
Counties	101,646	-	24	101,670
School Districts	43,843	-	-	43,843
Special Districts	12,418	-	-	12,418
Federal	380	-	-	380
Other	49,796	-	-	49,796
Debt Service	1,490	215,472	-	216,962
TOTAL EXPENDITURES	1,930,479	215,472	16,891	2,162,842
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	134,738	(214,918)	162,628	82,448
OTHER FINANCING SOURCES (USES):				
Transfers-In	229,526	226,489	9,105	465,120
Transfers-Out	(242,080)	-	(94,811)	(336,891)
Sale of Capital Assets	-	-	(3,527)	(3,527)
TOTAL OTHER FINANCING SOURCES (USES)	(12,554)	226,489	(89,233)	124,702
NET CHANGE IN FUND BALANCES	122,184	11,571	73,395	207,150
FUND BALANCE, FISCAL YEAR BEGINNING	1,256,450	56,534	979,714	2,292,698
FUND BALANCE, FISCAL YEAR END	$ 1,378,634	$ 68,105	$ 1,053,109	$ 2,499,848

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 231 individual active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types. (See page 234 for a detail listing of these funds that have net position/fund balance in excess of $200,000.)

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION
ASSETS:			
Cash and Pooled Cash	$ 90,927	$ 141,478	$ 130,719
Taxes Receivable, net	11,500	11,530	11,087
Other Receivables, net	11,903	118	44,480
Due From Other Governments	18,751	141	1,068
Due From Other Funds	531	-	121
Inventories	-	-	-
Prepaids, Advances and Deposits	108	41	-
Restricted Assets:			
Restricted Cash and Pooled Cash	60,751	14,522	-
Restricted Investments	22,249	-	-
Investments	1,234	-	-
Other Long-Term Assets	-	5,395	-
Land and Nondepreciable Capital Assets	-	-	-
TOTAL ASSETS	$ 217,954	$ 173,225	$ 187,475
LIABILITIES:			
Tax Refunds Payable	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	11,774	7,574	29,926
Due To Other Governments	-	20,564	194
Due To Other Funds	290	23,030	167
Unearned Revenue	-	1,503	-
Compensated Absences Payable	-	-	-
Claims and Judgments Payable	112	-	-
Other Current Liabilities	4,036	-	-
Deposits Held In Custody For Others	-	6	-
TOTAL LIABILITIES	16,212	52,677	30,287
DEFERRED INFLOW OF RESOURCES:	-	-	111
FUND BALANCES:			
Reserved for:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	-	-
Inventories	-	-	-
Prepaids	108	41	-
Restricted	83,000	18,583	26,068
Committed	118,634	101,924	131,009
TOTAL FUND BALANCES	201,742	120,548	157,077
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 217,954	$ 173,225	$ 187,475

RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 14,170	$ 142,036	$ 98,476	$ 564,268	$ 1,182,074
-	-	-	2,311	36,428
2	40,096	969	8,108	105,676
-	4,832	-	12,860	37,652
-	25	-	11,055	11,732
-	299	-	-	299
-	80	19	5,103	5,351
-	-	-	-	75,273
-	-	-	-	22,249
-	-	124,123	-	125,357
-	-	-	13,212	18,607
-	-	-	81	81
$ 14,172	$ 187,368	$ 223,587	$ 616,998	$ 1,620,779
$ -	$ -	$ -	$ 1,490	$ 1,490
395	32,484	248	43,823	126,224
339	(2)	-	6,636	27,731
-	141	8	1,436	25,072
-	4,043	-	48,570	54,116
-	-	-	6	6
-	-	-	28	140
-	171	-	2,672	6,879
-	-	-	82	88
734	36,837	256	104,743	241,746
-	-	-	288	399
-	-	-	18,960	18,960
-	298	-	-	298
-	80	19	5,103	5,351
6,666	6,368	-	28,497	169,182
6,772	143,785	223,312	459,407	1,184,843
13,438	150,531	223,331	511,967	1,378,634
$ 14,172	$ 187,368	$ 223,587	$ 616,998	$ 1,620,779

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION
REVENUES:			
Sales and Use	$ -	$ -	$ -
Excise	-	-	143,727
Other Taxes	39,803	116,288	-
Licenses, Permits, and Fines	415	933	91,825
Charges for Goods and Services	200	283	1,124
Rents	-	-	-
Investment Income (Loss)	1,747	1,869	1,513
Federal Grants and Contracts	18,890	137	(7,537)
Unclaimed Property Receipts	-	-	-
Other	9,927	2,260	899
TOTAL REVENUES	70,982	121,770	231,551
EXPENDITURES:			
Current:			
General Government	996	-	-
Business, Community, and Consumer Affairs	44,796	33,928	-
Education	-	14,150	1,371
Health and Rehabilitation	-	12	39,321
Justice	33,163	-	945
Natural Resources	-	-	-
Social Assistance	-	-	96,593
Transportation	-	-	-
Capital Outlay	78	207	-
Intergovernmental:			
Cities	(491)	16,961	1,252
Counties	3,328	18,016	24,290
School Districts	4	165	36,522
Special Districts	(100)	234	1,894
Federal	9	-	-
Other	7,498	813	7,601
Debt Service	-	-	-
TOTAL EXPENDITURES	89,281	84,486	209,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,299)	37,284	21,762
OTHER FINANCING SOURCES (USES):			
Transfers-In	5,043	1,700	34,204
Transfers-Out	(5,319)	(35,824)	(24,368)
TOTAL OTHER FINANCING SOURCES (USES)	(276)	(34,124)	9,836
NET CHANGE IN FUND BALANCES	(18,575)	3,160	31,598
FUND BALANCE, FISCAL YEAR BEGINNING	220,317	117,388	125,479
FUND BALANCE, FISCAL YEAR END	$ 201,742	$ 120,548	$ 157,077

RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ 45,223	$ 45,223
-	-	-	45,253	188,980
-	-	-	2,509	158,600
66	43,596	-	271,874	408,709
1,494	876,039	1	51,134	930,275
-	-	-	4,589	4,589
183	1,940	9,875	5,576	22,703
-	31,569	-	160,350	203,409
-	-	65,110	-	65,110
497	3,625	6	20,405	37,619
2,240	956,769	74,992	606,913	2,065,217
-	349	2,598	18,632	22,575
72	1,519	769	213,064	294,148
-	-	-	9,580	25,101
-	63,488	-	18,950	121,771
-	29,757	-	143,576	207,441
2,346	-	-	-	2,346
-	846,965	-	29,208	972,766
-	232	-	2,803	3,035
33	1,814	40	4,875	7,047
58	13,568	-	33,328	64,676
1,019	8,614	-	46,379	101,646
-	899	-	6,253	43,843
478	4,752	-	5,160	12,418
-	110	98	163	380
-	1,135	-	32,749	49,796
-	-	157	1,333	1,490
4,006	973,202	3,662	566,053	1,930,479
(1,766)	(16,433)	71,330	40,860	134,738
835	5,976	-	181,768	229,526
(204)	(12,438)	(72,741)	(91,186)	(242,080)
631	(6,462)	(72,741)	90,582	(12,554)
(1,135)	(22,895)	(1,411)	131,442	122,184
14,573	173,426	224,742	380,525	1,256,450
$ 13,438	$ 150,531	$ 223,331	$ 511,967	$ 1,378,634

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, 2016

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 8,682	$ -	$ 8,682
Due From Other Governments	-	22	22
Due From Other Funds	11	-	11
Prepaids, Advances and Deposits	3	-	3
Restricted Assets:			
Restricted Cash and Pooled Cash	237,858	9,286	247,144
Restricted Investments	710,413	-	710,413
Other Long-Term Assets	5,687	-	5,687
Land and Nondepreciable Capital Assets	69,079	-	69,079
Capital Assets Held as Investments	33,055	-	33,055
TOTAL ASSETS	$ 1,064,788	$ 9,308	$ 1,074,096
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 4,553	$ 2	$ 4,555
Due To Other Governments	11	-	11
Due To Other Funds	10,649	-	10,649
Unearned Revenue	5,304	-	5,304
TOTAL LIABILITIES	20,517	2	20,519
DEFERRED INFLOW OF RESOURCES:	468	-	468
FUND BALANCES:			
Reserved for:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	181	-	181
Permanent Fund Principal	1,043,619	-	1,043,619
Prepaids	3	-	3
Committed	-	9,306	9,306
TOTAL FUND BALANCES	1,043,803	9,306	1,053,109
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,064,788	$ 9,308	$ 1,074,096

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Charges for Goods and Services	$ 45	$ -	$ 45
Rents	133,409	1,208	134,617
Investment Income (Loss)	44,522	106	44,628
Federal Grants and Contracts	-	136	136
Additions to Permanent Funds	80	-	80
Other	6	7	13
TOTAL REVENUES	178,062	1,457	179,519
EXPENDITURES:			
Current:			
General Government	556	2	558
Natural Resources	14,783	2	14,785
Capital Outlay	1,524	-	1,524
Intergovernmental:			
Counties	24	-	24
TOTAL EXPENDITURES	16,887	4	16,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	161,175	1,453	162,628
OTHER FINANCING SOURCES (USES):			
Transfers-In	9,105	-	9,105
Transfers-Out	(94,632)	(179)	(94,811)
Sale of Capital Assets	(3,527)	-	(3,527)
TOTAL OTHER FINANCING SOURCES (USES)	(89,054)	(179)	(89,233)
NET CHANGE IN FUND BALANCES	72,121	1,274	73,395
FUND BALANCE, FISCAL YEAR BEGINNING	971,682	8,032	979,714
FUND BALANCE, FISCAL YEAR END	$ 1,043,803	$ 9,306	$ 1,053,109

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, 2016

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
ASSETS:				
Cash and Pooled Cash	$ 76,562	$ 77,990	$ (1,163)	$ 4,786
Investments	-	-	-	-
Student and Other Receivables, net	20,353	243	30	1,935
Due From Other Governments	6,297	1,259	-	793
Due From Other Funds	3,329	-	-	1,158
Inventories	948	-	-	12,988
Prepaids, Advances and Deposits	5,814	13	87	-
Total Current Assets	113,303	79,505	(1,046)	21,660
Noncurrent Assets:				
Restricted Cash and Pooled Cash	40,508	31,686	-	-
Restricted Receivables	-	40,009	-	-
Investments	-	-	-	-
Other Long-Term Assets	-	-	-	1,832
Depreciable Capital Assets and Infrastructure, net	158,865	299	11,663	4,023
Land and Nondepreciable Capital Assets	377,879	-	1,512	925
Total Noncurrent Assets	577,252	71,994	13,175	6,780
TOTAL ASSETS	690,555	151,499	12,129	28,440
DEFERRED OUTFLOW OF RESOURCES:	28,095	452	759	3,956
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	14,954	2,336	(784)	6,577
Due To Other Governments	-	37,847	-	-
Due To Other Funds	780	-	993	-
Unearned Revenue	45,078	-	469	116
Compensated Absences Payable	467	-	14	82
Leases Payable	-	-	85	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	45	763	8	-
Total Current Liabilities	61,324	40,946	785	6,775
Noncurrent Liabilities:				
Due to Other Funds	17,022	-	-	-
Deposits Held In Custody For Others	20	-	-	-
Accrued Compensated Absences	6,790	98	62	1,152
Capital Lease Payable	-	-	1,063	-
Notes, Bonds, and COPs Payable	-	-	-	-
Net Pension Liability	237,213	4,105	6,932	33,024
Total Noncurrent Liabilities	261,045	4,203	8,057	34,176
TOTAL LIABILITIES	322,369	45,149	8,842	40,951
DEFERRED INFLOW OF RESOURCES:	6,750	1,184	541	713
NET POSITION:				
Net investment in Capital Assets:	536,743	299	12,027	4,948
Restricted for:				
Debt Service	-	-	-	-
Emergencies	34,000	-	-	-
Other Purposes	65,961	35,248	-	-
Unrestricted	(247,173)	70,071	(8,522)	(14,216)
TOTAL NET POSITION	$ 389,531	$ 105,618	$ 3,505	$ (9,268)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 17,798	$ 5,391	$ 2,391	$ 257,884	$ 40,135	$ 481,774
563	-	-	-	104	667
2,278	-	4,436	9,444	843	39,562
5,298	-	-	11,277	499	25,423
-	-	-	-	-	4,487
195	718	-	-	153	15,002
66	-	-	14	224	6,218
26,198	6,109	6,827	278,619	41,958	573,133
-	-	-	74	106	72,374
-	-	-	-	-	40,009
-	-	-	18,301	14,700	33,001
-	-	-	-	-	1,832
33,458	1,564	17	766,887	11,413	988,189
5,299	-	-	197,864	4,143	587,622
38,757	1,564	17	983,126	30,362	1,723,027
64,955	7,673	6,844	1,261,745	72,320	2,296,160
12,809	701	1,218	2,501	4,537	55,028
4,427	537	4,481	12,351	9,667	54,546
749	-	-	-	-	38,596
34	-	-	-	-	1,807
17	-	-	4,097	129	49,906
184	-	29	8	373	1,157
366	-	-	-	-	451
510	-	-	-	485	995
(94)	-	15	-	-	737
6,193	537	4,525	16,456	10,654	148,195
-	-	-	4,000	-	21,022
-	-	-	-	-	20
1,779	216	615	19	751	11,482
2,749	-	-	-	-	3,812
523	-	-	348,630	2,800	351,953
89,978	6,789	8,763	14,455	23,047	424,306
95,029	7,005	9,378	367,104	26,598	812,595
101,222	7,542	13,903	383,560	37,252	960,790
5,133	623	588	143,522	1,025	160,079
34,597	1,564	17	664,751	12,271	1,267,217
-	-	-	18,259	-	18,259
-	-	-	-	-	34,000
-	-	-	-	-	101,209
(63,188)	(1,355)	(6,446)	54,154	26,309	(190,366)
$ (28,591)	$ 209	$ (6,429)	$ 737,164	$ 38,580	$ 1,230,319

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
OPERATING REVENUES:				
License and Permits	$ 111,833	$ -	$ -	$ -
Tuition and Fees	5	-	-	-
Sales of Goods and Services	4,124	-	6,602	47,700
Investment Income (Loss)	-	9,341	-	-
Rental Income	-	-	687	-
Federal Grants and Contracts	29,570	337,293	-	2,510
Intergovernmental Revenue	25,627	-	-	-
Other	4,520	8	-	249
TOTAL OPERATING REVENUES	175,679	346,642	7,289	50,459
OPERATING EXPENSES:				
Salaries and Fringe Benefits	103,539	35,177	4,654	15,385
Operating and Travel	81,778	273,146	4,428	11,521
Cost of Goods Sold	288	-	-	27,363
Depreciation and Amortization	11,379	121	751	448
Intergovernmental Distributions	6,038	-	-	-
Debt Service	-	12,223	-	-
Prizes and Awards	13	-	1,048	-
TOTAL OPERATING EXPENSES	203,035	320,667	10,881	54,717
OPERATING INCOME (LOSS)	(27,356)	25,975	(3,592)	(4,258)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	354	-	-	-
Investment Income (Loss)	1,470	-	1,129	59
Rental Income	10,791	-	-	323
Gifts and Donations	838	-	300	5
Gain/(Loss) on Sale or Impairment of Capital Assets	(68)	-	-	-
Insurance Recoveries from Prior Year Impairments	(187)	-	-	-
Debt Service	(4)	-	(44)	-
Other Expenses	-	-	-	-
Other Revenues	6	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	13,200	-	1,385	387
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(14,156)	25,975	(2,207)	(3,871)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	-	-	880	-
Transfers-In	42,192	-	1,308	-
Transfers-Out	(25,953)	(82)	(106)	(865)
TOTAL CONTRIBUTIONS AND TRANSFERS	16,239	(82)	2,082	(865)
CHANGE IN NET POSITION	2,083	25,893	(125)	(4,736)
NET POSITION - FISCAL YEAR BEGINNING	387,448	79,725	3,630	(4,532)
NET POSITION - FISCAL YEAR ENDING	$ 389,531	$ 105,618	$ 3,505	$ (9,268)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ 514	$ -	$ 7,790	120,137
-	-	-	-	1,681	1,686
26,709	17,906	19	106,883	2,979	212,922
-	-	-	-	991	10,332
-	-	-	-	1,337	2,024
26,940	-	-	12,164	1,174	409,651
230	-	-	149,040	-	174,897
71	767	-	2,737	497	8,849
53,950	18,673	533	270,824	16,449	940,498
39,991	2,199	12,813	7,747	9,935	231,440
10,038	1,622	30,322	20,591	8,858	442,304
-	13,845	-	-	146	41,642
2,008	110	170	11,119	893	26,999
4,716	-	1	648	-	11,403
-	-	-	-	-	12,223
-	2	-	-	1	1,064
56,753	17,778	43,306	40,105	19,833	767,075
(2,803)	895	(42,773)	230,719	(3,384)	173,423
-	-	39,401	-	-	39,401
-	-	-	1	25	380
245	87	34	3,387	52	6,463
15	-	-	-	-	11,129
10	-	-	-	174	1,327
(7)	-	-	(27,932)	(2)	(28,009)
-	-	-	-	-	(187)
(167)	-	-	(9,809)	(376)	(10,400)
(3)	-	-	(306)	-	(309)
-	-	-	-	-	6
93	87	39,435	(34,659)	(127)	19,801
(2,710)	982	(3,338)	196,060	(3,511)	193,224
-	-	-	-	-	880
2,086	-	-	-	383	45,969
(2,787)	(86)	-	-	(577)	(30,456)
(701)	(86)	-	-	(194)	16,393
(3,411)	896	(3,338)	196,060	(3,705)	209,617
(25,180)	(687)	(3,091)	541,104	42,285	1,020,702
$ (28,591)	$ 209	$ (6,429)	$ 737,164	$ 38,580	$ 1,230,319

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 5	$ -	$ -
Fees for Service	114,703	-	4,808
Receipts for Interfund Services	3	-	-
Sales of Products	2,342	-	313
Gifts, Grants, and Contracts	31,306	345,561	-
Loan and Note Repayments	-	-	-
Income from Property	10,791	-	687
Other Sources	36,672	-	2,011
Cash Payments to or for:			
Employees	(95,385)	(35,195)	(4,551)
Suppliers	(50,520)	(6,829)	(4,244)
Payments for Interfund Services	(3,275)	(53)	(1,320)
Sales Commissions and Lottery Prizes	(7,168)	-	-
Others for Student Loans and Loan Losses	-	(280,887)	-
Other Governments	(6,038)	-	-
Other	(9,365)	-	(1,119)
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,071	22,597	(3,415)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	42,192	7,892	2,136
Transfers-Out	(25,953)	(7,974)	(106)
Receipt of Deposits Held in Custody	735	-	-
Release of Deposits Held in Custody	(717)	-	-
Gifts and Grants for Other Than Capital Purposes	838	-	-
NonCapital Debt Proceeds	-	-	-
NonCapital Debt Service Payments	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	17,095	(82)	2,030
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(25,290)	(564)	(1,046)
Proceeds from Sale of Capital Assets	656	8	268
Capital Debt Proceeds	-	-	-
Capital Debt Service Payments	(4)	-	-
Capital Lease Payments	-	-	(129)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(24,638)	(556)	(907)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 1,644	$ 1,649
119	26,509	-	-	99,032	345	245,516
9,592	-	1	20	1,323	1,670	12,609
38,367	22	18,120	-	-	1,070	60,234
2,312	25,243	-	-	17,927	956	423,305
-	-	-	-	-	420	420
323	15	-	-	-	1,290	13,106
249	70	767	39,733	18,946	7,986	106,434
(14,460)	(37,419)	(2,079)	(12,648)	(7,748)	(9,295)	(218,780)
(36,413)	(11,997)	(15,978)	(1,674)	(77,921)	(6,683)	(212,259)
(72)	(90)	(4)	(100)	(674)	(464)	(6,052)
-	-	-	-	-	-	(7,168)
-	-	-	-	-	-	(280,887)
-	(4,917)	-	(9)	(648)	-	(11,612)
(146)	(306)	(3)	(25,742)	-	(594)	(37,275)
(129)	(2,870)	824	(420)	50,237	(1,655)	89,240
-	2,086	-	-	36	383	54,725
(865)	(2,787)	(86)	-	(36)	(577)	(38,384)
-	-	-	25	-	-	760
-	-	-	(10)	-	-	(727)
5	10	-	-	-	174	1,027
-	30	-	-	23,630	-	23,660
-	(515)	-	-	-	-	(515)
(860)	(1,176)	(86)	15	23,630	(20)	40,546
-	(4,688)	-	-	(367,780)	(6,003)	(405,371)
1,350	7,209	74	92	123,138	7,717	140,512
-	-	-	-	-	451	451
-	(76)	-	-	(11,717)	(2,950)	(14,747)
-	(101)	-	-	-	-	(230)
1,350	2,344	74	92	(256,359)	(785)	(279,385)

(Continued)

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(Continued)

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	988	8,826	1,129
Proceeds from Sale/Maturity of Investments	-	-	-
Purchases of Investments	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	482	515	-
NET CASH FROM INVESTING ACTIVITIES	1,470	9,341	1,129
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	17,998	31,300	(1,163)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	99,072	78,376	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 117,070	$ 109,676	$ (1,163)
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (27,356)	$ 25,975	$ (3,592)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	11,379	121	751
Investment/Rental Income and Other Revenue in Operating Income	-	(9,341)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	11,026	-	300
(Gain)/Loss on Disposal of Capital and Other Assets	-	-	-
Compensated Absences	794	(53)	(55)
Interest and Other Expense in Operating Income	13,720	-	124
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	441	(8,349)	251
(Increase) Decrease in Inventories	113	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(888)	16	60
Increase (Decrease) in Accounts Payable	(2,055)	2,001	(977)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	16,897	12,227	(277)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 24,071	$ 22,597	$ (3,415)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	-	-	880
Capital Assets Acquired by Grants or Donations and Payable Increases	-	-	-
Loss on Disposal of Capital and Other Assets	130	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CDNTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
38	191	64	26	2,807	596	14,665
-	41	-	-	141,245	996	142,282
-	(41)	-	-	(34,212)	(958)	(35,211)
21	54	23	8	610	442	2,155
59	245	87	34	110,450	1,076	123,891
420	(1,457)	899	(279)	(72,042)	(1,384)	(25,708)
4,366	19,255	4,492	2,670	330,000	41,625	579,856
$ 4,786	$ 17,798	$ 5,391	$ 2,391	$ 257,958	$ 40,241	$ 554,148
$ (4,258)	$ (2,803)	$ 895	$ (42,773)	$ 230,719	$ (3,384)	$ 173,423
448	2,008	110	170	11,119	893	26,999
-	-	-	-	(65)	(991)	(10,397)
323	12	-	39,401	1	25	51,088
-	5	-	-	-	26	31
(71)	8	(37)	(148)	(5)	121	554
-	133	-	8	(10,123)	28	3,890
281	(1,920)	213	(182)	(7,727)	(195)	(17,187)
1,850	15	(104)	-	-	35	1,909
(53)	(66)	-	-	(4)	26	(909)
1,455	(10)	(253)	3,112	(47,873)	1,734	(42,866)
(104)	(252)	-	(8)	(125,805)	27	(97,295)
$ (129)	$ (2,870)	$ 824	$ (420)	$ 50,237	$ (1,655)	$ 89,240
-	-	-	-	-	-	880
-	-	-	-	-	-	-
-	12	-	-	27,932	28	28,102
-	20	-	-	2,442	(1)	2,461

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, 2016

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 11,808	$ 1,899	$ 18,568	$ 1,584
Other Receivables, net	793	-	2,608	6
Due From Other Governments	2	-	262	-
Due From Other Funds	-	-	14,388	-
Inventories	419	-	-	166
Prepaids, Advances and Deposits	6	-	3,971	-
Total Current Assets	13,028	1,899	39,797	1,756
Noncurrent Assets:				
Depreciable Capital Assets and Infrastructure, net	68,398	34,141	10,100	17,034
Land and Nondepreciable Capital Assets	110	-	683	-
Total Noncurrent Assets	68,508	34,141	10,783	17,034
TOTAL ASSETS	81,536	36,040	50,580	18,790
DEFERRED OUTFLOW OF RESOURCES:	3,945	1,865	27,424	1,845
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,999	332	23,014	831
Due To Other Funds	-	1,637	726	138
Unearned Revenue	-	-	12,072	-
Compensated Absences Payable	14	9	213	9
Leases Payable	15,417	3,652	-	1,145
Other Current Liabilities	270	-	-	-
Total Current Liabilities	18,700	5,630	36,025	2,123
Noncurrent Liabilities:				
Accrued Compensated Absences	483	86	6,985	215
Capital Lease Payable	53,003	18,625	-	13,710
Net Pension Liability	22,998	2,650	238,721	11,189
Total Noncurrent Liabilities	76,484	21,361	245,706	25,114
TOTAL LIABILITIES	95,184	26,991	281,731	27,237
DEFERRED INFLOW OF RESOURCES:	794	42	3,110	341
NET POSITION:				
Net investment in Capital Assets:	87	11,865	10,784	2,178
Unrestricted	(10,584)	(993)	(217,621)	(9,121)
TOTAL NET POSITION	$ (10,497)	$ 10,872	$ (206,837)	$ (6,943)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 2,265	$ 658	$ 1,118	$ 6,420	$ 1,845	$ 46,165
3	13	20	18	51	3,512
-	-	-	-	-	264
-	-	-	111	-	14,499
127	-	-	-	-	712
-	-	-	103	-	4,080
2,395	671	1,138	6,652	1,896	69,232
182	354	-	936	-	131,145
-	-	-	-	494	1,287
182	354	-	936	494	132,432
2,577	1,025	1,138	7,588	2,390	201,664
308	104	1,916	17,033	1,162	55,602
11	2	378	2,849	669	31,085
2,525	-	-	17	-	5,043
-	-	-	-	41	12,113
-	-	-	182	-	427
-	-	-	-	-	20,214
-	-	-	-	-	270
2,536	2	378	3,048	710	69,152
-	-	269	1,730	24	9,792
-	-	-	-	-	85,338
2,849	369	12,778	68,145	4,956	364,655
2,849	369	13,047	69,875	4,980	459,785
5,385	371	13,425	72,923	5,690	528,937
117	111	376	1,361	162	6,414
182	354	-	936	494	26,880
(2,799)	293	(10,747)	(50,599)	(2,794)	(304,965)
$ (2,617)	$ 647	$ (10,747)	$ (49,663)	$ (2,300)	$ (278,085)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 64,340	$ 10,345	$ 225,909	$ 19
Rental Income	-	-	-	15,372
Other	128	2	-	70
TOTAL OPERATING REVENUES	64,468	10,347	225,909	15,461
OPERATING EXPENSES:				
Salaries and Fringe Benefits	10,829	2,763	151,299	4,476
Operating and Travel	25,951	8,989	83,578	6,505
Cost of Goods Sold	7,459	-	-	-
Depreciation and Amortization	19,050	4,873	2,150	2,663
Intergovernmental Distributions	-	-	1,588	4
Prizes and Awards	-	-	2	-
TOTAL OPERATING EXPENSES	63,289	16,625	238,617	13,648
OPERATING INCOME (LOSS)	1,179	(6,278)	(12,708)	1,813
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	-	44	69	-
Gain/(Loss) on Sale or Impairment of Capital Assets	1,793	-	(4)	35
Debt Service	(1,403)	(343)	(125)	(729)
Other Revenues	3	-	1	-
TOTAL NONOPERATING REVENUES (EXPENSES)	393	(299)	(59)	(694)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,572	(6,577)	(12,767)	1,119
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	1,908	-	-	-
Transfers-In	1,000	2,205	1,267	30
Transfers-Out	(1,336)	(50)	(379)	(1,773)
TOTAL CONTRIBUTIONS AND TRANSFERS	1,572	2,155	888	(1,743)
CHANGE IN NET POSITION	3,144	(4,422)	(11,879)	(624)
NET POSITION - FISCAL YEAR BEGINNING	(13,641)	-	(179,664)	(6,319)
Prior Period Adjustments (See Note 29A)	-	15,294	(15,294)	-
NET POSITION - FISCAL YEAR ENDING	$ (10,497)	$ 10,872	$ (206,837)	$ (6,943)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 2,141	$ 183	$ 5,398	$ 35,640	$ 4,510	$ 348,485
-	-	-	-	-	15,372
-	-	2	2	-	204
2,141	183	5,400	35,642	4,510	364,061
1,110	162	4,827	42,862	2,281	220,609
1,036	10	888	3,371	1,704	132,032
-	-	-	-	-	7,459
51	233	-	147	-	29,167
-	-	-	-	-	1,592
-	-	-	11	-	13
2,197	405	5,715	46,391	3,985	390,872
(56)	(222)	(315)	(10,749)	525	(26,811)
-	-	13	90	4	220
-	-	-	-	-	1,824
(5)	-	-	(4)	(1)	(2,610)
-	-	-	-	-	4
(5)	-	13	86	3	(562)
(61)	(222)	(302)	(10,663)	528	(27,373)
-	-	-	-	-	1,908
-	-	-	-	-	4,502
-	-	(138)	(2,986)	(345)	(7,007)
-	-	(138)	(2,986)	(345)	(597)
(61)	(222)	(440)	(13,649)	183	(27,970)
(2,556)	869	(10,307)	(36,014)	(2,483)	(250,115)
-	-	-	-	-	-
$ (2,617)	$ 647	$ (10,747)	$ (49,663)	$ (2,300)	$ (278,085)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Fees for Service	$ 1,838	$ -	$ 7,306	$ 6
Receipts for Interfund Services	62,589	10,347	203,130	13
Sales of Products	174	-	-	-
Gifts, Grants, and Contracts	-	-	-	70
Income from Property	-	-	-	15,407
Other Sources	146	2	12,073	-
Cash Payments to or for:				
Employees	(10,183)	(2,509)	(151,255)	(4,237)
Suppliers	(31,683)	(84)	(62,013)	(5,916)
Payments for Interfund Services	(2,848)	(3,480)	(29,734)	(618)
Sales Commissions and Lottery Prizes	-	-	-	-
Other Governments	-	-	(1,588)	(4)
Other	(31)	(1)	(63)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,002	4,275	(22,144)	4,721
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	2,939	2,205	2,489	30
Transfers-Out	(1,330)	(50)	(1,601)	(1,773)
Receipt of Deposits Held in Custody	267	-	-	-
Release of Deposits Held in Custody	(70)	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	1,806	2,155	888	(1,743)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(19,698)	(469)	(795)
Proceeds from Sale of Capital Assets	7,776	-	30,414	130
Capital Debt Proceeds	4	172	-	-
Capital Debt Service Payments	-	-	(74)	-
Capital Lease Payments	(24,982)	(343)	(3,698)	(729)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(17,202)	(19,869)	26,173	(1,394)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 2	$ 31	$ 103	$ 27	$ 169	$ 9,482
1,112	157	5,288	35,496	4,311	322,443
1,418	-	-	-	-	1,592
-	-	-	-	-	70
-	-	-	-	-	15,407
-	-	2	2	10	12,235
(328)	(162)	(4,488)	(40,135)	(2,172)	(215,469)
-	(85)	(711)	(5,425)	(203)	(106,120)
(1)	-	(484)	(368)	(553)	(38,086)
-	-	-	-	(639)	(639)
-	-	-	-	-	(1,592)
-	-	-	(11)	(28)	(134)
2,203	(59)	(290)	(10,414)	895	(811)
-	-	-	-	-	7,663
-	-	(138)	(2,986)	(345)	(8,223)
-	-	-	-	-	267
-	-	-	-	-	(70)
-	-	(138)	(2,986)	(345)	(363)
-	-	-	-	-	(20,962)
67	38	757	12,990	44	52,216
-	-	-	-	-	176
(5)	-	-	(4)	(1)	(84)
-	-	-	-	-	(29,752)
62	38	757	12,986	43	1,594

(Continued)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (Continued)

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	-	32	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	12	69	-
NET CASH FROM INVESTING ACTIVITIES	-	44	69	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	4,606	(13,395)	4,986	1,584
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	7,202	-	28,876	-
Prior Period Adjustment (See Note 29)	-	15,294	(15,294)	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 11,808	$ 1,899	$ 18,568	$ 1,584
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 1,179	$ (6,278)	$ (12,708)	$ 1,813
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	19,050	4,873	2,150	2,663
Rents, Fines, Donations, and Grants and Contracts in NonOperating	3	-	1	-
(Gain)/Loss on Disposal of Capital and Other Assets	17	-	-	35
Compensated Absences	(79)	95	104	(54)
Interest and Other Expense in Operating Income	(196)	3,787	(925)	269
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	263	-	(10,458)	41
(Increase) Decrease in Inventories	91	-	-	10
(Increase) Decrease in Other Operating Assets and Deferred Outflows	12	-	(3,551)	-
Increase (Decrease) in Accounts Payable	(326)	160	(4,540)	(16)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(12)	1,638	7,783	(40)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 20,002	$ 4,275	$ (22,144)	$ 4,721
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	1,870	-	-	-
Loss on Disposal of Capital and Other Assets	5	-	4	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	172	-	-
Assumption of Capital Lease Obligation or Mortgage	-	20,230	-	-

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	9	70	2	113
-	-	5	20	1	107
-	-	14	90	3	220
2,265	(21)	343	(324)	596	640
-	679	775	6,744	1,249	45,525
-	-	-	-	-	-
$ 2,265	$ 658	$ 1,118	$ 6,420	$ 1,845	$ 46,165
$ (56)	$ (222)	$ (315)	$ (10,749)	$ 525	$ (26,811)
51	233	-	147	-	29,167
-	-	-	-	-	4
-	-	-	-	-	52
-	-	(38)	126	(11)	143
-	-	16	112	-	3,063
7	4	(5)	(115)	(31)	(10,294)
51	-	-	-	-	152
-	1	-	(98)	-	(3,636)
9	(75)	52	147	402	(4,187)
2,141	-	-	16	10	11,536
$ 2,203	$ (59)	$ (290)	$ (10,414)	$ 895	$ (811)
-	-	-	-	-	1,870
-	-	-	-	-	9
-	-	-	-	-	172
-	-	-	-	-	20,230

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 are included in this category, but are shown in the Basic Financial Statements. The major components of the remaining fiduciary funds are:

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.

MULTI-STATE LOTTERY WINNERS

The Multistate Lottery Winners Fund was created in Fiscal Year 2007-08 to account for the Colorado Lottery's investments held by the Multi-State Lottery Association (MUSL) for the benefit of Colorado's Powerball annuity prize winners. The winnings are invested by MUSL in bond funds with staggered maturities that correspond with the annual payments required under the terms of the annuity. Under an agreement with MUSL, the Colorado Lottery is responsible for making payments to the Colorado winners.

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
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 12,430	$ 130,581	$ 47,194
Investments	-	-	-
Other Receivables, net	25	-	17,642
Noncurrent Assets:			
Investments:			
Government Securities	-	14,221	-
Repurchase Agreements	-	-	686
Mutual Funds	-	-	5,751,132
Other Investments	-	-	762,241
TOTAL ASSETS	12,455	144,802	6,578,895
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	$ -	$ -	$ 10,251
Unearned Revenue	-	-	3,923
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	3,713
TOTAL LIABILITIES	-	-	17,887
NET POSITION:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	12,455	144,802	6,561,008
TOTAL NET POSITION	$ 12,455	$ 144,802	$ 6,561,008

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ 108	$ -	$ 9,130	$ 199,443
-	-	633	633
36	-	666	18,369
-	-	-	14,221
-	-	-	686
-	-	-	5,751,132
-	-	-	762,241
144	-	10,429	6,746,725
$ -	$ -	$ 5,106	$ 15,357
-	-	3,893	7,816
-	-	-	3,713
-	-	8,999	26,886
144	-	1,430	6,719,839
$ 144	$ -	$ 1,430	$ 6,719,839

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ADDITIONS:			
Additions By Participants	$ -	$ -	$ 834,146
Investment Income/(Loss)	154	596	28,758
Unclaimed Property Receipts	-	32,598	-
Other Additions	868	-	962
TOTAL ADDITIONS	1,022	33,194	863,866
DEDUCTIONS:			
Distributions to Participants	-	-	-
Payments in Accordance with Trust Agreements	430	27,335	621,093
Transfers-Out	-	-	-
TOTAL DEDUCTIONS	430	27,335	621,093
CHANGE IN NET POSITION	592	5,859	242,773
NET POSITION - FISCAL YEAR BEGINNING	11,863	138,943	6,318,235
Prior Period Adjustments (Note 29)	-	-	-
NET POSITION - FISCAL YEAR ENDING	$ 12,455	$ 144,802	$ 6,561,008

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ 285,202	$ -	$ 9,752	$ 1,129,100
-	-	98	29,606
-	-	-	32,598
-	-	1,404	3,234
285,202	-	11,254	1,194,538
285,095	-	-	285,095
-	-	11,367	660,225
-	-	86	86
285,095	-	11,453	945,406
107	-	(199)	249,132
37	11,843	1,629	6,482,550
-	(11,843)	-	(11,843)
$ 144	$ -	$ 1,430	$ 6,719,839

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 119,523	$ 1,591,337	$ 1,580,669	$ 130,191
Taxes Receivable, net	155,801	274,344	269,007	161,138
Other Receivables, net	-	39	39	-
TOTAL ASSETS	$ 275,324	$ 1,865,720	$ 1,849,715	$ 291,329
LIABILITIES:				
Tax Refunds Payable	$ 1,937	$ 8,234	$ 1,950	$ 8,221
Due To Other Governments	272,669	1,746,774	1,737,065	282,378
Claims and Judgments Payable	57	837	855	39
Other Long-Term Liabilities	661	707	677	691
TOTAL LIABILITIES	$ 275,324	$ 1,756,552	$ 1,740,547	$ 291,329

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 170,993	$ 207,974	$ 236,879	$ 142,088
Taxes Receivable, net	6,693	11,141	11,022	6,812
Other Receivables, net	544	3,257	3,468	333
Inventories	5	5	5	5
Other Long-Term Assets	12,047	7,229	7,146	12,130
TOTAL ASSETS	$ 190,282	$ 229,606	$ 258,520	$ 161,368
LIABILITIES:				
Tax Refunds Payable	$ 28	$ 429	$ 29	$ 428
Accounts Payable and Accrued Liabilities	1,894	26,760	27,653	1,001
Due To Other Governments	11,510	118,750	118,765	11,495
Due To Other Funds	-	16,026	16,026	-
Unearned Revenue	-	5	5	-
Claims and Judgments Payable	68	60	60	68
Other Current Liabilities	176,695	193,829	222,627	147,897
Deposits Held In Custody For Others	77	555	175	457
Other Long-Term Liabilities	10	23	11	22
TOTAL LIABILITIES	$ 190,282	$ 356,437	$ 385,351	$ 161,368

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 271,321	$ 179,836	$ 227,588	$ 223,569
Due From Other Funds	13,912	7,887	13,912	7,887
TOTAL ASSETS	$ 285,233	$ 187,723	$ 241,500	$ 231,456
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ -	$ 231	$ 231	$ -
Other Current Liabilities	253,604	173,200	252,011	174,793
Deposits Held In Custody For Others	31,629	25,036	2	56,663
TOTAL LIABILITIES	$ 285,233	$ 198,467	$ 252,244	$ 231,456

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 561,837	$ 1,979,147	$ 2,045,136	$ 495,848
Taxes Receivable, net	162,494	285,485	280,029	167,950
Other Receivables, net	544	3,296	3,507	333
Due From Other Funds	13,912	7,887	13,912	7,887
Inventories	5	5	5	5
Other Long-Term Assets	12,047	7,229	7,146	12,130
TOTAL ASSETS	$ 750,839	$ 2,283,049	$ 2,349,735	$ 684,153
LIABILITIES:				
Tax Refunds Payable	$ 1,965	$ 8,663	$ 1,979	$ 8,649
Accounts Payable and Accrued Liabilities	1,894	26,991	27,884	1,001
Due To Other Governments	284,179	1,865,524	1,855,830	293,873
Due To Other Funds	-	16,026	16,026	-
Unearned Revenue	-	5	5	-
Claims and Judgments Payable	125	897	915	107
Other Current Liabilities	430,299	367,029	474,638	322,690
Deposits Held In Custody For Others	31,706	25,591	177	57,120
Other Long-Term Liabilities	671	730	688	713
TOTAL LIABILITIES	$ 750,839	$ 2,311,456	$ 2,378,142	$ 684,153

COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements beginning on page 66. Descriptions of each of the component units presented can be found in Note 38 on page 151.

COMBINING STATEMENT OF NET POSITION
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COLORADO VENTURE CAPITAL AUTHORITY	HLC @ METRO	UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION	TOTAL
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 1,187	$ 11,040	$ 206	$ 4,890	$ 17,323
Investments	-	-	-	7,795	7,795
Other Receivables, net	256	11	186	192	645
Due From Other Governments	-	-	330		330
Prepaids, Advances and Deposits	3,500	-	-	1,115	4,615
Total Current Assets	4,943	11,051	722	13,992	30,708
Noncurrent Assets:					
Restricted Cash and Pooled Cash	4,130	-	9,759	-	13,889
Investments	-	52,522	-	5,165	57,687
Other Long-Term Assets	247	-	202	776	1,225
Depreciable Capital Assets and Infrastructure, net	127,581	-	39,393	37,909	204,883
Land and Nondepreciable Capital Assets	19,993	-	4,890	33,477	58,360
Total Noncurrent Assets	151,951	52,522	54,244	77,327	336,044
TOTAL ASSETS	156,894	63,573	54,966	91,319	366,752
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	34	-	1,282	865	2,181
Notes, Bonds, and COPs Payable	-	-	-	6,755	6,755
Other Current Liabilities	-	-	402	950	1,352
Total Current Liabilities	34	-	1,684	8,570	10,288
Noncurrent Liabilities:					
Notes, Bonds, and COPs Payable	-	-	52,515	63,931	116,446
Other Long-Term Liabilities	-	-	-	19,142	19,142
Total Noncurrent Liabilities	-	-	52,515	83,073	135,588
TOTAL LIABILITIES	34	-	54,199	91,643	145,876
NET POSITION:					
Net investment in Capital Assets:	147,085	-	44,284	24,030	215,399
Restricted for:					
Other Purposes	4,175	-	-	954	5,129
Unrestricted	5,600	63,573	(43,517)	(25,308)	348
TOTAL NET POSITION	$ 156,860	$ 63,573	$ 767	$ (324)	$ 220,876

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER COMPONENT UNITS (NONMAJOR) FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COLORADO VENTURE CAPITAL AUTHORITY	HLC @ METRO	UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION	TOTAL
OPERATING REVENUES:					
Sales of Goods and Services	$ -	$ -	$ 9,853	$ -	$ 9,853
Investment Income (Loss)	-	(1,648)	-	-	(1,648)
Rental Income	1,465	-	-	-	1,465
Gifts and Donations	-	-	-	44	44
Other	-	-	-	18,474	18,474
TOTAL OPERATING REVENUES	1,465	(1,648)	9,853	18,518	28,188
OPERATING EXPENSES:					
Operating and Travel	610	102	5,968	5,216	11,896
Depreciation and Amortization	4,516	-	1,338	2,309	8,163
TOTAL OPERATING EXPENSES	5,126	102	7,306	7,525	20,059
OPERATING INCOME (LOSS)	(3,661)	(1,750)	2,547	10,993	8,129
NONOPERATING REVENUES AND (EXPENSES):					
Investment Income (Loss)	9	138	16	245	408
Gifts and Donations	-	-	53	-	53
Federal Grants and Contracts	-	-	991	-	991
Debt Service	-	-	(3,358)	(3,715)	(7,073)
Other Expenses	-	-	(6)	-	(6)
Other Revenues	1,097	-	-	-	1,097
TOTAL NONOPERATING REVENUES (EXPENSES)	1,106	138	(2,304)	(3,470)	(4,530)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,555)	(1,612)	243	7,523	3,599
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:					
Special Items (See Note 41)	-	-	-	(1,721)	(1,721)
TOTAL CONTRIBUTIONS AND TRANSFERS	-	-	-	(1,721)	(1,721)
CHANGE IN NET POSITION	(2,555)	(1,612)	243	5,802	1,878
NET POSITION - FISCAL YEAR BEGINNING	159,415	65,185	524	(6,126)	218,998
NET POSITION - FISCAL YEAR ENDING	$ 156,860	$ 63,573	$ 767	$ (324)	$ 220,876

CAPITAL ASSETS

The following schedule presents the capital assets, net of accumulated depreciation, used in governmental activities by function and by department. The schedule includes the capital assets of the Internal Service Funds because those funds primarily sell to governmental activities. This treatment matches the presentation of the capital assets on the government-wide *Statement of Net Position.* Except for the Internal Service Fund capital assets, the assets on this schedule are generally not reported on the fund-level financial statements.

SCHEDULE OF CAPITAL ASSETS
USED IN GOVERNMENTAL ACTIVITIES
INCLUDING INTERNAL SERVICE FUNDS
BY FUNCTION AND DEPARTMENT
JUNE 30, 2016

(DOLLARS IN THOUSANDS)	LAND	LAND AND LEASEHOLD IMPROVEMENTS	BUILDINGS	LIBRARY BOOKS AND COLLECTIONS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ -	$ -	$ -
Legislature	-	-	-	-
Military Affairs	3,554	10,568	66,149	-
Personnel & Administration	6,763	2,809	80,089	-
Revenue	-	-	-	-
Subtotal	10,317	13,377	146,238	-
BUSINESS, COMMUNITY & CONSUMER AFFAIRS				
Agriculture	103	-	8,236	-
[1]GOV, CEO, OEDIT	-	-	-	51
Labor and Employment	543	243	5,345	-
Local Affairs	-	257	-	-
Regulatory Agencies	-	6	-	-
Revenue	536	-	865	-
State	-	-	-	-
Subtotal	1,182	506	14,446	51
EDUCATION				
Education	152	27	802,910	1,256
Higher Education	1,842	764	100,761	9,057
Subtotal	1,994	791	903,671	10,313
HEALTH AND REHABILITATION				
Public Health and Environment	188	1	3,979	-
Human Services	3,068	2,159	90,586	-
Subtotal	3,256	2,160	94,565	-
JUSTICE				
Corrections	2,964	2,170	542,928	-
DHS, Division of Youth Services	1,675	346	69,055	-
Judicial	1,605	880	224,896	2,292
Law	-	69	-	9
Public Safety	1,399	1,401	21,227	-
Regulatory Agencies	-	-	-	-
Subtotal	7,643	4,866	858,106	2,301
NATURAL RESOURCES				
Natural Resources	70,148	513	28,551	-
SOCIAL ASSISTANCE				
Human Services	-	1,660	1,572	-
Military Affairs	36	1,191	1,890	-
Health Care Policy and Financing	-	-	-	-
Subtotal	36	2,851	3,462	-
TRANSPORTATION				
Transportation	16,322	119	172,583	-
TOTAL CAPITAL ASSETS	$ 110,898	$ 25,183	$ 2,221,622	$ 12,665

[1]Governor's Office, Colorado Energy Office, and the Office of Economic Development and International Trade

VEHICLES AND EQUIPMENT	SOFTWARE	OTHER CAPITAL ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 33,514	$ 905	$ -	$ 6,703	$ -	$ 41,122
539	-	-	174	-	713
625	-	14	1,382	-	82,292
82,480	36,641	15	13,448	-	222,245
4,385	5,772	-	11,764	-	21,921
121,543	43,318	29	33,471	-	368,293
2,028	(12)	-	109	-	10,464
16	-	-	-	-	67
729	2,980	212	-	-	10,052
63	2	643	-	-	965
256	92	-	-	-	354
81	294	-	-	-	1,776
1,105	117	-	-	-	1,222
4,278	3,473	855	109	-	24,900
2,120	1,396	-	489	-	808,350
967	68	(3)	2,028	53	115,537
3,087	1,464	(3)	2,517	53	923,887
5,604	7,608	1,659	-	-	19,039
1,416	(10,347)	61	14,637	-	101,580
7,020	(2,739)	1,720	14,637	-	120,619
10,305	117	264	21,127	-	579,875
174	-	-	3,918	-	75,168
12,686	3,419	-	15,773	-	261,551
1,647	100	-	-	-	1,825
23,366	4,202	110	27,767	-	79,472
20	-	-	-	-	20
48,198	7,838	374	68,585	-	997,911
1,167	875	1,151	650	-	103,055
1,798	36,238	-	12,498	-	53,766
68	-	-	4,149	-	7,334
66	171	-	-	-	237
1,932	36,409	-	16,647	-	61,337
165,414	4,500	-	620,684	8,281,364	9,260,986
$ 352,639	$ 95,138	$ 4,126	$ 757,300	$ 8,281,417	$ 11,860,988

OTHER FUNDS DETAIL

In the combined and combining statements several fund categories show a column titled “Other”. The schedule on the following pages provide a summary of assets, liabilities, and net position/fund balance of the individually significant funds that comprise the columns titled “Other”. Most of the funds shown in the schedule are Special Revenue Funds that are statutorily authorized.

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2016

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position/ Fund Balance
OTHER PERMANENT FUNDS				
Wildlife For Future Generations Trust Fund - Nonexpendable	TRUST 33-1-112	7,248	-	7,248
Wildlife For Future Generations Trust Fund - Expendable	TRUST 33-1-112	1,192	2	1,190
Other Permanent-Nonexpendable	TRUST	749	-	749
Co Veterans Monument Preservation Trust Fund - Nonexpendable	TRUST 2480-1401	85	-	85
Parks For Future Generations Trust Fund - Nonexpendable	33-10-111(6)(a)	25	-	25
Hall Historical Marker - Nonexpendable	TRUST 24-80-209	8	-	8
Co Veterans' Monument Preservation Trust Fund - Expendable	TRUST 2480-1401	1	-	1
Total Other Permanent Funds		$ 9,308	$ 2	$ 9,306
OTHER PRIVATE PURPOSE TRUST FUNDS				
Supplemental Purse And Breeders Awards Fund	12-60-704	633	-	633
Early Intervention Services Trust Fund	27-10.5-706	9,505	8,984	521
Brand Estray Fund	35-41-102	291	15	276
Veteran's Private Contribution Fund	28-5-706	-	-	-
Total Other Private Purpose Funds		$ 10,429	$ 8,999	$ 1,430
OTHER ENTERPRISE FUNDS				
CollegeInvest	23-3.1-205.4	35,638	13,047	22,591
Early Achievers Scholarship Trust	23-3.1-206.9	14,822	74	14,748
Capitol Parking Fund	NONE	12,347	3,296	9,051
Grounds Cash Fund	26-1-133.5(2)	4,438	921	3,517
Other Enterprise Funds	VARIOUS	78	-	78
Clean Screen Authority	42-4-307.5	723	715	8
Work Therapy Cash Fund	26-8-107	331	390	(59)
Business Enterprise Program	26-8.5-107	1,258	1,657	(399)
Enterprise Services Fund	24-80-209	3,326	5,797	(2,471)
Brand Inspection Fund	35-41-102	3,896	12,380	(8,484)
Total Other Enterprise Funds		$ 76,857	$ 38,277	$ 38,580
OTHER INTERNAL SERVICE FUNDS				
Professional Development Cash Fund	24-50-122(2)	820	1,432	(612)
Debt Collection Fund	24-30-202.4	2,732	4,420	(1,688)
Total Other Internal Service Funds		$ 3,552	$ 5,852	$ (2,300)
OTHER SPECIAL PURPOSE GENERAL FUNDS				
School Capital Construction Assistance Fund	22-43.7-104	383,132	12,180	370,952
Controlled Maintenance Trust Fund	24-75-302.5	70,900	-	70,900
State Employee Reserve Fund	24-50-104	46,771	-	46,771
Economic Development Fund	24-46-105	23,783	19	23,764
Intellectual And Developmental Disabilities Services Cash Fund	25.5-10-207	15,396	329	15,067
Real Estate Proceeds Fund	28-3-106	10,541	4	10,537
Legislative Department Cash	2-2-1601(1)	10,516	253	10,263
Housing Development Grant Fund	24-32-721	10,389	634	9,755
Indirect Cost Excess Recovery Fund	24-75-1401	7,971	182	7,789
Old Age Pension Stabilization Fund	26-2-116	5,000	-	5,000
Skilled Worker Outreach Recruitment & Key Training Fund	8-83-307	3,198	46	3,152
Ballot Information Publication & Distribution Revolving Fund	1-40-124.5	2,670	-	2,670
Natural Hazard Mapping Fund	37-60-131(1)(a)	2,260	-	2,260
Underfunded Courthouse Facility Cash Fund	13-1-304	2,184	161	2,023
State Social Security Income Stabilization Fund	26-2-210(1)	1,836	-	1,836
Older Coloradans Cash Fund	26-11-205.5	4,101	2,271	1,830
Persistent Drunk Driver Fund	42-3-130.5	1,677	193	1,484
Energy Research Cash Fund	24-48.5-120	992	2	990
Tax Amnesty Cash Fund	39-21-202	962	-	962
Cross-System Response For Behavioral Health Crises Pilot Pgm	BHC Pilot	1,695	855	840
Charter School Assistance Fund	22-30.5-515	2,137	1,373	764
Colorado Health Care Services Fund	25.5-3-112	739	-	739
Start Smart Nutrition Program Fund	22-82.7-105	673	35	638
Charter School Institute Fund	22-30.5-506	2,471	1,834	637
Conservation Trust Fund	24-35-210(10)	12,993	12,512	481

(Continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2016

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position/ Fund Balance
Diseased Livestock Fund	35-50-140.5	438	-	438
Colorado Family Support Loan Fund	27-10.5-502	429	10	419
Firefighter Benefits Cash Fund	29-5-302(11)(a)	262	-	262
Strategic Action Plan On Aging Cash Fund	24-32-3407(1)	232	-	232
Legislative Expenses Fund	2-3-1002(1)	217	-	217
Advanced Industries Export Acceleration Cash Fund	24-47-103(8)	280	82	198
Advance Technology Fund	25-16.5-105(2)	145	-	145
Colorado National Guard Tuition Fund	23-5-111.4	124	-	124
Hospitality Career Secondary Education Fund	24-46.3-204	154	42	112
Colorado Heritage Communities Fund	24-32-3207	129	61	68
Service Fee Fund	26-4-410(1)D	19	8	11
Child Protection Ombudsman Program	#MULTIVALUE	8	-	8
Prepaid Wireless Trust Cash Fund	29-11-102.5	6	-	6
Youth Advisory Council Cash Fund	2-2-1306	4	-	4
Child Welfare Transition Cash Fund	25.5-6-409.5(9)	63	61	2
Professional Development And Student Support Fund	22-24-108(3)(a)	1	-	1
Recovery Audit Cash Fund	24-30-203.5	1	-	1
Oap Health And Medical Care Fund	25.5-2-101(2)	125	125	-
Procurement Technical Assistance Cash Fund	24-48.5-121(8)	1	1	-
Colorado Student Leaders Institute Cash Fund	24-44.3-105(1)	219	219	-
General Fund Reserve Account(Refunds)	39-29-107.8	56,800	56,800	-
Total Other Special Purpose General Funds		$ 684,644	$ 90,292	$ 594,352
OTHER SPECIAL REVENUE FUNDS				
Marijuana Tax Cash Fund	39-28.8-501	99,636	2,263	97,373
Mortgage Fraud Custodial Funds	Settlement	42,477	349	42,128
Adult Dental Fund	25.5-5-207(4)	38,436	1,401	37,035
Consumer Protection Custodial Funds	6-1-103	35,349	320	35,029
Colorado Opportunity Scholarship Initiative Fund	23-303-1005	34,181	53	34,128
Gear Up Scholarship Trust Fund	SETTLEMENT	27,123	9	27,114
Marijuana Cash Fund	12-43.3-501	25,463	404	25,059
Advance Industries Acceleration Fund	24-48.5-117	19,712	1,519	18,193
Supreme Court Committee Fund	COURT RULE 227	15,481	703	14,778
Victims Compensation Fund	24-4.1-117	11,418	13	11,405
Victims Assistance Fund	24-4.2-104	10,672	111	10,561
Judicial Information Technology Cash Fund	13-32-114	12,907	2,958	9,949
Offender Services Fund	16-11-214	7,920	317	7,603
Hud Sec 8 Family Self-Sufficiency Program	29-4-708(K)	7,527	378	7,149
Title Iv-E Waiver Demonstration Project Cash Fund	26-5-105.4(4)(b	7,036	93	6,943
Justice Center Cash Fund	13-32-101(7)	6,654	311	6,343
Judicial Stabilization Cash Fund	13-32-101	6,246	556	5,690
Correctional Treatment Cash Fund	18-19-103(4)	7,213	2,059	5,154
Colorado Bureau Of Investigation Identification Unit Fund	24-33.5-426	6,086	1,309	4,777
Creative Industries Cash Fund	24-48.5-301(2)	4,726	82	4,644
Judicial Collection Enhancement Fund	16-11-101.6	4,977	532	4,445
Department Of State Cash Fund	24-21-104	6,148	1,787	4,361
Conveyance Safety Fund	9-5.5-111(2)	4,056	20	4,036
Process And End Users Fund	25-17-202.5	6,108	2,135	3,973
Criminal Alien Assistance Cash Fund	17-1-107.5	3,918	-	3,918
Supplier Database Cash Fund	24-102-202.5	3,807	-	3,807
Collection Agency Board Custodial Fund	24-31-108	3,697	8	3,689
Energy Efficiency Project Fund	24-38.5-106(4)	3,512	-	3,512
Local Firefighter Safety And Disease Prevention Fund	24-33.5-1231	3,358	161	3,197
Public School Construction And Inspection Fund	24-33.5-1207	3,044	118	2,926
Broadband Fund	40-15-509.5(4)	2,841	-	2,841
Other Education Special Revenue Funds	VARIOUS	2,819	11	2,808
Auto Theft Prevention Cash Fund	42-5-112(4A)	5,782	2,975	2,807
Housing Rehabilitation Revolving Loans	29-4-728	2,418	24	2,394
Attorney'S Fees And Costs Fund	24-31-108(2)	2,086	-	2,086
School Bullying Prevention And Education Cash Fund	22-93-105(1)	1,999	6	1,993
Patient Benefit Fund	CUSTOIDAL	1,837	14	1,823

(Continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2016

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets/ Deferred Outflows	Liabilities/ Deferred Inflows	Net Position/ Fund Balance
Help America Vote Act Fund	FED HAVA 2002	1,789	2	1,787
Commercial Vehicle Enterprise Fund	42-1-225(1)	1,779	7	1,772
Victims Assistance And Law Enforcement Fund	24-33.5-506	1,883	150	1,733
Uniform Commercial Credit Code Custodial Funds	4-1-102	1,815	110	1,705
Inspection And Consumer Services Cash Fund	35-1-106.5	1,995	313	1,682
Traumatic Brain Injury Fund	26-1-210(1)	2,301	669	1,632
Donations - Governor'S Office	CUSTODIAL	1,798	179	1,619
Public School Transportation Fund	22-51-103(1)	1,783	217	1,566
History Colorado Restricted Donations	24-80-209	1,503	16	1,487
Federal Tax Relief Act Of 2003	FEDERAL	1,487	24	1,463
P.O.S.T. Board Cash Fund	24-31-303(2)	2,712	1,367	1,345
Instant Criminal Background Check Fund	24-33.5-424	1,516	227	1,289
Mfp Rebalancing Fund	Federal	1,279	-	1,279
Court Security Cash Fund	13-1-204(1)	1,772	545	1,227
Hud Community Development Block Grant Fund	24-76-101	9,472	8,382	1,090
State Patrol Contraband Fund	24-33.5-225	983	7	976
Colorado Bureau Of Investigation Contraband Fund	24-33.5-415	968	-	968
Child Care Assistance Cliff Effect Pilot Program Fund	26-2-808(2.5)	974	21	953
Restorative Justice Surcharge Fund	18-25-101(3)	1,085	212	873
Hud Home Grant Revolving Loan Fund	NONE	1,898	1,089	809
Plant Health, Pest Control And Environmental Protection Fund	35-1-106.3	2,703	1,906	797
Other Human Services Special Revenue Funds	VARIOUS	1,308	515	793
Disabled Telephone Users Fund	40-17-104	1,101	315	786
Insurance Fraud Cash Fund	10-3-207.5(2)	1,940	1,169	771
Howard Fund	26-8-104(1)C	657	-	657
Library Trust Fund	24-90-105	637	7	630
Agricultural Products Inspection Fund	35-23-114(3)	812	189	623
Public Utilities Commission Fixed Utility Fund	40-2-114	1,331	734	597
Law Enforcement Grant Fund	25-17-207(4)	559	-	559
Texaco Oil Overcharge Fund	SETTLEMENT	556	-	556
Auto Dealers License Fund	12-6-123	743	208	535
Uniform Consumer Credit Code Cash Fund	5-6-204	1,545	1,023	522
Identity Theft Financial Fraud Fund	24-33.5-1707	550	36	514
State Toxicology Laboratory Fund	24-33.5-428(2)(	546	86	460
Innovative Energy Fund	24-38.5-102.5	619	166	453
Division Of Insurance Cash	10-1-103	4,418	3,969	449
Judicial Performance Cash Fund	13-5.5-107	473	26	447
Waste Tire Market Development Fund	25-17-202.9	526	82	444
Exxon Oil Overcharge Funds	SETTLEMENT	439	-	439
Real Estate Cash Fund	12-61-111.5	3,661	3,275	386
State Public Financing Fund	24-36-121(7)	385	-	385
Public Deposit Administration Fund	11-10.5-112	776	423	353
Interstate Compact Probation Transfer Cash Fund	18-1.3-204(4)	346	3	343
Retail Marijuana Excise Tax Fund	12-43.3-501	409	70	339
Hud Sec 811 Supportive Housing Person With Disablities	29-4-708(K)	347	14	333
Waste Tire Fire Prevention Fund	25-17-202.8	317	-	317
Board Assessment Appeals Cash Fund	39-2-125(1)H	324	11	313
Liquor Enforcement Division & State Licensing Authority	24-35-401	564	262	302
Family-Friendly Court Program Fund	13-3-113(6)	281	14	267
Diamond Shamrock Settlement Funds	SETTLEMENT	257	-	257
Colorado Domestic Abuse Program Fund	39-22-802	352	108	244
Building Regulation Fund	24-32-3309	312	68	244
Public Education Fund	39-22-4203	243	-	243
Educator Licensure Cash Fund	22-60.5-112	419	178	241
Food Distribution Program Service Fund	26-1-121(4B)	345	104	241
Homeless Prevention Program Fund	39-22-1302	252	17	235
Vickers Oil Overcharge Funds	E.O. 56-87	233	-	233
State And Veterans Nursing Homes Patient Benefit Fund	26-12-108(2)	231	-	231
State Archives And Public Records Cash Fund	24-80-102(10)	231	-	231
Moffat Tunnel Cash Fund	32-8-126	217	-	217
Cervidae Disease Fund	35-50-115	203	-	203
Witness Protection Fund	24-33.5-106	201	-	201
166 Funds with Net Assets Below $200,000		55,167	53,517	1,650
Total Other Special Revenue Funds		$ 616,998	$ 105,031	$ 511,967

NON-APPROPRIATED BUDGET SCHEDULES

The schedules on the following pages provide, by department, nonappropriated budget-to-actual activity. The budgets are based on a variety of sources that are not subject to appropriation by the General Assembly that generally include most federal awards, custodial agreements, and Colorado statutes. In Higher Education Institutions informational only appropriations for tuition and certain fees contained in the State's legislative appropriations act are not controlling. Therefore, expenditures may exceed recorded budgets in these appropriations.

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
BUDGET AND ACTUAL - NON-APPROPRIATED GENERAL FUNDED
FOR THE YEAR ENDED JUNE 30, 2016

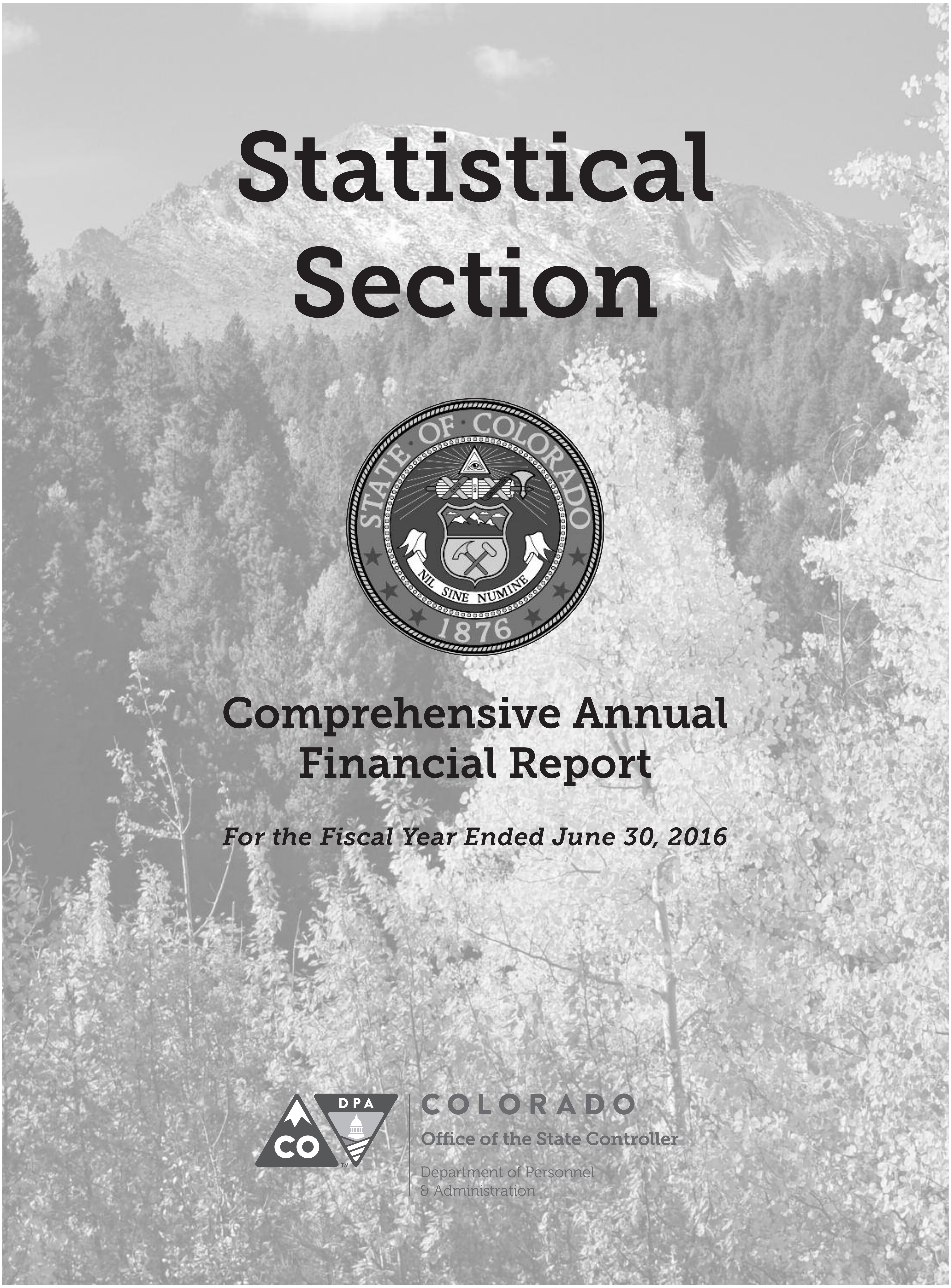
(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 268,914	
Income Taxes			592,407	
Other Taxes			25,217	
Federal Grants and Contracts			1	
Sales and Services			42	
Interest Earnings			1,117	
Other Revenues			2,268	
Transfers-In			2,619	
TOTAL REVENUES AND TRANSFERS-IN			892,585	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Governor	$ -	$ 50	37	$ 13
Health Care Policy and Financing	-	6,829	4,779	2,050
Higher Education	-	782	782	-
Human Services	-	8,514	8,514	-
Labor and Employment	-	700	236	464
Local Affairs	4,251	6,513	5,247	1,266
Public Health and Environment	-	3,274	3,274	-
Regulatory Agencies	4,150	4,150	4,150	-
Revenue	101,520	211,349	210,139	1,210
Transportation	-	102	102	-
Treasury	462,039	462,039	462,039	-
Transfers Not Appropriated by Department	271,129	271,129	221,329	49,800
SUB-TOTAL OPERATING BUDGETS	843,089	975,431	920,628	54,803
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 843,089	$ 975,431	920,628	$ 54,803
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (28,043)	

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 812,318	
Income Taxes			56,800	
Other Taxes			805,466	
Tuition and Fees			2,182,553	
Sales and Services			1,411,616	
Interest Earnings			120,561	
Other Revenues			2,682,273	
Transfers-In			5,653,581	
TOTAL REVENUES AND TRANSFERS-IN			13,725,168	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 5,164	$ 5,762	2,451	$ 3,311
Corrections	18,856	39,726	38,098	1,628
Education	3,529,413	3,523,083	3,505,405	17,678
Governor	169,328	241,232	83,878	157,354
Health Care Policy and Financing	48,815	50,883	5,908	44,975
Higher Education	3,176,419	3,350,914	3,278,136	72,778
Human Services	310,353	161,499	153,057	8,442
Judicial Branch	44,284	62,531	54,552	7,979
Labor and Employment	652,269	652,989	538,512	114,477
Law	30,551	30,862	14,235	16,627
Legislative Branch	11,712	11,712	3,414	8,298
Local Affairs	385,596	395,815	194,646	201,169
Military and Veterans Affairs	858	1,338	849	489
Natural Resources	814,202	825,609	323,109	502,500
Personnel & Administration	446,648	451,225	439,888	11,337
Public Health and Environment	74,660	75,295	27,734	47,561
Public Safety	126,417	129,410	76,434	52,976
Regulatory Agencies	2,016	2,830	1,592	1,238
Revenue	384,004	404,648	335,040	69,608
State	437	437	427	10
Transportation	3,052,505	3,253,960	1,152,580	2,101,380
Treasury	1,948,901	1,953,494	1,935,596	17,898
Budgets/Transfers Not Recorded by Department	8,975	8,975	8,972	3
SUB-TOTAL OPERATING BUDGETS	15,242,383	15,634,229	12,174,513	3,459,716
Capital and Multi-Year Budgets:				
Departmental:				
Natural Resources	45,739	82,078	14,661	67,417
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	45,739	82,078	14,661	67,417
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 15,288,122	$ 15,716,307	12,189,174	$ 3,527,133
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 1,535,994	

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 4,057,740	
TOTAL REVENUES AND TRANSFERS-IN			4,057,740	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 4,171	$ 12,944	5,805	$ 7,139
Corrections	1,260	5,446	3,896	1,550
Education	650,650	876,097	627,851	248,246
Governor	6,493	63,520	25,827	37,693
Health Care Policy and Financing	240,126	357,041	293,777	63,264
Higher Education	27,495	399,869	357,177	42,692
Human Services	238,457	1,262,992	1,041,211	221,781
Judicial Branch	9,893	26,881	22,617	4,264
Labor and Employment	100,821	210,425	135,061	75,364
Law	1,794	1,796	1,658	138
Local Affairs	76,876	283,782	145,276	138,506
Military and Veterans Affairs	215,692	20,296	13,054	7,242
Natural Resources	29,543	94,360	40,948	53,412
Personnel & Administration	-	120	30	90
Public Health and Environment	272,612	424,900	287,201	137,699
Public Safety	59,500	386,479	111,284	275,195
Regulatory Agencies	1,486	8,500	3,659	4,841
Revenue	824	3,932	1,511	2,421
State	-	2,373	556	1,817
Transportation	573,062	900,052	744,147	155,905
Treasury	-	104,596	104,596	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,510,755	5,446,401	3,967,142	1,479,259
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 2,510,755	$ 5,446,401	3,967,142	$ 1,479,259
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 90,598	



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

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
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2015-16	2014-15	2013-14	2012-13
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,703,416	$ 2,696,950	$ 2,302,356	$ 2,549,620
Investments	-	-	8,460	3,497
Taxes Receivable, net	1,251,185	1,252,907	1,224,629	1,118,329
Other Receivables, net	572,655	450,805	210,062	189,937
Due From Other Governments	440,053	787,269	570,721	369,249
Internal Balances	28,967	28,022	19,336	23,801
Due From Component Units	347	135	54	119
Inventories	53,261	54,194	53,125	55,319
Prepaids, Advances and Deposits	67,468	67,917	73,025	57,465
Total Current Assets	5,117,352	5,338,199	4,461,768	4,367,336
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,923,920	2,140,729	2,554,938	1,798,432
Restricted Investments	732,662	761,140	657,772	598,209
Restricted Receivables	510,028	363,300	258,107	176,055
Investments	219,369	280,100	428,321	464,535
Other Long-Term Assets	675,809	636,260	686,349	740,735
Depreciable Capital Assets and Infrastructure, net	9,976,023	9,772,651	9,600,423	9,312,959
Land and Nondepreciable Capital Assets	1,851,910	1,968,227	1,931,832	2,170,769
Depreciable Capital Assets for Investment	33,055	-	-	-
Total Noncurrent Assets	15,922,776	15,922,407	16,117,742	15,261,694
TOTAL ASSETS	21,040,128	21,260,606	20,579,510	19,629,030
DEFERRED OUTFLOW OF RESOURCES:	818,761	350,796	18,289	-
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	856,076	669,992	718,211	718,077
Accounts Payable and Accrued Liabilities	1,166,681	1,367,263	1,043,961	742,225
TABOR Refund Liability (Note 8B)	31,358	173,346	706	706
Due To Other Governments	232,724	233,087	245,300	198,953
Due To Other Funds	-	-	-	-
Due To Component Units	-	-	15	81
Unearned Revenue	123,769	100,467	92,674	95,026
Obligations Under Securities Lending	-	-	-	-
Accrued Compensated Absences	11,522	12,185	10,470	10,955
Claims and Judgments Payable	46,343	47,682	61,623	46,873
Leases Payable	28,261	27,760	26,941	20,004
Notes, Bonds, and COPs Payable	171,835	200,975	187,910	174,340
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	29,525	19,052	19,979	14,834
Total Current Liabilities	2,698,094	2,851,809	2,407,790	2,022,074
Noncurrent Liabilities:				
Due to Other Funds	-	-	-	-
Deposits Held In Custody For Others	90	139	139	17
Accrued Compensated Absences	154,510	149,817	145,992	138,413
Claims and Judgments Payable	276,010	299,785	301,591	323,451
Capital Lease Payable	122,404	144,569	148,055	131,006
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	-	-	-	-
Notes, Bonds, and COPs Payable	1,174,467	1,331,892	1,541,225	1,611,220
Due to Component Units	-	-	-	-
Net Pension Liability	6,295,004	5,565,526		
Other Postemployment Benefits	-	-	-	-
Other Long-Term Liabilities	415,669	423,809	402,954	444,118
Total Noncurrent Liabilities	8,438,154	7,915,537	2,539,956	2,648,225
TOTAL LIABILITIES	11,136,248	10,767,346	4,947,746	4,670,299
DEFERRED INFLOW OF RESOURCES:	133,375	47,262	338	-
Net investment in Capital Assets:	11,330,474	10,654,690	10,125,644	10,107,082
Restricted for:				
Construction and Highway Maintenance	966,743	936,535	1,080,201	1,145,997
Education	309,957	766,688	1,110,180	1,265,476
Unemployment Insurance	-	-	-	-
Debt Service	68,105	56,534	44,752	33,113
Emergencies	217,328	217,328	153,150	161,350
Permanent Funds and Endowments:				
Expendable	5,801	7,301	7,271	6,328
Nonexpendable	950,976	896,872	800,132	694,564
Other Purposes	717,185	626,649	358,694	349,811
Unrestricted	(3,977,303)	(3,365,803)	1,969,691	1,195,010
TOTAL NET POSITION	$ 10,589,266	$ 10,796,794	$ 15,649,715	$ 14,958,731

		GOVERNMENTAL ACTIVITIES			
2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 1,969,331	$ 1,548,435	$ 1,962,934	$ 2,217,711	$ 2,632,601	$ 2,455,425
1,726	45,548	15,224	1,498	565	998
1,012,147	830,730	857,246	920,086	946,077	956,149
156,126	147,768	158,060	182,540	188,347	153,218
318,460	486,655	516,248	475,997	355,519	280,637
15,964	18,620	14,153	14,617	14,545	13,756
137	62	84	66	63	65
17,057	19,837	16,468	16,183	16,703	14,053
53,961	56,543	38,591	33,244	23,790	28,527
3,544,909	3,154,198	3,579,008	3,861,942	4,178,210	3,902,828
1,779,413	1,635,476	1,572,925	1,813,365	2,061,543	1,689,703
591,083	1,097,797	687,314	694,311	620,325	552,211
181,932	173,347	195,753	184,120	187,018	279,140
416,674	52,343	529,059	98,815	96,743	80,695
712,736	761,498	644,867	600,020	442,911	425,886
9,602,516	9,331,295	9,689,916	2,360,036	2,282,645	1,288,308
1,903,604	1,780,945	1,637,224	10,480,438	10,291,250	11,799,975
-	-	-	-	-	-
15,187,958	14,832,701	14,957,058	16,231,105	15,982,435	16,115,918
18,732,867	17,986,899	18,536,066	20,093,047	20,160,645	20,018,746
-	-	-	-	-	-
661,829	625,145	664,781	633,722	561,117	486,576
677,471	785,496	847,550	779,008	837,311	694,602
706	706	706	706	706	727
228,229	216,956	181,684	223,415	183,696	176,864
-	-	-	-	-	-
-	-	-	-	-	-
125,174	111,506	128,404	150,632	97,174	65,389
-	-	-	-	-	-
9,859	9,741	10,287	8,930	9,776	9,533
44,858	44,641	44,181	36,936	37,775	40,948
14,387	12,872	11,384	8,227	6,002	2,807
162,670	145,165	642,445	637,066	574,150	457,250
-	-	-	-	-	-
16,531	13,748	20,432	9,818	11,794	9,615
1,941,714	1,965,976	2,551,854	2,488,460	2,319,501	1,944,311
-	-	-	-	-	-
16	14	13	16	16	17
132,394	137,139	138,224	140,675	128,760	116,262
330,516	340,003	347,394	358,371	335,636	295,874
107,042	94,716	85,746	83,586	54,029	27,649
-	-	-	-	-	-
-	-	-	-	-	-
1,614,293	1,621,749	1,554,964	1,146,960	1,274,720	1,390,671
-	-	-	-	-	-
-	-	-	-	-	-
427,828	434,194	402,599	397,774	217,793	206,972
2,612,089	2,627,815	2,528,940	2,127,382	2,010,954	2,037,445
4,553,803	4,593,791	5,080,794	4,615,842	4,330,455	3,981,756
-	-	-	-	-	-
10,107,432	9,836,378	10,118,621	11,631,061	11,348,995	11,804,908
1,176,269	1,160,789	1,198,849	1,220,524	1,350,485	1,196,903
280,269	485,171	194,586	338,365	353,149	225,818
-	-	-	-	-	-
21,453	10,127	4,093	558	558	558
72,850	85,400	94,000	93,550	93,000	85,760
6,024	8,017	11,130	8,588	2,333	1,782
684,953	641,802	643,148	623,619	587,733	515,997
340,818	315,082	138,826	197,918	231,532	299,777
1,488,996	850,342	1,052,019	1,363,022	1,862,405	1,905,487
$ 14,179,064	$ 13,393,108	$ 13,455,272	$ 15,477,205	$ 15,830,190	$ 16,036,990

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

(DOLLARS IN THOUSANDS)

	2015-16	2014-15	2013-14	2012-13
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,525,453	$ 2,454,684	$ 2,246,115	$ 2,169,314
Investments	392,188	378,115	254,744	281,822
Taxes Receivable, net	123,638	142,241	135,207	137,970
Other Receivables, net	640,664	430,306	408,364	381,351
Due From Other Governments	94,860	134,455	150,697	155,190
Internal Balances	(28,967)	(28,022)	(19,336)	(23,801)
Due From Component Units	18,188	11,370	23,716	18,969
Inventories	54,748	57,950	54,015	52,826
Prepaids, Advances and Deposits	28,756	28,186	37,433	24,806
Total Current Assets	3,849,528	3,609,285	3,290,955	3,198,447
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	457,926	499,742	429,965	352,234
Restricted Investments	167,540	246,783	303,678	292,283
Restricted Receivables	40,009	31,609	45,477	45,264
Investments	1,941,040	1,969,155	1,896,811	1,746,078
Other Long-Term Assets	129,425	129,850	99,380	128,105
Depreciable Capital Assets and Infrastructure, net	7,050,226	6,190,355	5,876,698	5,463,065
Land and Nondepreciable Capital Assets	1,652,441	1,788,595	1,370,142	1,229,761
Depreciable Capital Assets for Investment	-	-	-	-
Total Noncurrent Assets	11,438,607	10,856,089	10,022,151	9,256,790
TOTAL ASSETS	15,288,135	14,465,374	13,313,106	12,455,237
DEFERRED OUTFLOW OF RESOURCES:	649,853	348,635	118,103	551
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	-	-	-	-
Accounts Payable and Accrued Liabilities	771,248	751,171	659,085	602,571
TABOR Refund Liability (Note 8B)	-	-	-	-
Due To Other Governments	38,615	22,048	30,805	34,169
Due To Other Funds	-	-	-	-
Due To Component Units	645	623	528	343
Unearned Revenue	306,222	407,108	346,264	305,108
Obligations Under Securities Lending	-	-	-	-
Accrued Compensated Absences	22,761	20,960	18,117	16,609
Claims and Judgments Payable	-	-	-	-
Leases Payable	9,132	8,618	6,610	6,575
Notes, Bonds, and COPs Payable	267,134	251,947	244,366	233,811
Other Postemployment Benefits	-	-	14,076	17,052
Other Current Liabilities	139,765	125,054	127,033	142,868
Total Current Liabilities	1,555,522	1,587,529	1,446,884	1,359,106
Noncurrent Liabilities:				
Due to Other Funds	-	-	-	-
Deposits Held In Custody For Others	20	-	-	-
Accrued Compensated Absences	293,365	268,600	250,148	236,329
Claims and Judgments Payable	39,657	41,460	40,982	38,993
Capital Lease Payable	47,994	45,663	35,582	35,153
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	13,222	9,515	8,566	8,333
Notes, Bonds, and COPs Payable	4,480,091	4,418,327	4,131,227	3,898,265
Due to Component Units	1,631	1,661	1,743	1,755
Net Pension Liability	3,957,073	3,579,748		
Other Postemployment Benefits	289,133	241,779	181,511	177,176
Other Long-Term Liabilities	28,569	83,521	44,768	11,972
Total Noncurrent Liabilities	9,150,755	8,690,274	4,694,527	4,407,976
TOTAL LIABILITIES	10,706,277	10,277,803	6,141,411	5,767,082
DEFERRED INFLOW OF RESOURCES:	250,058	38,380	-	-
Net investment in Capital Assets:	5,051,345	4,417,947	3,653,265	3,571,408
Restricted for:				
Construction and Highway Maintenance	-	-	-	-
Education	462,636	439,535	642,611	-
Unemployment Insurance	740,049	620,575	402,770	218,076
Debt Service	85,617	75,666	39,862	8,439
Emergencies	34,000	34,000	34,000	34,000
Permanent Funds and Endowments:				
Expendable	157,611	150,270	7,901	11,716
Nonexpendable	83,274	87,679	64,712	61,159
Other Purposes	101,209	88,686	56,296	631,921
Unrestricted	(1,734,088)	(1,416,530)	2,388,381	2,151,987
TOTAL NET POSITION	$ 4,981,653	$ 4,497,828	$ 7,289,798	$ 6,688,706

BUSINESS-TYPE ACTIVITIES

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 2,011,437	$ 1,306,800	$ 1,176,181	$ 1,220,190	$ 1,555,782	$ 1,430,836
160,099	273,605	253,270	386,948	272,804	326,087
159,303	186,161	90,005	73,326	82,431	81,745
330,216	302,042	282,053	245,768	239,790	219,488
218,667	177,822	158,787	142,961	125,894	126,391
(15,964)	(18,620)	(14,153)	(14,617)	(14,545)	(13,756)
18,715	19,736	14,474	12,630	16,348	15,334
53,318	43,600	42,779	42,467	42,271	38,000
24,160	18,018	19,244	20,091	17,055	15,751
2,959,951	2,309,164	2,022,640	2,129,764	2,337,830	2,239,876
372,457	409,652	353,164	368,308	446,681	149,811
293,711	98,146	239,719	201,025	259,115	555,310
80,975	24,980	239,041	1,916,974	1,716,722	1,408,588
1,769,909	1,623,569	1,206,671	1,154,901	1,008,382	972,922
114,118	122,939	119,387	123,599	119,650	112,693
5,250,256	4,662,346	3,912,771	3,594,383	3,464,979	2,851,692
1,019,556	938,544	1,207,048	928,243	576,755	835,182
-	-	-	-	-	-
8,900,982	7,880,176	7,277,801	8,287,433	7,592,284	6,886,198
11,860,933	10,189,340	9,300,441	10,417,197	9,930,114	9,126,074
5,005	-	7,778	-	-	-
-	-	-	-	-	-
623,458	556,294	596,926	506,318	467,741	413,788
-	-	-	-	-	-
53,622	331,246	406,275	182,922	26,885	38,501
-	-	-	-	-	-
123	524	466	930	1,112	273
237,530	234,662	232,371	207,551	190,528	183,805
-	-	-	-	-	-
14,942	14,579	13,035	12,753	12,745	12,578
-	-	-	-	7,398	11,717
5,853	4,950	6,672	6,282	5,976	4,950
243,601	79,106	100,329	85,456	75,567	62,998
15,721					
110,667	141,484	126,232	241,129	208,542	126,574
1,305,517	1,362,845	1,482,306	1,243,341	996,494	855,184
-	-	-	-	-	-
-	-	-	-	-	-
219,026	205,621	196,295	185,420	166,402	153,320
36,472	35,373	29,461	27,541	28,482	28,220
33,185	43,466	76,702	83,206	83,113	63,671
-	-	-	4,285	4,285	-
12,994	6,182	7,778	-	-	-
3,938,320	3,117,100	2,682,987	3,917,559	3,466,484	3,100,764
1,758	2,374	2,501	723	1,233	-
139,653	105,876	47,259	31,689	15,775	-
39,015	43,814	36,450	43,321	40,756	54,097
4,420,423	3,559,806	3,079,433	4,293,744	3,806,530	3,400,072
5,725,940	4,922,651	4,561,739	5,537,085	4,803,024	4,255,256
-	2,006	-	-	-	-
3,386,411	2,990,094	2,854,803	2,665,270	2,411,662	2,256,929
-	-	-	-	-	-
-	-	-	-	-	-
64,433	-	-	392,984	765,533	675,574
7,464	6,753	6,100	111,778	180,409	125,656
10,005	12,368	16,257	21,282	33,716	37,472
6,975	5,936	6,825	6,935	9,592	5,313
38,798	73,956	71,738	70,420	74,479	97,821
629,655	657,292	630,890	582,006	491,492	411,112
1,996,257	1,518,284	1,159,867	1,029,437	1,160,207	1,260,941
$ 6,139,998	$ 5,264,683	$ 4,746,480	$ 4,880,112	$ 5,127,090	$ 4,870,818

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

(DOLLARS IN THOUSANDS)

	2015-16	2014-15	2013-14	2012-13
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 5,228,869	$ 5,151,634	$ 4,548,471	$ 4,718,934
Investments	392,188	378,115	263,204	285,319
Taxes Receivable, net	1,374,823	1,395,148	1,359,836	1,256,299
Other Receivables, net	1,213,319	881,111	618,426	571,288
Due From Other Governments	534,913	921,724	721,418	524,439
Internal Balances	-	-	-	-
Due From Component Units	18,535	11,505	23,770	19,088
Inventories	108,009	112,144	107,140	108,145
Prepaids, Advances and Deposits	96,224	96,103	110,458	82,271
Total Current Assets	8,966,880	8,947,484	7,752,723	7,565,783
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	2,381,846	2,640,471	2,984,903	2,150,666
Restricted Investments	900,202	1,007,923	961,450	890,492
Restricted Receivables	550,037	394,909	303,584	221,319
Investments	2,160,409	2,249,255	2,325,132	2,210,613
Other Long-Term Assets	805,234	766,110	785,729	868,840
Depreciable Capital Assets and Infrastructure, net	17,026,249	15,963,006	15,477,121	14,776,024
Land and Nondepreciable Capital Assets	3,504,351	3,756,822	3,301,974	3,400,530
Depreciable Capital Assets for Investment	33,055	-	-	-
Total Noncurrent Assets	27,361,383	26,778,496	26,139,893	24,518,484
TOTAL ASSETS	36,328,263	35,725,980	33,892,616	32,084,267
DEFERRED OUTFLOW OF RESOURCES:	1,468,614	699,431	136,392	551
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	856,076	669,992	718,211	718,077
Accounts Payable and Accrued Liabilities	1,937,929	2,118,434	1,703,046	1,344,796
TABOR Refund Liability (Note 8B)	31,358	173,346	706	706
Due To Other Governments	271,339	255,135	276,105	233,122
Due To Other Funds	-	-	-	-
Due To Component Units	645	623	543	424
Unearned Revenue	429,991	507,575	438,938	400,134
Obligations Under Securities Lending	-	-	-	-
Accrued Compensated Absences	34,283	33,145	28,587	27,564
Claims and Judgments Payable	46,343	47,682	61,623	46,873
Leases Payable	37,393	36,378	33,551	26,579
Notes, Bonds, and COPs Payable	438,969	452,922	432,276	408,151
Other Postemployment Benefits	-	-	14,076	17,052
Other Current Liabilities	169,290	144,106	147,012	157,702
Total Current Liabilities	4,253,616	4,439,338	3,854,674	3,381,180
Noncurrent Liabilities:				
Due to Other Funds				
Deposits Held In Custody For Others	110	139	139	17
Accrued Compensated Absences	447,875	418,417	396,140	374,742
Claims and Judgments Payable	315,667	341,245	342,573	362,444
Capital Lease Payable	170,398	190,232	183,637	166,159
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	13,222	9,515	8,566	8,333
Notes, Bonds, and COPs Payable	5,654,558	5,750,219	5,672,452	5,509,485
Due to Component Units	1,631	1,661	1,743	1,755
Net Pension Liability	10,252,077	9,145,274		
Other Postemployment Benefits	289,133	241,779	181,511	177,176
Other Long-Term Liabilities	444,238	507,330	447,722	456,090
Total Noncurrent Liabilities	17,588,909	16,605,811	7,234,483	7,056,201
TOTAL LIABILITIES	21,842,525	21,045,149	11,089,157	10,437,381
DEFERRED INFLOW OF RESOURCES:	383,433	85,642	338	-
Net investment in Capital Assets:	16,381,819	15,072,637	13,778,909	13,678,490
Restricted for:				
Construction and Highway Maintenance	966,743	936,535	1,080,201	1,145,997
Education	772,593	1,206,223	1,752,791	1,265,476
Unemployment Insurance	740,049	620,575	402,770	218,076
Debt Service	153,722	132,200	84,614	41,552
Emergencies	251,328	251,328	187,150	195,350
Permanent Funds and Endowments:				
Expendable	163,412	157,571	15,172	18,044
Nonexpendable	1,034,250	984,551	864,844	755,723
Other Purposes	818,394	715,335	414,990	981,732
Unrestricted	(5,711,391)	(4,782,333)	4,358,072	3,346,997
TOTAL NET POSITION	$ 15,570,919	$ 15,294,622	$ 22,939,513	$ 21,647,437

TOTAL PRIMARY GOVERNMENT

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 3,980,768	$ 2,855,235	$ 3,139,115	$ 3,437,901	$ 4,188,383	$ 3,886,261
161,825	319,153	268,494	388,446	273,369	327,085
1,171,450	1,016,891	947,251	993,412	1,028,508	1,037,894
486,342	449,810	440,113	428,308	428,137	372,706
537,127	664,477	675,035	618,958	481,413	407,028
-	-	-	-	-	-
18,852	19,798	14,558	12,696	16,411	15,399
70,375	63,437	59,247	58,650	58,974	52,053
78,121	74,561	57,835	53,335	40,845	44,278
6,504,860	5,463,362	5,601,648	5,991,706	6,516,040	6,142,704
2,151,870	2,045,128	1,926,089	2,181,673	2,508,224	1,839,514
884,794	1,195,943	927,033	895,336	879,440	1,107,521
262,907	198,327	434,794	2,101,094	1,903,740	1,687,728
2,186,583	1,675,912	1,735,730	1,253,716	1,105,125	1,053,617
826,854	884,437	764,254	723,619	562,561	538,579
14,852,772	13,993,641	13,602,687	5,954,419	5,747,624	4,140,000
2,923,160	2,719,489	2,844,272	11,408,681	10,868,005	12,635,157
-	-	-	-	-	-
24,088,940	22,712,877	22,234,859	24,518,538	23,574,719	23,002,116
30,593,800	28,176,239	27,836,507	30,510,244	30,090,759	29,144,820
5,005	-	7,778	-	-	-
661,829	625,145	664,781	633,722	561,117	486,576
1,300,929	1,341,790	1,444,476	1,285,326	1,305,052	1,108,390
706	706	706	706	706	727
281,851	548,202	587,959	406,337	210,581	215,365
-	-	-	-	-	-
123	524	466	930	1,112	273
362,704	346,168	360,775	358,183	287,702	249,194
-	-	-	-	-	-
24,801	24,320	23,322	21,683	22,521	22,111
44,858	44,641	44,181	36,936	45,173	52,665
20,240	17,822	18,056	14,509	11,978	7,757
406,271	224,271	742,774	722,522	649,717	520,248
15,721	-	-	-	-	-
127,198	155,232	146,664	250,947	220,336	136,189
3,247,231	3,328,821	4,034,160	3,731,801	3,315,995	2,799,495
16	14	13	16	16	17
351,420	342,760	334,519	326,095	295,162	269,582
366,988	375,376	376,855	385,912	364,118	324,094
140,227	138,182	162,448	166,792	137,142	91,320
-	-	-	4,285	4,285	-
12,994	6,182	7,778	-	-	-
5,552,613	4,738,849	4,237,951	5,064,519	4,741,204	4,491,435
1,758	2,374	2,501	723	1,233	-
139,653	105,876	47,259	31,689	15,775	-
466,843	478,008	439,049	441,095	258,549	261,069
7,032,512	6,187,621	5,608,373	6,421,126	5,817,484	5,437,517
10,279,743	9,516,442	9,642,533	10,152,927	9,133,479	8,237,012
-	2,006	-	-	-	-
13,493,843	12,826,472	12,973,424	14,296,331	13,760,657	14,061,837
1,176,269	1,160,789	1,198,849	1,220,524	1,350,485	1,196,903
280,269	485,171	194,586	338,365	353,149	225,818
64,433	-	-	392,984	765,533	675,574
28,917	16,880	10,193	112,336	180,967	126,214
82,855	97,768	110,257	114,832	126,716	123,232
12,999	13,953	17,955	15,523	11,925	7,095
723,751	715,758	714,886	694,039	662,212	613,818
970,473	972,374	769,716	779,924	723,024	710,889
3,485,253	2,368,626	2,211,886	2,392,459	3,022,612	3,166,428
$ 20,319,062	$ 18,657,791	$ 18,201,752	$ 20,357,317	$ 20,957,280	$ 20,907,808

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2015-16	2014-15	2013-14	2012-13
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 518,820	$ 501,319	$ 472,215	$ 447,232
Service Fees	1,139,226	879,139	901,839	965,614
Education - Tuition, Fees, and Sales	-	-	-	-
Fines and Forfeits	195,256	201,021	181,098	248,520
Rents and Royalties	142,752	199,067	182,893	133,901
Sales of Products	3,303	3,390	2,141	2,851
Unemployment Surcharge	30,768	29,381	28,635	25,724
Other	143,251	131,151	144,949	127,083
Operating Grants and Contributions	8,578,146	7,726,668	6,782,914	5,860,052
Capital Grants and Contributions	819,321	817,469	728,544	700,548
TOTAL PROGRAM REVENUES	11,570,843	10,488,605	9,425,228	8,511,525
EXPENSES:				
General Government	485,611	449,261	447,359	555,507
Business, Community, and Consumer Affairs	777,458	711,558	641,182	584,300
Education	5,859,964	5,687,573	5,472,563	5,187,481
Health and Rehabilitation	2,898,841	822,556	720,997	697,795
Justice	2,209,158	2,075,534	1,840,989	1,655,057
Natural Resources	135,491	120,374	92,383	77,934
Social Assistance	8,825,599	9,627,104	8,089,560	7,174,711
Transportation	1,830,368	1,896,904	1,872,441	1,769,013
Payments to School Districts	-	-	-	-
Payments to Other Governments	-	-	-	-
Interest on Debt	62,021	59,078	53,094	16,284
Higher Education	-	-	-	-
Unemployment Insurance	-	-	-	-
CollegeInvest[3]	-	-	-	-
Lottery	-	-	-	-
Wildlife	-	-	-	-
College Assist	-	-	-	-
Other Business-Type Activities	-	-	-	-
TOTAL EXPENSES	23,084,511	21,449,942	19,230,568	17,718,082
NET (EXPENSE) REVENUE	(11,513,668)	(10,961,337)	(9,805,340)	(9,206,557)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Sales and Use Taxes	2,940,839	2,762,222	2,754,977	2,498,006
Excise Taxes	290,276	267,858	236,761	240,895
Individual Income Tax	6,061,679	5,847,141	5,285,634	5,154,624
Corporate Income Tax	643,761	613,316	600,002	606,883
Other Taxes	410,277	673,275	617,612	453,305
Restricted Taxes	1,132,687	1,186,515	1,052,692	1,039,105
Unrestricted Investment Earnings (Losses)	15,705	11,992	17,312	16,842
Other General Revenues	107,005	96,613	112,958	97,402
Special and/or Extraordinary Items (See Note 35)	-	-	-	-
(Transfers-Out) / Transfers-In	(352,733)	(256,738)	(172,442)	(128,535)
Internal Capital Contributions	(1,583)	-	-	-
Permanent Fund Additions	80	401	397	741
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	11,247,993	11,202,595	10,505,903	9,979,268
TOTAL CHANGES IN NET POSITION	(265,675)	241,258	700,563	772,711
NET POSITION - BEGINNING	10,796,794	15,649,715	14,958,731	14,179,064
Prior Period Adjustment	58,147	(6,626)	1,718	6,956
Accounting Changes	-	(5,087,553)	(11,297)	-
NET POSITION - ENDING	$ 10,589,266	$ 10,796,794	$ 15,649,715	$ 14,958,731

GOVERNMENTAL ACTIVITIES

2011-12	2010-11	2009-10	2008-09	RESTATED 2007-08	2006-07
$ 442,793	$ 454,633	$ 419,866	$ 386,311	$ 374,521	$ 352,819
901,950	735,820	589,795	184,327	132,822	129,980
-	-	-	53	-	-
187,344	200,432	218,892	203,259	155,692	126,612
147,946	128,588	79,518	85,811	78,889	68,270
1,626	4,974	3,854	5,040	4,592	3,703
19,307	18,611	19,329	19,369	21,512	22,346
84,828	89,509	67,460	61,168	57,622	64,964
5,884,031	6,218,836	5,885,657	5,065,429	4,222,670	4,122,360
600,300	659,288	607,383	485,711	439,693	414,602
8,270,125	8,510,691	7,891,754	6,496,478	5,488,013	5,305,656
224,382	192,579	189,865	308,410	217,939	163,412
600,068	667,929	662,854	705,037	667,381	565,769
5,205,123	5,432,143	5,096,032	5,208,705	5,017,551	4,771,218
703,684	696,539	659,187	644,699	603,296	560,153
1,555,294	1,538,363	1,527,857	1,543,310	1,436,009	1,313,767
93,900	149,878	144,445	137,159	131,658	138,457
6,746,574	6,397,426	6,091,958	5,220,295	4,660,287	4,496,696
1,777,488	1,974,009	2,105,688	1,376,215	1,459,295	1,213,138
-	-	-	-	-	-
-	-	-	-	-	-
40,935	32,487	33,203	20,393	37,567	42,269
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,947,448	17,081,353	16,511,089	15,164,223	14,230,983	13,264,879
(8,677,323)	(8,570,662)	(8,619,335)	(8,667,745)	(8,742,970)	(7,959,223)
2,333,644	2,280,693	1,987,576	2,093,113	2,357,807	2,244,000
244,624	236,945	244,344	251,209	257,908	261,711
4,653,105	4,151,119	3,770,597	4,024,105	4,591,481	4,508,845
434,885	441,778	360,852	322,683	461,390	470,853
519,870	466,408	376,388	655,478	510,442	484,408
965,784	928,260	873,287	880,625	986,274	946,757
15,015	6,523	10,215	22,591	42,478	43,638
96,213	91,608	112,138	119,748	113,603	84,328
-	-	-	(5,616)	(6,843)	(25,915)
(135,407)	(110,266)	(94,993)	(114,685)	(77,732)	(98,926)
-	-	-	-	-	-
595	460	357	-	-	-
9,128,328	8,493,528	7,640,761	8,249,251	9,236,808	8,919,699
451,005	(77,134)	(978,574)	(418,494)	493,838	960,476
13,393,108	13,455,272	15,477,205	15,830,190	16,036,990	15,083,865
334,951	14,970	(594,624)	(118,647)	(393,912)	(7,351)
-	-	(448,735)	184,156	(306,726)	-
$ 14,179,064	$ 13,393,108	$ 13,455,272	$ 15,477,205	$ 15,830,190	$ 16,036,990

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2015-16	2014-15	2013-14	2012-13
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 159,704	$ 157,971	$ 141,770	$ 133,315
Service Fees	1,297,576	1,145,897	1,068,966	958,451
Education - Tuition, Fees, and Sales	3,005,967	2,881,240	2,672,136	2,512,026
Fines and Forfeits	4,101	3,968	15,470	12,860
Rents and Royalties	40,077	41,944	39,675	47,881
Sales of Products	661,084	605,101	607,744	636,115
Unemployment Surcharge	603,708	698,609	736,985	725,854
Other	165,237	155,707	154,424	159,162
Operating Grants and Contributions	2,449,163	2,281,931	2,569,038	2,730,519
Capital Grants and Contributions	42,996	78,304	56,899	96,655
TOTAL PROGRAM REVENUES	8,429,613	8,050,672	8,063,107	8,012,838
EXPENSES:				
General Government	-	-	-	-
Business, Community, and Consumer Affairs	-	-	-	-
Education	-	-	-	-
Health and Rehabilitation	-	-	-	-
Justice	-	-	-	-
Natural Resources	-	-	-	-
Social Assistance	-	-	-	-
Transportation	-	-	-	-
Payments to School Districts	-	-	-	-
Payments to Other Governments	-	-	-	-
Interest on Debt	-	-	-	-
Higher Education	6,446,902	6,004,484	5,618,507	5,258,665
Unemployment Insurance	531,607	530,130	756,484	1,055,148
CollegeInvest[1]	-	-	-	-
Lottery	517,847	474,578	477,434	501,010
Wildlife[2]	203,794	191,426	170,898	177,497
College Assist	320,774	338,631	341,684	407,229
Other Business-Type Activities	282,471	217,838	209,871	187,265
TOTAL EXPENSES	8,303,395	7,757,087	7,574,878	7,586,814
NET (EXPENSE) REVENUE	126,218	293,585	488,229	426,024
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Sales and Use Taxes	-	-	-	-
Excise Taxes	-	-	-	-
Individual Income Tax	-	-	-	-
Corporate Income Tax	-	-	-	-
Other Taxes	-	7	-	-
Restricted Taxes	-	-	-	-
Unrestricted Investment Earnings (Losses)	-	-	-	-
Other General Revenues	-	-	-	-
Special and/or Extraordinary Items (See Note 35)	-	-	(22,186)	-
(Transfers-Out) / Transfers-In	352,733	256,738	172,442	128,535
Internal Capital Contributions	10,183	-	-	-
Permanent Fund Additions	-	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	362,916	256,745	150,256	128,535
TOTAL CHANGES IN NET POSITION	489,134	550,330	638,485	554,559
NET POSITION - BEGINNING	4,497,828	7,289,798	6,688,706	6,139,998
Prior Period Adjustment	(5,309)	-	(6,922)	(5,851)
Accounting Changes	-	(3,342,300)	(30,471)	-
NET POSITION - ENDING	$ 4,981,653	$ 4,497,828	$ 7,289,798	$ 6,688,706

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

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 131,496	$ 120,910	$ 106,946	$ 119,611	$ 84,395	$ 84,302
865,326	874,990	607,485	681,807	667,504	575,555
2,406,696	2,243,375	1,999,358	1,957,505	1,867,806	1,734,996
9,561	1,945	2,836	1,118	999	1,174
65,236	29,507	24,648	29,908	32,399	26,271
624,407	592,794	590,758	560,364	579,935	520,838
828,530	791,317	491,716	363,241	398,046	403,641
152,448	153,321	167,930	173,354	165,804	140,376
3,165,718	3,689,492	3,957,310	2,214,186	1,728,669	1,685,417
132,067	25,432	24,619	20,220	9,426	22,263
8,381,485	8,523,083	7,973,606	6,121,314	5,534,983	5,194,833
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,068,481	4,755,385	4,451,541	4,153,282	3,865,244	3,661,270
1,571,321	2,141,728	2,496,188	1,138,621	354,967	316,577
-	-	68,650	78,647	116,286	96,720
495,847	470,480	456,352	435,156	447,101	401,969
160,933	108,425	105,037	112,369	109,800	96,515
403,023	402,648	410,027	399,576	326,080	199,677
196,542	191,123	170,410	171,635	173,928	163,727
7,896,147	8,069,789	8,158,205	6,489,286	5,393,406	4,936,455
485,338	453,294	(184,599)	(367,972)	141,577	258,378
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	36,963	39,446
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,493	(79,575)	-	-	-
135,407	110,266	94,993	114,685	77,732	98,926
-	-	-	-	-	-
-	-	-	-	-	-
135,407	111,759	15,418	114,685	114,695	138,372
620,745	565,053	(169,181)	(253,287)	256,272	396,750
5,264,683	4,746,480	4,880,112	5,127,090	4,870,818	4,456,800
254,570	(46,850)	35,549	6,309	-	17,267
-	-	-	-	-	-
$ 6,139,998	$ 5,264,683	$ 4,746,480	$ 4,880,112	$ 5,127,090	$ 4,870,817

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2015-16	2014-15	2013-14	2012-13
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 678,524	$ 659,290	$ 613,985	$ 580,547
Service Fees	2,436,802	2,025,036	1,970,805	1,924,065
Education - Tuition, Fees, and Sales	3,005,967	2,881,240	2,672,136	2,512,026
Fines and Forfeits	199,357	204,989	196,568	261,380
Rents and Royalties	182,829	241,011	222,568	181,782
Sales of Products	664,387	608,491	609,885	638,966
Unemployment Surcharge	634,476	727,990	765,620	751,578
Other	308,488	286,858	299,373	286,245
Operating Grants and Contributions	11,027,309	10,008,599	9,351,952	8,590,571
Capital Grants and Contributions	862,317	895,773	785,443	797,203
TOTAL PROGRAM REVENUES	20,000,456	18,539,277	17,488,335	16,524,363
EXPENSES:				
General Government	485,611	449,261	447,359	555,507
Business, Community, and Consumer Affairs	777,458	711,558	641,182	584,300
Education	5,859,964	5,687,573	5,472,563	5,187,481
Health and Rehabilitation	2,898,841	822,556	720,997	697,795
Justice	2,209,158	2,075,534	1,840,989	1,655,057
Natural Resources	135,491	120,374	92,383	77,934
Social Assistance	8,825,599	9,627,104	8,089,560	7,174,711
Transportation	1,830,368	1,896,904	1,872,441	1,769,013
Payments to School Districts				
Payments to Other Governments				
Interest on Debt	62,021	59,078	53,094	16,284
Higher Education	6,446,902	6,004,484	5,618,507	5,258,665
Unemployment Insurance	531,607	530,130	756,484	1,055,148
CollegeInvest[3]	-	-	-	-
Lottery	517,847	474,578	477,434	501,010
Wildlife	203,794	191,426	170,898	177,497
College Assist	320,774	338,631	341,684	407,229
Other Business-Type Activities	282,471	217,838	209,871	187,265
TOTAL EXPENSES	31,387,906	29,207,029	26,805,446	25,304,896
NET (EXPENSE) REVENUE	(11,387,450)	(10,667,752)	(9,317,111)	(8,780,533)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Sales and Use Taxes	2,940,839	2,762,222	2,754,977	2,498,006
Excise Taxes	290,276	267,858	236,761	240,895
Individual Income Tax	6,061,679	5,847,141	5,285,634	5,154,624
Corporate Income Tax	643,761	613,316	600,002	606,883
Other Taxes	410,277	673,282	617,612	453,305
Restricted Taxes	1,132,687	1,186,515	1,052,692	1,039,105
Unrestricted Investment Earnings (Losses)	15,705	11,992	17,312	16,842
Other General Revenues	107,005	96,613	112,958	97,402
Special and/or Extraordinary Items (See Note 35)	-	-	(22,186)	-
(Transfers-Out) / Transfers-In	-	-	-	-
Internal Capital Contributions	8,600	-	-	-
Permanent Fund Additions	80	401	397	741
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	11,610,909	11,459,340	10,656,159	10,107,803
TOTAL CHANGES IN NET POSITION	223,459	791,588	1,339,048	1,327,270
NET POSITION - BEGINNING	15,294,622	22,939,513	21,647,437	20,319,062
Prior Period Adjustment	52,838	(6,626)	(5,204)	1,105
Accounting Changes	-	(8,429,853)	(41,768)	-
NET POSITION - ENDING	$ 15,570,919	$ 15,294,622	$ 22,939,513	$ 21,647,437

TOTAL PRIMARY GOVERNMENT

2011-12	2010-11	2009-10	2008-09	RESTATED 2007-08	2006-07
$ 574,289	$ 575,543	$ 526,812	$ 505,922	$ 458,916	$ 437,121
1,767,276	1,610,810	1,197,280	866,134	800,326	705,535
2,406,696	2,243,375	1,999,358	1,957,558	1,867,806	1,734,997
196,905	202,377	221,728	204,377	156,691	127,786
213,182	158,095	104,166	115,719	111,288	94,541
626,033	597,768	594,612	565,404	584,527	524,541
847,837	809,928	511,045	382,610	419,558	425,987
237,276	242,830	235,390	234,522	223,426	205,340
9,049,749	9,908,328	9,842,967	7,279,615	5,951,339	5,807,777
732,367	684,720	632,002	505,931	449,119	436,865
16,651,610	17,033,774	15,865,360	12,617,792	11,022,996	10,500,490
224,382	192,579	189,865	308,410	217,939	163,412
600,068	667,929	662,854	705,037	667,381	565,769
5,205,123	5,432,143	5,096,032	5,208,705	5,017,551	4,771,218
703,684	696,539	659,187	644,699	603,296	560,153
1,555,294	1,538,363	1,527,857	1,543,310	1,436,009	1,313,767
93,900	149,878	144,445	137,159	131,658	138,457
6,746,574	6,397,426	6,091,958	5,220,295	4,660,287	4,496,696
1,777,488	1,974,009	2,105,688	1,376,215	1,459,295	1,213,138
40,935	32,487	33,203	20,393	37,567	42,269
5,068,481	4,755,385	4,451,541	4,153,282	3,865,244	3,661,270
1,571,321	2,141,728	2,496,188	1,138,621	354,967	316,577
-	-	68,650	78,647	116,286	96,720
495,847	470,480	456,352	435,156	447,101	401,969
160,933	108,425	105,037	112,369	109,800	96,515
403,023	402,648	410,027	399,576	326,080	199,677
196,542	191,123	170,410	171,635	173,928	163,727
24,843,595	25,151,142	24,669,294	21,653,509	19,624,389	18,201,334
(8,191,985)	(8,117,368)	(8,803,934)	(9,035,717)	(8,601,393)	(7,700,844)
2,333,644	2,280,693	1,987,576	2,093,113	2,357,807	2,244,000
244,624	236,945	244,344	251,209	257,908	261,711
4,653,105	4,151,119	3,770,597	4,024,105	4,591,481	4,508,845
434,885	441,778	360,852	322,683	461,390	470,853
519,870	466,408	376,388	655,478	547,405	523,854
965,784	928,260	873,287	880,625	986,274	946,757
15,015	6,523	10,215	22,591	42,478	43,638
96,213	91,608	112,138	119,748	113,603	84,328
-	1,493	(79,575)	(5,616)	(6,843)	(25,915)
-	-	-	-	-	-
-	-	-	-	-	-
595	460	357	-	-	-
9,263,735	8,605,287	7,656,179	8,363,936	9,351,503	9,058,071
1,071,750	487,919	(1,147,755)	(671,781)	750,110	1,357,227
18,657,791	18,201,752	20,357,317	20,957,280	20,907,808	19,540,665
589,521	(31,880)	(559,075)	(112,338)	(393,912)	9,916
-	-	(448,735)	184,156	(306,726)	-
$ 20,319,062	$ 18,657,791	$ 18,201,752	$ 20,357,317	$ 20,957,280	$ 20,907,808

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

(DOLLARS IN MILLIONS)

	2015-16	2014-15	2013-14	2012-13
REVENUES:				
Taxes	$ 11,471	$ 11,205	$ 10,596	$ 10,018
Less: Excess TABOR Revenues	-	170	-	-
Licenses, Permits, and Fines	810	801	758	789
Charges for Goods and Services	1,144	885	905	970
Rents (reported in 'Other' prior to FY05)	143	199	183	134
Investment Income	139	99	115	19
Federal Grants and Contracts	9,047	8,283	7,183	6,428
Unclaimed Property Receipts	65	61	53	37
Other	321	329	365	263
TOTAL REVENUES	23,140	22,032	20,158	18,658
EXPENDITURES:				
Current:				
General Government	324	305	331	325
Business, Community and Consumer Affairs	474	469	395	375
Education	852	785	730	674
Health and Rehabilitation	1,784	699	658	641
Justice	1,741	1,648	1,605	1,422
Natural Resources	107	103	107	99
Social Assistance	8,726	8,627	7,416	6,488
Transportation	1,331	1,282	1,203	1,065
Capital Outlay	191	325	298	299
Intergovernmental:				
Cities	425	421	412	297
Counties	1,656	1,627	1,573	1,504
School Districts	4,995	4,909	4,475	4,235
Other	227	205	202	323
Deferred Compensation Distributions	-	-	-	-
Debt Service[1]	280	270	261	247
TOTAL EXPENDITURES	23,113	21,675	19,666	17,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27	357	492	664
OTHER FINANCING SOURCES (USES)				
Transfers-In	4,915	4,535	5,405	5,750
Transfers-Out:				
Higher Education	(181)	(181)	(143)	(135)
Other	(5,079)	(4,607)	(5,390)	(5,728)
Face Amount of Debt Issued	11	-	97	196
Bond Premium/Discount	-	-	6	9
Capital Lease Debt Issuance	-	-	25	1
Sale of Capital Assets	7	3	27	31
Insurance Recoveries	5	13	2	1
Debt Refunding Issuance	-	-	112	31
Debt Refunding Premium Proceeds	-	-	-	-
Debt Refunding Payments	-	-	-	(31)
TOTAL OTHER FINANCING SOURCES (USES)	(322)	(237)	141	125
NET CHANGE IN FUND BALANCE	(295)	120	633	789
FUND BALANCE - BEGINNING	6,847	6,734	6,100	5,293
Prior Period Adjustments	58	(7)	-	18
Accounting Changes	-	-	1	-
FUND BALANCE - ENDING	$ 6,609	$ 6,847	$ 6,734	$ 6,100

[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 270.

[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.

RESTATED 2011-12	RESTATED 2010-11[3]	RESTATED 2009-10	2008-09[2]	2007-08	2006-07
$ 9,182	$ 8,430	$ 7,640	$ 8,231	$ 9,203	$ 8,936
-	-	-	-	-	-
724	745	734	701	643	575
892	730	552	150	104	99
148	129	80	86	79	68
120	97	199	258	316	272
6,223	6,917	7,023	5,480	4,308	4,073
43	40	42	58	-	-
254	221	192	195	179	320
17,586	17,309	16,462	15,159	14,832	14,343
359	560	775	511	123	251
363	388	369	332	311	303
661	778	855	879	802	713
626	592	583	608	561	530
1,322	1,314	1,315	1,285	1,195	1,088
90	132	126	121	112	107
6,065	5,655	4,454	3,836	3,669	3,400
982	1,064	1,017	1,074	1,055	950
459	329	240	308	243	124
287	300	281	294	289	239
1,371	1,478	2,253	2,043	1,799	1,721
4,199	4,303	4,364	4,143	3,814	3,719
177	185	219	185	258	242
-	-	-	-	-	-
236	208	194	189	208	213
17,197	17,286	17,045	15,808	14,439	13,600
389	23	(583)	(649)	393	743
4,622	4,776	5,333	5,179	4,298	4,202
(133)	(135)	(125)	(135)	(131)	(120)
(4,612)	(4,731)	(5,264)	(5,148)	(4,237)	(4,137)
156	218	559	-	-	-
13	-	8	-	-	-
17	17	-	11	18	4
14	-	-	-	1	-
6	2	4	2	2	1
126	-	-	-	-	-
19					
(144)	-	-	-	-	-
84	147	515	(91)	(49)	(50)
473	170	(68)	(740)	344	693
4,842	4,085	4,785	5,312	5,012	4,319
(22)	(4)	(41)	(1)	(44)	-
-	591	-	214	-	-
$ 5,293	$ 4,842	$ 4,676	$ 4,785	$ 5,312	$ 5,012

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

(DOLLARS IN MILLIONS)

	2015-16	2014-15	2013-14	2012-13
Income Tax:				
Individual	$ 5,993	$ 5,888	$ 5,273	$ 5,149
Corporate	606	635	665	597
Net Income Tax	6,599	6,523	5,938	5,746
Sales, Use, and Excise Taxes	2,996	2,990	2,763	2,549
Less: Excess TABOR Revenues	-	(170)	-	-
Net Sales, Use, and Excise Taxes	2,996	2,820	2,763	2,549
Estate Taxes	-	-	-	-
Insurance Tax	280	257	239	210
Gaming and Other Taxes	16	14	12	12
Investment Income	13	9	15	17
Medicaid Provider Revenues	-	-	-	-
Other	26	19	25	21
TOTAL GENERAL REVENUES	$ 9,930	$ 9,642	$ 8,992	$ 8,555
Percent Change From Previous Year	3.0%	7.2%	5.1%	10.6%

(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)

	2015-16	2014-15	2013-14	2012-13
Net Income Tax	66.5%	66.5%	66.0%	67.2%
Sales, Use, and Excise Taxes	30.1	30.5	30.7	29.8
Estate Taxes	0.0	0.0	0.0	0.0
Insurance Tax	2.8	2.6	2.7	2.5
Other Taxes	0.2	0.1	0.1	0.1
Interest	0.1	0.1	0.2	0.2
Medicaid Provider Revenues	0.0	0.0	0.0	0.0
Other	0.3	0.2	0.3	0.2
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 4,633	$ 4,154	$ 3,777	$ 4,021	$ 4,600	$ 4,510
457	366	350	265	474	464
5,090	4,520	4,127	4,286	5,074	4,974
2,387	2,323	2,072	1,982	2,173	2,076
-	-	-	-	-	-
2,387	2,323	2,072	1,982	2,173	2,076
-	-	-	-	-	1
197	190	187	192	188	179
20	20	16	-	-	7
14	8	10	9	18	28
-	-	-	-	-	-
26	25	44	56	52	48
$ 7,734	$ 7,086	$ 6,456	$ 6,525	$ 7,505	$ 7,313
9.1%	9.8%	-1.1%	-13.1%	2.6%	8.4%
65.8%	63.8%	63.9%	65.7%	67.6%	68.0%
30.9	32.7	32.1	30.4	29.0	28.4
0.0	0.0	0.0	0.0	0.0	0.0
2.5	2.7	2.9	2.9	2.5	2.4
0.3	0.3	0.2	0.0	0.0	0.1
0.2	0.1	0.2	0.1	0.2	0.4
0.0	0.0	0.0	0.0	0.0	0.0
0.3	0.4	0.7	0.9	0.7	0.7
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)

	2015-16	2014-15	2013-14	2012-13
Department:[1]				
Agriculture	$ 9,795	$ 8,633	$ 7,697	$ 6,975
Corrections	758,078	717,579	675,706	652,394
Education	3,477,981	3,357,324	3,153,609	3,014,681
Governor	34,435	30,267	22,819	18,555
Health Care Policy and Financing	2,442,500	2,274,875	2,100,771	1,829,776
Higher Education	856,849	761,306	658,901	628,565
Human Services	922,337	877,162	812,603	753,225
Judicial Branch	479,199	441,700	386,870	354,119
Labor and Employment	7,754	660	50	-
Law	14,423	13,457	12,127	10,355
Legislative Branch	43,466	41,132	38,712	35,957
Local Affairs	25,455	22,244	17,540	10,976
Military and Veterans Affairs	7,918	7,792	7,094	6,576
Natural Resources	27,293	26,216	25,141	23,620
Personnel & Administration	10,846	7,601	31,407	6,588
Public Health and Environment	49,232	59,383	53,588	31,199
Public Safety	114,264	126,747	165,240	85,595
Regulatory Agencies	6,026	6,007	1,730	1,674
Revenue	158,494	97,249	73,626	55,078
State	-	-	-	-
Treasury	21,269	5,684	108,870	27,650
Transfer to Capital Construction Fund	271,130	248,502	186,715	61,411
Transfer to Various Cash Funds	90,196	67,555	260,272	1,086,051
Transfer to the Highway Users Tax Fund	-	-	-	-
Other Transfers and Nonoperating Disbursements	127,795	127,795	126,263	262,406
TOTALS	$ 9,956,735	$9,326,870	$8,927,351	$ 8,963,426
Percent Change	6.8%	4.5%	-0.4%	23.6%
(AS PERCENT OF TOTAL)				
Education	34.9%	36.0%	35.3%	33.6%
Health Care Policy and Financing	24.5	24.4	23.5	20.4
Higher Education	8.6	8.2	7.4	7.0
Human Services	9.3	9.4	9.1	8.4
Corrections	7.6	7.7	7.6	7.3
Transfer to Capital Construction Fund	2.7	2.7	2.1	0.7
Transfer to Various Cash Funds	0.9	0.7	2.9	12.1
Transfers to the Highway Users Tax Fund	0.0	0.0	0.0	0.0
Judicial	4.8	4.7	4.3	4.0
Revenue	1.6	1.0	0.8	0.6
All Others	5.1	5.2	7.0	5.9
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.

	2011-12	RESTATED 2010-11	2009-10	2008-09	2007-08	2006-07
	$ 5,152	$ 4,658	$ 5,915	$ 6,809	$ 7,124	$ 5,197
	647,313	657,559	563,570	637,292	626,246	577,482
	2,833,433	2,962,954	3,238,879	3,214,951	3,023,255	2,882,876
	9,699	11,600	13,781	13,342	17,346	11,991
	1,685,679	1,267,889	1,152,245	1,311,702	1,482,803	1,369,321
	623,963	705,085	428,784	661,974	747,717	693,999
	703,676	710,966	751,149	776,394	749,974	718,366
	337,039	325,173	323,146	328,056	300,674	265,161
	-	-	-	-	-	108
	9,341	9,313	9,133	8,705	8,474	8,975
	34,672	31,736	32,504	34,944	31,139	29,880
	10,448	10,579	10,854	12,276	10,895	9,973
	5,355	4,969	5,263	5,637	5,407	5,050
	23,400	26,233	25,515	30,558	30,086	28,550
	3,935	4,823	5,139	5,337	10,934	9,385
	27,742	27,165	26,548	26,634	23,596	23,081
	81,993	80,239	79,459	78,874	72,806	67,169
	1,597	1,529	1,429	1,451	1,400	1,273
	55,596	52,540	54,187	67,092	73,593	65,398
	-	-	-	-	-	-
	4,914	4,140	7,784	10,643	13,902	12,403
	49,298	11,985	169	39,396	183,443	291,467
	72,000	296,872	8,000	10,281	327	3,748
	-	-	-	28,965	166,182	291,179
	25,479	19,422	20,555	102,966	137,747	130,598
	$ 7,251,724	$ 7,227,429	$ 6,764,008	$ 7,414,279	$ 7,725,070	$ 7,502,630
	0.3%	6.9%	-8.8%	-4.0%	3.0%	13.3%
	39.1%	41.0%	47.9%	43.4%	39.1%	38.4%
	23.2	17.5	17.0	17.7	19.2	18.3
	8.6	9.8	6.3	8.9	9.7	9.3
	9.7	9.8	11.1	10.5	9.7	9.6
	8.9	9.1	8.3	8.6	8.1	7.7
	0.7	0.2	0.0	0.5	2.4	3.9
	1.0	4.1	0.1	0.1	0.0	0.0
	0.0	0.0	0.0	0.4	2.2	3.9
	4.6	4.5	4.8	4.4	3.9	3.5
	0.8	0.7	0.8	0.9	1.0	0.9
	3.4	3.3	3.7	4.6	4.7	4.5
	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)

	2015-16	2014-15	2013-14	2012-13
GENERAL PURPOSE:				
Reserved for:				
Encumbrances	$ -	$ -	$ -	$ -
Noncurrent Assets	-	-	-	-
Statutory Purposes	-	-	-	-
Risk Management	-	-	-	-
Unreserved Undesignated:				
General Fund	-	-	-	-
Unreserved:				
General Fund	-	-	-	-
Nonspendable:				
Inventories	7,522	8,894	8,721	9,931
Permanent Fund Principal	-	-	-	-
Prepaids	37,977	40,971	38,535	22,654
Restricted	497,814	398,948	468,758	487,161
Committed	513,986	705,844	411,362	279,352
Assigned	19,283	20,731	7,651	7
Unassigned	-	-	-	-
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	1,076,582	1,175,388	935,027	799,105
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved for:				
Encumbrances	$ -	$ -	$ -	$ -
Noncurrent Assets	-	-	-	-
Debt Service	-	-	-	-
Statutory Purposes	-	-	-	-
Emergencies	-	-	-	-
Funds Reported as Restricted	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Nonmajor Special Revenue Funds	-	-	-	-
Nonmajor Permanent Funds	-	-	-	-
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Major Funds	-	-	-	-
Reported in Nonmajor Special Revenue Funds	-	-	-	-
Reported in Nonmajor Debt Service Funds	-	-	-	-
Reported in Nonmajor Permanent Funds	-	-	-	-
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	19,171	-	-	-
Inventories	45,026	44,436	43,681	44,262
Permanent Fund Principal	1,043,619	971,676	868,383	760,160
Prepaids	25,298	25,849	29,365	32,697
Restricted	1,582,619	1,942,973	2,546,717	2,783,009
Committed	2,817,110	2,686,468	2,310,902	1,680,986
Assigned	-	-	-	-
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	5,532,843	5,671,402	5,799,048	5,301,114
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	$ 6,609,425	$ 6,846,790	$ 6,734,075	$ 6,100,219

[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.

2011-12	2010-11[2]	2009-10	2008-09	2007-08	2006-07
$ -	$ -	$ 5,721	$ 2,195	$ 16,487	$ 11,912
-	-	-	1	7	13
-	-	-	148,212	151,721	267,020
-	-	23,031	18,650	35,559	38,593
-	-	(30,822)	155,436 [1]	-	95,779
-	-	17,854	10,939	3,639	-
6,942	8,742				
-	-				
24,175	33,009				
503,449	542,997				
331,419	39,458				
20	109				
359,421	(21,468)				
-	-	28,752	169,058	203,774	317,538
-	-	(12,968)	166,375	3,639	95,779
1,225,426	602,847	15,784	335,433	207,413	413,317
$ -	$ -	$ 1,052,572	$ 1,043,396	$ 966,477	$ 821,112
-	-	584,828	515,062	425,830	385,248
-	-	4,093	558	558	558
-	-	325,463	40,921	109,322	130,000
-	-	94,000	93,550	93,000	85,760
-	-	1,151,448	1,445,739	1,902,755	1,669,326
-	-	57,148	53,498	54,676	72,870
-	-	(35,611)	54,687	134,470	199,126
-	-	1,302,178	1,117,248	1,391,483	1,233,276
-	-	10,586	8,500	2,326	1,782
-	-	34,487	30,327	13,385	-
-	-	40,778	23,719	8,751	-
-	-	-	-	-	-
-	-	38,541	22,875	1,571	-
-	-	-	-	-	-
8,690	9,839				
737,239	658,883				
28,665	21,540				
1,673,490	1,988,088				
1,619,397	1,560,775				
-	-	-	-	-	-
-	-	3,212,404	3,139,226	3,497,942	3,092,004
-	-	1,448,107	1,310,854	1,606,662	1,507,054
4,067,481	4,239,125	4,660,511	4,450,080	5,104,604	4,599,058
-	-	3,241,156	3,308,284	3,701,716	3,409,542
-	-	1,435,139	1,477,229	1,610,301	1,602,833
$ 5,292,907	$ 4,841,972	$ 4,676,295	$ 4,785,513	$ 5,312,017	$ 5,012,375

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)	Unaudited 2015-16	2014-15	Restated 2013-14	2012-13
DISTRICT REVENUES:				
Exempt District Revenues	$ 18,170,415	$ 16,980,420	$ 16,833,308	$ 16,446,833
Nonexempt District Revenues	12,824,408	12,530,772	11,683,130	11,107,341
TOTAL DISTRICT REVENUES	30,994,823	29,511,192	28,516,438	27,554,174
Percent Change In Nonexempt District Revenues	2.3%	7.3%	5.3%	8.1%
DISTRICT EXPENDITURES:				
Exempt District Expenditures	29,461,275	28,176,544	16,833,308	16,162,555
Nonexempt District Expenditures	13,076,457	12,237,753	11,008,327	10,548,250
TOTAL DISTRICT EXPENDITURES	42,537,732	40,414,297	27,841,635	26,710,805
Percent Change In Nonexempt District Expenditures	6.9%	11.2%	1.4%	7.7%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ (11,542,909)	$ (10,903,105)	$ 674,803	$ 843,369
FISCAL YEAR SPENDING LIMIT				
Prior Fiscal Year Spending Limitation	$ 9,976,946	$ 9,566,586	$ 9,247,466	$ 8,799,754
Adjustments To Prior Year Limit[1]	(45,595)	(962)	(152)	(27,952)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	9,931,351	9,565,624	9,247,314	8,771,802
Allowable Growth Rate (Population Plus Inflation)	4.4%	4.3%	3.3%	5.4%
Current Fiscal Year Spending Limitation	10,368,330	9,976,946	9,552,475	9,245,479
Adjustments To Current Year Limit	59,276	-	14,111	1,987
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	10,427,606	9,976,946	9,566,586	9,247,466
EXCESS STATE REVENUE CAP (ESRC)[2]	12,946,499	12,361,032	11,852,383	11,460,242
NONEXEMPT DISTRICT REVENUES	12,824,408	12,530,772	11,683,130	11,107,341
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	2,396,802	2,553,826	2,116,544	1,859,875
Amount Over(Under) Excess State Revenue Cap	(122,091)	169,740	(169,253)	(352,901)
Correction Of Prior Years' Refunds		3,606	-	-
Voter Approved or Statutory Retention of Excess Revenue	-	-	-	-
FISCAL YEAR REFUND	$ -	$ 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.

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 15,017,772	$ 15,532,632	$ 16,056,039	$ 14,496,192	$ 12,126,729	$ 11,759,914
10,273,184	9,424,764	8,567,941	9,102,354	9,998,559	9,641,867
25,290,956	24,957,396	24,623,980	23,598,546	22,125,288	21,401,781
9.0%	10.0%	-5.9%	-9.0%	3.7%	5.2%
15,017,772	15,532,632	16,056,039	14,496,192	12,126,729	11,759,914
9,791,616	9,330,892	8,638,571	10,168,409	9,533,890	8,847,334
24,809,388	24,863,524	24,694,610	24,664,601	21,660,619	20,607,248
4.9%	8.0%	-15.0%	6.7%	7.8%	10.2%
$ 481,568	$ 93,872	$ (70,630)	$ (1,066,055)	$ 464,670	$ 794,533
$ 8,654,192	$ 8,567,941	$ 9,102,354	$ 8,829,131	$ 8,333,827	$ 8,045,256
(26,982)	(16,368)	(422,016)	(10,365)	(1,054)	(173)
8,627,210	8,551,573	8,680,338	8,818,766	8,332,773	8,045,083
2.0%	1.2%	5.8%	4.1%	5.5%	3.5%
8,799,754	8,654,192	9,183,797	9,180,336	8,791,075	8,326,662
-	-	-	23,505	38,056	7,165
8,799,754	8,654,192	9,183,797	9,203,841	8,829,131	8,333,827
10,871,425	10,684,856				
10,273,184	9,424,764	8,567,941	9,102,354	9,998,559	9,641,867
1,473,430	770,572	(615,856)	(101,488)	1,169,428	1,308,040
(598,242)	(1,260,092)				
-	-	-	-	-	-
-	-	-	-	1,169,428	1,308,040
$ -	$ -	$ -	$ -	$ -	$ -

INDIVIDUAL INCOME TAX RETURNS[1]
BY ADJUSTED GROSS INCOME CLASS
2004 to 2013

(NUMBER OF RETURNS, PERCENT OF NET INCOME TAX REVENUE)

	2013[2]		2012		2011		2010	
	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax
ADJUSTED GROSS INCOME CLASS								
Negative Income	20,745	0.0%	27,782	0.0%	29,544	0.0%	30,444	0.0%
$0 to $5,000	75,579	0.0%	71,367	0.0%	75,051	0.0%	75,736	0.0%
$5,001 to $10,000	116,468	0.0%	107,200	0.0%	110,088	0.0%	115,075	0.0%
$10,001 to $15,000	143,151	0.2%	134,062	0.2%	136,559	0.2%	140,054	0.2%
$15,001 to $20,000	147,443	0.6%	142,158	0.6%	144,355	0.6%	144,469	0.6%
$20,001 to $25,000	142,264	1.0%	135,486	0.8%	138,462	1.0%	141,184	1.1%
$25,001 to $35,000	253,592	3.1%	246,822	2.7%	247,916	3.0%	248,319	3.3%
$35,001 to $50,000	288,777	6.2%	282,264	5.5%	281,297	6.1%	278,127	6.5%
$50,001 to $75,000	324,317	11.6%	316,737	10.2%	314,902	11.3%	311,671	12.0%
$75,001 to $100,000	214,588	11.8%	213,250	10.6%	209,322	11.6%	204,879	12.2%
$100,000 and Over	411,071	65.5%	410,924	69.4%	382,180	66.2%	354,393	64.1%
TOTAL	2,137,995	100.0%	2,088,052	100.0%	2,069,676	100.0%	2,044,351	100.0%

Source: Colorado Department of Revenue

1 – Returns and taxes generated by taxpayers claimed as dependents are excluded from this data.

2 – Distribution analysis is done after the end of the late filing period and this is the most current data available from the Department of Revenue.

SALES TAX RETURNS
BY INDUSTRY CLASS
2006 to 2015

(NUMBER OF RETURNS, PERCENT OF NET SALES TAX REVENUE)

	2015		2014		2013		2012	
	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
INDUSTRY CLASS								
Agriculture, Forestry, & Fisheries	6,122	0.1%	6,300	0.1%	6,290	0.1%	6,112	0.1%
Mining	14,321	2.8%	13,770	2.9%	13,580	2.2%	13,670	2.0%
Public Utilities	17,310	2.7%	16,375	3.0%	17,096	3.1%	17,899	3.9%
Construction Trades	64,553	1.7%	55,275	1.5%	56,156	1.4%	56,937	1.2%
Manufacturing	204,113	5.2%	191,868	5.2%	196,833	5.1%	192,407	4.9%
Wholesale Trade	160,778	6.0%	150,726	5.9%	150,624	5.8%	148,072	5.6%
Retail Trade	714,268	51.4%	660,504	51.4%	682,237	51.8%	684,797	51.5%
Transportation & Warehousing	6,805	0.3%	6,355	0.3%	5,986	0.3%	5,876	0.2%
Information Producers/Distributors	349,039	4.5%	327,070	4.9%	326,062	5.2%	320,218	5.4%
Finance & Insurance	66,316	0.7%	71,241	0.7%	78,833	0.7%	76,887	0.8%
Real Estate, Rental, & Leasing Services	178,386	3.7%	157,759	3.5%	152,922	3.3%	151,893	3.2%
Professional, Scientific, & Technical Services	130,689	1.3%	125,414	1.4%	134,195	1.5%	135,037	1.7%
Bus. Admin., Support, Waste/Remediation Services	52,471	0.6%	47,551	0.5%	47,193	0.5%	45,392	0.6%
Educational Services	8,508	0.1%	9,103	0.1%	10,344	0.2%	10,880	0.2%
Health Care & Social Assistance Services	20,155	0.2%	21,087	0.2%	21,545	0.2%	23,416	0.2%
Arts, Entertainment, & Recreation Services	22,730	0.6%	20,945	0.6%	23,024	0.6%	24,063	0.6%
Hotel & Other Accommodation Services	30,508	3.9%	28,390	3.8%	29,733	3.7%	30,484	3.7%
Food & Drinking Services	158,789	11.9%	150,446	11.8%	163,045	12.0%	168,673	11.9%
Other Personal Services	117,059	2.2%	110,531	2.1%	117,712	2.2%	118,080	2.2%
Government Services	2,153	0.1%	2,052	0.1%	2,169	0.1%	2,150	0.1%
TOTAL	2,325,073	100.0%	2,172,762	100.0%	2,235,579	100.0%	2,232,943	100.0%

Source: Colorado Department of Revenue

2009		2008		2007		2006		2005		2004	
# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax
33,536	0.0%	23,480	0.0%	24,376	0.0%	23,376	0.0%	23,916	0.0%	24,570	0.0%
82,340	0.0%	76,617	0.0%	81,028	0.0%	72,400	0.0%	76,547	0.0%	73,929	0.0%
119,531	0.0%	112,812	0.0%	109,819	0.0%	108,412	0.0%	112,703	0.0%	112,776	0.0%
139,504	0.3%	130,686	0.3%	125,816	0.2%	127,061	0.3%	128,661	0.3%	129,339	0.4%
143,006	0.7%	139,486	0.8%	134,806	0.6%	134,933	0.8%	134,643	0.8%	134,988	1.0%
139,626	1.2%	135,930	1.3%	131,969	0.6%	130,926	1.3%	130,647	1.4%	131,424	1.6%
245,832	3.7%	248,979	4.1%	243,919	3.3%	240,034	3.8%	236,285	4.1%	236,162	4.7%
278,767	7.2%	285,209	7.8%	278,843	6.3%	272,040	7.2%	267,939	7.6%	266,625	8.6%
311,321	13.3%	318,161	14.0%	313,367	11.4%	302,778	12.9%	295,028	13.6%	289,548	15.1%
199,941	13.3%	202,834	13.9%	200,847	11.4%	189,359	12.5%	179,635	13.0%	171,170	14.0%
319,821	60.3%	317,476	57.8%	330,337	66.2%	290,548	61.2%	256,424	59.2%	227,936	54.6%
2,013,225	100.0%	1,991,670	100.0%	1,975,127	100.0%	1,891,867	100.0%	1,842,428	100.0%	1,798,467	100.0%

COLORADO TAX RATES[1]
2007 to 2016

Income Tax Rate	Sales Tax Rate
4.63%	2.90%

Source: Colorado Department of Revenue

[1] – Tax rates can be lowered by the General Assembly, but cannot be raised without a vote of the people. Tax rates have remained unchanged since 2001, when Sales Tax was reduced from 3.0 percent to 2.9 percent.

2011		2010		2009		2008		2007		2006	
# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
4,995	0.1%	3,787	0.1%	3,595	0.1%	3,653	0.1%	3,632	0.1%	3,808	0.1%
9,775	1.7%	5,543	1.4%	5,324	1.9%	4,491	1.9%	4,104	1.7%	3,775	1.4%
14,073	3.9%	10,177	3.6%	9,721	3.5%	9,517	3.9%	8,725	3.0%	7,904	3.1%
45,046	1.2%	33,065	1.1%	31,811	1.3%	31,949	1.5%	30,929	1.5%	32,291	1.6%
152,038	4.7%	96,062	4.2%	88,504	4.7%	84,393	4.8%	87,475	4.9%	85,822	4.8%
112,066	5.8%	72,331	5.7%	72,914	6.6%	72,432	6.7%	74,498	6.7%	78,156	6.8%
542,876	51.5%	385,914	51.8%	385,320	49.5%	395,100	49.9%	399,395	51.5%	409,029	52.2%
4,616	0.2%	3,831	0.2%	3,916	0.3%	4,014	0.3%	4,733	0.3%	5,346	0.4%
264,926	5.6%	167,660	6.3%	171,984	6.3%	174,348	5.9%	170,488	5.8%	163,953	5.8%
59,750	0.8%	35,443	1.4%	35,103	1.4%	33,499	1.5%	34,308	1.2%	37,478	1.0%
123,870	3.3%	84,376	3.4%	82,509	3.7%	79,541	3.8%	71,969	3.8%	72,110	3.7%
106,421	1.8%	64,231	1.5%	64,002	1.6%	65,592	1.6%	66,352	1.8%	71,590	1.8%
35,700	0.6%	24,102	0.6%	24,615	0.7%	23,401	0.7%	23,014	0.7%	23,497	0.6%
8,674	0.2%	5,914	0.2%	6,068	0.2%	6,526	0.2%	5,566	0.2%	5,136	0.2%
19,084	0.2%	16,018	0.2%	15,572	0.2%	13,013	0.2%	12,233	0.2%	12,290	0.2%
21,477	0.6%	17,230	0.6%	17,301	0.6%	17,391	0.6%	17,196	0.6%	16,957	0.6%
24,183	3.6%	21,282	3.5%	21,153	3.6%	21,221	3.6%	20,995	3.5%	20,717	3.3%
143,273	11.8%	130,911	11.8%	129,780	11.4%	129,123	10.5%	125,682	10.2%	121,234	10.0%
101,431	2.2%	86,316	2.2%	86,861	2.3%	86,647	2.2%	85,361	2.1%	85,499	2.1%
2,731	0.2%	6,290	0.2%	5,655	0.1%	6,044	0.1%	7,445	0.2%	10,479	0.3%
1,797,005	100.0%	1,270,483	100.0%	1,261,708	100.0%	1,261,895	100.0%	1,254,100	100.0%	1,267,071	100.0%

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2015-16	2014-15	2013-14	2012-13
DEBT SERVICE EXPENDITURES:				
Principal	$ 210,390	$ 194,818	$ 184,106	$ 163,939
Interest	69,729	74,689	77,005	82,660
TOTAL DEBT SERVICE EXPENDITURES	$ 280,119	$ 269,507	$ 261,111	$ 246,599
Percent Change Over Previous Year	3.9%	3.2%	5.9%	4.4%
TOTAL NONCAPITAL EXPENDITURES	22,036,237	20,480,883	19,001,514	17,329,054
TOTAL CAPITAL EXPENDITURES	1,076,958	1,194,596	664,762	653,157
TOTAL GOVERNMENTAL EXPENDITURES	23,113,195	21,675,479	19,666,276	17,982,211
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:				
Principal	1.0%	1.0%	0.9%	0.9%
Interest	0.3%	0.4%	0.4%	0.5%
Total Debt Service Expenditures	1.3%	1.3%	1.4%	1.4%

TOTAL OUTSTANDING DEBT[1,2,4]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2015-16	2014-15	2013-14	2012-13
Governmental Activities:				
Revenue Backed Debt	$ 127,925	$ 289,789	$ 443,881	$ 574,147
Certificates of Participation	1,205,172	1,227,828	1,267,869	1,192,193
Capital Leases	150,665	172,329	174,996	151,010
Notes and Mortgages	13,205	15,250	17,385	19,220
TOTAL GOVERNMENTAL OUTSTANDING DEBT	1,496,967	1,705,196	1,904,131	1,936,570
Business-Type Activities:				
Revenue Backed Debt	4,320,596	4,242,726	3,967,023	3,724,951
Certificates of Participation	372,661	399,231	403,761	403,603
Capital Leases	57,126	54,281	42,192	41,728
Notes and Mortgages	53,968	28,317	4,810	3,522
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	4,804,351	4,724,555	4,417,786	4,173,804
Total Primary Government:				
Revenue Backed Debt	4,448,521	4,532,515	4,410,904	4,299,098
Certificates of Participation	1,577,833	1,627,059	1,671,630	1,595,796
Capital Leases	207,791	226,610	217,188	192,738
Notes and Mortgages	67,173	43,567	22,195	22,742
TOTAL OUTSTANDING DEBT[1]	$ 6,301,318	$ 6,429,751	$ 6,321,917	$ 6,110,374
Percent Change Over Previous Year	-2.0%	1.7%	3.3%	-0.1%
Colorado Population (In Thousands) Restated for Census	5,268	5,268	5,268	5,273
Per Capita Debt (Dollars Per Person) Restated for Census	$1,196	$1,221	$1,200	$1,159
Per Capita Income (Thousands Per Person)	$50.3	$50.3	$46.9	$46.1
Per Capita Debt as a Percent of Per Capita Income	2.4%	2.4%	2.6%	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 unforeseen revenue deficiencies.

2 – Colorado State Constitution requires multiple year obligations to be approved by voters; therefore, there is no specific legal debt limitation.

2011-12	2010-11	2009-10	RESTATED 2008-09	2007-08	RESTATED 2006-07
$ 150,690	$ 124,993	$ 116,083	$ 109,801	$ 104,924	$ 100,681
85,586	82,829	77,919	78,719	102,652	112,145
$ 236,276	$ 207,822	$ 194,002	$ 188,520	$ 207,576	$ 212,826
13.7%	7.1%	2.9%	-9.2%	-2.5%	4.4%
16,470,142	16,654,138	16,566,769	15,448,232	14,196,496	13,365,782
726,501	631,546	478,179	359,518	242,572	233,914
17,196,643	17,285,684	17,044,948	15,807,750	14,439,068	13,599,696
0.9%	0.7%	0.7%	0.7%	0.7%	0.8%
0.5%	0.5%	0.5%	0.5%	0.7%	0.8%
1.4%	1.2%	1.2%	1.2%	1.4%	1.6%

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
$ 739,138	$ 869,282	$ 992,436	$ 1,106,973	$ 1,216,006	$ 1,319,718
1,018,456	897,632	689,973	162,053	172,864	183,203
121,429	107,588	97,130	91,813	60,031	30,456
19,369	-	515,000	515,000	460,000	345,000
1,898,392	1,874,502	2,294,539	1,875,839	1,908,901	1,878,377
3,753,617	2,762,166	2,306,693	3,551,588	3,325,690	2,935,383
420,951	430,537	432,698	446,656	210,150	218,916
39,038	48,416	83,374	93,773	93,374	68,621
7,353	3,503	43,925	4,771	6,211	9,463
4,220,959	3,244,622	2,866,690	4,096,788	3,635,425	3,232,383
4,492,755	3,631,448	3,299,129	4,658,561	4,541,696	4,255,101
1,439,407	1,328,169	1,122,671	608,709	383,014	402,119
160,467	156,004	180,504	185,586	153,405	99,077
26,722	3,503	558,925	519,771	466,211	354,463
$ 6,119,351	$ 5,119,124	$ 5,161,229	$ 5,972,627	$ 5,544,326	$ 5,110,760
19.5%	-0.8%	-13.6% [3]	7.7%	8.5%	9.2%
5,188	5,118	5,048	4,972	4,890	4,804
$1,180	$1,000	$1,022	$1,201	$1,134	$1,064
$46.3	$44.2	$41.7	$41.5	$43.4	$42.2
2.6%	2.3%	2.5%	2.9%	2.6%	2.5%

[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.

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)							
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
2007-08	167,989	-	167,989	102,475	65,514	167,989	1.00
2006-07	167,982	-	167,982	97,490	70,492	167,982	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance [2]							
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
2007-08	351,308	126,788	224,520	155	41,492	41,647	5.39
2006-07	402,013	101,632	300,381	16,155	76,077	92,232	3.26
Higher Education Institutions							
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
2007-08	793,013	420,908	372,105	36,940	58,466	95,406	3.90
2006-07	687,200	391,433	295,767	34,145	48,073	82,218	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
2007 to 2016

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 %
2016 est	5,555	1.71%	$ 288.6	$ 51,956	105.4%	2,808	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
2007	4,804	1.59	202.6	42,173	106.0	2,565	3.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment, State Demographer for the 2012 population estimate

COLORADO EMPLOYMENT[1,2]
BY INDUSTRY
2007 to 2016
(AMOUNTS IN THOUSANDS)

Industry	2016 est	2015 est	2014	2013	2012	2011	2010	2009	2008	2007
Natural Resources and Mining	29.8	31.1	33.9	30.6	30.3	27.9	24.4	24.2	28.5	25.2
Construction	160.2	150.5	142.3	127.5	115.8	112.5	115.1	131.3	161.8	167.8
Manufacturing	142.5	140.3	136.6	132.8	130.9	128.1	124.2	128.0	142.3	145.2
Transportation, Trade, and Utilities	454.8	444.0	431.8	420.2	409.7	401.7	397.6	403.8	429.3	429.2
Information	70.4	70.1	69.9	69.8	69.8	71.4	72.0	74.7	76.8	76.4
Financial Activities	159.9	157.3	153.3	151.0	146.7	143.9	144.3	148.0	155.6	159.5
Professional and Business Services	413.0	397.5	385.2	372.6	356.9	341.5	330.8	331.8	353.7	349.7
Educational and Health Services	323.0	312.1	298.8	286.7	282.6	273.7	264.7	257.2	250.5	240.4
Leisure and Hospitality	320.4	311.4	300.7	289.4	279.7	271.4	263.0	262.4	272.9	270.4
Other Services	103.9	102.0	100.4	97.7	96.0	93.7	92.4	93.7	94.8	92.9
Government	418.2	414.7	408.0	403.7	394.8	392.9	393.8	390.5	384.1	374.7
Total	2,596.1	2,531.0	2,460.9	2,382.0	2,313.2	2,258.7	2,222.3	2,245.6	2,350.3	2,331.4

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
2016 est	$ 8,780	$ 4,852	$ 3,150	$ 16,782
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
2007	7,417	5,260	2,004	14,681

Source: Department of Census, F.W. Dodge Company, Division of McGraw-Hill, Colorado Contractors Association, and Colorado Business Economic Outlook Committee.

COLORADO SALES AND GROSS FARMING REVENUES
Last Ten Years

(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2016 est	88.90	7.71
2015	84.20	8.32
2014	79.50	9.09
2013	74.10	8.55
2012	70.70	8.27
2011	66.70	8.47
2010	62.30	6.97
2009	58.30	6.80
2008	66.50	6.87
2007	67.30	7.47

Retail sales based on SIC Codes 52-59.

Source: Colorado Department of Revenue, Colorado Agricultural Statistics Services, and the Colorado Business Economic Outlook Committee.

DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]
BY FUNCTIONS/PROGRAMS
Last Ten Years[2]

	2016	2015	2014	Restated 2013
GOVERNMENTAL ACTIVITIES:				
General Government:				
Funds	815	719	638	634
Employees (calculated Average Employment)	72,483	72,369	70,823	68,898
Balance in Treasury Pool (in millions)	$7,413.7	$7,683.2	$7,047.8	$7,106.9
Business, Community, and Consumer Affairs:				
Professional Licenses at Regulatory Agencies	813,639	789,643	750,306	729,328
Unemployment Rate (percent) [4]	3.3	4.3	5.5	6.8
Employment Level [4]	2,808,506	2,716,981	2,691,680	2,595,837
Education:				
Public Schools	1,853	1,836	1,824	1,823
Primary School Students	899,112	889,006	876,999	863,561
Health and Rehabilitation:				
Average Daily Population of Mental Health Institute	545	545	486	489
Average Daily Population of Regional Centers [3,5]	266	272	288	305
Justice:				
District Court Cases Filed [3]	216,970	231,188	289,965	247,696
County Court Cases Filed [3]	430,398	446,255	493,341	505,234
Inmate Admissions	9,912	9,912	9,620	9,597
Inmate Releases	10,269	10,269	10,506	10,506
Average Daily Inmate Population	20,478	20,478	20,551	20,812
Citations Issued by the State Patrol	128,142	135,037	140,640	127,939
Crashes Covered by the State Patrol	25,541	26,971	29,163	27,751
Natural Resources:				
Active Oil and Gas Wells [3]	52,600	52,300	50,350	47,916
Oil and Gas Drilling Permits [3]	3,725	4,333	4,300	5,100
Annual State Park Visitors [3]	12,300,000	11,699,543	11,556,388	12,461,261
Water Loans	312	294	289	277
Social Assistance:				
Medicaid Recipients [3]	1,289,795	1,003,612	809,452	687,473
Average Cash Assistance Payments per Month [3]	286,611	63,646	65,208	65,208
Transportation:				
Lane Miles	23,018,184	23,018,184	23,021,500	23,023,800
Bridges	3,427	3,439	3,443	3,438
BUSINESS-TYPE ACTIVITIES:				
Higher-Education:				
Resident Students [3]	145,769	150,073	155,748	159,206
Nonresident Students [3]	30,869	29,305	28,580	27,536
Unemployment Insurance:				
Individuals Served - Employment and Training [3]	469,274	553,258	552,303	636,977
Initial Unemployment Claims [3]	152,658	157,161	199,007	228,634
CollegeInvest:[7]				
Loans Issued or Purchased	-	-	-	-
Average Balance per Loan	-	-	-	-
Lottery:				
Scratch Tickets Sold	87,433,955	89,637,387	89,961,317	94,109,256
Lotto Tickets Sold	27,422,320	29,837,628	33,809,181	32,561,865
Powerball Tickets Sold	47,427,269	29,581,783	35,134,907	67,690,312
Other Lottery Tickets Sold	29,682,863	50,521,072	56,956,625	47,690,502
Wildlife:				
Hunting & Fishing Licenses Sold [3]	1,600,000	2,300,000	2,300,000	2,315,000
College Assist:				
Guaranteed Loans - In State	-	-	-	-
Guaranteed Loans - Out of State	-	-	-	-

Source: JBC Budget in Brief and various State departments.

[1] – All amounts are counts, except where dollars or percentages are indicated.
[2] – Data is 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 actual.
[4] – Data represents annual averages of monthly estimates from Department of Labor and Employment and is not adjusted to actual.

Restated 2012	Restated 2011	2010	2009	2008	2007
626	616	601	593	556	515
67,871	66,691	65,325	64,535	61,915	59,873
$6,546.6	$6,076.2	$5,902.0	$5,663.2	$6,159.4	$5,250.7
705,205	703,695	702,498	679,836	640,332	575,124
7.8	8.5	9.0	8.1	4.8	3.8
2,523,535	2,490,004	2,475,831	2,511,189	2,599,724	2,583,404
1,806	1,786	1,817	1,769	1,771	1,771
854,265	843,316	832,368	818,443	802,639	794,026
501	511	554	569	548	528
302	307	329	378	403	403
238,766	190,531	188,822	191,749	199,681	189,884
541,439	562,185	562,570	554,165	579,069	552,592
9,116	9,935	10,704	10,992	11,038	10,625
10,657	10,161	11,033	10,803	10,565	10,110
22,009	22,814	22,980	23,210	22,887	22,424
130,651	149,015	170,988	170,570	221,544	226,324
25,554	24,878	24,123	26,159	27,260	28,277
45,300	45,500	45,000	36,000	35,000	34,000
4,800	5,250	5,000	7,400	6,780	4,200
12,651,919	12,463,495	11,666,912	13,680,012	11,272,418	11,475,000
281	288	278	269	258	255
613,148	553,407	476,632	381,390	383,784	429,233
66,472	63,742	58,119	57,200	62,647	66,728
23,023,720	23,023,070	22,982,320	23,060,630	23,036,480	22,999,470
3,447	3,447	3,447	3,429	3,406	3,775
160,944	160,160	146,531	136,900	135,275	136,108
26,934	26,225	24,869	23,166	22,069	20,670
585,724	615,548	652,570	350,000	300,000	270,000
302,418	389,769	408,644	120,074	119,561	120,290
-	-	-	268,745 [7]	239,060	218,518
-	-	-	6,326 [7]	6,328	6,057
99,988,581	98,545,733	99,657,606	104,217,790	101,604,127	99,199,686
33,276,914	39,257,585	41,620,408	43,552,521	41,071,837	39,835,761
64,285,665	70,047,258	101,568,085	100,733,520	109,565,516	101,570,695
65,916,303	50,464,834	26,833,674	20,831,732	19,148,564	17,407,163
2,333,000	1,380,000	1,630,000	2,300,000	1,545,659	1,399,978
-	61,076 [8]	107,402	115,486	140,232	146,616
-	4,961 [8]	41,616	47,892	18,859	5,080

[5] – This represented Regional Center Residential Beds.

[6] – Calendar data through October 31, 2014.

[7] – CollegeInvest sold its loan portfolio during Fiscal Year 2009-10 due to a statutory change resulting from a change in the federal program

[8] – In Fiscal Year 2010-11, College Assist's Guaranteed Loans for In-State student decreased due to increased participation by State institutions in the federal direct lending program.

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2015-16	2014-15	2013-14	2012-13
General Government	3,102	3,005	3,092	2,958
Business, Community, and Consumer Affairs	2,451	2,441	2,482	2,420
Education	42,494	42,767	41,501	40,218
Health and Rehabilitation	4,023	4,007	3,990	3,931
Justice	13,974	13,760	13,416	13,123
Natural Resources	1,623	1,599	1,579	1,586
Social Assistance	1,810	1,766	1,731	1,633
Transportation	3,006	3,024	3,032	3,029
TOTAL AVERAGE EMPLOYMENT	72,483	72,369	70,823	68,898
TOTAL CLASSIFIED	31,102	31,246	31,284	31,504
AVERAGE MONTHLY SALARY	$ 4,539	$ 4,502	$ 4,391	$ 4,283
TOTAL NON-CLASSIFIED	41,381	41,123	39,539	37,394
AVERAGE MONTHLY SALARY	$ 6,691	$ 6,306	$ 6,140	$ 5,953

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor's cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty in the Department of Higher Education.

2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
3,042	2,991	2,399	2,454	2,392	2,322
2,404	2,458	2,564	2,437	2,372	2,335
39,097	38,038	37,093	36,042	34,469	33,464
3,953	3,965	4,019	3,944	3,865	3,774
13,149	13,093	12,848	13,000	12,467	11,791
1,597	1,579	1,607	1,587	1,583	1,522
1,605	1,579	1,704	1,671	1,656	1,593
3,024	2,988	3,091	3,400	3,111	3,072
67,871	66,691	65,325	64,535	61,915	59,873
32,449	32,927	32,799	32,820	31,995	31,075
$ 4,314	$ 4,324	$ 4,367	$ 4,390	$ 4,278	$ 4,108
35,422	33,764	32,526	31,715	29,920	28,798
$ 5,840	$ 5,786	$ 5,735	$ 5,723	$ 5,467	$ 5,214

For each State agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the average employee count. Average salary was computed as total classified or nonclassified salary divided by related average employee count.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
2006 TO 2015

Mileage Type	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
CenterLine Miles[1]										
Urban	1,523	1,523	1,385	1,385	1,385	1,389	1,398	1,400	1,398	1,419
Rural	7,580	7,580	7,718	7,720	7,720	7,720	7,748	7,744	7,736	7,742
TOTAL CENTERLINE MILES	9,103	9,103	9,103	9,105	9,105	9,109	9,146	9,144	9,134	9,161
Percent Change	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	0.0%	0.1%	-0.3%	0.1%
Lane Miles[2]										
Urban	5,771	5,771	5,326	5,330	5,330	5,327	5,352	5,238	5,232	5,322
Rural	17,247	17,247	17,688	17,694	17,693	17,654	17,709	17,798	17,767	17,784
TOTAL LANE MILES	23,018	23,018	23,014	23,024	23,023	22,981	23,061	23,036	22,999	23,106
Percent Change	0.0%	0.0%	0.0%	0.0%	0.2%	-0.3%	0.1%	0.2%	-0.5%	0.3%
Roadways[3]										
Percent Rated Good/Fair	79	79	79	47	48	48	50	53	59	63
Percent Rated Poor	21	21	21	53	52	52	50	47	41	37
TOTAL PERCENTAGE	100	100	100	100	100	100	100	100	100	100

Source: Colorado Department of Transportation

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 therefore a better indicator of actual maintenance requirements.

3 – In 2013, CDOT changed the overall metric by which pavement condition is measured. The new measure is based on Drivability Life, which identifies how long a pavement will last until the user experience becomes unacceptable. In 2015, the Statewide pavement condition was rated as 82 percent High/Moderate.

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
2007 to 2016

Functional Classification	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Principal Arterial[1]	1,372	1,377	1,114	1,294	1,303	1,299	1,376	1,368	1,341	1,686
Other Principal Arterial	930	930	1,199	793	791	785	801	794	795	911
Minor Arterial	666	667	667	747	749	752	759	761	773	802
Collector	383	390	391	443	442	446	431	426	404	350
Local	76	75	72	161	162	165	80	80	93	26
TOTAL BRIDGES	3,427	3,439	3,443	3,438	3,447	3,447	3,447	3,429	3,406	3,775
Percent Change	-0.3%	-0.1%	0.1%	-0.3%	0.0%	0.0%	0.5%	0.7%	-9.8%	0.5%
Percent Rated Poor[2]	5.60	5.60	5.70	5.90	3.60	5.53	5.48	5.62	6.21	5.81

Source: Colorado Department of Transportation

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. In 2015, CDOT reported 5.4 percent of State owned bridges as Structurally Deficient.

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Nine Years[2]

	2016	Restated 2015	2014	2013	Restated 2012	Restated 2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES:									
General Government	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]	1,117,563	1,260,223	1,462,694	1,091,423	980,198	980,198	980,198	981,809	937,389
Education	322,484	322,484	327,394	327,394	327,394	326,602	317,894	317,884	317,884
Health and Rehabilitation	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	8,743,419	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	105,952	105,952	105,952	105,952	105,952	1,729,810	1,729,810	1,210,477	1,672,897
Social Assistance	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	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	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	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	1,131,841	1,109,004	1,065,240	901,526
TOTAL	78,191,541	75,686,070	74,158,897	71,535,388	70,452,709	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.

[2] – Data not available prior to 2008.

BUILDING SQUARE FOOTAGE
LEASED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Nine Years[2]

	2016	2015	2014	2013	2012	2011	2010	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:									
General Government	153,470	161,533	169,970	200,900	226,201	210,576	276,602	288,210	199,967
Business, Community, and Consumer Affairs[1]	623,742	597,583	604,185	597,182	575,591	585,944	517,447	515,708	508,439
Education	53,827	51,749	47,926	47,645	39,804	31,999	28,531	19,440	9,396
Health and Rehabilitation	473,440	498,721	475,010	473,230	465,649	458,959	455,218	420,272	434,469
Justice	453,320	343,665	412,286	310,551	321,920	463,506	857,026	868,060	850,185
Natural Resources	74,016	75,134	91,162	78,937	73,375	81,926	65,735	73,546	49,495
Social Assistance	99,256	110,867	74,451	61,001	51,404	56,881	55,801	34,459	28,963
BUSINESS-TYPE ACTIVITIES:									
Higher Education	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	9,597	9,642	11,397	11,397	7,517	8,544	18,983	15,318	15,318
Lottery	67,327	71,104	71,104	71,104	74,104	66,684	59,915	61,682	61,682
Parks and Wildlife	76,448	76,448	76,448	76,448	79,112	73,064	73,064	15,267	75,944
College Assist	10,164	10,246	8,825	8,825	8,825	10,139	12,807	12,807	12,807
TOTAL	3,404,097	3,310,007	3,656,280	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.

[2] – Data not available prior to 2008.

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

APPENDIX D

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. See also "INTRODUCTION – State Economic and Demographic Information." The statistics have been obtained from the referenced sources and represent the most current information available as of June 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" and "APPENDIX B – OSPB JUNE 2017 REVENUE FORECAST."

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State's metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State's capital, is the economic center of the State and the Rocky Mountain region. About 56% of the State's population and 62% of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX A – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2017 REVENUE FORECAST."

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Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past 10 years.

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2006	4.7	1.8%	298.4	1.0%
2007	4.8	1.6%	301.2	1.0%
2008	4.9	1.7%	304.1	1.0%
2009	5.0	1.5%	306.8	0.9%
2010	5.1	1.5%	309.3	0.8%
2011	5.1	1.4%	311.7	0.7%
2012	5.2	1.4%	314.0	0.7%
2013	5.3	1.5%	316.2	0.7%
2014	5.4	1.6%	318.6	0.7%
2015	5.5	1.9%	320.9	0.7%
2016	5.6	1.8%	323.1	0.7%

Note: Figures for 2006 through 2015 are estimates. The U.S. 2016 count is an estimate, and the 2016 count for Colorado is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

Age Distribution, July 1

	Colorado, 2016		United States, 2015	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.30	23.4%	73.65	22.9%
18 to 24	0.55	9.8%	31.22	9.7%
25 to 44	1.52	27.4%	84.73	26.4%
45 to 64	1.44	26.0%	84.07	26.2%
65+	0.75	13.4%	47.76	14.9%
Total	5.56	100.0%	321.42	100.0%
Median Age	37.1		37.8	

Note: Totals may not add due to rounding. The U.S. 2015 count is an estimate, and the Colorado 2016 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	$45,089		$41,105		$44,282	
2013	$46,824	3.8%	$42,154	2.6%	$44,493	0.5%
2014	$49,823	6.4%	$44,433	5.4%	$46,464	4.4%
2015	$50,971	2.3%	$45,691	2.8%	$48,190	3.7%
2016	$52,059	2.1%	$46,635	2.1%	$49,571	2.9%

[1] Per capita personal income is total personal income divided by the July 1 population estimate.

[2] The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.

Source: U.S. Bureau of Economic Analysis

Employment

The following table provides labor force, total employment, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates, Not Seasonally Adjusted

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2012	2,757.2		2,539.9		7.9%	8.1%
2013	2,775.7	0.7%	2,586.0	1.8%	6.8%	7.4%
2014	2,810.4	1.3%	2,670.0	3.2%	5.0%	6.2%
2015	2,833.5	0.8%	2,723.0	2.0%	3.9%	5.3%
2016	2,891.0	2.0%	2,795.2	2.7%	3.3%	4.9%
Year-to-date averages through March:						
2016	2,864.6		2,754.4		3.8%	5.2%
2017	2,919.9	1.9%	2,830.6	2.8%	3.1%	4.9%

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

Industry	2012	2013	2014	2015	2016	Most Recent Quarter: 2015Q4	Most Recent Quarter: 2016Q4	Most Recent Quarter: % Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,513	14,348	14,935	15,624	16,469	15,217	16,389	7.7%
Mining	30,225	30,433	33,847	30,565	23,573	27,461	23,053	-16.1%
Utilities	8,037	7,832	8,140	8,202	8,239	8,272	8,206	-0.8%
Construction	115,753	127,597	142,140	148,638	155,139	152,118	159,147	4.6%
Manufacturing	131,978	132,691	136,216	140,831	142,381	141,837	142,769	0.7%
Wholesale Trade	94,262	96,636	99,825	103,253	104,882	104,535	105,547	1.0%
Retail Trade	243,699	249,235	254,942	263,104	269,032	271,962	276,058	1.5%
Transportation and Warehousing	59,850	62,398	65,180	67,287	68,327	68,495	70,368	2.7%
Information	69,733	69,817	70,001	70,599	71,730	70,815	71,807	1.4%
Finance and Insurance	99,754	103,136	103,623	106,344	108,970	107,772	109,935	2.0%
Real Estate and Rental and Leasing	41,895	42,849	44,497	46,944	48,707	47,935	49,506	3.3%
Professional and Technical Services	178,313	188,984	196,684	204,586	210,093	207,453	212,952	2.7%
Management of Companies and Enterprises	31,761	34,591	35,406	36,488	36,833	36,747	36,524	-0.6%
Administrative and Waste Services	145,383	148,745	154,121	157,385	158,535	159,617	160,399	0.5%
Educational Services	31,494	31,997	32,965	33,847	34,992	34,922	35,581	1.9%
Health Care and Social Assistance	246,951	250,654	261,428	275,183	287,168	280,808	291,698	3.9%
Arts, Entertainment, and Recreation	46,704	47,166	48,978	50,707	52,625	48,335	49,765	3.0%
Accommodation and Food Services	232,875	242,100	251,052	261,704	270,673	261,047	268,941	3.0%
Other Services	67,988	69,554	72,443	75,157	78,231	75,796	78,657	3.8%
Unclassified	745	1,388	2,783	1,478	759	1,031	116	-88.7%
Government	374,628	383,637	388,566	396,853	405,690	402,134	411,685	2.4%
Total*	**2,266,539**	**2,335,786**	**2,417,769**	**2,494,777**	**2,553,045**	**2,524,308**	**2,579,102**	**2.2%**

* Industry employment levels may not add to total due to rounding.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2017. 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	28,000
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,600
UCHealth[2]	Healthcare	18,000
Centura Health	Healthcare	15,800
HealthONE Corporation	Healthcare	10,800
SCL Health System	Healthcare	8,700
Lockheed Martin Corporation	Aerospace & Defense Related Systems	8,600
Comcast Corporation	Telecommunications	8,000
Home Depot	Building Materials Retailer	8,000
Kaiser Permanente	Health Maintenance Organization	7,000
Children's Hospital Colorado	Healthcare	6,600
Target Corporation	General Merchandise	6,600
Vail Resorts	Leisure & Hospitality	6,400
Safeway Inc.	Supermarkets	7,800
Wells Fargo	Banking/Financial Services	6,000
United Airlines	Airline	5,800
United Parcel Service	Delivery Services	5,000
Banner Health	Healthcare	5,000
CenturyLink	Telecommunications	4,800
JBS Swift & Company	Beef Processing/Corporate Office	4,500
DISH Network	Satellite TV & Equipment	4,300
FedEx Corp.	Transportation, E-commerce	4,300
Walgreen Company	General Merchandise	4,300
Oracle	Software & Network Computer Systems	4,200
University of Denver	Private University	4,100

[1] Includes both full- and part-time employees.

[2] Some workers are also included in the employment count for the University of Colorado System (next table).

Source: Compiled by Development Research Partners from various sources, May 2017.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2017.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	50,900
Federal Government (except USPS)	45,000
University of Colorado System[2]	20,200
Denver Public Schools	13,000
City & County of Denver	12,700
Jefferson County Public Schools	11,500
U.S. Postal Service	9,900
Douglas County School District RE-1	8,100
Cherry Creek School District No 5	8,000
Colorado State University	7,200
Denver Health	7,100
Aurora Public Schools	6,300
Adams 12 Five Star Schools	4,700
Boulder Valley School District RE-2	4,200
Poudre School District R-1	4,000
Colorado Springs School District 11	3,900
St. Vrain Valley School District RE-1J	3,900
City of Aurora	3,500
Academy Schools District No 20	3,400
Jefferson County	3,100
Mesa County Valley School District 51	2,800
Regional Transportation District (RTD)	2,800
El Paso County	2,600
Arapahoe County	2,600
Greeley 6 School District	2,500

[1] Includes both full- and part-time employees.

[2] Some workers are also included in the employment count for UCHealth (previous table).

Source: Compiled by Development Research Partners from various sources, May 2017.

Retail Sales

The following table provides recent annual sales figures as reported for state sales tax purposes.

Colorado Gross and Retail Sales

	Gross Sales		Retail Sales	
	Amount (billions)	% Change	Amount (billions)	% Change
2011	$216.16		$155.05	
2012	$225.15	4.2%	$164.57	6.1%
2013	$240.36	6.8%	$172.78	5.0%
2014	$257.14	7.0%	$182.71	5.7%
2015	$252.49	-1.8%	$182.85	0.1%
Year-to-date totals through February:				
2015	$32.97		$25.94	
2016	$31.65	-4.0%	$24.96	-3.8%

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the past five years and year-to-date.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year

Industry	2011	% Change	2012	% Change	2013	% Change	2014	% Change	2015	% Change	Year-to-date totals through February 2015	Year-to-date totals through February 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] *Conventions*		*Delegates*		*Spending*		Skier Visits[3]	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2012	5.81		98		266.1		$530.1		11.02	
2013	5.39	-7.2%	84	-14.3%	265.7	-0.2%	$529.3	-0.2%	11.45	3.9%
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%

[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
2012	12,617	304	97	10,283	23,301	72.6%
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%
Year-to-date totals through April:						
2016	6,820	48	76	3,284	10,228	
2017	7,462	112	66	5,641	13,281	
% change	*9.4%*	*133.3%*	*-13.2%*	*71.8%*	*29.8%*	

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
2012	28,579	-10.6%	15,903	-18.9%
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%

[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, 2016 (the "PERA 2016 CAFR"). The PERA 2016 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 the preliminary notices in this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2016 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 2016 CAFR.

The information in the State's Fiscal Year 2015-16 CAFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2015, while the information in this Official Statement regarding PERA is derived from the PERA 2016 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, 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. See Notes 1 and 8 to the financial statements in the PERA 2016 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 18, 19 and 20 to the financial statements in the State's Fiscal Year 2015-16 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 1-800-759-7372 or by visiting http://www.copera.org. *The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's financial statements, or any other information provided by PERA, is not incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.*

Basic Provisions of the State Division Plan

Members of the State Division Plan who meet minimum age and service requirements are eligible to receive a monthly retirement benefit based on their employment and earnings history with the State. Calculation of retirement benefits, and eligibility requirements, differ depending on the employee's original hire date. In response to funding challenges, the General Assembly has enacted changes to State Division Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 18, 19 and 20 to the financial statements in the State's Fiscal Year 2015-16 CAFR appended to this Official Statement, the PERA 2016 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 2016 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with its Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," applies to governmental employers and was implemented by the State 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 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.

Actuarial Valuations

Many of the measures used to determine and evaluate the financial condition and funding status of the State Division Plan are based on actuarial valuations. An actuarial valuation is the determination, as of the actuarial valuation date, of the service cost, total pension liability and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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[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.

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, 2016, based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the Plan compared to actuarial liabilities, compare past and future trends and determine the net pension liability of the Plan. The actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed market value of assets for purposes of determining the UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets (determined in conformity with GASB standards) to determine the net pension liability. See the Actuarial Section of the PERA 2016 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2016 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2016, and the next experience study is planned in 2020.

No assurance can be given that any of the assumptions underlying the actuarial valuations of the State Division Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of Plan assets, the net pension liability of the Plan and other valuation and performance measures determined on the basis of such actuarial valuations.

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State. The baseline SRC that is made by the State for most State employees 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 18 and the Required Supplementary Information to the State's Fiscal Year 2015-16 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 equals to 20.15% of employee wages. See Note 18 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement and Note 4 to the financial statements in the PERA 2016 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.

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 Plan assets or the funded ratio of the Plan. Any changes in the SRC would require legislative action by the General Assembly. See also "Funding Status of the State Division Plan" below.

While PERA has a pension funding policy as discussed in "*Change in PERA Funding Policy*" hereafter, the State does not have a formal or established policy or procedure for managing its pension liability. PERA annually provides a briefing to State officials and members of the General Assembly as to the status of the State Division Plan and occasionally may pursue legislation pertaining to changes in contribution and/or benefit provisions in furtherance of PERA's funding policy. Legislative proposals to modify the contributions, benefits, eligibility and other provisions of the State Division Plan also are introduced in the General Assembly from time to time independent of a request therefor from PERA.

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 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 2016 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit pension trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA

[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.

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 2007-2016 (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, 2014, actuarial valuation) were used to determine contribution rates reported in the table for the year ended December 31, 2016: (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 GASB standards; (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 2016 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
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
2007	17.23	2,236,518	--	385,352	231,909	153,443	10.37

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 2016 CAFR.

3 The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR.

Source: PERA 2016 CAFR

The Management's Discussion and Analysis in the PERA 2016 CAFR states that, using the funding policy approved by the PERA Board in March 2015 and the 2015 actuarial funding valuation based on an assumed 7.50% investment rate of return and discount rate, the 2017 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 22.71%, and that using such funding policy 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%.

For historical information regarding employer contributions based on the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013 and Note 18B to the State's Fiscal Year 2015-16 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, 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% as of December 31, 2017, 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. For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2015-16 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Note 10 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2016 CAFR.

The PERA 2016 CAFR reports that at December 31, 2016, the actuarial value of assets of the State Division Plan was approximately $14.0 billion and the AAL of the Plan was approximately $25.7 billion, resulting in a UAAL of approximately $11.6 billion and a funded ratio (*i.e.*, the actuarial value of Plan assets divided by the AAL) of only 54.6%. This UAAL would amortize over a 65-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC) and future increases in the AED and SAED, as well as an investment rate of return and discount rate for actuarially accrued liabilities of 7.25%.

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, the PERA 2016 CAFR reports that at December 31, 2016, the UAAL of the Plan was approximately $12.1 billion and the funded ratio was 52.7%.

Table 2 below sets forth for each of the years 2007-2016 the UAAL, the funded ratio and related information for the State Division Plan based on the actuarial value of Plan assets, and Table 3 below sets forth such information based on the market value of Plan assets.

The total pension liability for the State Division Plan was determined by actuarial valuations as of December 31, 2015, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2016. When calculating the AAL of the State Division Plan in Tables 2 and 3 below, the following actuarial methods, assumptions and inputs, among others, were used: (i) price inflation is assumed to be 2.40%; (ii) real wage growth is assumed to be 1.10%; (iii) salary increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 9.17%; (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; and (v) cost of living adjustments for pre-2007 hires are assumed to be 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 2016 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
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	277.7
2007	14,220,681	19,390,296	5,169,615	73.3	2,236,518	231.1

[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 2016 CAFR

Table 3
Historical Funding Progress of State Division Plan
Market Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Market Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
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
2007	14,852,029	19,390,296	4,538,267	76.6	2,236,518	202.9

[1] The market value of Plan assets is the fair value of the assets determined in conformity with GASB standards. See the Investment Section of the PERA 2016 CAFR.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2006 through 2015

Since contribution rates to the State Division Plan are fixed by statute, unless changes are made to such rates or changes are made to Plan provisions to reduce benefit payments, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on Plan assets or changes in the actuarial assumptions used to determine the value of Plan assets and the AAL. Changes to contribution rates or other Plan provisions, or the use of alternative Plan funding strategies, would require legislative action by the General Assembly, of which there can be no assurance.

Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2016, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2016 CAFR. The following table sets forth for each of the years 2007-2016 the changes in fiduciary net position of the State Division Plan.

Table 4
Changes in Fiduciary Net Position
State Division
(Cash Basis; Dollar Amounts in Thousands)

	For the Year Ended December 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
ADDITIONS										
Employer contributions	$ 521,804	$ 484,005	$ 444,372	$ 401,658	$ 335,073	$ 283,222	$ 287,624	$ 297,240	$ 270,353	$ 232,997
Member contributions	223,005	217,980	211,610	202,799	227,058	258,678	223,240	194,168	191,481	179,971
Purchased service	24,528	26,946	22,446	22,241	16,358	11,277	12,496	8,830	13,315	8,259
Net investment income (loss)	947,981	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142	1,742,571	(3,745,843)	1,388,265
Other	8,708	5,023	3,289	4,869	150	331	1	3	7	4
Total additions	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)	1,809,496
DEDUCTIONS										
Benefit payments	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	925,761
Refunds	60,137	63,567	61,152	68,735	69,221	70,090	68,844	58,416	56,716	56,578
Disability insurance premiums	2,106	2,088	2,309	2,229	1,570	1,685	1,661	2,004	1,794	1,833
Administrative expenses	11,271	10,779	10,067	9,780	8,568	8,685	8,942	8,729	8,639	6,963
Other	3,040	3,406	3,171	3,593	3,911	(4,546)	(726)	(1,519)	6,613	7,592
Total deductions	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	998,727
Change in fiduciary net position	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347	1,103,457	(4,343,728)	810,769
Fiduciary net position held at beginning of year	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	14,041,260
Fiduciary net position held at end 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

Source: PERA 2016 CAFR

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

The following table sets forth for the years 2013-2016 (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 2016 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2016 (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,			
	2016	**2015**	**2014**	**2013**
Total pension liability[2]	$31,994,311	$23,991,569	$23,420,461	$22,888,431
Plan fiduciary net position	13,626,180	13,460,536	14,013,947	13,980,460
Net pension liability	$18,368,131	$10,531,033	$ 9,406,514	$ 8,907,971
Net pension liability as a percentage of total pension liability	42.59%	56.11%	59.84%	61.08%
Covered employee payroll	$ 2,710,651	$ 2,641,867	$ 2,564,670	$ 2,474,965
Net pension liability as a percentage of covered employee payroll	677.63%	398.62%	366.77%	359.92%

[1] Information for years prior to 2013 is not available.

[2] The total pension liability for the State Division was determined by actuarial valuations as of December 31, 2015, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2016. 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.

Source: PERA 2016 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 2016 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

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 $9.7 billion as of December 31, 2013, $9.9 billion as of December 31, 2014, $10.2 billion as of December 31, 2015, and $11.6 billion as of December 31, 2016.

The State reported a liability in the State's Fiscal Year 2015-16 CAFR of approximately $10.3 billion, consisting of approximately $10.1 billion for the State Division and $0.2 billion for the Judicial Division) at June 30, 2016, for its proportionate share of the net pension liability, compared to a reported liability in the State's Fiscal Year 2014-15 CAFR of approximately $9.1 billion, consisting of approximately

$9.0 billion for the State Division and $0.1 billion for the Judicial Division) at June 30, 2015, for its proportionate share of the net pension liability. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year. See also Note 18C to the State's Fiscal Year 2015-16 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 3 to the State's Fiscal Year 2015-16 CAFR appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 18C of the State's Fiscal Year 2015-16 CAFR.

The State's proportionate share of the net pension liability at the end of Fiscal Years 2013-14 through 2015-16 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)

	Fiscal Year 2015-16		Fiscal Year 2014-15		Fiscal Year 2013-14	
	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.71%	93.98%	95.85%	93.60%	95.86%	93.44%
State's proportionate Share of Net Pension liability (asset)	$10,079,249	$172,828	$9,015,773	$129,500	$8,539,181	$102,756
State's covered-employee payroll	$2,717,027	$51,896	$2,530,865	$50,596	$2,476,598	$46,957
State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	370.97%	333.03%	356.23%	255.95%	344.79%	218.83%
Plan fiduciary net position as a percentage of the total pension liability	127.82%	150.82%	148.98%	201.98%	156.94%	252.48%

[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 18C to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2015-16 CAFR appended to this Official Statement.

Source: State Fiscal Year 2015-16 CAFR

A ten year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2015-16 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 1-7 and Notes 18-20 to the Financial Statements in the State's Fiscal Year 2015-16.

Effect of Pension Liability on the Series 2017A Notes

The Series 2017A Notes are short-term obligations maturing on June 28, 2018, 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, 2018, as repayment of their Program Loans and a portion of the proceeds of the Series 2017A Notes deposited to the Series 2017-18 Notes

Repayment Account as discussed in "THE SERIES 2017A NOTES – Security and Sources of Payment." Therefore, the State's current pension liability and the State's current plans to address such liability are not expected to adversely affect the State's ability to pay the Series 2017A Notes. See also Management's Discussion and Analysis in the State's Fiscal Year 2015-16 CAFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

* * *

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 State 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 2017A 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 2017A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2017A Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2017A Notes. The Series 2017A 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 2017A Note certificate, in the aggregate principal amount of the Series 2017A 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 2017A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A 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 2017A 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 2017A Notes except in the event that use of the book-entry system for the Series 2017A Notes is discontinued.

To facilitate subsequent transfers, all Series 2017A 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 2017A 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 2017A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017A 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 2017A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017A Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2017A Notes may wish to ascertain that the nominee holding the Series 2017A 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 2017A 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 2017A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2017A 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 2017A 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 2017A 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 2017A Note certificates are required to be printed and delivered to the appropriate Owners of the Series 2017A 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 2017A Notes. In that event, Series 2017A Note certificates will be printed and delivered to DTC.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

[Closing Date]

The Honorable Walker Stapleton
Treasurer of the State of Colorado

Barclays Capital Inc.

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

Morgan Stanley & Co. LLC

$290,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2017A

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 2017A," in the aggregate principal amount of $290,000,000 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 July 13, 2017, 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 2017-18 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 2017-18 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. Notwithstanding Bond Counsel's opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The opinions expressed in the preceding sentences 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 Notes 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,

* * *