NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG 1"
S&P Global: "SP-1+"
(See "RATINGS" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2024A 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 2024A Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. The interest on the Series 2024A Notes may affect the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" for a detailed description of the tax treatment of interest on the Series 2024A Notes.

$500,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2024A

Dated: Date of Delivery **Maturity Date: June 30, 2025**

The proceeds of the Series 2024A 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, 2025, and (ii) pay the costs of issuing the Series 2024A Notes. *Capitalized terms used on this cover page have the meanings set forth herein.*

The Series 2024A 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 2024A Notes. Beneficial Ownership Interests in the Series 2024A 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 2024A 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 2024A Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2024A Notes specified above. The Series 2024A Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.†
$500,000,000	5.00%	101.743	3.11%	19672M DE5

The Series 2024A 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 2024A Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2024A Notes in the ETRANS 2024-25 Repayment Account; and the principal of the Series 2024A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2025, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2024A 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 2024A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2024A Notes.

An investment in the Series 2024A 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 2024A 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 2024A Notes are expected to be delivered through the facilities of DTC on or about July 18, 2024.

Dated: July 11, 2024

† CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2024A Notes and only as of the issuance of the Series 2024A Notes. The State takes no responsibility for the accuracy of such data now or at any time in the future.

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2024A 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 2024A 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 2024A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2024A Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement, including, but not limited to, the material set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – Summary Financial Information Regarding the Participating Districts," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "APPENDIX A – THE STATE GENERAL FUND," "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST" and "APPENDIX E – STATE PENSION SYSTEM," contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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OFFICIAL STATEMENT

Relating to

$500,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2024A

INTRODUCTION

This Official Statement, which includes the cover page, preliminary notices and the appendices, furnishes information in connection with the issuance and sale by the State of Colorado (the "State") of its $500,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2024A (the "Series 2024A Notes").

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated July 5, 2024, including, without limitation, the interest rate, price, reoffering yield, CUSIP number, original purchaser and purchase price paid by the original purchaser of the Series 2024A Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in this entire Official Statement and the documents summarized or described herein. A full review should be made of this entire Official Statement. The offering of Series 2024A Notes to potential investors is made only by means of this entire Official Statement.

Purpose

Sections 29-15-112 and 22-54-110, Colorado Revised Statutes, as amended ("C.R.S."), referred to herein collectively as the "Loan Program Statutes," establish a program (the "Loan Program") for making interest-free loans ("Program Loans") to participating Colorado school districts (the "Participating Districts") in order to alleviate Participating Districts' temporary general fund cash flow deficits. The Series 2024A Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2025 ("Fiscal Year 2024-25"), and paying the costs of issuing the Series 2024A Notes, and constitute the first series of Notes being issued for funding the Loan Program for Fiscal Year 2024-25. The net proceeds of the Loan Program are expected to be borrowed by the Participating Districts identified in the table set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." See also "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2024A NOTES."

The net proceeds of the sale of the Series 2024A Notes will be deposited in the Series 2024A Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2024A Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2024-25. 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 2025 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 2024A NOTES – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2024A Notes

Authorization. The Series 2024A 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 2024A NOTES – Authorization."

General Provisions. The Series 2024A Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 30, 2025 (the "Series 2024A Notes Maturity Date"). The Series 2024A Notes are not subject to redemption prior to the Series 2024A Notes Maturity Date. Interest on the Series 2024A Notes, at the rate per annum set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months), will accrue from the Closing Date and will be payable on the Series 2024A Notes Maturity Date. See "THE SERIES 2024A NOTES – General Provisions."

Book-Entry Only System. The Series 2024A 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 2024A Notes. Ownership interests in the Series 2024A 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 2024A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2024A NOTES – General Provisions" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." As used in this Official Statement, the term "Owners" of the Series 2024A Notes means the persons or entities in whose names the Series 2024A Notes are registered on the registration books kept by UMB Bank, n.a., Kansas City, Missouri, as the registrar (the "Registrar") for the Series 2024A 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 2024A 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 2024A Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2025, as repayment of their Program Loans;
- amounts deposited to the "Series 2024-25 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "ETRANS 2024-25 Repayment Account") as discussed in "THE SERIES 2024A NOTES – Security and Sources of Payment – *The ETRANS 2024-25 Repayment Account*"; and
- any unexpended proceeds of the Series 2024A Notes and any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes and the

Supplemental Public Securities Act and payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the pledge thereof in favor of the Owners of the Series 2024A 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 2024A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2024A NOTES – The Series 2024A Notes Proceeds Account."

Interest on the Series 2024A Notes will be payable from a deposit to be made by the State Treasurer on the Closing Date to the Interest Subaccount of the ETRANS 2024-25 Repayment Account in an amount equal to the interest to accrue on the Series 2024A Notes from the Closing Date to the Series 2024A 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 2024-25 that is (i) subject to appropriation for Fiscal Year 2024-25 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2024A Notes, any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2024A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2025, as repayment of their Program Loans, supplemented if necessary by, among other things, any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, including Current General Fund Revenues and any amounts in the funds established by statute and the State Treasurer from which the State Treasurer is authorized to borrow under State law ("Borrowable Resources").

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned.

The ETRANS 2024-25 Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2024A Notes and any Parity Lien Notes. The Owners of the Series 2024A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the ETRANS 2024-25 Repayment Account and the moneys credited thereto.

The Series 2024A 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 2024A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2024A Notes.

See generally "THE SERIES 2024A 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 2024 REVENUE FORECAST."

State Budgets and Revenue Forecasts

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure in connection with its appropriation process. By statute, the Office of State Planning and Budgeting ("OSPB") is responsible for providing the Governor of the State (the

“Governor”) with timely and complete information and recommendations in order to enable the Governor to make public policy and budget decisions. Among other things, OSPB is responsible for developing periodic General Fund revenue estimates. The most recent OSPB revenue forecast, entitled “Colorado Economic and Fiscal Outlook,” was issued in June 2024 (the “OSPB June 2024 Revenue Forecast”) and is appended to this Official Statement in its entirety as “APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST.” The OSPB June 2024 Revenue Forecast includes both a national and Colorado economic outlook, an outlook of revenue to the General Fund and the State’s cash funds, an outlook of the State budget and an outlook of the revenues subject to Article X, Section 20 of the State Constitution, entitled the Taxpayer’s Bill of Rights and commonly known and referred to hereinafter in this Official Statement as “TABOR,” as discussed in “STATE FINANCIAL INFORMATION – TABOR.” The OSPB June 2024 Revenue Forecast is subject to a number of forecast risks and other caveats stated therein, and therefore prospective investors are advised to read such report in its entirety. See also “INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts,” “STATE FINANCIAL INFORMATION – Budget Process and Other Considerations” and “APPENDIX A – THE STATE GENERAL FUND,” as well as the cautionary statement in “PRELIMINARY NOTICES” on the inside front cover of this Official Statement regarding forward-looking statements.

State Economic and Demographic Information

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

Investment Considerations

An investment in the Series 2024A Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety in order to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed in “INVESTMENT CONSIDERATIONS.”

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel (“Bond Counsel”) in connection with the issuance of the Series 2024A Notes and will deliver its opinion substantially in the form included in this Official Statement. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2024A 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 2024A Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. The interest on the Series 2024A Notes may affect the federal alternative minimum tax imposed on certain corporations. See “TAX MATTERS” for a detailed description of the tax treatment of interest on the Series 2024A Notes.

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

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2024A Notes because the Series 2024A 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 2024A NOTES – Security and Sources of Payment – *The ETRANS 2024-25 Repayment Account* – Covenants of the State" and "CONTINUING DISCLOSURE."

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

Additional Information

Brief descriptions of the Series 2024A Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "Financial Advisor"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Forward-Looking Statements

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

Miscellaneous

The cover page, preliminary notices 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 2024A Notes.

THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2024A NOTES

The Loan Program

Timing differences between revenue collections and disbursements cause many Colorado school districts to incur annual cash flow deficits. The salaries of some school district employees are paid over a 12-month period, and some school district expenses occur on a relatively consistent monthly basis, although most salaries and expenses of school districts are incurred during the traditional school year of September through May. The primary sources of revenue to school districts to meet these expenditures include (i) funding from the State pursuant to Article 54 of Title 22, C.R.S., which is payable periodically 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 of these tax receipt dates, 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 2024A Notes are being issued pursuant to this authorization. See also "THE SERIES 2024A NOTES – Authorization."

Application of Series 2024A Notes Proceeds

The proceeds of the Series 2024A Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2024A Notes, will be deposited in the Series 2024A 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 2024-25, 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 2024A Notes Proceeds Account

The State Resolution directs the State Controller to establish within the State’s General Fund the Series 2024A Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2024A 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 2024A Notes. The original purchasers of the Series 2024A 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 2024A Notes.

Moneys held in the Series 2024A 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 2024A 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 2024A Notes Proceeds Account; and investment earnings on moneys credited to the Series 2024A 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, 2025, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the ETRANS 2024-25 Repayment Account, after which the Series 2024A 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 2024-25. See also “DISTRICT RESOLUTIONS AND DISTRICT NOTES,” “SOURCE OF PAYMENT OF PROGRAM LOANS.”

The Participating Districts

As of the date hereof, the Participating Districts that have requested the State Treasurer to issue the Series 2024A Notes on their behalf, and the net proceeds thereof that have been or are expected to be borrowed by such Participating Districts, are set forth in “SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts.”

THE SERIES 2024A NOTES

The following is a summary of certain provisions of the Series 2024A Notes during such time as the Series 2024A 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 2024A Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2024A 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 2024A NOTES." The State Treasurer may, and currently expects to, issue additional Parity Lien Notes in Fiscal Year 2024-25. See "Parity Lien Notes" in this section.

General Provisions

The Series 2024A 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 2024A Notes. Beneficial Ownership Interests in the Series 2024A 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 2024A 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 2024A Notes will be dated as of the Closing Date, mature on the Series 2024A Notes Maturity Date and bear interest at the rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2024A Notes will accrue from the Closing Date and will be payable on the Series 2024A Notes Maturity Date. The principal of and interest on the Series 2024A Notes will be payable by UMB Bank, n.a., Kansas City, Missouri, as paying agent for the Series 2024A Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2024A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2024A Notes will cease to accrue on the Series 2024A Notes Maturity Date.

UMB Bank, n.a., Kansas City, Missouri, will also serve as the Registrar for the Series 2024A Notes, subject to the provisions of the DTC book-entry system.

None of the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller, the Paying Agent, the Registrar or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2024A 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 2024A Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2024A Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2024A Notes are not subject to redemption prior to the Series 2024A Notes Maturity Date.

Security and Sources of Payment

The Series 2024A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with any additional Parity Lien Notes. The Series 2024A 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 2024A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2024A 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, 2025, in repayment of their Program Loans; (ii) amounts deposited to the ETRANS 2024-25 Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2024A Notes and any additional Parity Lien Notes that have not been loaned to Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2024A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2024A NOTES – The Series 2024A Notes Proceeds Account."

The ETRANS 2024-25 Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the ETRANS 2024-25 Repayment Account, including therein the Interest Subaccount and the Principal Subaccount, all of which are to be segregated from all other accounts in the General Fund. The ETRANS 2024-25 Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2024A Notes and any additional Parity Lien Notes. The Owners of the Series 2024A Notes and any additional Parity Lien Notes will be equally and ratably secured by a first lien on the ETRANS 2024-25 Repayment Account and the moneys credited thereto.

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the ETRANS 2024-25 Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2024A Notes from the Closing Date to the Series 2024A Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the ETRANS 2024-25 Repayment Account all amounts received from the Participating Districts on or before June 25, 2025, in repayment of their Program Loans. However, if on June 25, 2025, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2024A Notes and any additional Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 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 2024-25, which is not currently planned. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account does not constitute a pledge of or lien on such other funds for that purpose, and there is no limit on the availability or use of such other funds *for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2024-25 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 2024A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2025. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds.* See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX A – THE STATE GENERAL FUND."

Moneys held in the ETRANS 2024-25 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 30, 2025, 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 2024A Notes is to be construed or interpreted: (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or an indebtedness of the State within the meaning of any applicable provision of the State Constitution or State statutes; (iii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Article X, Section 20 of the State Constitution (the "Taxpayer's Bill of Rights" or "TABOR") for which adequate cash reserves have not been pledged irrevocably and held for payment in all future fiscal years; (iv) as a delegation of governmental powers by the State; (v) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the State Constitution; or (vi) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the State Constitution. See "STATE FINANCIAL INFORMATION – TABOR."

Parity Lien Notes

The State Resolution authorizes the State Treasurer from time to time during Fiscal Year 2024-25 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 2024A Notes. Such Parity Lien Notes may have such details as the State Treasurer may determine; provided, however, that the Parity Lien Notes are required to be (i) non-redeemable prior to their Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the ETRANS 2024-25 Repayment Account.

The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2024-25 in an estimated aggregate principal amount of approximately $650 million. The State Resolution does not limit the principal amount of Parity Lien Notes. 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 2024A 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 2024A Notes is not made on the Series 2024A 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 2024A 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 2024A Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2024A Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2024A Notes or to enforce and protect such Owner's rights under the State Resolution and the Series 2024A 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 2024A 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 2024A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the ETRANS 2024-25 Repayment Account are insufficient to pay the principal of and interest on the Series 2024A Notes and any additional Parity Lien Notes, the State Treasurer is to direct the Paying Agent to ratably apply the moneys in the ETRANS 2024-25 Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2024A Notes and any additional Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2024A Note or additional Parity Lien Note over any other Series 2024A Note or additional Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the State Resolution for the benefit of the Purchasers and the Owners of the Series 2024A Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2024A Notes Proceeds Account and the ETRANS 2024-25 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 2024A Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2024A 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 2024A 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 2024A 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 2024A 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 2024A 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 2024A Notes.

Limited Obligations

The Series 2024A 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 2024A Notes. The Series 2024A 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 2024A 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 2024A Notes. See "THE SERIES 2024A NOTES – Security and Sources of Payment – Defaults and Remedies."

Repayment of Program Loans

The primary source of the Pledged Revenues pledged to pay the principal of the Series 2024A Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2025, as repayment of their Program Loans, which in turn are payable solely from the Taxes of the respective Participating Districts that are distributed to the Participating Districts by the applicable county treasurers during the period of March through June of 2025. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its Program Loan. There is no assurance that a Participating District will receive sufficient Taxes from March through June of 2025 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 2024A Notes, from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled and intends to recover those moneys from such

Participating District under the default provisions of the Loan Program Statutes and the District Resolution. See generally "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS – Taxes – Ad Valorem Property Tax Procedure – Summary Financial Information Regarding the Participating Districts."

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

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

As discussed in "Repayment of Program Loans" in this section and "THE SERIES 2024A NOTES – Security and Sources of Payment – *The ETRANS 2024-25 Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," in the event of a deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the ETRANS 2024-25 Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 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 2024-25, which is not currently planned. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account does not constitute a pledge of or lien on such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2024-25 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 2024A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2025. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast, which was issued in June 2024, is appended to this Official Statement as "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST." See also "STATE FINANCIAL INFORMATION" and "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts." The Colorado Legislative Council Staff, which serves as the nonpartisan research arm of the General Assembly, 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 2024-25, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account on June 25, 2025. 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 2024 REVENUE FORECAST."

The OSPB June 2024 Revenue Forecast states that actual Gross General Fund revenues in Fiscal Year 2022-23 increased by 1.7% over Fiscal Year 2021-22, and forecasts that Gross General Fund revenues in Fiscal Year 2023-24 will decline by 3.7% over Fiscal Year 2022-23, followed by an increase of 0.5% in Fiscal Year 2024-25 over Fiscal Year 2023-24. The OSPB June 2024 Revenue Forecast further states that the State ended Fiscal Year 2022-23 with reserves of $431.2 million above the Unappropriated Reserve requirement for that Fiscal Year, and forecasts that the State will end Fiscal Years 2023-24 and 2024-25 with reserves of $113.9 million and $35.4 million, respectively, below the Unappropriated Reserve requirements for those Fiscal Years. These figures are based on revenue and budget information available when the OSPB June 2024 Revenue Forecast was completed, and as such are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures. The OSPB June 2024 Revenue Forecast is subject to a number of forecast risks and other caveats stated therein. Prospective investors are advised to read the OSPB June 2024 Revenue Forecast in its entirety. See also "STATE FINANCIAL INFORMATION – Budget process and Other Considerations – *Revenues and Unappropriated Amounts*."

The next OSPB revenue forecast is scheduled to be released in September of 2024. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2024 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2024-25 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 2024-25 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account on June 25, 2025. 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 2024 REVENUE FORECAST."

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

Parity Lien Notes

The State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2024A 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 2024A Notes. The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2024-25 in an estimated aggregate principal amount of approximately $650 million. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2024A NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2024A Notes could become included in gross income for federal income tax purposes and/or become included in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes and other funds pledged to the repayment of the Program Loans, as well as to the operations of and availability and appropriation of funds by the State. There is no assurance that there will not be any changes in, interpretation of or addition to such laws that would have a material adverse effect, directly or indirectly, on the operations of the Participating Districts, the imposition, collection or expenditure of ad valorem property taxes and other funds by the Participating Districts or the ability of the Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to pay the Series 2024A Notes.

Cyber Security Risks

The State, like other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the State is a potential target for a variety of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Recognizing the potential damage that could be caused by any such attacks, the State has established the Governor's Office of Information Security ("OIT") as the single source for the State's cybersecurity readiness and awareness. The OIT has promulgated a series of policies and standards for State agencies and information security and provides mandatory training for State employees except those in the Department of Law, who receive training from the Department's own cybersecurity specialist due to the nature of the work performed by that Department. In addition, the State has procured insurance coverage for data breaches and other security and privacy incidents. The State Office of Risk Management reports that over the past 18 months, in separate cybersecurity incidents, malware was found to have been introduced into two of the State's digital systems. Upon discovery of each incident, the respective system was immediately taken offline to prevent other State digital systems from being affected. No further details are available at this time due to the sensitivity and nature of the cyber events. No assurance can be given that the State's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the State.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2024A 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 2024A 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 2024-25, 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 2024-25. The District Note matures on June 25, 2025 (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 or before 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 2024A Notes and any additional Parity Lien Notes. The District Note may be prepaid in whole or in part at any time prior to the District Note Maturity Date.

The Participating District may obtain draws on its Program Loan in the manner discussed in "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2024A 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 2025 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 2024A Notes and any additional Parity Lien Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS."

Defaults and Remedies

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

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

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

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

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

Upon the occurrence of a District Event of Default as described in clause (i) above, the statutory remedy of the State Treasurer is to notify the treasurer of each county in which the Participating District levies Taxes that the Participating District is in default on its obligation to pay its Payment Obligation and the amount of the Payment Obligation. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any "Default Taxes" (being ad valorem taxes on real and personal property received or to be received by the Participating District after the District Note Maturity Date that are required to be credited to the Participating District's general fund and are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c), C.R.S.) to be received by the District and in the possession of the county treasurer in the amount of such unpaid Payment Obligation. If the amount of Default Taxes to be received by the District and in the possession of the county treasurer at the time such notice is given is less than the amount of the Payment Obligation, the county treasurer is to withhold additional Default Taxes to be received by the District and in the possession of the county treasurer until such time as the Payment Obligation has been paid to the State Treasurer in full. *Default Taxes are available solely to repay a Participating District's Payment Obligation to the State Treasurer following a District Event of Default and are not pledged to the payment of the Series 2024A 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 2024A NOTES – Defaults and Remedies."

Other Covenants and Representations

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

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

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

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

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

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent three calendar years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2024-25; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; (iv) any documents setting forth, among other matters, financial information regarding the District and information relating to the District Resolution and the District's obligations thereunder, other disclosures by the District pursuant to the District Resolution and cash flow projections and ongoing reports pursuant to the District Resolution have been and will be prepared consistent with generally accepted accounting principles; and (v) the District's budget and financial accounting policies and procedures are in compliance with State law.

Parties in Interest

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

SOURCE OF PAYMENT OF PROGRAM LOANS

Taxes

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

Taxes are limited to ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2025 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 Program Loans.

State Equalization Funding of School Districts

The discussion in this section provides an overview of the funding of the Colorado school districts under existing State statutes as applicable for Fiscal Year 2024-25. *The State portion of the school districts' funding is* *not* *pledged to pay the Program Loans*.

Public School Finance Act. Colorado school districts and institute charter schools are funded primarily from revenues that are determined in accordance with the Public School Finance Act, which was adopted by the State legislature, known as the "General Assembly," pursuant to Article IX, Section 2 of the State Constitution in order to provide for a thorough and uniform system of public schools throughout the State. The Public School Finance Act calculates for each school district an amount that represents the financial base of support for public education in that district (the "Total Program"), which amount is then funded in part by the school district and in part by the State as described below.

The Public School Finance Act which has been in effect for Fiscal Years 1994-95 through 2024-25 was known as the Public School Finance Act of 1994. Per HB 24-1448, the Public School Finance Act has been amended for Fiscal Years 2025-26 and thereafter and is now known as the Public School Finance Act of 2025. While not described in detail in this Official Statement, the Public School Finance Act of 2025 generally creates a new school finance formula starting in Fiscal Year 2025-26, which is to be phased in over six years, modifies various components of the school finance formula, makes other changes related to the funding of public schools and increases State expenditures and school district funding on an ongoing basis.

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

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

For Fiscal Years 2010-11 through 2023-24, due to the budget balancing challenges facing the State, a "Budget Stabilization Factor" was added to the school funding formula that reduced in an equitable manner the amount of funding that school districts would have received prior to the application of this adjustment. However, due to uncertainty concerning the continuity and longevity of current economic conditions, which affects both the local share and State share of Total Program funding as discussed in "*Sources of Funding of Total Program*" in this section, the Budget Stabilization Factor was repealed effective July 1, 2024, per Senate Bill ("SB") 23-287 in favor of a more measured approach by the General Assembly to reducing the budget stabilization factor in future budget years.

For Fiscal Year 2024-25, the 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	+	District Rural Funding

Funded Pupil Count	=	The sum of (i) the school district's on-line and ASCENT pupil count, plus (ii) the greater of the number of K-12 pupils enrolled in the school district or the average enrollment for the current and up to four prior budget years.
Per Pupil Funding	=	A formula which takes into consideration a Statewide base level plus adjustments for variances in district size, cost of living, personnel costs and non-personnel cost factors specified in the Public School Finance Act.
At-Risk Funding	=	Formulaic funding amounts which are based upon the percentage of district pupils eligible for free lunch and English language learner pupils.
On-Line Funding and ASCENT	=	Funding amounts for pupils receiving an education predominantly through a multi-district on-line program and residing in the State or participating in the "Accelerating Students Through Concurrent Enrollment" ("ASCENT") program administered by the Colorado Department of Education (the "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.
District Rural Funding[1]	=	Funding amounts for a small rural district or a large rural district that receives funding pursuant to Section 22-54-104 (4.9), C.R.S.

The Total Program funding amount for all school districts, including funding for institute charter schools, is established in the Public School Finance Act initially based upon projections of various factors. Once actual figures are known, a mid-year revision may be made to this amount. Per SB 24-188, the initial Statewide Total Program funding amount for Fiscal Year 2024-25 is to be not less than $9,735,767,429, subject to a mid-year revision.

The Public School Finance Act provides for a minimum level of Total Program funding for each school district, although a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "TABOR" below. The minimum level of Total Program funding for Fiscal Year 2024-25 is currently projected to be $10,791.66 per traditional pupil and $10,244.00 per on-line pupil, subject to a mid-year revision as discussed above.

HB 24-1448 creates a new school finance formula to establish Total Program funding beginning in Fiscal Year 2025-26.

[1] This factor was added by SB 24-188 to provide funding to eligible rural and small rural districts as designated by the Department of Education. To be eligible, a small rural district must have fewer than 1,000 pupils and a rural district must have between 1,000 and 6,000 pupils.

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

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

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

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

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

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

The difference between the Total Program and the amount generated from the school district's mill levy and specific ownership taxes is required to be paid by the State. The General Assembly is required to make annual appropriations to fund the State's share of the Total Program of all school districts. The availability of State funds to the school district may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's share during the Fiscal Year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made in funding categories not mandated by the State Constitution. See also "*Total Program Funding Formula*" and "*Amendment 23*" in this section, as well as the discussion of discussion of Proposition 50 in "Ad Valorem Property Taxation Procedure – *Determination of Assessed Value*" in this section.

No later than June·30 of each year, the State Board of Education is required to determine the amount of the State's share of each school district's Total Program for the budget year beginning on July 1, and the total thereof for all school districts. Historically, such amount has been payable in 12 approximately equal monthly payments during the budget year. However, per SB 24-017, except as otherwise provided below, commencing with the 2024-25 budget year, the State's share of each school district's Total Program is to be payable in a pattern over the remaining months of the budget year that considers the projected timing of when each school district receives the property tax component of its Total Program so that the State's share of the school district's Total Program each month is an amount that, when combined with the property tax component of the school district's Total Program, is as equal month to month as mathematically possible. The Department of Education is to assume that each school district receives the specific ownership tax component of the local share of its Total Program in 12 approximately equal monthly payments based upon the annual projection and that the school district receives the property tax component of the local share of its Total Program in three approximately equal payments based upon the annual projection in March, May and June each year. A school district may nevertheless elect to receive the State share of its Total Program for a budget year in 12 approximately equal monthly payments during the budget year by making a request to the Department of Education no later than July 1 of the applicable budget year. Such distribution schedule may not thereafter be changed during such budget year.

Override Revenues

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

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

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

School districts may be required to impose a mill levy in addition to the Total Program mill levy discussed above in order to ensure that the total mill levied by the school district is not less than the mill levy imposed in the prior year. These school districts have the ability to fully fund Total Program without receiving a State share. This mill levy is to partially offset the school district's repayment of other State revenues (*i.e.*, categorical program revenue). Expenditures from the property tax revenues collected from levying the Total Program mill levy would be spent in years in which the school district's Total Program exceeded its local share (*i.e.*, Total Program mill levy revenue plus specific ownership tax).

Ad Valorem Property Taxation Procedure

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

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

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

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

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

SB 24-233, adopted by the General Assembly during the 2024 legislative session, makes various prospective changes to the assessment rates applicable to the 2024 property tax levy year (2025 tax collection year); provided, however, that such act by its terms will not take effect if either or both (i) an initiative that reduces valuations for assessment, or (ii) an initiative that requires voter approval for retaining property tax revenue that exceeds a limit, is approved by the State's voters at the November 5, 2024, general election. As of the date of this Official Statement, an initiative, designated by the Colorado Secretary of State as "Proposition 50," has been approved for submission to the State's voters at the November 5, 2024, general election. Proposition 50, if approved, would add the underlined sentence to Section 3(1)(a) of the Colorado Constitution:

> Section 3. – Uniform Taxation – Exemptions.
>
> (1)(a) Each property tax levy shall be uniform upon all real and personal property not exempt from taxation under this article located within the territorial limits of the authority levying the tax. The actual value of all real and personal property not exempt from taxation under this article shall be determined under general laws, which shall prescribe such methods and regulations as shall secure just and equalized valuations for assessments of all real and personal property not exempt from taxation under this article. Valuations for assessment shall be based on appraisals by assessing officers to determine the actual value of property in accordance with provisions of law, which laws shall provide that actual value be determined by appropriate consideration of cost approach, market approach, and income approach to appraisal. However, the actual value of residential real property shall be determined solely by consideration of cost approach and market approach to appraisal; and, however, the actual value of agricultural lands, as defined by law, shall be determined solely by consideration of the earning or productive capacity of such lands capitalized at a rate as prescribed by law. <u>If the total of statewide property tax revenue is projected to go up more than 4% over the preceding year, voter approval is needed for government to retain the additional revenue.</u>

Proposition 50, if approved, would also add the following paragraph to Section 3(1) of the Colorado Constitution:

> "(e) For voter approval of a property tax revenue increase, any referred measure must be a stand-alone subject. The ballot title shall read: "Shall property tax revenue be increased by [total projected increase over the preceding year] allowing government to retain and spend property tax revenue above the 4% annual limit on property tax increases for [dates x to x]?"

The provisions proposed to be added to the Colorado Constitution by Proposition 50, if approved, are brief and offer no guidance as to how they are to be applied or implemented. Consequently, no representations are made in this Official Statement regarding such matters, or with regard to the potential impact of the approval of Proposition 50 on State and school district finances. However, Legislative Council staff, in its fiscal summary of Proposition 50 as it was proposed in June 2023, stated, among other things, that assuming school districts are subject to the measure's conditional limitations, a portion of lost revenue will be offset by increased State contributions to Total Program funding for school finance.

State law currently provides that the valuation for assessment of residential real property (defined as residential land and residential improvements but not hotels and motels) is generally required to be 7.15% of the statutory actual value of such property, and that the valuation for assessment of nonresidential property (which is defined as all taxable real and personal property in the State other than residential real property, producing mines or lands or leaseholds producing oil or gas) is generally required to be 29% of the statutory actual value of such property; provided, however, that per SB 21-293, SB 22-238, SB 23B-001 and SB 24-233, the assessment rates for certain classes of taxable property have been temporarily reduced, resulting in the following assessment rates for property tax year 2023 (tax collection years 2024) and for property tax year 2024 (tax collection year 25) assuming that SB 24-233 either does not or does take effect as discussed above.

Determination of Assessed Valuation for the 2023 Property Tax Year (2024 Tax Collection Year)

- The assessment rate for all residential real property, including multi-family residential real property (which is defined as residential real property that is a duplex, triplex or multi-structure of four or more units and constitutes a subclass of residential property for purposes of the valuation for assessment) was temporarily reduced from 7.15% of the statutory actual value of such property to 6.7% of an amount equal to the statutory actual value of the property minus the lesser of $55,000 or the amount that reduces the valuation for assessment of the property to $1,000.

- The assessment rate for lodging property (which is defined as hotels, motels, bed and breakfasts and personal property located at such establishments and constitutes a subclass of nonresidential property for purposes of the valuation for assessment) was temporarily reduced from 29% of the statutory actual value of such property to 27.9% of an amount equal to the statutory actual value of the property minus the lesser of $30,000 or the amount that causes the valuation for assessment of the property to be $1,000.

- The assessment rate for agricultural real and personal property and renewable energy production property (each of which constitutes a subclass of nonresidential property for purposes of the valuation for assessment) was temporarily reduced from 29% to 26.4% of the statutory actual value of such property.

- The assessment rate for nonresidential property (other than lodging property, agricultural real and personal property and renewable energy production property) listed by the county assessor under any improved commercial subclass codes was temporarily reduced from 29% of the statutory actual value of such property to 27.9% of an amount equal to the statutory actual value of the property minus the lesser of $30,000 or the amount that causes the valuation for assessment of the property to be $1,000.

- The assessment rate for all other nonresidential property was 29% of the statutory actual value of such property.

- The assessment rate for producing mines, lands or leaseholds producing oil or gas, as well as for nonproducing severed mineral interests, was 29% of the statutory actual value of such property.

Determination of Assessed Valuation for the 2024 Property Tax Year (2025 Tax Collection Year)
If SB 24-233 Does Not Take Effect

- The assessment rate for residential real property other than multi-family residential real property is temporarily established as the percentage calculated in accordance with Section 39-1-104.4, C.R.S., which provides that the assessment rate for the 2024 property tax year is to be equal to the percentage necessary for the following to equal a total of $700 million: (i) the aggregate reduction of local government property tax revenue during the 2023 property tax year made by SB 22-238, exclusive of any changes made by SB 23B-001, that reduced valuations for assessment for residential real property and nonresidential property; and (ii) the aggregate reduction of local government property tax revenue during the 2024 property tax year as a result of the reduced valuations for assessment of residential real property, agricultural real and personal property and renewable energy production property for such property tax year. Legislative Council Staff has estimated that this rate would be 7.06% of statutory actual value.

- The assessment rate for multi-family residential real property is temporarily reduced from 7.15% to 6.8% of the statutory actual value of such property.

- The assessment rate for lodging property is temporarily reduced from 29% to 27.9% of the statutory actual value of such property.

- The assessment rate for agricultural real and personal property and renewable energy production property is temporarily reduced from 29% to 26.4% of the statutory actual value of such property.

- The assessment rate for all other nonresidential property is temporarily reduced from 29% to 27.9% of the statutory actual value of such property.

- The assessment rate for producing mines and lands or leaseholds producing oil or gas, as well as for nonproducing severed mineral interests, is 29% of the statutory actual value of such property.

Determination of Assessed Valuation for the 2024 Property Tax Year (2025 Tax Collection Year)
If SB 24-233 Takes Effect

- The assessment rate for residential real property, including multi-family residential real property, is temporarily reduced from 7.15% of the statutory actual value of such property to 6.7% of the amount equal to the actual value of the property minus the lesser of $55,000 or the amount that causes the valuation for assessment of the property to be $1,000.

- The assessment rate for agricultural real and personal property and renewable energy production property is temporarily reduced from 29% to 26.4% of the statutory actual value of such property.

- The assessment rate for nonresidential property (other than lodging property, agricultural real and personal property and renewable energy production property) listed by the county assessor under any improved commercial subclass codes is temporarily reduced from 29% of the statutory actual value of such property to 27.9% of an amount equal to the statutory actual value of the property minus the lesser of $30,000 or the amount that causes the valuation for assessment of the property to be $1,000.

- The assessment rate for all other nonresidential property is 29% of the statutory actual value of such property.
- The assessment rate for producing mines and lands or leaseholds producing oil or gas, as well as for non-producing severed mineral interests, is 29% of the statutory actual value of such property.

Current State law, including and SB 24-111 and SB 24-233 (if it takes effect), makes various additional changes to assessment rates for property tax years 2025 (tax collection year 2026) and thereafter; however, such future assessment rates are not included in this Official Statement inasmuch as property taxes levied and received by Participating Districts in such future years are neither pledged to nor otherwise available for the payment of the Series 2024A Notes.

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

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

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

Homestead Exemption. The State Constitution provides to qualified senior citizens and qualified disabled veterans a property tax exemption equal to 50% of the first $200,000 of the actual value of owner-occupied residential real property. In order to qualify for the senior citizen exemption, the owner or his or her spouse must be at least 65 years of age and have occupied the residence for at least ten years, and in order to qualify for the disabled veteran exemption, the veteran must be rated 100% permanently disabled by the federal government. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, and therefore the exemption does not result in a loss of revenue to school districts. For the 2025 and 2026 property tax years (2026 and 2027 tax collection years), SB 24-111 reduces the assessed value of owner-occupied senior primary residences for those who have previously qualified for the existing senior homestead exemption but who are currently ineligible.

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

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

Property Tax Collections. Property taxes levied in one year are collected in the succeeding year. Thus, taxes levied in 2024 will be collected in 2025. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty (except that per SB 23B-001, for the 2023 property tax year only, delinquent interest does not accrue if payment of the first installment is made after the last day of February but not later than ten days after the mailing by the County Treasurer of the tax statement or true and actual notification of an electronic statement pursuant to Section 39-10-103(1), C.R.S.). Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th; and if the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment, although notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The county treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

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

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

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

State Revenue Reimbursement and Backfill Provisions

SB 22-238 and SB 23B-001 required the State Treasurer to reimburse local governmental entities, other than school districts, for all or part of any property tax revenue lost as a result of the reductions in property valuation made by such acts for the 2023 property tax year (2024 tax collection year), as well as to transfer specified amounts from the General Fund to the State Public School Fund and the State Public Education Fund to offset the impact of such reductions on school districts.

TABOR

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

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

Budgets

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

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

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

Financial Statements

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

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

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating District expected to borrow the largest percentage of available proceeds of the Series 2024A Notes and planned Parity Lien Notes is described further in "Largest Borrower" following the table.

Participating District Financial Information

(Totals may not add due to rounding)

Participating District	Estimated Amount of Program Loans[1]						Fiscal Year 2024-25 Tax Information Under Current Law				Fiscal Year 2023-24 Loan Program Information[5]	
	Series 2024A Notes	% of Total	Projected Parity Lien Notes	% of Total	Total Amount Borrowed	% of Total	Estimated 2024 Assessed Valuation (000's)[2]	Estimated 2025 Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2025 Tax Collections	3 Year Average[4]	Amount Borrowed	Repayment Date (2024)
Denver School District 1	$281,755,788	56.1%	$352,498,385	50.8%	$ 634,254,173	53.0%	$27,523,525	$1,009,525,980	62.8%	99.3%	$513,000,000	May 13
Boulder Valley School District RE-2	77,129,732	15.3	97,150,577	14.0	174,280,309	14.6	10,448,329	366,116,505	47.6	99.2	101,775,140	May 13
Aurora School District (Arapahoe 28J)	30,768,597	6.1	24,638,883	3.6	55,407,480	4.6	5,898,302	256,690,410	21.6	99.5	44,843,162	May 13
Eagle County RE-50	21,944,996	4.4	18,256,966	2.6	40,201,962	3.4	4,960,033	72,254,257	55.6	99.6	33,042,719	May 13
Thompson (Larimer R2-J)	19,680,739	3.9	7,556,039	1.1	27,236,778	2.3	3,651,360	121,676,355	22.4	102.5	20,862,556	March 12
Summit County RE-1	13,242,511	2.6	7,952,748	1.1	21,195,259	1.8	3,822,821	35,234,090	60.2	99.8	15,098,498	March 26
Littleton (Arapahoe 6)	7,198,745	1.4	7,045,694	1.0	14,244,439	1.2	2,744,411	109,445,812	13.0	99.9	8,518,785	March 12
Mapleton (Adams 1)	6,584,319	1.3	10,034,080	1.4	16,618,399	1.4	1,305,696	48,723,035	34.1	99.2	10,753,493	March 26
Aspen School District RE-1	6,108,229	1.2	4,050,084	0.6	10,158,313	0.8	5,746,041	25,316,551	40.1	99.0	17,406,254	May 13
Lake County (Leadville)	5,941,307	1.2	1,886,408	0.3	7,827,715	0.7	415,512	10,714,963	73.1	93.7	6,703,235	May 13
Johnstown-Milliken (Weld RE-5J)	5,260,766	1.0	8,597,387	1.2	13,858,153	1.2	1,109,122	28,407,132	48.8	99.9	16,215,801	May 13
Englewood (Arapahoe 1)	4,991,035	1.0	4,919,881	0.7	9,910,916	0.8	919,225	31,208,498	31.8	99.4	7,623,127	March 26
Gilcrest (Weld 1)	4,430,051	0.9	5,994,033	0.9	10,424,084	0.9	1,425,941	17,063,591	61.1	113.0	7,619,006	May 13
Windsor (Weld RE-4)	3,713,087	0.7	18,896,146	2.7	22,609,233	1.9	2,183,527	67,800,524	33.3	102.5	32,790,282	May 13
Cherry Creek (Arapahoe 5)	3,459,445	0.7	54,495,494	7.9	57,954,939	4.8	9,766,329	308,707,042	18.8	99.1	64,618,816	March 12
East Grand School District	3,307,682	0.7	1,905,819	0.3	5,213,501	0.4	1,459,225	13,551,046	38.5	99.6	2,431,198	April 11
Estes Park (Larimer R-3)	3,162,562	0.6	2,938,093	0.4	6,100,655	0.5	697,897	13,371,157	45.6	100.0	3,515,000	March 12
Adams 14	2,414,155	0.5	8,801,070	1.3	11,215,225	0.9	1,331,993	29,935,627	37.5	96.0	16,133,430	June 11
Roaring Fork (Garfield)	1,131,755	0.2	1,858,576	0.3	2,990,331	0.2	2,005,943	62,594,567	4.8	100.5	N/A	N/A
Bennett 29J	339,446	0.1	2,804,582	0.4	3,144,028	0.3	555,785	12,806,218	24.6	97.9	5,257,837	May 13
Douglas County RE-1	--	--	40,145,077	5.8	40,145,077	3.4	11,491,558	420,613,769	9.5	97.3	40,000,000	March 26
Huerfano Re-1	--	--	437,582	0.1	437,582	0.0	141,871	3,179,324	13.8	99.0	N/A	N/A
Poudre (Larimer R-1)	--	--	10,704,227	1.5	10,704,227	0.9	5,498,495	194,579,474	5.5	99.0	28,609,641	March 26
	$502,564,947	100.0%	$693,567,831	100.0%	$1,196,132,778	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 2024A Notes and Parity Lien Notes expected to be issued by the State Treasurer in Fiscal Year 2024-25. Such amounts do not necessarily constitute the actual amounts that will be borrowed from the Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2024A NOTES." The Owners of the Series 2024A 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 2024A 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 2024-25. See "THE SERIES 2024A 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. The estimated amounts have been provided by the Department of Education based upon information furnished by the Colorado Legislative Council and based on information provided by the applicable county assessors, as well 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 "Ad Valorem Property Tax Procedure," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

3 This amount was calculated for each Participating District by multiplying the estimated 2024 assessed value of the Participating District by the Participating District's estimated 2024 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 2025. Mill levies for 2025 tax collections are not required to be certified by the Participating Districts until December 15, 2024. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2024-25 are based upon information provided by the Participating Districts and are subject to change. However, because Colorado school district taxes are determined pursuant to the Public School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts – Allocation of Total Program Funding" in this section and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans." See "Ad Valorem Property Tax Procedure," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

4 Based on each Participating District's actual tax collection data for Fiscal Years 2021-22, 2022-23 and 2023-24.

5 State Treasurer's actual borrowing and repayment data.

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

Largest Borrower

As shown in the preceding table, the only Participating District that is expected to borrow in excess of 20% of the proceeds of the Series 2024A Notes and planned Parity Lien Notes is Denver County School District No. 1, commonly known as Denver Public Schools ("DPS").

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the City, encompassing approximately 155 square miles with an estimated population of approximately 713,000. The district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, for the past five years are set forth in the following table. See also "State Equalization Funding of School Districts – *Total Program Funding Formula*" in this section.

School Year	Pupil Count
2019-20	86,853.0
2020-21	89,785.1
2021-22	87,100.5
2022-23	88,331.4
2023-24	88,235.0

The 2023 certified assessed valuation of DPS (for ad valorem property tax collections in 2024), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $25.2 billion. The district's total tax levy for the 2023 levy year (2024 tax collection year) was 50.711 mills, of which 27.000 mills was for the district's local share of Total Program funding pursuant to the Public School Finance Act, 10.270 mills was for voter-approved override revenues, 3.173 mills was for debt-free schools, 9.843 mills was for debt service on general obligation bonds and 0.425 mills was to recover lost revenue due to prior year tax abatements and credits. The 2024 assessed valuation of DPS (for ad valorem property tax collections in 2025), 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 $27.5 billion as set forth in the table on the previous page. The district's tax levy for the 2024 levy year (2025 tax collection year) will be certified in December 2024.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2025. 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 5.9 million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX C – STATE OF COLORADO ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023" 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 2023 (following the general election held in November of 2022) and will expire on the second Tuesday in January of 2027. No elected executive official may serve more than two consecutive terms in the same office.

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives serve a term of two years. No senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State Constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of January of each year. Regular sessions may not exceed 120 calendar days. However, due to concerns regarding the spread of the coronavirus disease 2019 ("COVID-19"), the General Assembly suspended the 2020 legislative session from March 16, 2020, through May 25, 2020. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house of the General Assembly to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

The State Treasurer

The State Constitution provides that the State Treasurer is to be the custodian of public funds in the State Treasurer's care, subject to legislative direction concerning safekeeping and management of such funds. The State Treasurer is the head of the statutorily created Department of the Treasury (the "State Treasury"), which receives all State moneys collected by or otherwise coming into the hands of any officer, department, institution or agency of the State (except certain institutions of higher education). The State Treasurer deposits and disburses those moneys in the manner prescribed by law. Every officer, department, institution and agency of the State (except for certain institutions of higher education) charged with the responsibility of collecting taxes, licenses, fees and permits imposed by law and of collecting or accepting tuition, rentals, receipts from the sale of property and other moneys accruing to the State from any source is required to transmit those moneys to the State Treasury under procedures prescribed by law or by fiscal rules promulgated by the Office of the State Controller. The State Treasurer and the State Controller may authorize any department, institution or agency collecting or receiving State moneys to deposit such moneys to a depository to the State Treasurer's credit in lieu of transmitting such moneys to the State Treasury.

The State Treasurer has discretion to invest in a broad range of interest bearing securities described by statute. See "Investment and Deposit of State Funds" in this section and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

TABOR

General. As discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – TABOR," Article X, Section 20 of the State Constitution, entitled the Taxpayer's Bill of Rights and commonly known as "TABOR," imposes various fiscal limits and requirements on the State and its local governments, excluding "enterprises," which are defined in TABOR as government-owned businesses authorized to issue their own revenue bonds and receiving less than 10% of their annual revenues in grants from all State and local governments combined. Certain limitations contained in TABOR may be exceeded with prior voter approval.

TABOR provides a limitation on the amount of revenue that may be kept by the State in any particular Fiscal Year, regardless of whether that revenue is actually spent during the Fiscal Year. This revenue limitation is effected through a limitation on "fiscal year spending" as discussed hereafter. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year unless voters approve a revenue change.

TABOR also requires prior voter approval for the following, with certain exceptions: (i) any new State tax, State tax rate increase, extension of an expiring State tax or State tax policy change directly causing a net revenue gain to the State; or (ii) the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation."

TABOR further requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "Long Bill") designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The OSPB June 2024 Revenue Forecast states that the TABOR Reserve requirement for Fiscal Year 2022-23 was $499.7 million, and forecasts that the TABOR Reserve requirement for Fiscal Years 2023-24 and 2024-25 will be $542.2 million and $573.6 million, respectively.

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

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

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

As a result of Referendum C, the State was able to retain various amounts in excess of the previously applicable TABOR limit in Fiscal Years 2005-06 through 2013-14, and no refunds were required because such revenues were below the applicable ESRC. Since that time, TABOR revenues have exceeded the applicable ESRC in each of Fiscal Years 2014-15, 2017-18, 2018-19, 2020-21 and 2021-22, triggering TABOR refunds of $169.7 million, $18.5 million, $428.3 million and $3,728.9 million, respectively. The OSPB June 2024 Revenue Forecast estimates that TABOR revenues will exceed the applicable ESRC in each of Fiscal Years 2023-24, 2024-25 and 2025-26, which will trigger TABOR refunds, including adjustments from prior years, of $3,678.3 million, $1,446.8 million and $695.0 million, respectively. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

Current State law specifies several mechanisms by which revenue in excess of the ESRC is to be refunded to taxpayers for refunds incurred in Fiscal Year 2023-24 and beyond, including the senior homestead and disabled veterans property tax exemptions, a sales tax refund to all taxpayers and temporary State income tax and State sales tax reductions. The size of the TABOR refund determines which refund mechanisms are used. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview" and "TABOR Outlook" in the OSPB June 2024 Revenue Forecast appended to this Official Statement

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

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend

$66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("Marijuana Taxes") authorized by Proposition AA approved by the State's voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which was referred to and approved by the State's voters, provides for the allocation of the retained amount (i) for public school capital construction, (ii) for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and (iii) to the General Fund to be used for any purpose. For more information on the allocation of these funds, see the discussion of marijuana revenue in "Revenue Outlook – Cash Funds" in the OSPB June 2024 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 2024A Notes. Voter approval under TABOR is not required for the issuance of the Series 2024A 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 2024A Notes and any additional Parity Lien Notes.

State Funds

The General Fund. The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. The General Fund is discussed in detail in "APPENDIX A – THE STATE GENERAL FUND."

Other Funds. The State also maintains a large number of statutorily created special funds for which specific revenues are designated for specific purposes. Some of these special funds are considered Borrowable Resources available to pay the principal of and interest on the Series 2024A Notes and on education loan anticipation notes issued by the State. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Borrowable Resources" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Note Issues of the State."

Budget Process and Other Considerations

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

Phase II (Legislative). The Joint Budget Committee, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the Joint Budget Committee marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill;

and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the Joint Budget Committee generally is designated as a conference committee to reconcile differences. The Long Bill has always been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly acts on these specific bills, some of which include additional appropriations separate from the Long Bill.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor's vetoes are subject to override by a two-thirds majority of each house of the General Assembly.

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

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (as previously defined, the "Unappropriated Reserve"), which may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation, unless they are obligated by statute for another purpose. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Set forth in the following table are the Unappropriated Reserve requirements for Fiscal Years 2018-19 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]
2018-19	7.25%
2019-20	3.07
2020-21	2.86
2021-22	13.40
2022-23	15.00
2023-24 and thereafter	15.00 (as adjusted)[3]

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year.

[2] These Unappropriated Reserve requirements were established by SB 18-276, HB 20-1383, SB 21-226, HB 24-1231 and HB 24-1466. SB 18-276 also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirements.

[3] For Fiscal Years 2023-24 and thereafter, the Unappropriated Reserve requirement is generally required to be 15% of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year, although temporary adjustments have been made to such percentage by HB 24-1231 and HB 24-1466. HB 24-1231 requires $41,250,000 to be transferred from the General Fund to an escrow account to support capital construction costs related to health care education, and temporarily reduces the Unappropriated Reserve requirement for Fiscal Years 2023-24 and thereafter by this amount annually until the money is released from escrow. HB 24-1466 provides a two year plan to expedite spending of amounts received by the State as part of the American Rescue Plan Act of 2021 (ARPA) before relevant deadlines expire and thereby free up General Fund money for other uses, and also temporarily adjusts the Unappropriated Reserve requirement for Fiscal Years 2023-24 and 2024-25. As the result of HB 24-1231 and HB 24-1466, the Unappropriated Reserve requirement for Fiscal Years 2023-24 and thereafter is as follows, in each case reduced by the amount required per HB 24-1231, if any: (a) for Fiscal Year 2023-24, 15% of the amount appropriated for expenditure from the General Fund for that Fiscal Year plus 15% of the amount of the General Fund appropriations reduced pursuant to Section 24-75-226(4)(a)(I), C.R.S.; (b) for Fiscal Year 2024-25, 15% of the amount appropriated for expenditure from the General Fund for that Fiscal Year plus $56,493,543; and (c) for Fiscal Years 2025-26, 15% of the amount appropriated for expenditure from the General Fund for that Fiscal Year. See "Budget Outlook – General Fund" in the OSPB June 2024 Revenue Forecast appended to this Official Statement for a further discussion of the temporary impact on the Unappropriated Reserve requirement made by HB 24-1231 and HB 24-1466.

Source: State Treasurer's Office

The OSPB June 2024 Revenue Forecast states that the State ended Fiscal Year 2022-23 with reserves of $431.2 million above the Unappropriated Reserve requirement for that Fiscal Year, and forecasts that the State will end Fiscal Years 2023-24 and 2024-25 with reserves of $113.9 million and $35.4 million, respectively, below the Unappropriated Reserve requirements for those Fiscal Years. These figures are based on revenue and budget information available when the OSPB June 2024 Revenue Forecast was completed, and as such are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also generally "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST."

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

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

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

See "TABOR" above for a discussion of fiscal year spending and revenue limits imposed on the State by TABOR and changes to these limits as the result of the approval of Referendum C.

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

Fiscal Controls and Financial Reporting

No moneys may be disbursed to pay any appropriations unless a commitment voucher has been prepared by the agency seeking payment and submitted to the central accounting system, which is managed by the Office of the State Controller, a division of the Department of Personnel & Administration. The State Controller is the head of the Office of the State Controller. The State Controller or his delegate have statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation, whether the appropriation contains sufficient funds to pay the expenditure and whether the prices are fair and reasonable. All payments from the State Treasury are made by warrants 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 an Annual Comprehensive Financial Report, or "ACFR" (previously entitled Comprehensive Annual Financial Report) in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's ACFR for Fiscal Year 2022-23 (the "Fiscal Year 2022-23 ACFR") is appended to this Official Statement and includes the most current audited annual financial statements for the State.

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 1 to the audited financial statements included in the State Fiscal Year 2022-23 ACFR appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

The financial reports and financial schedules contained in this Official Statement are based on principles that may vary based on the requirements of the report or schedule. The cash flow schedules include all financial activity reported specifically in the General Purpose Revenue Fund on a cash basis, while the Fund level financial statements and revenue estimates are primarily prepared on the modified accrual basis of accounting. Revenue estimates are prepared for those revenues that are related primarily to the general taxing powers of the State and to a lesser degree include intergovernmental transactions, charges for services and receipts from the federal government. The General Fund as defined in the financial statements includes revenues and expenditures for certain special cash receipts that are related to fees, permits and other charges rather than to the general taxing power of the State. See also "APPENDIX A – THE STATE GENERAL FUND – General" for a discussion of the distinction between the statutory General Fund and the GAAP General Fund.

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the "Auditor") through the Auditor's staff as assisted by independent accounting firms selected solely by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term commencing July 1, 2021, and expiring on June 30, 2026. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State Fiscal Year 2022-23 ACFR, including the State Auditor's Opinion thereon, is appended to this Official Statement. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements presented in the Fiscal Year 2022-23 ACFR, 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 fund or pool of funds in the State Treasurer's custody available for investment. In accordance with this directive, the State Treasurer has developed standards for each portfolio to establish the asset allocation, the level of liquidity, the credit risk profile, the average maturity/duration and performance monitoring measures appropriate to the public purpose and goals of each State fund.

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

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

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

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the ETRANS 2024-25 Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2024A Notes from the Closing Date to the Series 2024A Notes Maturity Date. See "The State General Fund" below and "APPENDIX A – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the ETRANS 2024-25 Repayment Account all amounts received from the Participating Districts on or before June 25, 2025, in repayment of their Program Loans. However, if on June 25, 2025, the amount credited to the Principal Subaccount of the ETRANS 2024-25 Repayment Account is less than the principal amount of the Series 2024A Notes, the Series 2024A Notes and any additional Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2024A NOTES – Security and Sources of Payment – *The ETRANS 2024-25 Repayment Account*."

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 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 2024-25, which is not currently planned. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the

Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

Certain State Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account on June 25, 2025, is required to be funded by the State Treasurer first from all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. However, such covenant does not constitute a pledge of or lien on any such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. Further, the State Treasurer has both a statutory and a fiduciary obligation to use prudence and care in investing State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2024-25 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 2024A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2025. See also "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two State funds in this category with the largest current balances that are eligible for investment, and thus the State funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the ETRANS 2024-25 Repayment Account in the event of a deficiency therein, are the State Education Fund and the State Highway Fund. Prospective investors are cautioned, however, that these State funds are neither required to be utilized by the State Treasurer, nor pledged for such purpose. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer for such State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. Accordingly, no representation or warranty is made herein that the State Treasurer will in fact utilize amounts available in these State funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 Repayment Account. See also "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

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

The following information has been provided by the State Treasurer's office to show the actual cash and short term investment balances in the State Education Fund at June 30 since Fiscal Year 2018-19.

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

At June 30	Cash and Investment Balance
2019	$ 176.0
2020	166.7
2021	553.7
2022	820.1
2023	1,454.1
2024 (projected)	1,563.8
2025 (projected)	1,182.2

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 since Fiscal Year 2018-19.

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

At June 30	Cash and Investment Balance
2019	$770.2
2020	700.4
2021	792.6
2022	556.5
2023	456.4
2024 (projected)	450.0
2025 (projected)	336.9

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 ETRANS 2024-25 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 2024-25, which is not currently planned. The availability of Borrowable Resources may also be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual Borrowable Resources for Fiscal Years 2022-23 and 2023-2024 for which information is available. See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting."

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State of Colorado
Actual Borrowable Resources
Fiscal Year 2022-23 [1,2]

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

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

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

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

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

Source: State Treasurer's Office

State of Colorado
Actual Borrowable Resources
Fiscal Year 2023-24 [1,2,3]
(Amounts expressed in millions; totals may not add due to rounding)

	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023
Aviation Fund	$ 29.3	$ 29.9	$ 30.4	$ 29.2	$ 30.8
Capital Construction Fund	23.3	24.6	24.1	22.8	21.2
College Scholarship Fund	11.4	12.2	4.4	4.4	11.1
Colorado Student Obligation Bond Authority – Administration	96.0	97.7	120.7	117.4	112.3
Hazardous Substance Fund	15.0	14.9	15.4	15.4	15.2
Higher Education Funds [3]	985.6	1,212.9	1,337.7	1,295.5	1,243.8
Hospital Provider Fee	68.2	20.2	21.5	28.9	35.5
Limited Gaming Fund	5.3	0.3	0.5	0.9	1.4
Lottery Fund	36.7	40.5	27.6	34.8	40.9
Mineral Impact Fund	93.6	103.3	63.8	77.2	87.7
School Capital Construction Assistance	533.0	613.3	597.7	588.1	615.4
State and Local Severance Tax Funds	185.0	184.3	173.4	179.8	167.9
State Public School Fund	0.0	0.0	0.0	0.0	0.0
Tobacco Tax Funds	23.2	25.0	21.1	24.3	25.5
Water Conservation Construction Fund	447.0	456.4	525.1	516.9	505.6
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	1,350.3	1,342.7	1,523.5	1,306.6	1,438.1
Total Borrowable Resources	**3,902.9**	**4,178.2**	**4,486.9**	**4,242.1**	**4,352.4**
Total General Fund	1,091.5	862.8	211.0	705.9	921.7
Less: Notes Issued and Outstanding	0.0	0.0	0.0	0.0	0.0
Net Borrowable Resources	**$4,994.5**	**$5,041.0**	**$4,697.9**	**$4,948.1**	**$5,274.1**

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

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

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

Source: State Treasurer's Office

The State General Fund

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

It is presently anticipated that a deficiency in the Principal Subaccount of the ETRANS 2024-25 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 2024-25, which is not currently planned. See "APPENDIX A – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. The State currently has, and upon issuance of the Series 2024A Notes will have, no outstanding general obligation debt.

The State is authorized to and has entered into lease-purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease-purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Notes 11 and 12 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2023, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2021-22 and thereafter. See also Note 21 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2023, but before publication of the Fiscal Year 2022-23 ACFR.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 10 and 12 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2023, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2020-22 and thereafter.

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

See also the Statistical Section of the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Tax and Revenue Anticipation Notes

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more State funds or groups of accounts to meet temporary cash flow shortfalls. In Fiscal Years 1984-85 through 2020-21, the State has issued tax and revenue anticipation notes in order to fund cash flow shortfalls in the General Fund. However, no such notes were issued for Fiscal Year 2021-22 and thereafter and none are currently planned to be issued for Fiscal Year 2024-25. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of Borrowable Resources. Since Fiscal Year 2003-04, the State has also issued education loan tax and revenue anticipation notes, such as the Series 2024A Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. See Notes 10 and 21 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2023, and of such notes issued after June 30, 2023, but before publication of the Fiscal Year 2022-23 ACFR. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See also the Statistical Section of the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

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

Pension and Other Postemployment Benefits

Pension Plans. The State provides postemployment benefits to its employees based on their work tenure and earnings history through two defined benefit pension plans administered by the Public Employees' Retirement Association ("PERA"), a statutorily created legal entity that is separate from the State and is funded with contributions made by the State and by each participating State employee at rates that are established by statute. PERA also administers benefit plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State generally has no obligation to make contributions or fund benefits. PERA issues publicly available annual comprehensive financial reports that can be obtained at www.copera.org/investments/pera-financial-reports. The information regarding PERA presented in the State Fiscal Year 2022-23 ACFR is derived from PERA's Annual Comprehensive Financial Report for the Plan Year ended December 31, 2022 (the "PERA 2022 ACFR"), while the information regarding PERA presented in this Official Statement is derived from PERA's Annual Comprehensive Financial Report for the Plan Year ended December 31, 2023 (the "PERA 2023 ACFR"). *The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's ACFRs, or any other information provided by PERA, is neither incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.*

The defined benefit plans administered by PERA for State employees include (i) the State Division Trust Fund, the members of which include most State employees (the "State Division"), and

(ii) Judicial Division Trust Fund, the members of which include certain State judges (the "Judicial Division"). In lieu of participating in a defined benefit pension plan, State employees hired after 2005 may elect to participate in a defined contribution pension plan administered by PERA (the "State Division DC Plan"). As most State employees are members of the State Division and there are relatively few members of the Judicial Division, the State pension benefits disclosure in this Official Statement generally relates only to the State Division. For further information regarding the State Division and PERA, see "APPENDIX E – STATE PENSION SYSTEM," as well as Note 6 to the financial statements and Note RSI-2 to the Required Supplementary Information in the State Fiscal Year 2022-23 ACFR appended to this Official Statement and the PERA 2023 ACFR; and for additional information regarding the Judicial Division and the State Division DC Plan, see Note 6 to the financial statements and Note RSI-2 to the Required Supplementary Information in the State Fiscal Year 2022-23 ACFR, as well as the PERA 2023 ACFR. The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

The State Division Plan is currently significantly underfunded, although the General Assembly has taken various steps to remedy this issue. For a discussion of the funding status of the State Division Plan, see the State Fiscal Year 2022-23 ACFR appended to this Official Statement, the PERA 2023 ACFR and "APPENDIX E – STATE PENSION SYSTEM."

Other Postemployment Benefits (OPEBs). In addition to the pension plans discussed above, the State also currently offers other postemployment benefits to its employees such as health, disability, survivor and life insurance benefits. The postemployment health insurance benefits to State employees are provided through PERA's Health Care Trust Fund, in which members from all Divisions of PERA except the Denver Public Schools Division (which has a separate health care trust fund) are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple-employer plan which provides health care premium subsidies to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, although the subsidy is not available if only enrolled in the dental and/or vision plan(s). Participation in the health care plans is voluntary. The health care premium is based upon the benefit structure under which the member retires and the member's years of service credit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of the employer statutorily required contributions and the amount paid by members through purchased service agreements. With certain exceptions, the benefit provided by the Health Care Trust Fund generally is a fixed limited subsidy of the retiree's health care insurance premium payment, and the benefit recipient bears the majority of the risk of medical cost inflation.

For a discussion of the funding status and additional information regarding the Health Care Trust Fund, see Note 7 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement, as well as the PERA 2023 ACFR. See also Note 7 to the State Fiscal Year 2022-23 ACFR for a discussion of other postemployment benefit plans in which the State participates.

Effect of Pension and OPEB Liabilities on the Series 2024A Notes. The Series 2024A Notes are short-term obligations maturing on June 30, 2025, 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, 2025, as repayment of their Program Loans and a portion of the proceeds of the Series 2024A Notes deposited to the ETRANS 2024-25 Repayment Account as discussed in "THE SERIES 2024A NOTES – Security and Sources of Payment." Therefore, the State's current pension and OPEB liabilities are not expected to adversely affect the State's ability to pay the Series 2024A Notes.

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2024A 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 2024A Notes or questioning or affecting the validity of the Series 2024A 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 2024A Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered. For incidents occurring prior to July 1, 2013, the limits are $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000; for incidents occurring on and after January 1, 2013, but before January 1, 2018, the maximum amounts that may be recovered under the Immunity Act are $350,000 for injury to one person in a single occurrence and an aggregate of $990,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $350,000; for incidents occurring on and after January 1, 2018, but before January 1, 2022, the maximum amounts that may be recovered under the Immunity Act are $387,000 for injury to one person in a single occurrence and an aggregate of $1,093,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $387,000; and for incidents occurring on and after January 1, 2024, but before January 1, 2026, the maximum amounts that may be recovered under the Immunity Act are $424,000 for injury to one person in a single occurrence and an aggregate of $1,195,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $424,000. These amounts are subject to adjustment on or before January 1, 2026, and every fourth year thereafter based on the consumer price index for Denver-Boulder-Greeley, or its successor index. In individual cases the General Assembly may authorize the recovery from the State of amounts in excess of these limits by legislative action initiated either directly by the General Assembly or upon recommendation of the State Claims Board. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State or its employees sued in their official capacities under federal statutes when such actions are brought in federal court.

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

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 21, 43 and General Fund Components (in Supplementary Information) in the State Fiscal Year 2022-23 ACFR appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

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

RATINGS

Moody's Investors Service, Inc. ("Moody's"), and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P Global"), have assigned to the Series 2024A 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 2024A 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 2024A Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2024A 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 2024A 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 2024A Notes, that during such time as any of the Series 2024A 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 2024A 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 2024A Notes; (iv) modifications to rights of owners of the Series 2024A Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2024A 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 2024A Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2024A Notes, if material; (f) bankruptcy, insolvency, receivership or similar event of the State; (g) the consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (h) appointment of a successor or additional trustee or the change of name of a trustee, if material; (i) incurrence of a Financial Obligation (as defined in paragraph (f)(11) of Rule 15c2-12) of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the State or obligated person, any of which affect the Owners of the Series 2024A Notes, if material; and (j) default, event of acceleration, termination event, modification of terms or other similar events under the terms of the Financial Obligation of the State or obligated person, any of which reflect financial difficulties.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2024A 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 2024A Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

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

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

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

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

During the past five Fiscal Years, the only instances in which the State has failed or been unable to comply with its various continuous disclosure undertakings stemmed from a late journal entry by a department which resulted in a late release of the State Fiscal Year 2020-21 ACFR and corresponding late filing of such ACFR with EMMA with respect to some of the State's outstanding issues. Notice of failure to timely file such information was filed with EMMA shortly after the due date for such filing, and such information was subsequently filed with EMMA promptly when available.

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

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2024A Notes, as well as the treatment of interest on the Series 2024A 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 2024A 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 2024A 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 2024A Notes. Failure to comply with such covenants could cause interest on the Series 2024A Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A 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 2024A Notes. The interest on the Series 2024A Notes may affect the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is further of the opinion that interest on the Series 2024A 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 2024A Notes may otherwise affect the federal income tax liability of the owners of the Series 2024A 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 2024A 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 2024A Notes.

The amount treated as interest on the Series 2024A 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 2024A 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 2024A Notes and the aggregate amount to be paid at maturity of the Series 2024A Notes (the "original issue discount"). For this purpose, the issue price of the Series 2024A Notes is the first price at which a substantial amount of the Series 2024A 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 2024A Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2024A Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2024A 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 2024A Note over its stated redemption price at maturity constitutes original issue premium on such Series 2024A Note. An initial purchaser of a Series 2024A Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2024A 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 2024A 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 2024A 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 2024A 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

2024A Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2024A 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 2024A 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 2024A 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 2024A 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 2024A Notes will be purchased from the State by J.P. Morgan Securities LLC (the "Underwriter"), pursuant to a competitive sale conducted by the State, for a purchase price of $508,545,000, being the aggregate principal amount of the Series 2024A Notes plus an original issue premium of $8,715,000 and less an underwriting discount of $170,000.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2024A 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 2024A 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 2024A Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2024A Notes is contingent upon the issuance and delivery of the Series 2024A Notes.

MISCELLANEOUS

The cover page, preliminary notices 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 2024A 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/ David L. Young
State Treasurer

APPENDIX A

THE STATE GENERAL FUND

The State Resolution requires that if on June 25, 2025, the amount credited to the Principal Subaccount of the ETRANS 2024-25 Repayment Account is less than the principal amount of the Series 2024A Notes and any additional Parity Lien Notes, the State Treasurer is to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The ability of the State Treasurer to use Current General Fund Revenues that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2024-25 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 2024-25, which is not currently planned. See "THE SERIES 2024A NOTES – Security and Sources of Payment – *The ETRANS 2024-25 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. See also "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST."

The General Fund

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

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's actual and OSPB estimates of receipts from major revenue sources for Fiscal Years 2019-20 through 2025-26. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Revenue Sources[1]
Fiscal Years 2019-20 through 2025-26
(Accrual basis; dollar amounts expressed in millions)

	Actual								OSPB June 2024 Revenue Forecast					
	Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23		Estimate Fiscal Year 2023-24		Estimate Fiscal Year 2024-25		Estimate Fiscal Year 2025-26	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Taxes:														
Sales Tax[1]	$ 3,196.0	4.7%	$ 3,418.1	6.9%	$ 4,089.0	19.6%	$ 4,301.6	5.2%	$ 4,339.1	0.9%	$ 4,567.3	5.3%	$ 4,813.9	5.4%
Use Tax	210.5	(39.1)	214.2	1.8	232.6	8.6	251.2	8.0	233.2	(7.2)	256.7	10.1	272.2	6.0
Retail Marijuana Sales – 15% Special Sales Tax[1]	245.5	27.4	288.2	17.4	258.7	(10.2)	219.9	(15.0)	200.6	(8.8)	215.5	7.4	228.3	5.9
Cigarette Tax	32.5	(0.1)	30.1	(7.3)	26.0	(13.8)	23.9	(7.9)	21.7	(9.3)	20.5	(5.6)	19.6	(4.2)
Tobacco Products	24.4	9.5	29.0	19.1	26.6	(8.3)	23.7	(11.0)	21.6	(8.9)	22.7	5.3	22.4	(1.5)
Liquor	50.1	3.7	53.4	6.6	56.3	5.6	56.3	(0.1)	55.9	(0.7)	56.4	0.9	57.4	1.7
Proposition EE[2]	--	--	49.0	N/A	208.0	324.3	235.0	13.0	210.5	(10.4)	233.0	10.7	232.7	(0.1)
Total Excise Taxes	3,759.0	1.7	4,082.1	8.6	4,897.2	20.0	5,111.7	4.4	5,082.6	(0.6)	5,372.2	5.7	5,646.5	5.1
Income Taxes:														
Net Individual Income Tax	8,644.9	4.8	9,478.1	9.6	11,717.8	23.6	10,952.7	(6.5)	10,261.0	(6.3)	10,607.9	3.4	10,987.2	3.6
Net Corporate Income Tax	728.3	(20.8)	1,183.7	62.5	1,568.6	32.5	2,366.7	50.9	2,636.3	11.4	2,130.6	(19.2)	2,267.1	6.4
Total Income Taxes	9,373.2	2.3	10,661.8	13.7	13,286.4	24.6	13,319.5	0.2	12,897.3	(3.2)	12,738.5	(1.2)	13,254.3	4.0
Less: State Education Fund Diversion[3]	*(646.7)*	*(6.7)*	*874.6*	*35.2*	*993.5*	*13.6*	*1,066.4*	*7.3*	*1,209.0*	*13.4*	*1,116.5*	*(7.7)*	*1,175.7*	*5.3*
Less: Proposition 123 Diversion[4]	--	--	--	--	*0.0*	*N/A*	*160.0*	*N/A*	*324.0*	*102.5*	*335.0*	*3.4*	*352.7*	*5.3*
Less: Healthy School Meals	--	--	--	--	--	--	*0.0*	*N/A*	*0.0*	*N/A*	*130.5*	*N/A*	*121.0*	*(7.3)*
Total Income Taxes to the General Fund	8,726.5	3.0	9,787.2	12.2	12,292.9	25.6	12,093.1	(1.6)	11,364.3	(6.1)	11,156.5	(1.8)	11,604.9	4.0
Other Revenues:														
Insurance	337.4	7.2	336.3	(0.3)	390.2	16.0	516.7	32.4	573.3	11.0	630.1	9.9	646.1	2.5
Interest Income	31.1	17.2	50.0	60.9	69.2	38.3	188.4	172.2	263.4	39.8	197.4	(25.0)	135.2	(31.5)
Pari-Mutuel	0.4	(23.7)	0.3	(21.2)	0.4	34.8	0.3	(20.4)	0.3	4.4	0.4	4.3	0.4	0.8
Court Receipts	3.9	(6.7)	3.5	(9.8)	2.4	(31.4)	3.1	30.6	3.1	(0.6)	3.1	0.4	3.1	0.2
Other Income	9.7	(80.2)	50.7	423.4	45.6	(10.1)	84.8	85.9	50.2	(40.8)	53.4	6.5	53.8	0.8
Total Other	382.5	(3.1)	440.9	15.3	507.8	15.2	793.3	56.2	890.4	12.2	884.5	(0.7)	838.6	(5.2)
Gross General Fund	**$12,868.0**	**2.4%**	**$14,310.1**	**11.2%**	**$17,697.9**	**23.7%**	**$17,998.0**	**1.7%**	**$17,337.3**	**(3.7)%**	**$17,413.1**	**0.5%**	**$18,090.1**	**3.9%**

[1] State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Per SB 17-267, this tax was increased to 15% effective July 1, 2017. The revenue derived from this sales tax is shared by the State and local governments where such sales occur. Per SB 17-267, for Fiscal Year 2020-21, 28.15% of the State share of this revenue, less $30 million, was required to be retained in the General Fund, 71.85% transferred to the Marijuana Tax Cash Fund and $30 million credited to the Public School Fund and distributed to rural school districts. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.*"

[2] State voters approved Proposition EE, a ballot measure referred to the voters by HB 20-1427, in November of 2020, which imposes additional taxes on cigarettes and other tobacco products and creates a tax on other nicotine products such as e-cigarettes. Specifically, Proposition EE (a) adds a tax of $1.10 per pack of cigarettes, more than doubling the then-current tax of $0.84 per pack, (b) increases the tax on other tobacco products by 10% (from 40% to 50%) of manufacturer's list price, and (c) creates a tax on other nicotine products, starting at 30% of manufacturer's list price and increasing to 50% of manufacturer's list price by the end of Fiscal Year 2022-23. Through Fiscal Year 2022-23, revenue from the Proposition EE-imposed taxes is largely transferred to the State Education Fund, with smaller amounts going to the Rural Schools Cash Fund, the Housing Development Grant Fund, the Tobacco Tax Cash Fund, the Eviction Legal Defense Fund and the Preschool Programs Cash Fund. The constitutionality of a provision of HB 20-1427 that mandates a minimum retail price for cigarettes sold in Colorado is currently being challenged, although a negative outcome of such litigation is not expected to have a material adverse impact on these forecasted revenues.

[3] All individual and corporate income tax revenues are deposited to the General Fund and then a portion of the amount is diverted by law to the State Education Fund.

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

Source: Office of State Planning and Budgeting

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Years 2019-20 through 2022-23, as well as the estimates for Fiscal Years 2023-24 through 2025-26 from the OSPB June 2024 Revenue Forecast. The overview is based upon current law as of the publication of the OSPB June 2024 Revenue Forecast. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations." See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2019-20 through 2025-26

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

	Actual (Unaudited) [1]				OSPB June 2024 Revenue Forecast [2]		
	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Estimate Fiscal Year 2023-24	Estimate Fiscal Year 2024-25	Estimate Fiscal Year 2025-26
Revenue							
Beginning Reserve	**$ 1,262.6**	**$ 1,825.7**	**$ 3,181.5**	**$ 3,203.2**	**$ 2,427.4**	**$ 1,911.6**	**$ 2,279.4**
Gross General Fund Revenue	**12,868.0**	**14,310.1**	**17,697.9**	**17,998.0**	**17,337.3**	**17,413.1**	**18,090.1**
Transfers to the General Fund	248.0	336.8	71.3	53.5	92.4	164.2	58.9
TOTAL GENERAL FUND AVAILABLE	**14,378.6**	**16,472.6**	**20,950.8**	**21,254.8**	**19,857.1**	**19,488.9**	**20,428.4**
Expenditures							
Appropriation Subject to Limit [3]	**11,805.2**	**10,979.1**	**12,031.2**	**13,308.1**	**13,933.9**	**15,330.2**	**16,369.8**
Dollar Change From Prior Year	546.4	(826.1)	1,052.1	1,266.9	625.8	1,396.3	1,039.6
Percent Change From Prior Year	4.9%	(7.0)%	9.6%	10.5%	4.7%	10.0%	6.8%
Spending Outside Limit	**910.5**	**2,347.9**	**5,797.5**	**5,719.1**	**4,011.7**	**1,879.3**	**1,644.5**
TABOR Refund under Subsection (7)(d) [4]	0.0	547.9	3,848.1	3,678.3	1,446.8	695.0	867.3
Homestead Exemption (Net of TABOR Refund) [4]	0.0	157.9	0.0	0.1	0.0	0.0	0.0
Other Rebates and Expenditures [5]	145.7	137.9	149.6	168.6	225.9	181.1	179.6
Transfers for Capital Construction [6]	213.6	43.0	354.0	493.2	392.6	254.1	50.0
Transfers for Transportation [6]	300.0	30.0	512.9	88.0	5.0	117.5	117.5
Transfers to State Education Fund	40.3	113.0	123.0	290.0	0.0	146.0	0.0
Transfers to Other Funds [7]	210.9	1,318.3	809.9	1,000.8	1,941.3	485.7	430.0
TOTAL GENERAL FUND OBLIGATIONS	**12,715.6**	**13,327.0**	**17,828.7**	**19,027.2**	**17,945.6**	**17,209.5**	**18,014.2**
Percent Change from Prior Year	(1.1)%	4.8%	33.8%	6.7%	(5.7)%	(4.1)%	4.7%
Reversions and Accounting Adjustments [8]	(160.3)	(32.4)	(79.8)	(199.8)	0.0	0.0	0.0
Reserves							
Year-End General Fund Balance	**1,823.2**	**3,178.0**	**3,201.9**	**2,427.4**	**1,911.6**	**2,279.4**	**2,414.2**
Year-End General Fund as a % of Appropriations	15.4%	28.9%	26.6%	18.2%	13.9%	14.9%	14.7%
General Fund Statutory Reserve Amount [9]	362.4	314.0	1,612.2	1,996.2	2,025.4	2,314.8	2,414.2
Unappropriated Reserve Percentage [9]	3.07%	2.86%	13.4%	15.0%	14.7%	15.1%	14.7%
Amount Above (Below) Statutory Reserve [10]	**1,460.8**	**2,864.0**	**1,589.7**	**431.2**	**(113.9)**	**(35.4)**	**0.0**

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

2 Fiscal Year 2023-24 and Fiscal Year 2024-25 expenditures and transfers reflect all legislation signed by the Governor through the end of the 2024 legislative session. Fiscal Year 2025-26 appropriations will be adopted in future budget legislation, and therefore Fiscal Year 2025-26 expenditures and fund balance projections are illustrative only.

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

4 Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected, although the refunds are actually made in subsequent Fiscal Years in accordance with the procedure described in "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST – TABOR Outlook." The amounts to be refunded to taxpayers include adjustments resulting from: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers and (b) refunds to taxpayers in previous years being different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when the total refund amount distributed to taxpayers is adjusted.

5 Other Rebates and Expenditures generally includes the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; the Marijuana Rebate, which distributes 15% of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; the Old Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; the Property Tax, Heat and Rent Credit, which provides property tax, heating bill or rent assistance to qualifying low-income disabled or elderly individuals. The Homestead Property Tax Exemption is shown as a separate category as the result of SB 17-267, which added as the first TABOR refund mechanism amounts reimbursed to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the Homestead Property Tax Exemption as discussed in "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C.*" See also "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – *Homestead Exemption*."

[Notes continued on next page]

6 Section 24-75-219, C.R.S., requires certain transfers from the General Fund to the Highway Users Tax Fund and the Capital Construction Fund, commonly referred to as "228" transfers based on SB 09-228 which originally provided for the transfers. The amounts of the 228 transfers were revised per HB 16-1416 and SB 17-262. In addition, SB 18-001 commits General Fund revenue for transportation projects in Fiscal Year 2019-20. However, such transfers may be modified by the General Assembly.

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

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

9 The Unappropriated Reserve requirement, codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. For Fiscal Years 2023-24 through 2025-26, the Unappropriated Reserve requirement is temporary adjusted slightly from 15% per HB 24-1231 and HB 24-1466. 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," as well as "Budget Outlook – General Fund" in the OSPB June 2024 Revenue Forecast appended to this Official Statement.

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

Source: Office of State Planning and Budgeting

Revenue Estimation; OSPB Revenue and Economic Forecasts

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

The most recent OSPB revenue forecast was issued in June 2024 and is included in its entirety in this Official Statement as "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST." The OSPB June 2024 Revenue Forecast estimates revenues for Fiscal Years 2023-24 through 2025-26, which are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix. See also "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts" and the preliminary notice in this Official Statement regarding forward-looking statements."

OSPB begins estimating revenue by forecasting macroeconomic variables at the national and State levels. The national forecast for the OSPB June 2024 Revenue Forecast is generated using internal modeling for GDP growth and corresponding assumptions for other variables across the economy. From there, OSPB forecasts the State economy using models developed in-house, with assumptions differentiating the State from the national economy.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations that express relationships between key variables at the State and national level. Accordingly, OSPB uses the national economic indicators as inputs for many of the State economic variables. This model of the State economy generates forecasts of key indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

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

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

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures. This occurred in Fiscal Year 2019-20 as the result of the actual and anticipated impact of the COVID-19 pandemic on the State's finances.

The next OSPB revenue forecast is scheduled to be released in September of 2024. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2024 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2024-25 and subsequent forecasted years which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts."

Investment of the State Pool

General. The investment of public funds by the State Treasurer is subject to the general limitations discussed in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." The State Treasurer has adopted investment policies further restricting the investment of State pool moneys, which includes the General Fund. The purpose of these investment policies is to limit investment risk by limiting the amount of the portfolio that may be invested in particular types of obligations, or in obligations of particular issuers or in particular issues, by imposing rating or financial criteria for particular types of investments more restrictive than those required by law, and by limiting the maximum term of certain types of investments. A minimum of 10% of the portfolio is required to be held in U.S. Treasury securities. Any reverse repurchase agreements may be for interest rate arbitrage only, and not for liquidity or leverage purposes. Each reverse repurchase agreement and the total investment it is arbitraged against must be closely matched in both dollar amount and term.

Fiscal Years 2022-23 and 2023-24 Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State Pool as of the end of each month in Fiscal Years 2022-23 and 2023-24 for which information is available.

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

	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023
Agency CMOs	$ 682.0	$ 705.0	$ 742.9	$ 736.5	$ 752.1	$ 748.3	$ 744.2	$ 740.5	$ 786.1	$ 780.5	$ 776.1	$ 771.2
Commercial Paper	4,606.1	3,910.9	4,082.3	4,175.7	3,808.5	3,378.0	3,650.2	3,263.5	3,677.7	4,255.1	4,976.6	4,528.4
U.S. Treasury Notes	3,265.3	3,270.7	3,351.5	3,330.7	3,231.0	3,230.7	3,511.9	3,599.4	3,599.1	3,830.4	4,317.3	4,376.7
Federal Agencies	1,237.1	1,497.9	1,864.2	1,864.5	1,497.2	1,917.6	2,313.3	2,476.4	2,040.1	1,595.2	1,380.6	1,440.8
Asset-Backed Securities	522.6	513.4	496.7	492.0	487.5	481.5	476.7	469.1	466.0	527.7	508.2	507.6
Money Market	3,915.0	1,940.0	1,550.0	835.0	1,050.0	1,050.0	1,590.0	1,465.0	1,645.0	2,335.0	1,325.0	1,125.0
Corporates	7,307.5	7,748.3	7,887.7	7,904.7	7,679.7	7,784.2	7,846.6	7,709.5	7,574.7	7,585.7	7,572.1	7,597.3
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$21,535.6**	**$19,586.2**	**$19,975.3**	**$19,339.1**	**$18,506.0**	**$18,590.3**	**$20,132.9**	**$19,723.4**	**$19,788.7**	**$20,909.6**	**$20,855.9**	**$20,347.0**

[1] This table includes all moneys in the State Pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer's Office

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2023-24
(Amounts expressed in millions)[1]

	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024
Agency CMOs	$ 766.3	$ 835.5	$ 2,706.9	$ 2,947.4	$ 2,887.9	$ 3,009.7	$ 3,145.2	$ 3,203.4	$ 3,184.1	$ 3,163.5	$ 3,401.4
Commercial Paper	4,570.7	4,237.6	4,571.3	4,946.8	5,184.9	5,115.2	5,825.6	4,836.6	4,804.4	5,550.5	5,225.5
U.S. Treasury Notes	4,494.5	4,494.9	4,457.2	4,139.4	3,973.6	3,978.4	4,580.8	5,323.6	4,863.0	4,197.9	3,955.0
Federal Agencies	1,689.1	1,730.6	1,897.2	1,726.2	1,524.3	1,520.3	1,657.5	1,477.2	1,290.5	1,537.6	1,423.7
Asset-Backed Securities	507.0	506.5	501.6	493.3	483.9	479.3	468.2	448.8	434.8	420.0	405.0
Money Market	1,265.0	1,035.0	1,325.0	1,115.0	1,145.0	1,475.0	1,290.0	1,090.0	1,177.0	1,092.0	897.0
Corporates	7,548.6	7,495.9	5,536.8	5,521.7	5,445.9	5,480.8	5,414.1	5,257.4	4,915.1	5,049.3	5,077.5
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	**$20,841.2**	**$20,336.0**	**$20,996.0**	**$20,889.8**	**$20,645.5**	**$21,058.7**	**$22,381.4**	**$21,637.0**	**$20,668.9**	**$21,010.8**	**$20,385.1**

[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

General Fund Cash Flow

General Fund cash flow deficits typically occur during each Fiscal Year, which are attributable in large part to several categories of loans and expenditures by the State throughout the 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 2024A NOTES – Authorization" and "STATE FINANCIAL INFORMATION – The State Treasurer – Fiscal Controls and Financial Reporting" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – State Tax and Revenue Anticipation Notes." Monthly cash flow estimates for Fiscal Years 2023-24 and 2024-25 based on the OSPB June 2024 Revenue Forecast are not yet available from the State Treasurer's office.

APPENDIX B

OSPB JUNE 2024 REVENUE FORECAST

As discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts," the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2023-24 through 2025-26. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB revenue forecast was issued in June 2024 and is presented in its entirety in this Appendix. The pagination of this Appendix reflects the original printed document.

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

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Colorado
Economic & Fiscal Outlook

June 20, 2024

STATE OF COLORADO

Governor's Office of State Planning & Budgeting

COLORADO

Governor Jared Polis

Contents

Jared Polis – Governor
Mark Ferrandino – Budget Director
Bryce Cooke – Deputy Director
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Clint Saloga - Economist
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For additional information about the Governor's Office of State Planning and Budgeting, to access this publication electronically, or to sign up to be notified by email when the quarterly forecast is released, please visit www.colorado.gov/ospb.

Forecast in Brief

OSPB has revised up its economic growth expectations from the March forecast as near term spending remains more resilient than previously expected in 2024, particularly with regard to services consumption. The labor market also remains strong though jobs growth is slowing in both Colorado and the U.S. and the gap between the number of job openings and the number of unemployed individuals continues its downward trend. Finally, the inflationary trends between Colorado and the U.S. have reversed such that Colorado inflation is now below the nation's given quicker than expected declines in shelter and service price increases. OSPB views the likelihood of a recession in the next 12 months to be 25 percent though future risks are largely weighted to the downside.

In FY 2023-24, TABOR refunds are expected to total $1,446.8 million, a $581.3 million downward revision from March, largely due to elevated individual income refunds after accounting for TABOR refunds. Additionally, revenue subject to TABOR is expected to remain above this cap through the duration of the forecast period. Currently, revenue projections are $695.0 and $867.3 million above the cap in FY 2024-25 and FY 2025-26, respectively.

Under this forecast, the General Fund ending balance is projected to be $113.9 million and $35.4 million below the statutory reserve level of 15 percent in FY 2023-24 and FY 2024-25, respectively.

General Fund	● General Fund revenue is revised down $528.6 million in FY 2023-24, largely a result of stronger than anticipated individual income refunds more than offsetting revisions up of corporate income revenue. ● FY 2024-25 and FY 2025-26 are revised down $677.2 million and $1,049.2 million respectively, largely due to impacts from the Family Affordability and Earned Income Tax Credit expansions.
Cash Funds	● Cash funds are expected to shrink by 1.1 percent in FY 2023-24 and then increase 5.9 percent in FY 2024-25. Compared with the March forecast, cash funds are revised down $38.2 million and $16.8 million in FY 2023-24 and FY 2024-25 respectively, as severance and limited gaming revenue declines more than offset increases to miscellaneous and transportation revenue.

Economic Outlook

Current Conditions and Long-Term Trends

Overview of Current Economic Conditions

Expectations for economic growth have been revised upward in the near-term as spending remains more resilient than previously expected, especially with regard to services consumption. The labor market also remains strong though jobs growth is slowing in both Colorado and the U.S. and the gap between the number of job openings and the number of unemployed individuals continues its downward trend. Finally, the inflationary trends between Colorado and the U.S. have reversed such that Colorado inflation now lags the nation given quicker than expected declines in shelter and service price increases. On the flip side, more elevated than anticipated service and shelter price pressure on the U.S. side, paired with stronger economic growth, raises the potential that the Federal Reserve will keep rates higher for longer. OSPB views the likelihood of a recession in the next months to be 25 percent though future risks are largely weighted to the downside.

Overview of Long-Term Trends

Despite significant action during recent legislative sessions, long-term trends place pressures on consumers, businesses, and governments across the country. In particular, trends in housing, inflation, education, workforce, demographics, energy, and the environment will continue to impact the economy and the state budget. Brief summaries of these trends are provided below.

- Housing: Higher mortgage rates continue to put pressure on residential construction and the supply of housing, paired with other cost pressures on homeowners (or potential homeowners) such as insurance prices. Legislative actions from 2024 seek to address some of these challenges.
- Inflation and Financial Conditions: Both inflation and the federal funds rate remain elevated. Expectations for longer-term inflation rates have been revised upward as has the terminal federal funds rate, which now stands at 2.8 percent. Financial conditions are thus likely to remain in more restrictive territory longer than previously expected. Price pressures continue to impact both households and the state budget, though these effects are distributed unevenly.
- Education Sector Workforce: Over time, average teacher pay in Colorado has been on the rise as the Budget Stabilization Factor has dropped. The gap between job openings and hires remains elevated for the education sector due to a number of factors including the roll-on (and -off) of temporary employees, fewer new entrants into the sector, and protracted pandemic effects on job flows in education. Steps have been taken at both the state and national level to begin addressing these issues.

- Aging: A rapidly aging population in Colorado will impact labor supply and the housing market, as well as tax revenue and state government expenditures. The effects of these changes in Colorado's demographic make-up will be unevenly distributed across state departments and geography across the state.
- Energy: Over the past decade, both the U.S. and Colorado have increased the use of renewable energy for electricity generation and decreased usage of fossil fuels. However, fossil fuels currently make up the majority of electricity generation at both the national and state level. The growth of renewable energy in Colorado has outpaced the U.S. and Colorado is likely to use fewer fossil fuels than the U.S. as a proportionate share of its generation mix by 2025.
- Environmental Risks - Water: Colorado is especially impacted by water and the policy surrounding its use as a headwater state, particularly as water demand grows alongside population and supply is dependent on drought conditions. The agricultural sector currently use the vast majority of Colorado's water supply, though demands from municipalities facing steep population growth continue to increase. The implications of these shifting trends in demand include upward pressure on water costs and the need to upgrade aging water infrastructure across the state. Elevated sports betting and severance tax revenue, combined with leveraging federal match opportunities provide funding support for infrastructure development.

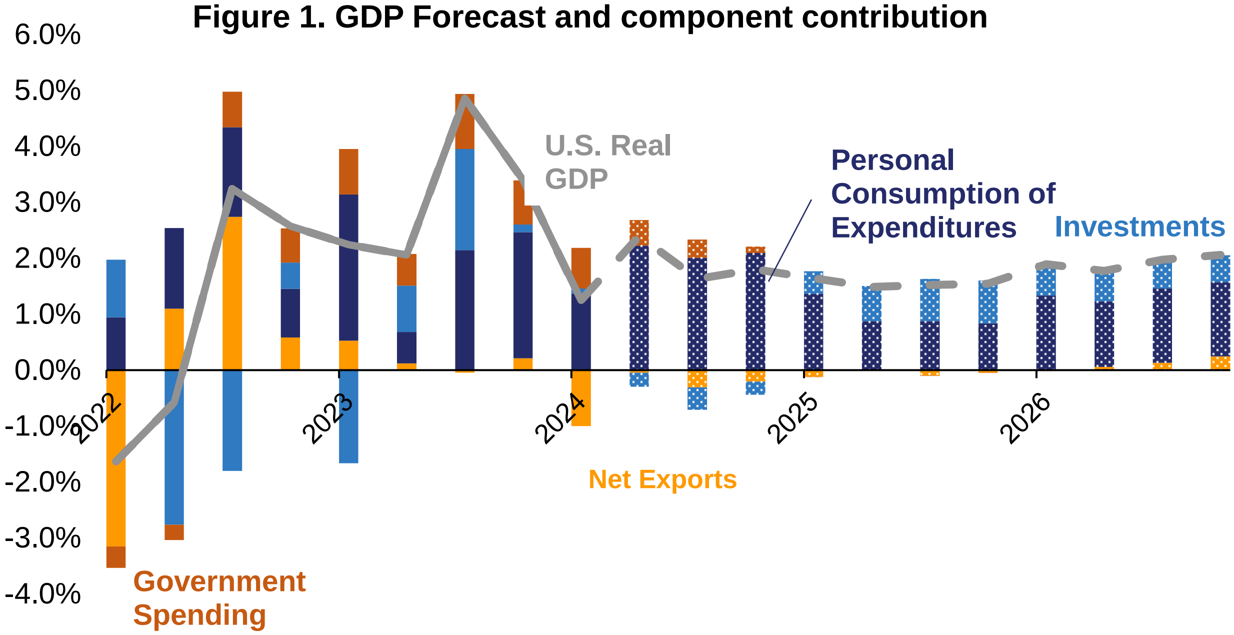
Current Economic Conditions

Gross Domestic Product

After growing 2.5 percent on average in 2023, economic growth slowed to 1.3 percent in the first quarter of 2024. However, there was a drag on growth from net exports and inventory, which, if removed would lead to growth in line with the 2023 average (2.6 percent). 2023 growth was spurred by continued strength in services consumption and a sizable contribution from residential investments. In fact, services consumption growth has increased in each of the last four quarters, at 3.9 percent, while residential investments set a post-pandemic record at 15.4 percent.

Figure 1 below depicts quarterly annualized growth in real GDP. The line represents GDP growth and the bars depict the four drivers of GDP growth/contraction: 1) personal consumption expenditures, 2) inventories/investments, 3) net exports, and 4) government spending.

Figure 1. GDP Forecast and component contribution



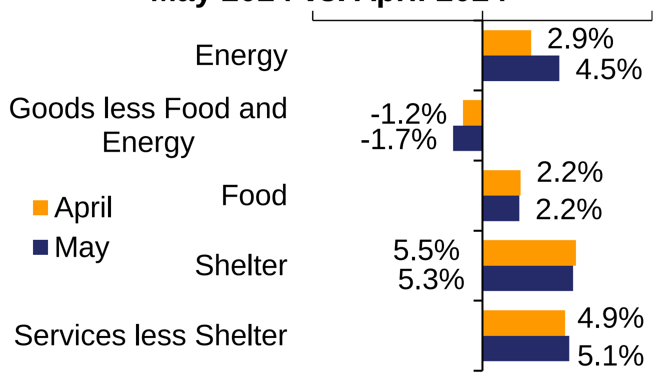
Source: U.S. Bureau of Economic Analysis; OSPB Forecast

In 2024, GDP growth is revised up from 2.2 to 2.5 percent as the unwinding of consumption is now thought to take longer than previously expected, with weaker growth in durable goods consumption offset by stronger services consumption growth. Investments' contribution to GDP is expected to be negative for the rest of 2024 due to higher interest rates, while net exports are expected to drag on GDP growth as global demand weakens relative to domestic demand. In 2025, GDP growth is revised up from 1.5 to 1.7 percent despite slowing consumption in the middle of next year. Falling interest rates by that time likely indicate that investments contribute more positively to overall GDP growth, offsetting the slack from a consumption slowdown. Quarter over quarter annualized growth is expected to trough at 1.5 percent in mid-2025 before rebounding slowly to potential growth. That shallower expected rebound results in a revision down in 2026 annual average GDP from 2.1 percent in the last forecast to 1.8 percent now.

Inflation

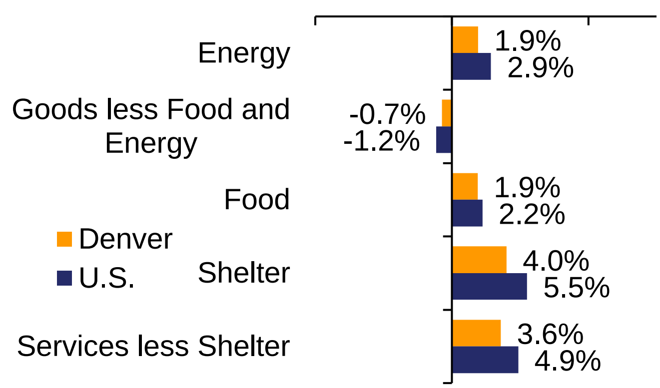
The trajectories of Consumer Price Inflation (CPI) for the U.S. and Denver have diverged slightly in recent months. U.S. inflation rates have largely flattened in recent months as a result of a rebound in year over year service price growth and stubborn shelter inflation and came in at 3.3 percent in May. Meanwhile, Denver inflation has taken a steeper downward trajectory, dipping below the U.S. in March for the first time since November 2022, now at 2.6 percent in May. The recent reversal of the relationship between national and local inflationary trends stems largely from a quicker than anticipated slowdown in both the shelter and services categories locally, as well as some seasonal, local-specific effects on energy.

Figure 2. U.S. YoY Inflation by Major Component May 2024 vs. April 2024



Source: Bureau of Labor Statistics; OSPB Calculations.

Figure 3. YoY Inflation by Major Component May 2024, Denver vs. U.S.



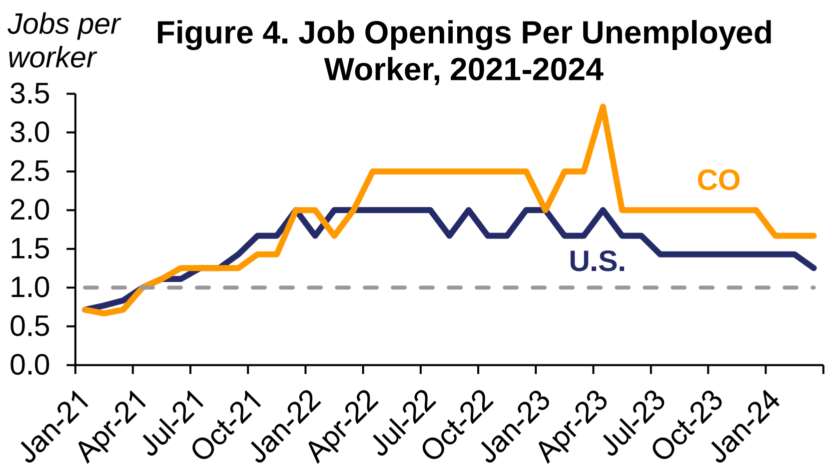
Source: Bureau of Labor Statistics; OSPB's Calculations.

Overall, expectations for U.S. CPI are revised up in the near term given the trends discussed above, at 3.2 percent in 2024, 2.5 percent in 2025, and 2.3 percent in 2026. This drawn-out path of more elevated inflation translates into a higher outlook for the Federal Funds Rate, as is discussed in more detail in the long-term inflation section below. Meanwhile, Denver CPI expectations for 2024 are changed incrementally from March, down 0.1 percentage points to 2.6 percent in 2024 and up slightly to 3.0 percent in 2025 and 2.7 percent in 2026. The long-term relationship between U.S. and Denver CPI is expected to return in line with historical trends starting in 2025, whereby a larger share of shelter and services and stronger price growth in those categories propel Denver inflation above national levels after a dip in 2024.

Labor Market

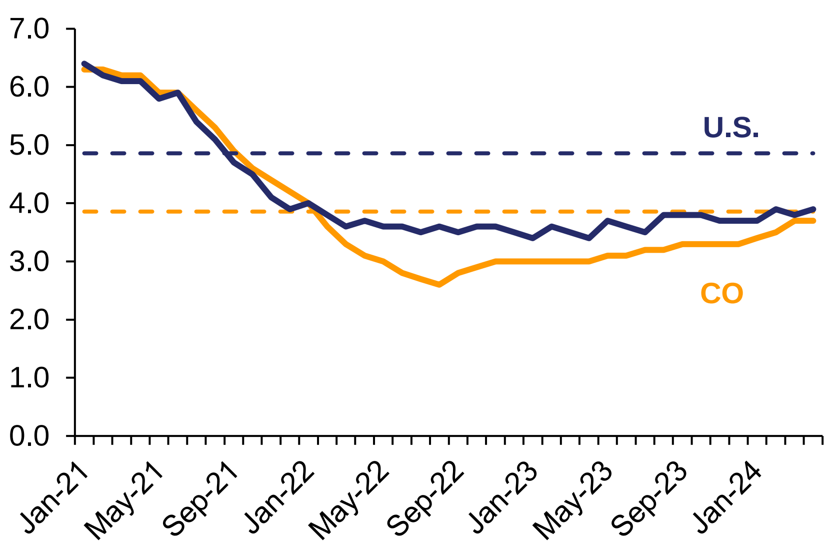
The labor market has begun to loosen for both the U.S. and Colorado, largely returning to the pre-pandemic trajectory. The ratio of open jobs to unemployed workers has fallen, and while it remains above 1:1 at both the state and national level, the decrease suggests that churn has slowed and the labor market remains relatively stable. An increase in the unemployment rate suggests that at least part of this difference is a result of an increase in unemployed workers without a matching increase in jobs; however, both unemployment and job growth have remained fairly stable over the past two years and these changes are marginal. Given these trends, OSPB anticipates that job growth should remain relatively stable but decline modestly. The jobs market is revised slightly up in 2024 and 2025 in both U.S. and Colorado with a smaller downturn in economic growth expected. Colorado jobs growth is expected to slow from 2.5 percent in 2023 to 2.0 percent and 1.4 percent in 2024 and 2025, up slightly from March expectations. However, with slower growth in 2026, unemployment is expected to remain marginally higher at 3.7 percent (compared to 3.4 percent in March). Overall, the volatility of growth is dropping, and the

Figure 4. Job Openings Per Unemployed Worker, 2021-2024



Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey

Figure 5. Unemployment Rate, 2021-2024



Source: Bureau of Labor Statistics
Dotted lines indicate average for 2014-2024

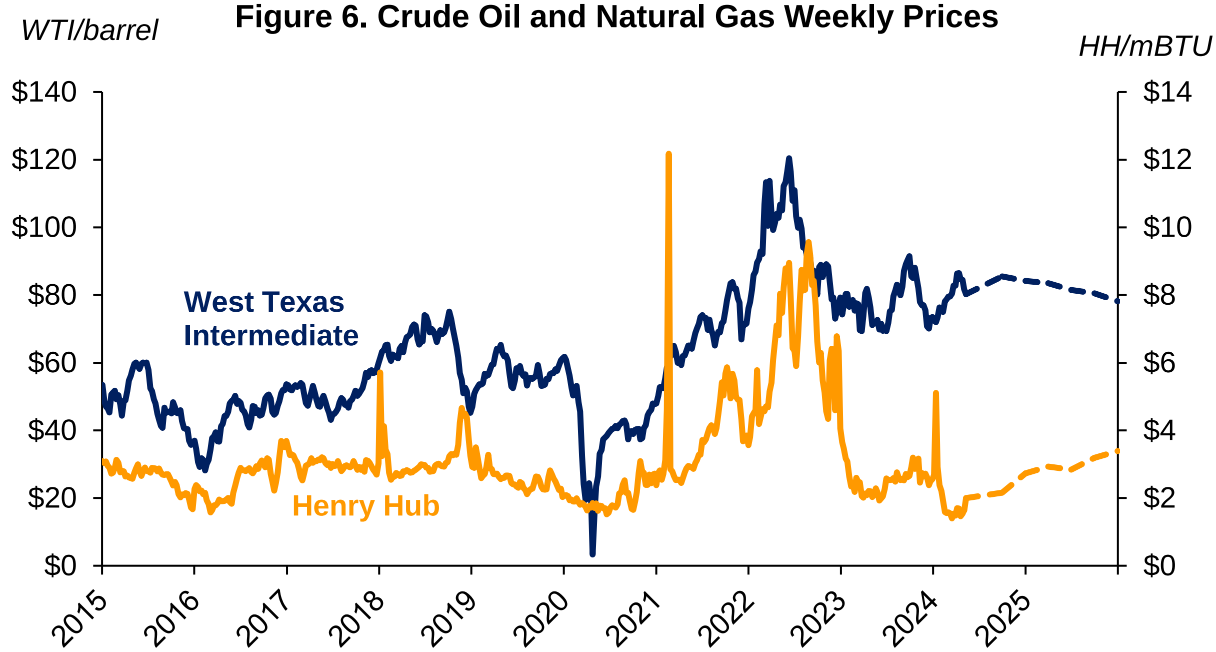
labor market is therefore expected to be healthier than anticipated in previous forecasts.

Energy

Oil and gas energy markets have remained stable over the first half of 2024, with crude oil prices reaching their lowest volatility level since 2019 prior to pandemic market disruptions. Crude oil prices remain stable at above-average levels, and natural gas prices are steady at below-average levels. While energy markets have remained firm, continued geopolitical instability in Europe and the Middle East as well as OPEC-Plus production cuts are upside price risks due to the potential supply constraints they could cause. In 2024 thus far, however, healthy global inventories as well as strong non-OPEC global production have offset these risks, providing a relative equilibrium. Over the forecast period, crude oil prices are expected to slowly decline, while natural gas prices are projected to gradually increase.

Through mid-May 2024, West Texas Intermediate crude oil prices have averaged $79.58 per barrel year-to-date – above the ten-year average of $63 per barrel but below the recent peaks of $100-$120 reached in 2022. Through the end of 2025, the U.S. Energy Information Administration (EIA) forecasts that prices will range from $78 to $86 per barrel. Henry Hub natural gas prices have averaged $2.01 per million BTU year-to-date, which is below the ten-year average of $3.21

Figure 6. Crude Oil and Natural Gas Weekly Prices



Note: Dotted line indicates Energy Information Administration forecast. The axis on the left is the West Texas Intermediate price per barrel of oil. The axis on the right is the Henry Hub price per million BTU of natural gas.
Source: Energy Information Administration

and well below the recent highs in 2022 that ranged from $8.00 to $9.50. The EIA projects that Henry Hub prices will range from $2.00 to $3.40 through 2025. In the near-term, crude oil prices could be impacted by OPEC-Plus production decisions and the global demand trajectory, while natural gas prices are expected to remain below-average due to inventories at above-average levels. However, domestic natural gas production is projected to fall slightly which will likely lead to slowly increasing prices.

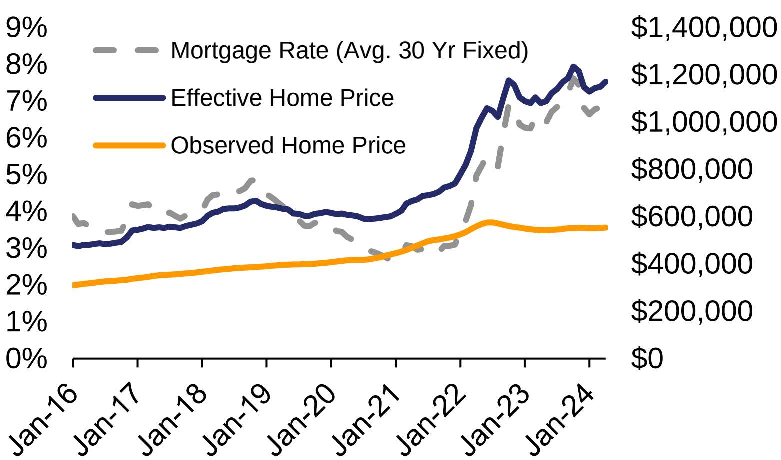
Long-Term Trends

Housing and Real Estate

Mortgage Rates and Housing Affordability

As discussed in the inflation section below, the effective federal funds rate (targeted by the Federal Reserve) remains elevated at 5.3 percent and is not expected to decline by greater than 50 basis points through the end of the year. Accordingly, mortgage rates have also remained elevated, averaging 6.9 percent thus far this year (through May 2024) compared to pre-pandemic rates of 3.5 percent (February 2020). Elevated mortgage rates have both short and long term negative impacts on the affordability of the housing stock: (1) directly increasing the short-term "effective home price," or the total price for a home after factoring in the impact of higher rates on total monthly payments; (2) driving up long-term prices by dis-incentivizing construction, thus constraining growth in supply. Figures 7 and 8 below demonstrate these impacts.

Figure 7. Mortgage Rate Impacts on Effective Home Prices - Colorado



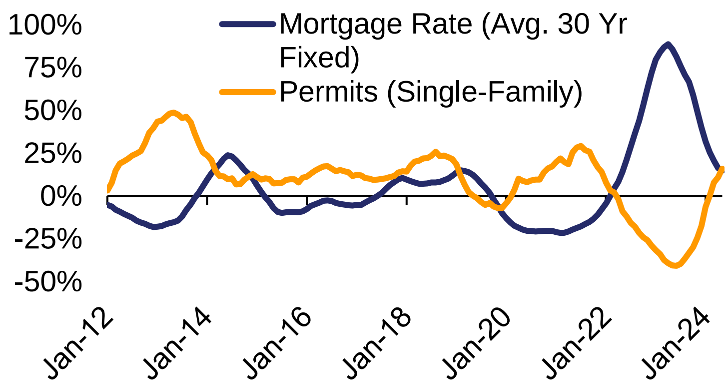
Sources: Freddie Mac; Zillow Home Value Index.

Figure 7 highlights the first, immediate impact on affordability. As mortgage rates increased particularly steeply from near 3 percent in 2021 to greater than 7 percent in 2023, the effective home price (calculated as the total price paid including down payment and payments made over the life of the loan) skyrocketed despite flattening headline home prices. Figure 8 highlights the longer term effects on single-family permits of mortgage rates higher than those seen in recent years. There is a strong negative correlation between the change in the average 30-year fixed mortgage rate[1] and single-family housing

[1] Change in the average 30-year fixed rate mortgage calculated as the 12-month average year over year change in mortgage rates for a given month.

permits in Colorado. The strength of the correlation between the rates of change is more than double the strength of the correlation between the levels of mortgage rates and single-family permits. One hypothesis for this disproportionate correlation is that buyers of single-family homes (and thus builders who are heavily responsive to expectations of consumer demand) are in fact more sensitive to changes in mortgage rates than to the actual rates themselves. This helps to explain the steep declines in permitting in 2022 and 2023 and may also provide some tailwind to permitting (and thus future housing supply) in late 2024 and into 2025 as a result of declining mortgage rates even though overall rates are likely to remain elevated longer than previously expected, in alignment with fed funds rates discussed above. These increased borrowing costs disincent current homeowners from downsizing in retirement, resulting in lower stock of for-sale housing.

Figure 8. Change in 30 Yr Mortgage vs. Change in Permits - Colorado



Sources: Freddie Mac; U.S. Census Bureau.

Housing Supply and Demand

Any decline in the production of new housing units will exacerbate the housing shortage that has persisted in Colorado since the 2010s. A study by Up for Growth[2] compares new housing unit production levels to the total number of new housing units needed to estimate underproduction. The study's methodology calculates underproduction as the difference between total housing need and total housing availability, taking into account vacancy rates, second homes, vacation homes, rentals, and uninhabitable units. These considerations are particularly important where Colorado attracts many wealthier families to purchase second or vacation homes, rental properties are relatively common, and there is a mismatch between demand and supply of affordable housing. Vacancy rates are also factored in, as some degree of vacancy is expected in a healthy residential real estate market. Finally, uninhabitable units are those that have been vacant for more than a year and are presumed to be prohibitively expensive to renovate.

Figure 9 below shows that new demand for housing has slowed with population growth and migration, while production has been on an upward trend for the past few years. In 2020, new supply surpassed new demand and started to reduce the number of additional housing units needed, as seen in Figure 10. However, the number of total housing units still needed to fill existing gaps in housing remained above 100,000 through 2021. If new supply continues to

[2] Up for Growth (2023). "2023 Housing Underproduction in the U.S.".https://upforgrowth.org/apply-the-vision/2023-housing-underproduction/

outpace new demand at the same 2021 levels (13,754 more new units built than new demand), Colorado would close the housing unit shortage in about seven years.

Figure 9. Annual Change in Supply and Demand of Housing Units

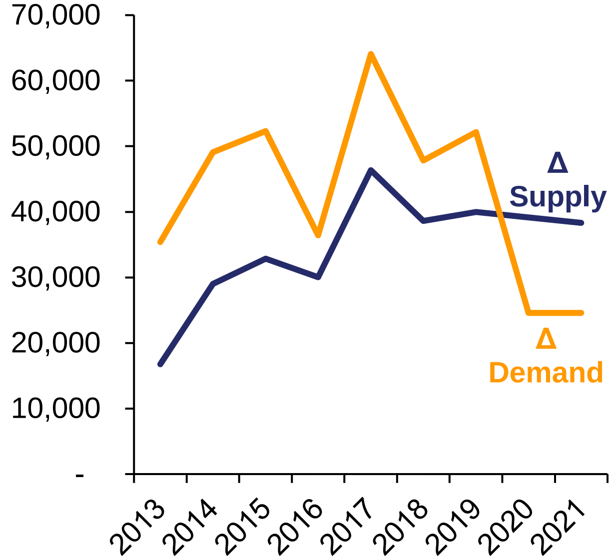
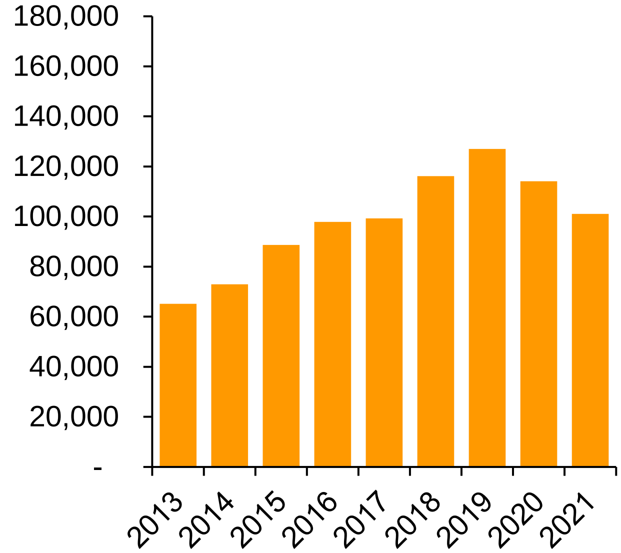


Figure 10. Additional Housing Units Needed



Source: Up for Growth. (2023). 2023 Housing Underproduction in the U.S.

Policies that incentivize new home construction will be critical to address the housing shortage crisis that continues to contribute to unaffordability. New laws passed in the 2024 Legislative Session (discussed in more detail below) aim to incentivize new housing via reforms around land-use, parking requirements, accessory dwelling units (ADUs), occupancy limits, and density goals near transit. However, the impacts of these new laws will likely take years to be fully realized.

Other Long-Term Housing Cost Pressures

In addition to higher mortgage rates and supply limitations discussed above, other cost pressures such as rising construction and insurance costs have had notable downstream impacts on the price of shelter and the housing market. Demand for shelter remains relatively firm despite these significant challenges existing within the market. As a result, median single family home prices in Colorado have crept back up to the record 2022 peaks. According to the Colorado Association of Realtors, the median single family home price in Colorado in April 2024 was $595,000[3].

On top of the cost of the home and increased cost of borrowing with average mortgage rates at 6.9 percent across the U.S., an additional factor impacting affordability is homeowners' insurance. According to a National Association of Insurance Commissioners report, the average

[3] Colorado Association of Realtors, "Statewide Report Single Family and Townhouse-Condo April 2024," https://coloradorealtors.com/market-trends/regional-and-statewide-statistics/

homeowner's insurance policy in 2021 was $1,802 per year in Colorado and the average condo insurance was $484 per year. Colorado ranked 6th in the nation for costs of homeowner's insurance in 2021. Over the last 10-years, Colorado's homeowners insurance premiums also increased by 73.6 percent, the second fastest average rate increase across the country. Compared to the U.S., Colorado costs and rate of growth in homeowners' insurance premiums are likely due to increased risk from higher-than-average property values and multiple types of natural disasters such as hail, wind, and wildfire.

As housing costs in Colorado have continued to become out of reach for more individuals across the state, many individuals have opted to rent instead of purchasing a house. However, apartments and rental units have not been immune to cost pressures. With increased demand throughout Colorado, rents have been steadily increasing. Additionally, renters have been subject to increasing non-rent related shelter costs such as renter's insurance and utilities. According to the Colorado Housing and Finance Authority, statewide apartment rents (omitting the Denver metro area) have increased 26.8 percent since the first quarter of 2020. High rent prices continue to squeeze budgets, especially for lower- and middle-income people across the state.

2024 Legislative Changes Alleviating Pressures Discussed Above

In the 2024 Legislative Session, the General Assembly adopted a range of bills to address the state's housing challenges. Through a mix of tax incentives and regulatory changes, these actions will increase the range of housing available to residents and increase the supply, therefore putting downward pressure on costs over the medium and long term.

The first set of bills change regulations in communities across the state to incentivize density and ease restrictions on development. These policies lower the costs of new developments in order to help more housing be constructed and increase the number of units that can be included in a given structure. They include the following major bills:

- HB24-1313 – Transit Oriented Communities, which will designate certain areas as transit-oriented communities and require those areas to be more densely zoned by local governments creating more housing availability over time, as well as allocating $35 million of grant funding to support infrastructure upgrades;
- HB24-1007 - Prohibit Residential Occupancy Limits, which bans local government restrictions on occupancy of a home based on familial relationships and provides significantly more flexibility for individuals to live in homes with the people of their choosing;
- HB24-1304 - Minimum Parking Requirements, which limits minimum parking requirements set by local governments for new developments. Parking requirements can significantly drive up the cost to construct buildings, requiring expensive parking garages to be constructed and restricting the number of units that are feasible to construct.

Other bills focused on actions of individual homeowners include:

- HB24-1152 - Accessory Dwelling Units, which eases the process for constructing small ADUs on single family properties and prohibits local laws that discourage their construction, as well as creating an $8 million pool of grant funding to support access to credit for the development of ADUs. This policy supports the construction of new homes, including more affordable units for low- and middle-income residents;
- SB24-111 - Senior Primary Residence Property Tax Reduction, which permits portability of the State's Homestead property tax exemption for Seniors and Disabled vets and their families. Previously, seniors looking to move and downsize their homes would have been forfeiting their property tax exemption due the requirement that the home be owned for 10 years, but this new legislation will allow the exemption to be transferred. This may help stimulate the housing market and increase the number of homes available.

Though these new regulatory policies and incentives will take several years to generate a full impact, they will significantly ease pressures on rental and housing markets over time by increasing the choices available to tenants and increase the supply of available homes.

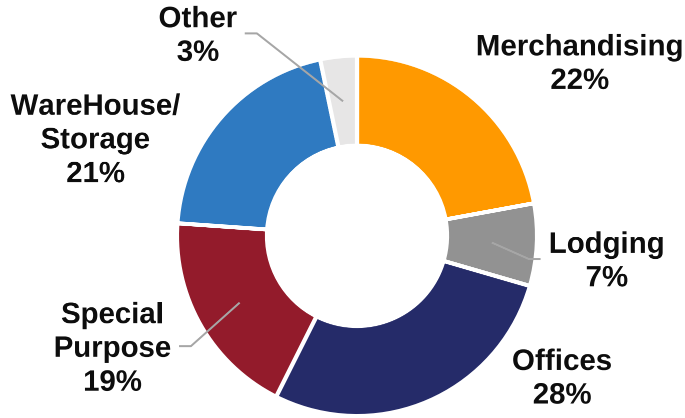
Alongside these regulatory changes, the legislature authorized greater than $1 billion worth of tax credits to support the construction, rehabilitation, or protection of housing units accessible to low- and middle-income renters. The largest new incentives are contained in HB24-1434 *Expand Affordable Housing Tax Credit* and HB24-1316 *Middle Income Housing Tax Credit*. HB24-1434 includes two tax credits that create $966 million worth of tax incentives for low-income housing development over the course of 15 years. The first expands the existing Affordable Housing Tax Credit, which is modeled after the federal Low-Income Housing Tax Credit, and the second is a new tax credit designed to support the Transit Oriented Communities bill by supporting the development of affordable housing in transit centers. HB24-1316 creates an additional $200 million of tax incentives focused on developing and preserving middle-income, multi-family rental housing. Smaller and more targeted tax incentives are included in HB24-1295 *Creative Industry Community Revitalization Incentives* and HB24-1314 *Modification Tax Credit Preservation Historic Structures*. These investments not only support the construction of new units but protect their status as affordable for many years following the credit utilization.

While these legislative actions will buoy housing production, headwinds remain including the supply pressures and other costs mentioned above, as well as other local regulations such as affordable housing minimums, stringent energy codes, and potential local resistance to new zoning requirements.

Other Trends in Real Estate and Development – Commercial Real Estate

Commercial real estate (CRE) remains a lingering economic concern throughout the United States and Colorado. As shown in Figure 11, Tax Year (TY) 2022 data indicates that the Total Assessed Value for Commercial property is led by Offices, Warehouse/storage, Merchandising and Special Purpose. While this figure omits multi-family housing, multi-family housing also remains a significant part of the Colorado commercial real estate picture. The status of these individual markets remains mixed, while some sectors of CRE remain stronger than others within the state.

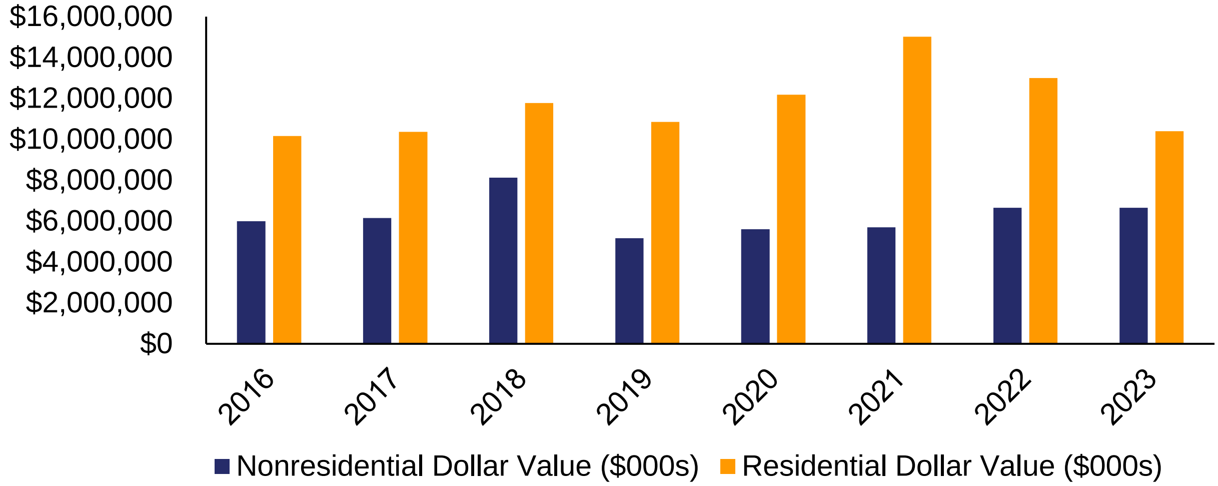
Figure 11. Total Assessed Value for Commercial by Category from Tax Year 2022



Source: DOLA Division of Property Taxes 2022 Annual Report

Nonresidential construction starts are one indicator of the health of the Commercial Real Estate industry. As shown in Figure 12, nonresidential construction start values in Colorado have remained relatively flat in contrast to residential starts, which generally saw growth through 2021 and have since slowed. However, recent months of data indicate a decline in nonresidential construction spending due to factors including higher interest rates and slowing demand for nonresidential space, such as offices. OSPB forecasts that nonresidential construction value will decrease 1.4 percent in 2024. This first decrease since 2019 is expected to be driven by reduced demand for new construction and declining values of certain types of nonresidential properties. OSPB anticipates a rebound in 2025 with 0.5 percent growth, practically returning to 2023 levels, before returning to more stable growth in 2026. These outyear growths could be propelled by the loosening of Federal Reserve interest rates leading to further nonresidential construction investment.

Figure 12. Colorado Construction Starts History

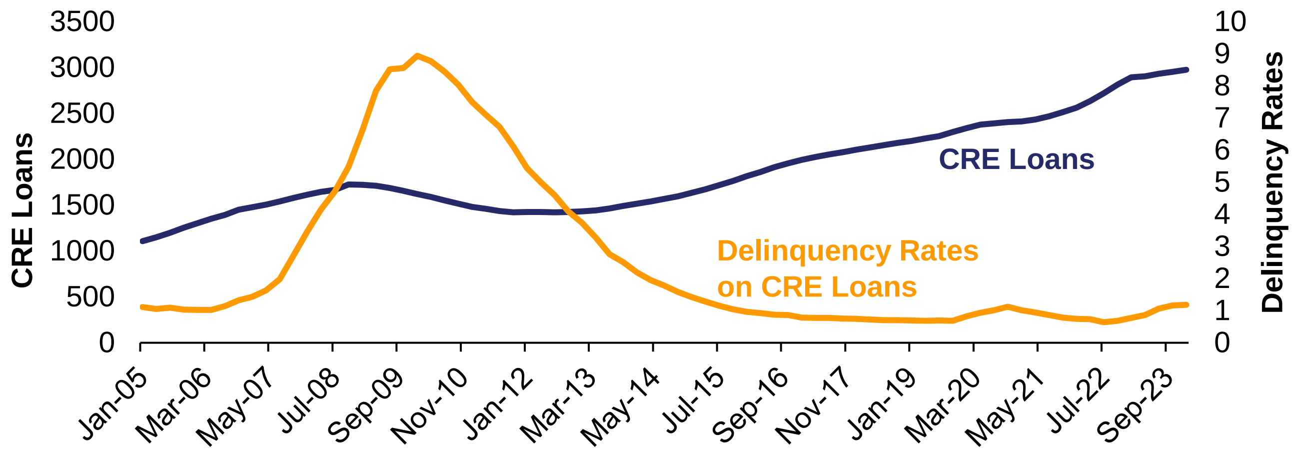


Source: Dodge Data and Analytics.

While overall expectations are for steady but lower overall investment, Colorado has exposure to financial and economic risk as a result from the struggling office sector within commercial real estate. This risk is heavily concentrated in states' urban centers. Return to work from the pandemic has not driven the occupancy rates expected by property owners and investors, and Denver's office market is a leading cause for concern. According to CBRE, the vacancy rate for office space across the Denver Metro area is 23.5 percent, compared to the nationwide average of 18.8 percent.[4] Much of this vacancy is in the Downtown Denver area and within the Class B and C space. There is little interest in moving into these vacant Denver offices indicated by twelve of the last thirteen quarters resulting in a negative total net absorption of square footage in Denver Office space. Despite concerning indicators of net absorption and vacancies, rents have still been climbing, driven by premium Class A space as investors work to not default on loan payments. The office space market will pay very close attention to the Federal Reserve's action on rates as sustained elevated rates could cause further trouble for the industry. There may be some optimism in conversions of these vacant spaces, however, these are rare and unlikely to work for conversion into multi-family housing due to limitations in office buildings with plumbing and electrical not being designed for a residential space. Perhaps there may be further opportunities for conversions to an alternative high demand market, such as data centers, with lower costs for the conversion.

Colorado and local government budgets could be impacted by the downturn in the office space sector through property taxes within the urban centers. As shown in Figure 13, commercial real estate loans across the country have steadily increased since 2012, while delinquency rates on CRE loans (excluding farmland) have crept up to the highest level since 2015. Investors across the country are working to refinance their loans specifically in the office space to avoid delinquencies until interest rates subside. If investors begin to default on their loans on office buildings in Denver, this could have negative downstream impacts on property tax revenues in Colorado, but more specifically urban counties.

Figure 13. U.S. CRE Loans vs. Deliquency Rates on CRE Loans



Source: Board of Governors of the Federal Reserve System

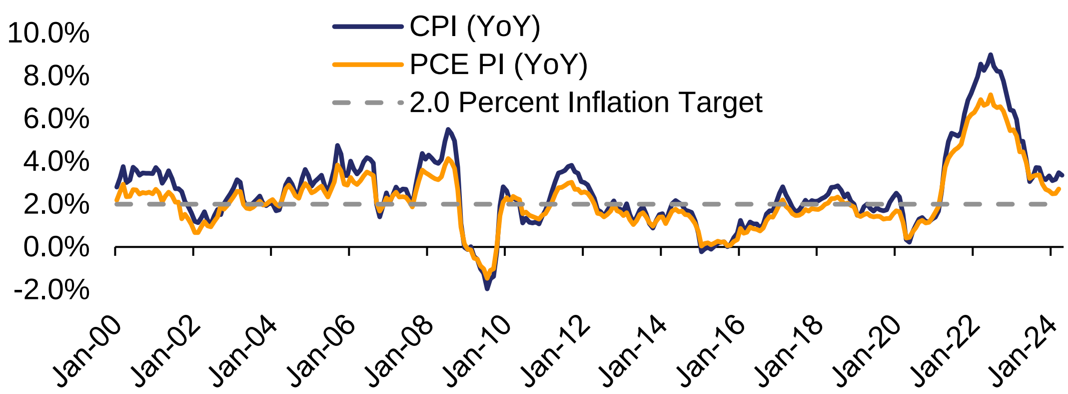
Inflation and Financial Conditions

Long-Term Inflationary Trends and the Federal Reserve

Inflation has remained elevated above the Federal Reserve target of 2.0 percent since March 2021 for both the Personal Consumption Expenditures Price Index (PCEPI), which is the Federal Reserve's target measure, and the headline Consumer Price Index (CPI). Currently (as of April), PCEPI is at 2.8 percent after reaching a low of 2.5 percent in January and February 2024. Slowing disinflation and reversals of disinflationary trends mean that inflation may remain above the target rate for months to come. As a result, there is continuing pressure on the Federal Reserve to keep the effective Federal Funds Rate,[5] which is at its highest level since 2001 (currently at 5.3 percent), more elevated than previously expected through the end of 2024. In fact, market participants now anticipate only one rate cut through the end of the year, down from three in March 2024 and six at the start of the year.[6] These trends are shown in the graphs below.

[5] The Effective Federal Funds Rate is calculated as the volume-weighted median of overnight federal funds transactions and generally falls closest to the midpoint of the Federal Reserve's rate range.
[6] Market expectations refer to expectations as reported by CME Group's FedWatch Tool, available at https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html?redirect=/trading/interest-rates/countdown-to-fomc.html.

Figure 14. Trends since 2000 - CPI vs. PCE PI vs. Target (U.S.)

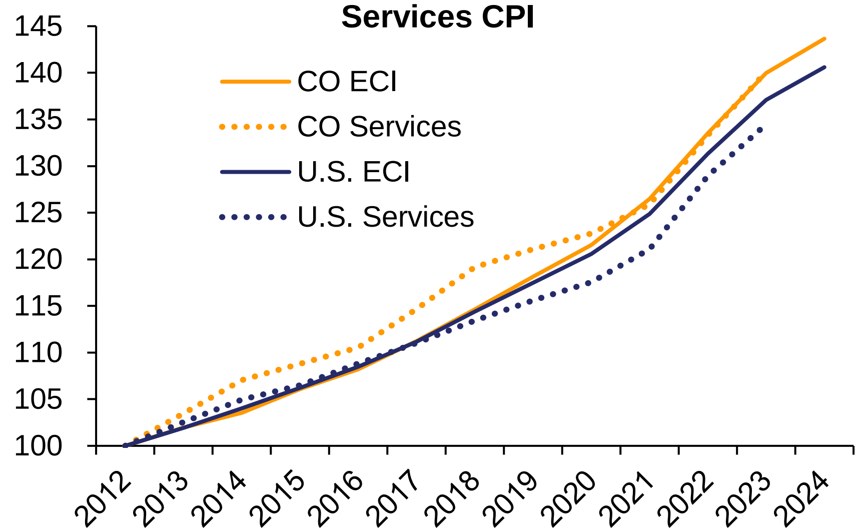


Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis.

As shown in Figure 14, both CPI and PCEPI not only remain above the Federal Reserve's target rate, but both have seen recent re-accelerations in inflationary pressure. This resilience in price pressures is a divergence from the trends seen in recent history. Service price growth continues to drive a significant portion of PCEPI pressure in contrast to relatively flat prices for goods. U.S. services price growth is elevated at 3.9 percent year over year in April, likely as a result of recent wage pressures and worker shortages that have driven up the Employment Cost Index (ECI) as shown in Figure 15. Similarly, CPI has also remained buoyed by services (4.9 percent in May), and pressure from shelter (5.5 percent in May) which is more heavily weighted in CPI than PCEPI.

The resilience of inflation has also translated to consistent increases in medium- and long-term consumer expectations for inflation, which impact future rate policy as consumer expectations indirectly affect future prices. Median April expectations from the New York Federal Reserve's *Survey of Consumer Expectations* came in as follows: one-year-ahead inflation at 3.3 percent, up from 3.0 percent in March; five-year-ahead inflation at

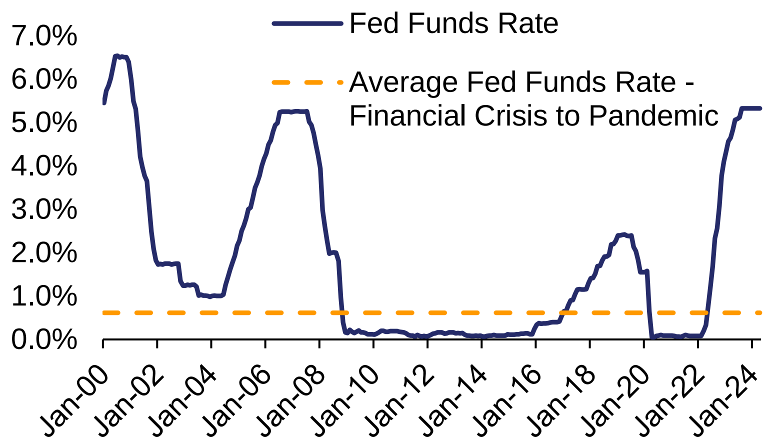
Figure 15. Employment Cost Index and Services CPI



Source: U.S. Bureau of Labor Statistics.

2.8 percent, up from 2.6 percent in March.[7] Accordingly, the Federal Reserve may hold an even stronger stance against cutting rates if these expectations are worrying. As a result of these trends, the Federal Reserve has continued to increase expectations for the trajectory of rates in 2024 and onward, as shown in Figure 16 below.

Figure 16. Effective Federal Funds Rate (U.S.)



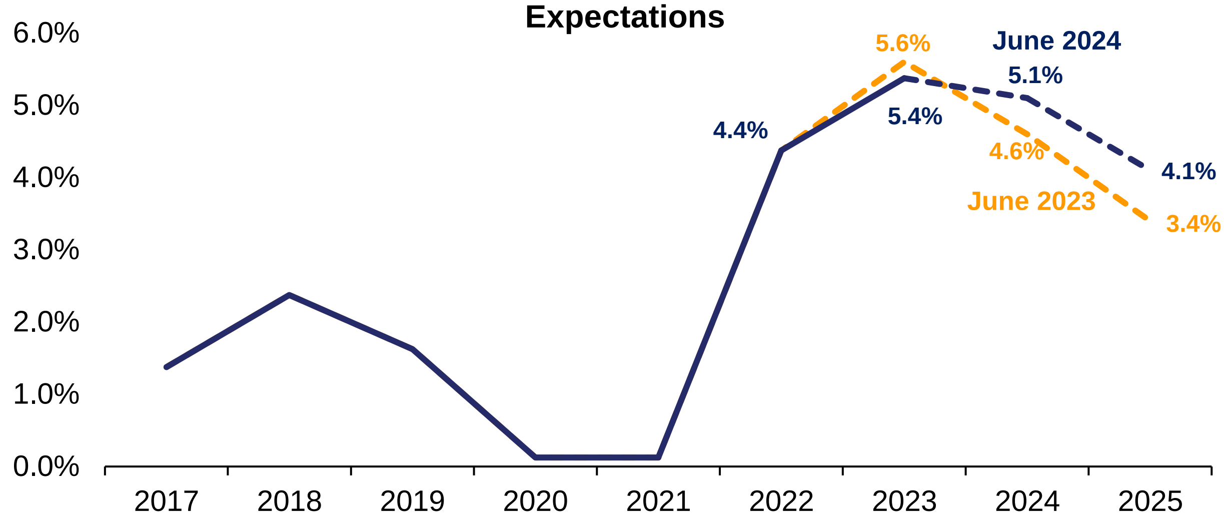
Source: Federal Reserve Board of Governors.

The trends discussed above, paired with an overall U.S. economy (e.g. GDP and consumer spending) that has remained stronger than expectations, likely means that Federal Reserve action will continue to diverge from previous expectations. As a result, it is likely that rates of 4+ percent will likely persist into 2026, above the rates that borrowers and investors settled into pre-pandemic. Similarly, the terminal Federal Funds Rate has continued to move upward, currently at 2.8 percent. Higher near term pressure and expectations for elevated rates going forward mean higher borrowing costs, higher interest rates on investments, and increased mortgage rates, all of which are discussed in more detail elsewhere in this document. These impacts are especially relevant as issues including a push toward de-globalization and upward wage pressure from demographic changes to the labor market may elevate inflation for years to come. If these impacts begin to overcool the economy without quelling service and shelter cost pressures in particular, two questions re-emerge:

- How much will the Fed cut rates before the PCEPI hits its 2.0 percent target? Alternatively, might the Fed decide to hold rates in restrictive territory if inflation remains above target even if the labor market begins to soften by more than its current course?
- More broadly, might the Fed consider reevaluating its target interest rates and other monetary policy tools if the cost pressures (largely shelter and services) are not particularly responsive to the continuation of elevated rates?

[7] https://www.newyorkfed.org/microeconomics/sce#/

Figure 17. FOMC End of Period Fed Funds Rate Midpoint Expectations

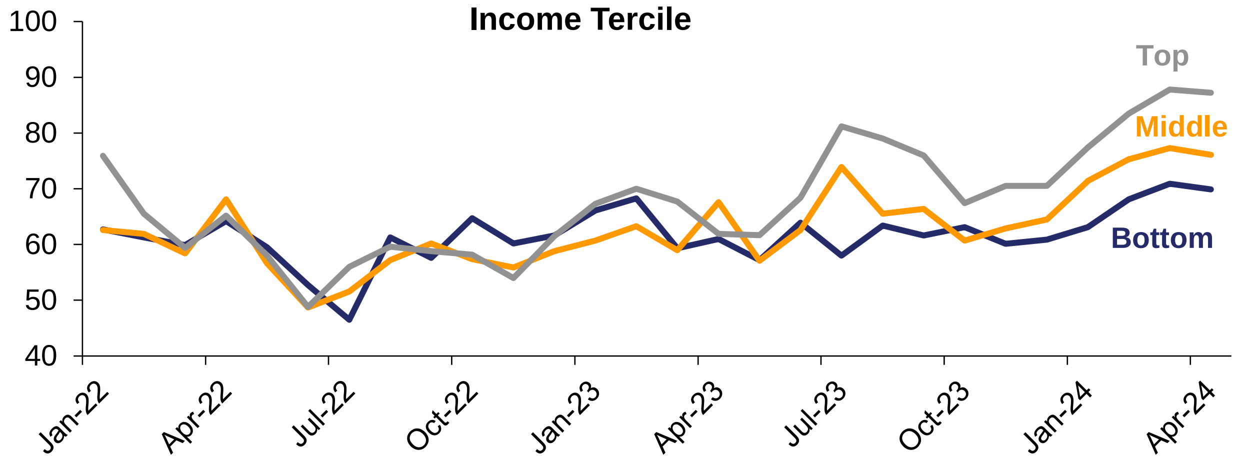


Source: Federal Open Market Committee's Summary of Economic Projections

Inflation - The Consumer Perspective

Consumer spending has buoyed economic growth over the past two years amidst consumer resilience against inflationary pressures, rising interest rates, and shrinking savings. This spending endurance is underpinned by several factors, including increasing real disposable income over 2023, a robust labor market, elevated consumer credit, surplus savings and overall wealth accumulation predominantly concentrated among the higher income quintiles. These factors, particularly among higher income groups, have continued to drive economic growth, especially as services spending has continued to comprise a larger share of growth. The increased spending observed during the pandemic years correlates with significantly low household debt and higher disposable incomes. However, household debt levels are beginning to return to pre-pandemic

Figure 18. Consumer Sentiment Starting to Diverge Across Income Tercile

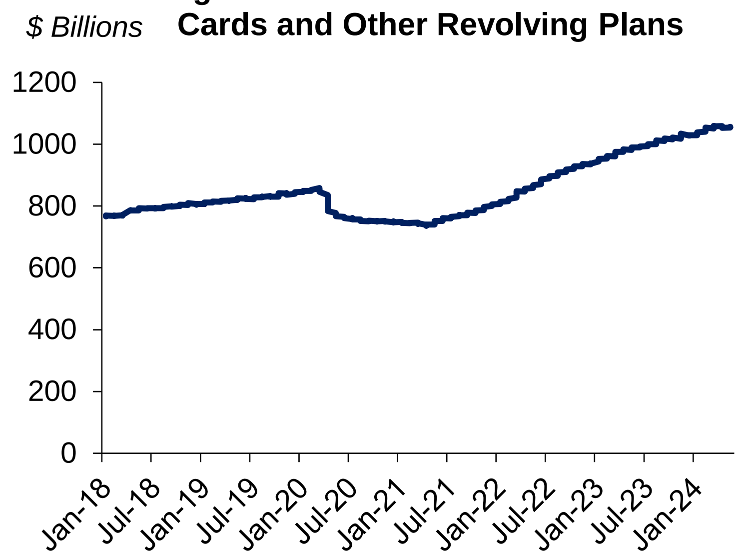


Note: Top, Middle and Bottom refer to those with highest, moderate, and lowest incomes, respectively.
Source: University of Michigan

norms and consumers are slowing their spending. This reduction in disposable income is not a concern for high earners, but middle and lower-income individuals are starting to feel the financial burden more acutely. University of Michigan's Consumer Expectations survey on consumer expectations across income terciles is starting to show these trends. As seen in Figure 18, consumer expectations remained relatively similar across all three income terciles until the second half of 2023, when divergent trends began to emerge in 2024. Middle and lower-income earners are starting to feel pessimistic about their financial outlook, while top earners remain optimistic.

Another indicator of rising consumer debt is that credit card balances reached an all-time high of approximately $1.12 trillion in the first quarter of 2024 as seen in Figure 19. Additionally, the share of credit card debt that's more than 90 days overdue rose to 10.7 percent during the first quarter of 2024, a 14-year high. The younger population is managing to make their minimum payments and avoid delinquency but are too financially stressed to pay off their full balances. This group is likely to be the most financially vulnerable in the long term due to their spending habits over the past three years.

Figure 19. Consumer Loans: Credit Cards and Other Revolving Plans

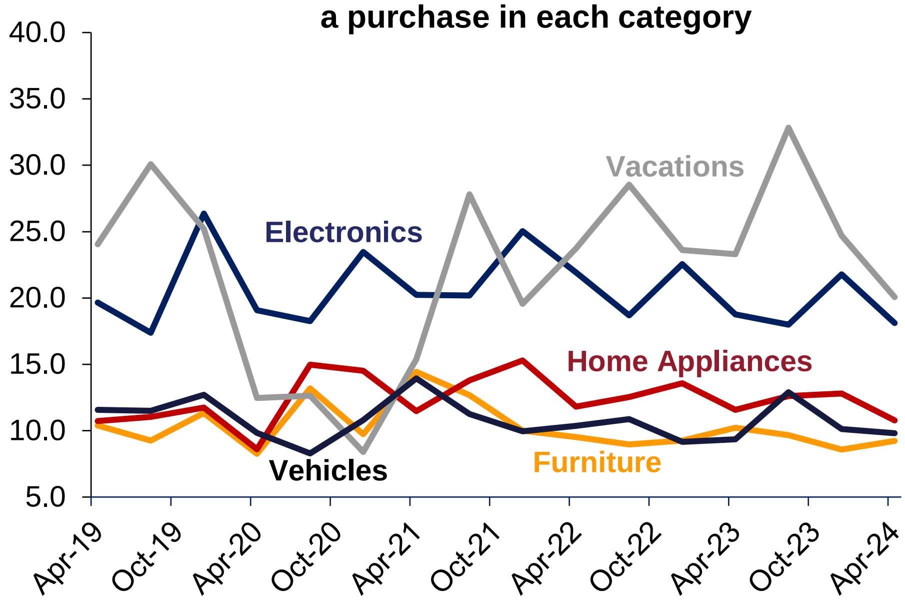


Source: Federal Reserve Bank (FRED) Economic Data

As consumers are starting to feel a financial strain, overall spending growth is expected to reduce over the next year. Spending patterns are also beginning to shift, with a noticeable drop in the growth of discretionary spending, particularly on items like clothing, while more moderate decreases are seen in non-discretionary categories such as groceries.

Consumers are starting to change the way in which they prioritize spending. Based on the Household Spending Survey published by the Federal Reserve of New York, the share of households reporting at least one large purchase in the last four months decreased to 53.8 percent in April, the lowest since April of 2020. Figure 20 below shows that the percentage of households who made purchases in each category over the past four months is on the decline across all categories, especially for durable goods. As mentioned earlier households are starting to prioritize essential spending while reducing spending on non-essential items. However, Deloitte's U.S. Financial Well-being Index indicates that sentiment for leisure travel ahead of summer 2024 remains exceptionally strong. Intentions for leisure travel spending, hotel bookings, and flight reservations all remain robust. According to their report, the consumers reporting intentions to travel, particularly internationally, are primarily higher and middle-income earners. These groups are expected to maintain consumer spending strength in the coming months.

Figure 20. Percentage of Households that made a purchase in each category

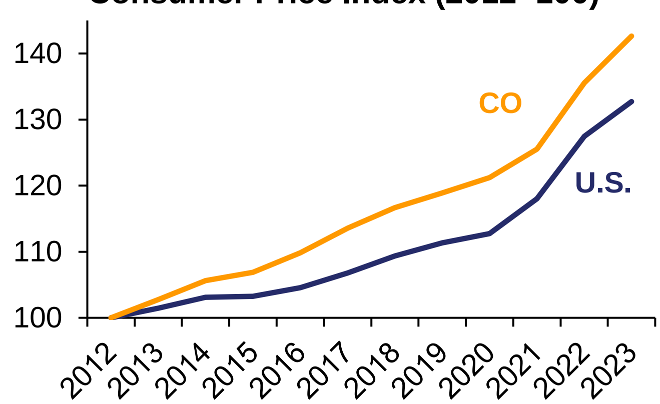


Source: SCE Household Spending Survey, Federal Reserve Bank of New York

Colorado vs. U.S. and Inflation's Effects on State Budget Costs

In addition to the inflationary trends discussed above, it is necessary to consider the diverging impacts between the nation and the state of Colorado from price increases. Overall, inflation has hit Colorado harder than the U.S. over the past decade, with Colorado prices now 43 percent higher than in 2012, compared to 33 percent for the U.S. In other words, in 2023, the same basket of goods costs 7.5 percent more in Colorado than across the U.S. as compared to 2012 prices. Several factors may contribute to faster price increases in Colorado, including higher population growth rates, constrained housing supply, a generally tighter labor market, and higher wages and household income. Figure 21 compares the local and national inflation trends, while Figure 22 on the following page shows several Colorado price indices, illustrating how

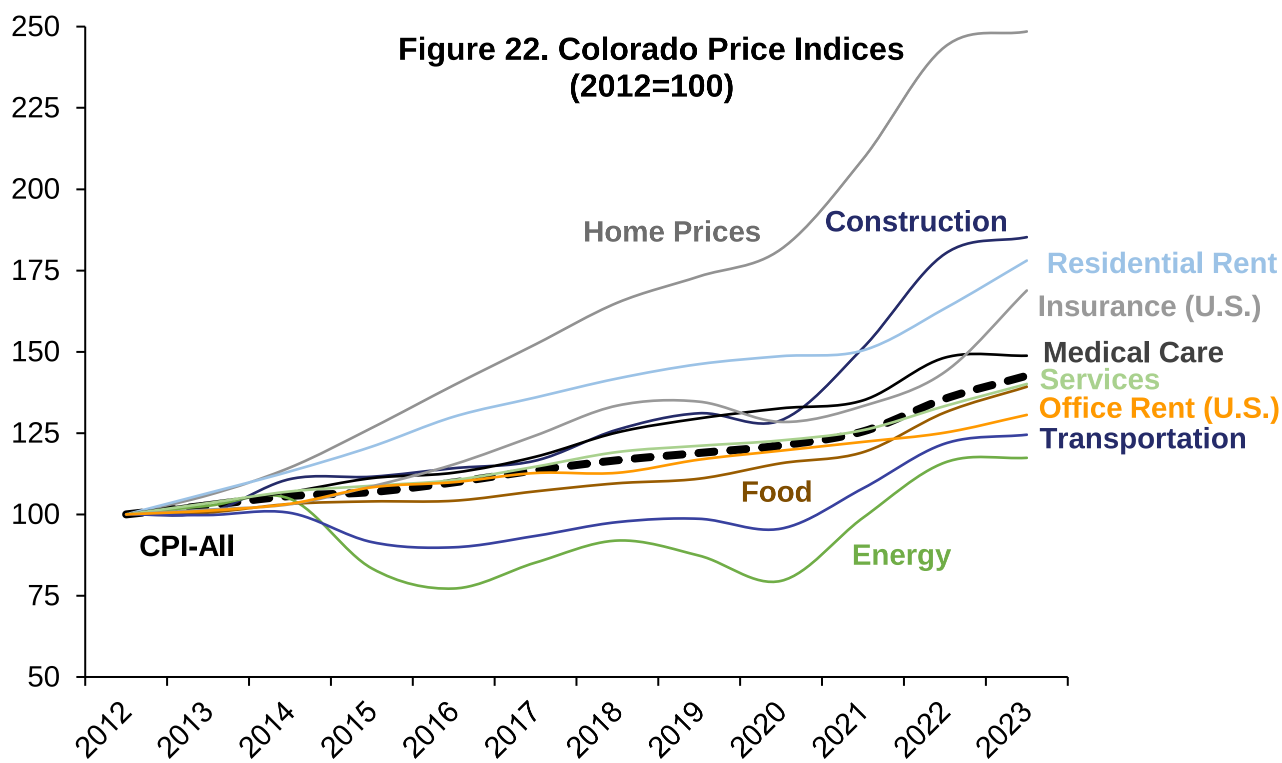
Figure 21. Denver-Aurora-Lakewood Area vs. U.S. Consumer Price Index (2012=100)



Source: U.S. Bureau of Labor Statistics inflationary pressures have varied across different economic sectors over time.

Several sectors have experienced inflation at a faster pace than the overall Consumer Price Index for All Urban Consumers in the Denver-Aurora-Lakewood area, which indicates that a typical basket of goods and services has increased by 43 percent since 2012. The fastest-rising prices in Colorado are tied to housing, where home prices are now 150 percent more expensive than they were in 2012, and residential rental prices have increased in price by 80 percent over the same period. For departments like DPS and DNR that provide housing for employees, or DOLA that subsidizes housing, increasing housing and rental costs will continue to place pressure on their budgets.

Several departments also lease commercial office space. In contrast to residential rent, office space rental rates have slowed relative to CPI since the pandemic began in 2020. As a result, new lease negotiations and agreements may provide an avenue for General Fund savings going forward, so long as commercial space costs lag the CPI.

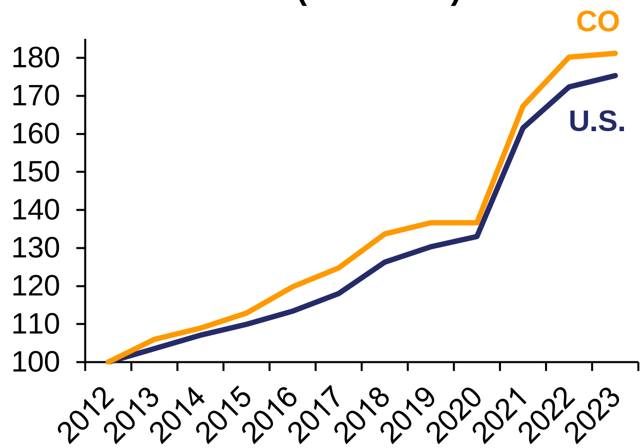


Source: U.S. Bureau of Labor Statistics; Colorado Department of Transportation; Mortenson Construction and Real Estate Development; Statista.

Other sectors that have experienced inflation rates above overall CPI include: construction, insurance, and medical services, all of which impact not only consumers across the state, but also the state's General Fund budget. These individual sectoral trends are discussed in more detail below.

The cost of construction in Colorado has outpaced the overall CPI by 27 percent since the start of the pandemic in 2020 and has increased by 80 percent since 2012. Colorado construction costs have also increased more than the U.S. average over that period, as illustrated in Figure 23 to the right. Continued increases in construction costs may have significant impacts on the state budget, which appropriated $262.2 million in general fund capital construction for FY 2024-25. All else equal, this trend means that the state will be able to undertake fewer capital projects with the same amount of money. Figure 24 below illustrates the wide range of departments and projects affected by construction costs.

Figure 23. Construction Cost Index (2012=100)



Source: Mortenson Construction and Real Estate Development

Figure 24. Departmental Construction and Maintenance

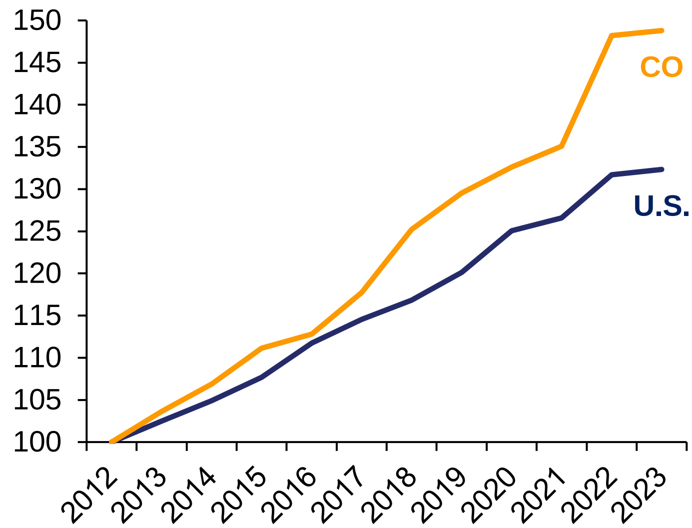
Department	Projects
CDOT	Roads, Bridges, Tunnels, Rail, Aviation, Facilities
DNR	State Parks, Water Facilities, Dams, Hatcheries, Mines, Oil and Gas
CEO	EV Infrastructure, Utilities, Building Decarbonization and Weatherization
DOLA	Affordable Housing and Community Development
OIT	IT Infrastructure
CDHE	Roofs, HVAC, Fire Safety, Renovations
CDE	BEST grants and COPs, CSDB
All	Controlled Maintenance (CDHS, DOC, CDHE, DPA, DNR are largest)
Multiple	Disaster Recovery (DNR, DPS, CDPHE, DOC, CDHS)

Source: OSPB budget documents.

National insurance prices have also seen significant pressures beyond Colorado's overall CPI in recent years, as shown in Figure 22 above. While OSPB does not have data on Colorado insurance rates over time, the state's rates tend to be higher than the national average due to auto theft, uninsured drivers, frequent hailstorms, and wildfires (Colorado ranks second in the country for hail claims and third for wildfire risk).[8,9,10] In addition to the impacts on consumers, as discussed in the section on the costs of homeownership, the state budget has significant exposure to insurance costs including the vehicle fleet, buildings and facilities, and other infrastructure. The state paid $21.7 million in premiums for worker's compensation, liability, and property insurance for FY 2023-24, compared to $14.7 million in FY 2022-23. As insurance costs continue to climb, the state will have to spend more to protect its assets from damage and loss.

Colorado's costs for medical care have also outpaced the broader CPI by 4.3 percent since 2012 and continue to increase above national averages (see Figure 22 above and Figure 25 to the right). While the gap between overall CPI and medical inflation has narrowed slightly in recent years, increased prices have put pressure on departments whose budgets rely on state-provided and contracted medical services, which will likely continue to apply pressure in years to come. Local wage rules also require higher minimum wages and contribute to the cost of employing or contracting medical service professionals. In an effort to mitigate these increasing costs, Governor Polis created the Wildly Important Goal to save Coloradans money on health care. Departments who are particularly affected include Health Care Policy and Financing (HCPF), Human Services (CDHS), the Behavioral Health Administration (BHA), and Corrections (DOC), who collectively account for more than 40 percent of the total state General Fund budget.

Figure 25. Medical Care Services Price Indices (2012=100)



Source: U.S. Bureau of Labor Statistics

The elevated inflation levels in recent years have strained the Colorado state budget. In addition, variation in inflation levels across sectors has created differential impacts on state departments, depending on the types of services and activities they perform.

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[8] CBS News (2024). "Colorado car owners seeing increasingly higher insurance premiums compared to other states". https://www.cbsnews.com/colorado/news/colorado-car-owners-seeing-increasingly-higher-insurance-premiums-compared-to-other-states/

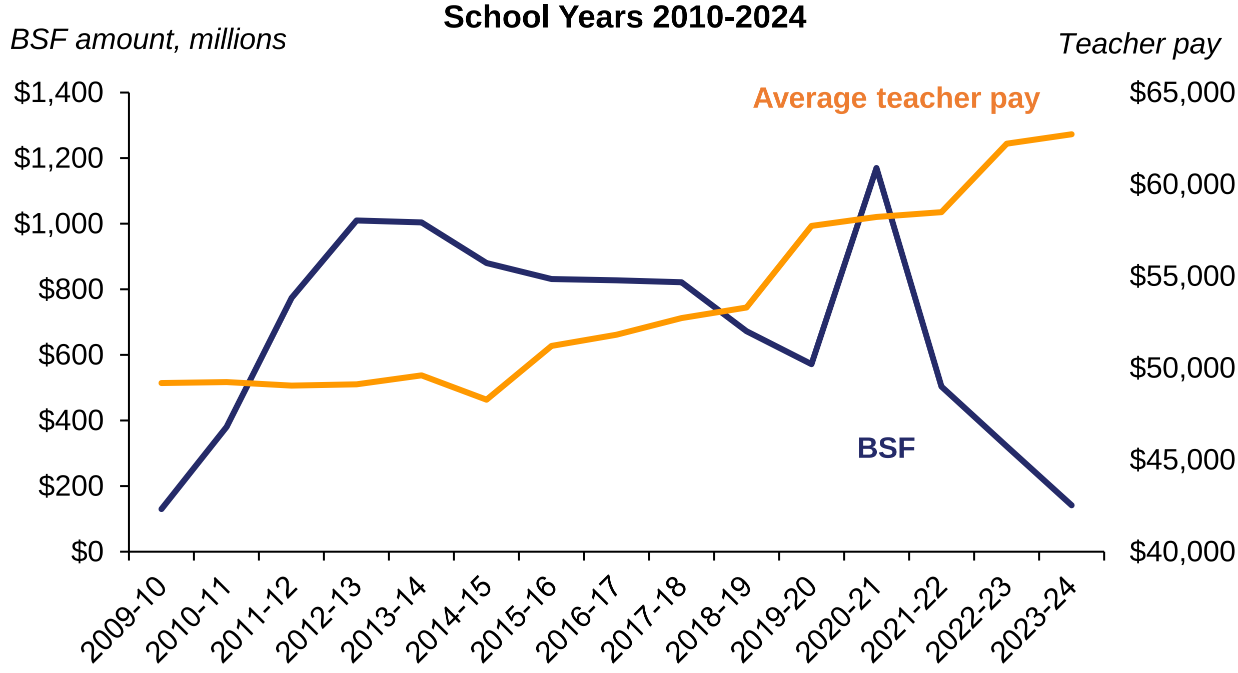
[9] KOAA News5 (2024). "Colorado homeowners consider selling as insurance rates continue to increase". https://www.koaa.com/news/covering-colorado/colorado-homeowners-consider-selling-as-insurance-rates-continue-to-increase

[10] Reinsurance transfers losses from an insurance company, or ceding company, to a reinsurer. Reinsurers may increase the costs that insurers must pay before reinsurance applies. To cover these costs, insurers may pass higher rates on to their customers.

Education Sector Workforce

As discussed in the Labor Market section above, the overall labor market remains relatively strong, with stable jobs growth and low unemployment. Similar to the overall economy, there is a growing imbalance between the supply and demand for educators, as evidenced by job openings and hiring data. In addition, there are growing concerns of the impacts of a reliance on temporary workers and one-time federal funds in the education sector. New state-level investments, including the buy-down of the Budget Stabilization Factor (BSF) have been enacted to address this shortage by allocating more funds to school districts, who can raise educator salaries in Colorado. As Figure 26 shows, there is largely an inverse relationship between teacher pay and the BSF amount. Generally, when the BSF rose, teacher pay fell or stayed constant and when the BSF fell, teacher pay rose. Note that when the BSF spiked in the 2020-21 school year, $1.8 billion in federal aid from pandemic stimulus packages, discussed later in this section, allowed teacher pay to remain largely constant. The full buy-down of the BSF in FY 2024-25 means that districts will likely have more room in their budgets to increase teacher salaries, which will likely improve teacher recruitment and retention, enabling schools to keep experienced teachers and in turn increasing overall instructional quality and ensuring a better education for students. The state has also invested in new pathways, like teacher apprenticeship programs, to create new entry points into the profession to address educator shortfalls. While not quick fixes, these initiatives will continue to provide pathways to strengthen the education sector.

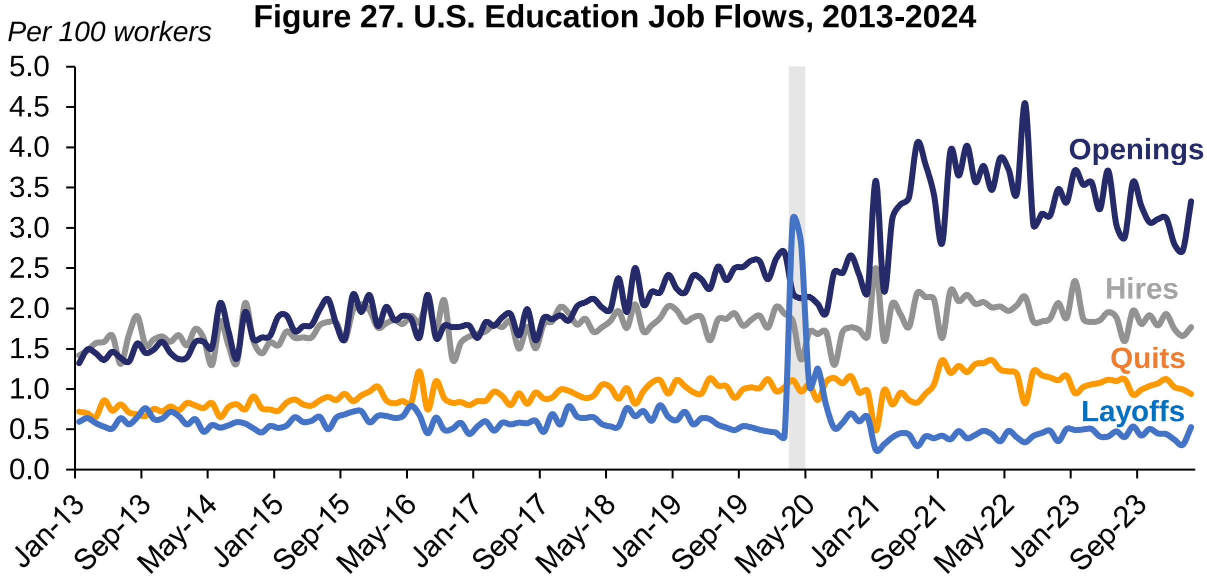
Figure 26. BSF Amount and Colorado Teacher Pay (current $), School Years 2010-2024



Sources: Colorado Department of Education, National Center for Education Statistics, World Population Review.

The education industry nationwide is struggling to attract new teachers. Figure 27 shows how education job flows have changed over the past decade. From 2013 to mid-2018, the opening and hiring rates within the education sector were nearly the same. However, that gap began to grow in 2018 and widened drastically in 2021, after which there have been nearly twice as many openings as there have been hires. While the quit rate is slightly elevated since the pandemic, this is not sufficient to explain the entirety of the gap. Instead, there are three main theories as to why the gap persists:

Figure 27. U.S. Education Job Flows, 2013-2024

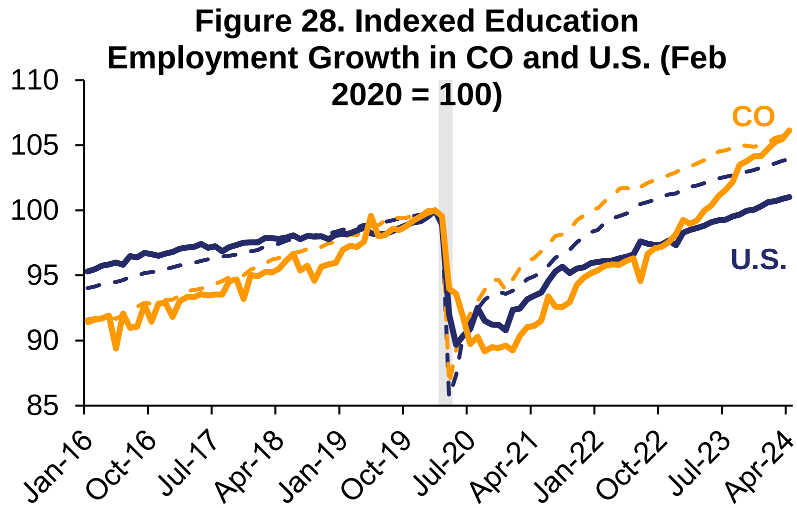


Source: Bureau of Labor Statistics Job Openings and Labor Turnover Survey

1. <u>Fewer entrants into the education industry</u>: increased openings relative to hires, quits, and layoffs may reflect a lack of entrants to the industry altogether. Education workers may not be leaving the profession in droves, but as they do leave, there is not a sufficient supply of new teachers available to replace them. These trends may be exacerbated by older teachers leaving the workforce altogether, a trend across industries as described in more detail in the *Aging Population* section below. Additionally, low pay, COVID-19 related mandates, rising incidence of violence in schools, and battles over social issues in some states may also contribute to lowered supply. Note also that there was a spike in layoffs (shown in figure 27), but no increases in hiring since to offset the demand illustrated in the number of openings.

2. <u>Temporary employment</u>: Due to the teacher shortage, many districts have been forced to hire temporary or underqualified teachers, or leave positions unfilled. As a result, some positions have been open consistently, while others are seeing higher turnover as temporary

contracts expire. In Colorado, according to the Colorado Department of Education, 15 percent of all teaching positions in the state were unfilled going into the 2022-2023 school year, and after using those shortage methods mentioned above, 9 percent remained unfilled for the full year. This has led to an increase in part-time and temporary teaching positions, as well as proliferation of auxiliary positions like tutors and paraprofessionals as stopgap measures, resulting in faster post-pandemic employment growth in education since that time relative to the all-industry average, as shown in Figure 28.



Note: Shaded areas denote recessions; dotted lines indicate overall jobs growth
Source: Bureau of Labor Statistics

3. Protracted pandemic effects: the big spike in openings from 2020 onwards is also related to the pandemic. During the pandemic, billions of dollars were invested in strengthening the educator workforce. This funding was used either to give salary boosts to teachers or hire new teachers on a short-term basis (that is, as long as the stimulus money lasts).

The pandemic also created multiple hardships for the education sector. Starting in 2020, Congress passed stimulus bills that resulted in the unprecedented injection of federal funds into the U.S. economy. In March 2021, the federal government sent $112 billion out to 14,000 districts. Colorado received an unprecedented $1.8 billion in federal pandemic recovery funds to aid students, families, and educators. These funds, part of the Elementary and Secondary School Emergency Relief Fund (ESSER), were distributed in three phases—March 2020, December 2020, and March 2021—to help schools and communities respond to the pandemic and address lost learning opportunities. Districts used this money for various functions, including investments in social-emotional learning and expanded learning time. While the federal government advised against using ESSER funds for large construction projects or recurring expenses like hiring new permanent staff, schools were not explicitly barred from doing so. Data from the Edunomics Lab at Georgetown University revealed that 40 to 50 percent of ESSER funds were used for labor costs, including salary increases for teachers and the addition of more staff, such as learning specialists, tutors, and counselors. Despite federal guidance permitting districts to use temporary stimulus funds for permanent salary increases, most states opted to hire additional staff rather than provide pay raises or stipends. During this time, schools saw significant growth in hiring paraprofessionals, including classroom and special education aides, along with an increase in counselors to support student mental health. As the stimulus funding approaches its end, the positions most at risk of being cut are those primarily funded by this aid, including counselors, aides, school nurses, and behavior specialists.

Steps are being taken both nationally and at the state level to combat the difficulties facing the education sector, in hopes of attracting and retaining teachers. At the national level, programs aimed at expanding registered teacher apprenticeships, returning schools to pre-pandemic staffing levels, and encouraging teacher pay increases have been a focus of the Biden-Harris Administration's education policy. In April 2024, the U.S. Department of Education, in an effort to expand high-quality and affordable pathways into teaching while increasing pay, joined the Biden-Harris Administration's Good Job Initiative. Additionally, through the reformed Public Service Loan Forgiveness Program, close to 876,000 borrowers engaged in public service, including teachers, have had their federal student loans forgiven.

At the state level, there have been over 50 bills across 22 states in 2024 aimed at increasing teacher pay/compensation. States with the most-sweeping reform bills regarding minimum starting salaries, higher bonuses, and overall salary boosts included Arkansas, Utah, Tennessee, Florida and Maryland. In Colorado, this past legislative session saw two big steps taken in the education sphere which will result in increased funding for schools.

- First, in FY 2024-25, Colorado fully eliminated the Budget Stabilization Factor (BSF), fully funding public schools for the first time since 2009.
- Second, HB24-1448 *New Public School Finance Formula* is set to overhaul the current funding formula for Total Program costs in the state, resulting in higher funding allocations to districts across the state, which should help increase teacher salaries statewide.

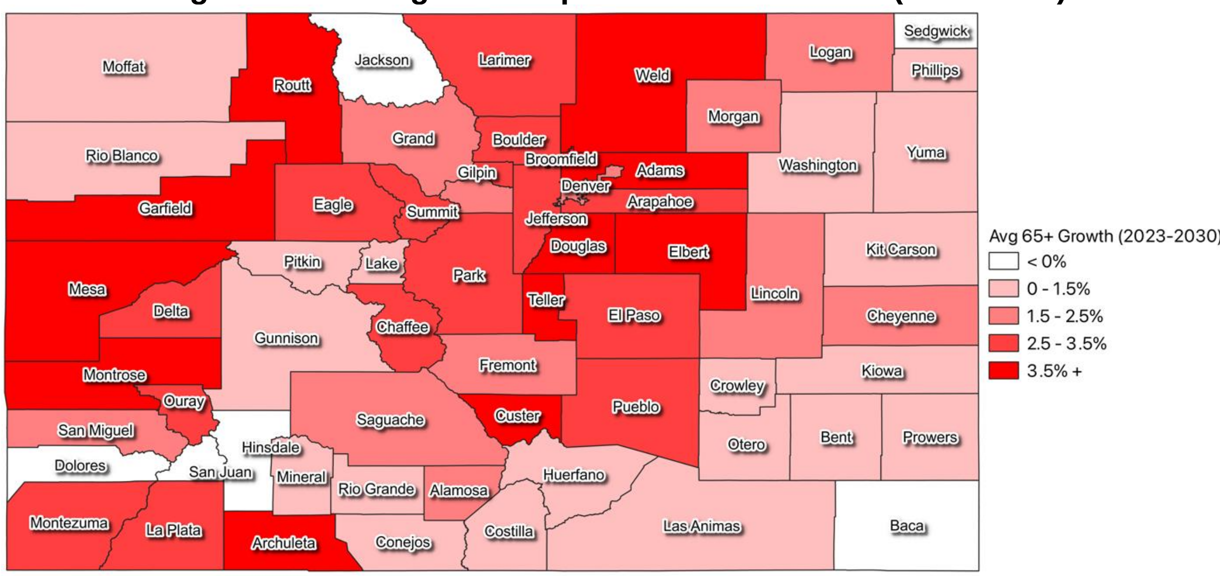
In addition, other non-monetary steps have been taken including teacher mentorship and development programs to create and retain a highly skilled workforce. Most mentorship programs operate at a district level because mentor-mentee relationships among educators are more effective locally, fostering stronger bonds between teachers and the communities they serve. However, there also steps that can be taken at the state level for such programs. In Colorado, the Department of Education (CDE) houses The Educator Development Unit, which partners up with various organizations to provide professional development opportunities for teachers. In addition, Colorado has invested in a number of workforce development strategies, including the Career Advance Colorado program, which provides free credentialing for a handful of in-demand sectors, including early childhood and education. HB24-1340 will also provide a tax credit for Colorado students to receive two years of free college at any public institution in the state, an effort that can help ease the debt burden for individuals looking to enter a profession like education.

Policy efforts at both national and state levels, including teacher mentorship programs and financial incentives, are critical steps towards attracting and retaining qualified educators. However, these measures alone are not a quick fix. Sustained commitment and multifaceted approaches are essential to ensure a robust education sector that can provide high-quality education for future generations to come.

Aging

The state demographics of a rapidly aging population over time will impact labor supply, the housing market, as well as tax revenue and state government expenditures. As discussed earlier in this document, the labor market is cooling but remains strong. Going forward, however, due to demographic trends in the state population, the Colorado labor market may face substantial challenges. The Colorado population aged 65 and older comprises 16.4 percent of the total population (1 million) but is expected to grow at twice the overall population growth rate to 21.1 percent of the population by 2050 (1.6 million). Considering the anticipated tight budget environment in coming years, it is critical to consider the unique economic and budgetary implications of a rapidly aging population. Figure 29 below illustrates the counties that are expected to have the highest rates of retirements from the job market, based on the projected growth rates of the 65 and older age group.

Figure 29. Average 65+ Population Growth Rate (2023-2030)



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

<u>Exploring Housing Impacts of An Aging Population</u>

Another important economic consideration for older Coloradans is whether they will elect to age in place or cash out their home equity after years of significant appreciation[11] and relocate to lower cost areas. Nearly 82 percent of individuals over the age of 65 own their residence,

[11] As observed in the Colorado All Homes Price Index: https://fred.stlouisfed.org/series/COSTHPI

compared to 62 percent of people under 65.[12] Figure 30 below shows that the 65 and older group accounts for 15 percent of the population but owns an estimated 25 percent of the homes.

Figure 30. 2020 Housing Units Owned and Occupied by Age Group

Age Group	Population %	Homeownership Rate	Percent of Homes Owned*
< 65	85%	62%	75%
65+	15%	82%	25%

** Percent of Homes Owned estimates are based on ownership rates, population, and average household size estimates.*
Source: Colorado State Demography Office, OSPB calculations.

Statewide migration data from 2010 to 2020 indicates a small net out-migration among those aged 70 to 85, while most seniors age in place – a pattern that has persisted since the 1970s. As this group grows, the share of homes that they occupy is also likely to grow. According to the State Demographer's Office (SDO), 57 percent of homeowners aged 65+ do not have mortgages, and only 6-7 percent of individuals aged 65+ move to a new home each year. Tightness in the housing market, elevated mortgage rates, and continued home value appreciation provide additional incentives for older homeowners to age in place. The housing implications of these trends are reduced availability and churn, which could further exacerbate the housing shortage and unaffordability across the state, though SB24-111's addition of portability for the state's Senior Homestead and Property Tax Exemption may begin to relieve some of these issues.

Impact on Tax Revenue

As a growing number of adults reach retirement age, an estimated exodus of 40,000 older Coloradans from the labor force each year[13] will have several impacts on the state budget and economy. One of the most significant impacts to the state budget will come in the form of reduced tax revenues after retirement. Once individuals retire, they generally shift from receiving regular wages to a lower fixed income or other retirement benefits. This has the dual impact of reducing their income tax revenue, while also lowering their consumer spending and thus their sales tax collections. A study from SUNY Albany examines the potential revenue impacts of the aging populations in six states and finds that five would likely experience a decrease in per capita income tax revenues of 0.7 to 1.8 percent, while state sales tax revenue could decline by as much as 26 percent per individual as they age from 60 to 65.[14] Using Colorado income data from 2019, the average individual aged 55-64 in Colorado earned $124,455 per year, compared to $100,435

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[12] Urban Institute (2021). Forecasting State and National Trends in Household Formation and Ownership. https://www.urban.org/policy-centers/housing-finance-policy-center/projects/forecasting-state-and-national-trends-household-formation-and-homeownership/colorado

[13] State Demographer's Office (2023). "The Next 10 Years", presented at the 41st Annual Demography Summit in November, 2023. https://docs.google.com/uc?export=download&id=1o2cFbnvy_OieiibnilDicC0KwHMQyKhV

[14] Boyd, Don. (2019). Demographics, Aging, and State Taxes. SUNY Albany. https://www.pewtrusts.org/-/media/assets/2020/01/demographics_aging_and_state_taxes.pdf

for those aged 65 and older.[15] This $24,020 difference is equivalent to $1,057 in income tax revenue per average individual under the state's 4.4 percent income tax rate.

This reduction in income is also associated with a decline in spending after retirement. Growing the consumer expenditures data presented in the Colorado Futures Center report[16] by the CPI inflation rate to 2023 dollars and applying a ratio of 30 percent taxable spending,[17,18] the average 55-64 year-old Coloradan has an estimated $23,285 in annual taxable spending, compared to $19,474 for the 65-74 age group. The difference of $3,811 in annual taxable spending is equivalent to a decline of $110 in sales tax revenue per senior, based on the state's 2.9 percent sales tax rate.

In total, the potential average decline in state income and sales tax amount to $1,157 annually per average retiree aged 65 or older, compared to non-retirees under the age of 65. Combining this figure with the estimated 40,000 retirements per year, the state could see a decline of $46.7 million in tax revenues *per year* as this group transitions into retirement. To maintain overall revenue levels in the face of these declines, the state will need sufficient net migration to replace the retirees' jobs, income, and expenditures. The State Demographer's Office expects sufficient net migration to fill job growth and replace retiring workers in the near-term, thus the net effect of the retirements will not likely result in a smaller income tax base, but rather slowing trend growth rates going forward that could provide downside risk to revenue in the longer term. In addition, given recent slows in net migration related to housing affordability and other issues, if net migration rates continue to remain lower than expectations, there is an added risk that retirements negatively impact state revenue.

Impact on Expenditures

On the expenditure side, the growing 65 and older cohort will also place increasing demands on the state budget via increased participation in public health and social services programs. This population has higher than average healthcare costs due to more complicated medical needs and increased utilization of long-term services such as nursing homes and Home and Community-Based Services (HCBS).

According to the HCPF's FY 2022-23 Annual Report to the Community,[19] eligible individuals aged 65 and older comprised 3 percent of the 1.7 million Colorado Medicaid enrollees but accounted

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[15] Colorado Department of Revenue. Statistics of Income Reports. https://cdor.colorado.gov/data-and-reports/statistics-of-income-reports

[16] Colorado Futures Center (CFC) (2016). "The Effects of Aging on Colorado's Revenue and Expenditures: A View to 2030." https://agingstrategy.colorado.gov/sites/agingstrategy/files/CFC Finance Report for SAPGA.pdf

[17] Bureau of Labor Statistics (2015). "Beyond the Numbers, Prices and Spending – Consumer expenditures vary by age". https://www.bls.gov/opub/btn/volume-4/pdf/consumer-expenditures-vary-by-age.pdf

[18] Not all consumer spending is taxable, such as rent or mortgage payments. The CFC report assumes that 30 percent of all annual consumer expenditures are taxable.

[19] Colorado Department of Health Care Policy & Financing. *Report to the Community, Fiscal Year 2022-2023*. https://hcpf.colorado.gov/2023-report-to-community

for 15 percent of the total expenditures.[20] As the population ages on net, an increasing proportion of Medicaid participants are likely to be older adults. Coupled with increasing health care costs[21,22] as discussed in the inflation section above, Medicaid is likely to continue growing as a proportion of all General Fund expenditures, after already increasing from around 15 percent in the early 1990s to around 25 percent by the early 2020s.

Colorado also has a Homestead Property Tax Exemption, which reduces the taxable value of their property by up to $100,000 for qualifying senior citizens and was recently expanded to include portability via SB24-111.[23] Excluding any underlying special tax districts and depending on the county, this exclusion can amount to $510 in exempted property tax revenue per year, based on an estimated state-wide average county property tax rate of 0.51 percent.[24] The state then backfills local governments for their losses in revenue as a result of this exemption, at a cost of approximately $163 million in FY 2023-24, but likely growing to approximately $200 million by the end of the forecast period with the addition of portability.

Other state programs are also likely to see increased utilization and costs as the older population expands, including Old Age Pension (CDHS), and medical care within the DOC correctional population.

Energy

Another long-term trend developing across the nation and in Colorado is the growing role of renewable energy as a component of the overall electricity generation mix. Electricity generation for residential, commercial, and industrial use is a significant growing sector of the total energy used across the country. Over the past decade, both the U.S. and Colorado have increased the use of renewable energy for electricity generation and decreased usage of fossil fuels. However, fossil fuels – primarily made up of natural gas and coal – still make up the majority of electricity generation at both the national and state level. According to the EIA, in 2023 approximately 60 percent of electricity generation in the U.S. was sourced from fossil fuels, while 21 percent was generated from renewable sources of energy primarily made up of wind, hydropower, and solar. The remaining 19 percent of U.S. electricity generation came from nuclear energy.

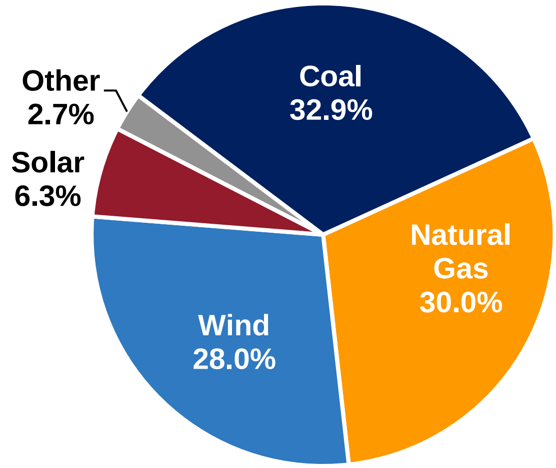
[20] This disproportion is a result of older adults having more frequent and intensive health care needs such as doctor visits, procedures, medication and equipment, and long-term care.

[21] Peter G. Peterson Foundation (2023). Why are Americans Paying more for healthcare? https://www.pgpf.org/blog/2023/01/why-are-americans-paying-more-for-healthcare

[22] American Medical Association (2023). Trends in health care spending. https://www.ama-assn.org/about/research/trends-health-care-spending

Utilities regulated by the Colorado Public Utilities Commission utilize a market-based, competitive procurement strategy for new electricity resources. As a result of cost declines in renewable energy, primarily wind and solar, Colorado has seen a significant increase in the use of these energy sources. As illustrated in Figure 31, Colorado sourced approximately 63 percent of its electricity generation from fossil fuels and about 37 percent from renewable energy sources. Coal makes up the largest plurality of sourced energy for electricity generation at 32.9 percent, while natural gas and wind are closely behind at 30.0 percent and 28.0 percent, respectively.

Figure 31. 2023 Colorado Electricity Generation by Energy Source



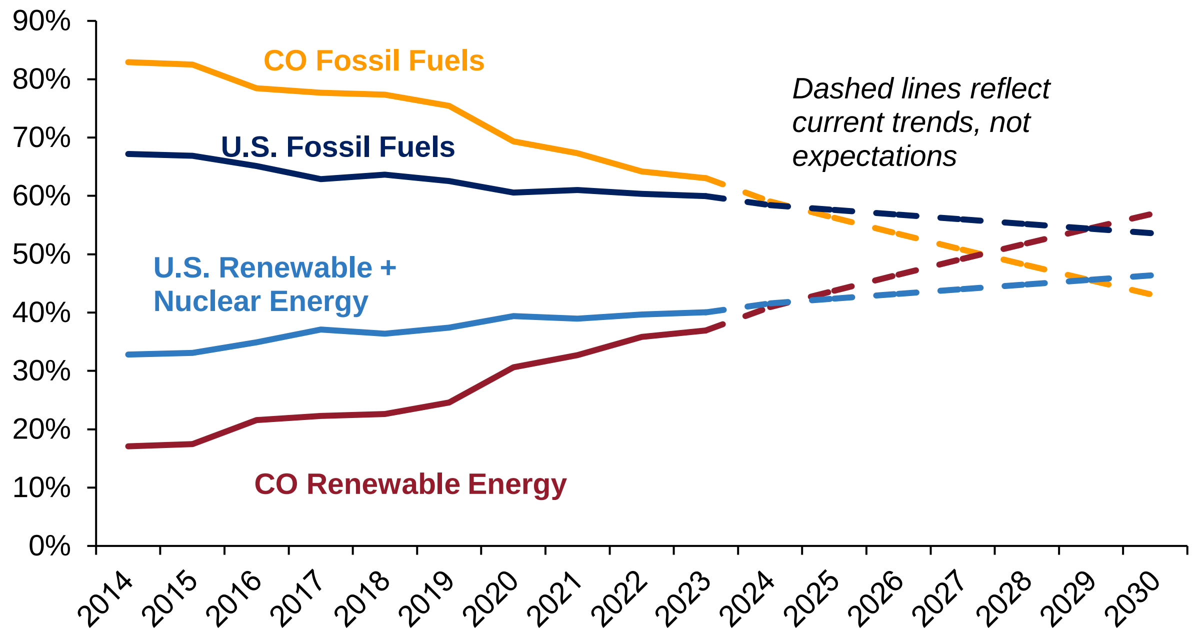
Source: Energy Information Administration

Equity, Diversity, and Inclusion Box 1: Impacts of the Energy Transition

The energy transition is surrounded by equity considerations, from the disproportionate burden of the impacts of climate change and poor air quality, to the share of contribution to these problems by different groups, to the access to the tools and technologies to address mitigation. Electrification and energy efficiency improving technologies such as electric cars or e-bikes, heat pumps, roof-top solar, batteries, and appliances, as well as more low-tech interventions such as window upgrades, can be very costly. Despite state and local tax credits and other incentives, the high upfront costs may create difficulties for many Coloradans to adopt at first. Others may be renters, and unable to make these choices for their homes. Further improvement and adoption of these technologies may continue to drive costs lower even without intervention, but to address more immediate gaps, targeted subsidies such as grants or point-of-sale tax credits are short term steps that can improve broader access across income levels.

Although coal comprised about one-third of electricity generation within the state in 2023, that is a significant reduction from 2014 when it accounted for approximately 65 percent of electricity generation. Going forward, the usage of coal for electricity generation in the state will cease as all coal plants in Colorado have established retirement dates no later than 2031. As the usage of coal in electricity generation declines in the state, a portion of the generation is likely to be replaced by natural gas in the coming years with a growing share of renewable energy replacing the loss of coal, as well. Figure 32 depicts the trends toward renewable energy at the national and state level, and the declines in fossil fuel usage for electricity generation in order to illustrate the pace of progress in the state compared with the nation. Note that these trends are not intended to reflect expectations. In fact, currently approved or proposed electricity plans from Colorado Utilities are expected to achieve an 89% reduction of greenhouse gas emissions in 2030 as compared to 2005 levels, in part due to state emissions requirements but primarily due to the cost competitiveness of these resources in the marketplace.

Figure 32. Electricity Generation by Energy Source



Note: Dotted line indicates current trend forecast and does not include assumptions around individual developments in renewable energy or fossil fuel infrastructure. The U.S. Renewable Energy line also includes nuclear energy. There is no nuclear energy utilized in Colorado for electricity generation.
Source: Energy Information Administration; Author's calculations

From 2014 to 2023, usage of fossil fuels for electricity generation has declined from 67 percent to 60 percent in the U.S. and from 83 percent to 63 percent in Colorado. These declines have largely been recorded by the reduction of coal usage replaced with an increased share of natural gas within the electricity generation mix and the increased deployment of renewable energy infrastructure. The growth of renewable energy in Colorado has outpaced the U.S. with 37 percent of electricity generation in the state coming from renewables compared to 17 percent in 2014, while the U.S. had approximately 21 percent of its generation mix sourced from renewable energy in 2023 compared to 13 percent in 2014.

If both the U.S. and Colorado remain on their current trends, Colorado would use fewer fossil fuels as a proportionate share of its generation mix compared to the U.S. beginning in 2025. To illustrate, though, that Colorado is likely outpacing its historical trend, the Colorado Energy Office expects that switch to occur by the end of this year. In order to reach the State's goal of 100 percent renewable energy for electricity generation by 2040, renewable energy infrastructure deployment will need to continue to expand at an accelerated pace compared to current trends including renewable energy, battery storage, electric transmission, and dispatchable zero-emission technologies like geothermal or clean hydrogen generation. Based on current cost projections and trends, the most cost-effective pathway to meet growing electric demand in Colorado in 2040 achieves an approximately 97% reduction in emissions primarily through wind and solar, which will need to be tripled and quintupled respectively to meet this demand.

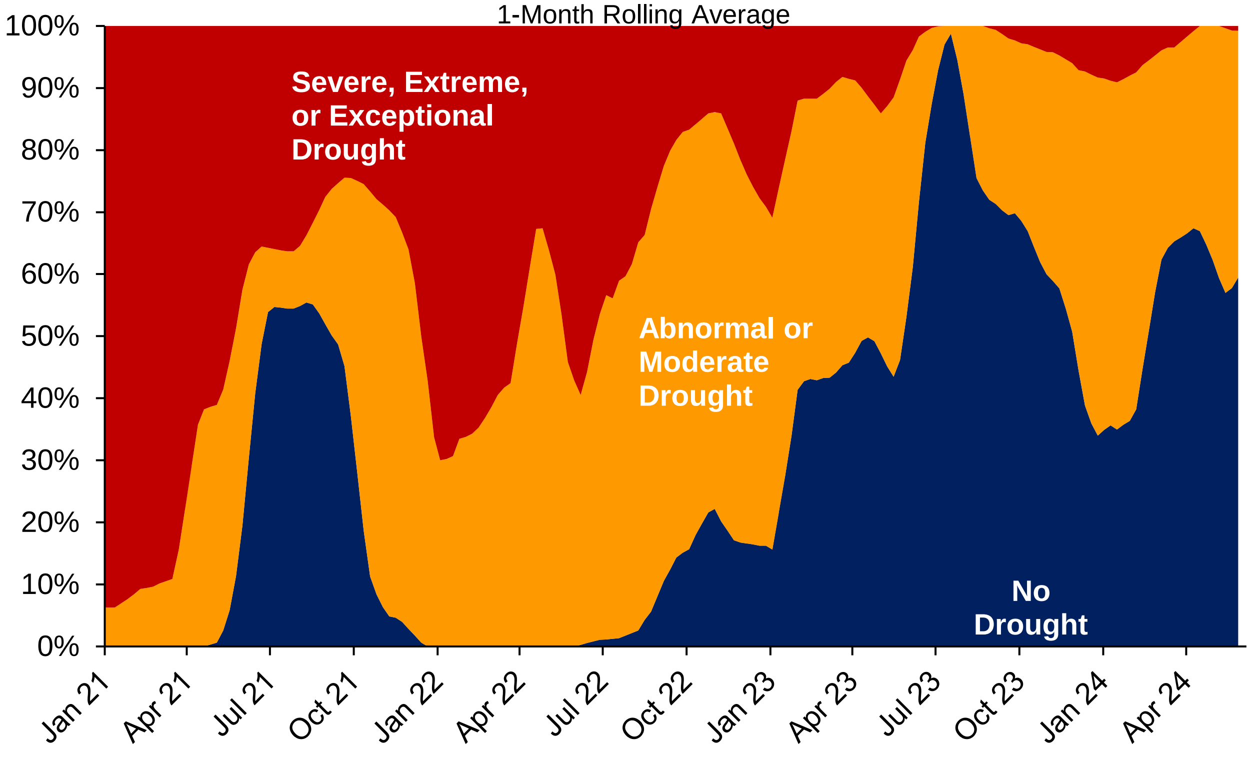
Environmental Risks - Water

Background

As a headwaters state, Colorado is particularly impacted by water and the policy surrounding its use as water demand grows alongside population and supply shrinks as more frequent drought conditions occur. Over that last year, Colorado has seen some drought abatement from healthy precipitation from winter snow and summer rain, as illustrated in Figure 33. In 2023, the State averaged 58.2 percent of land area having no drought conditions and so far through May 28, 2024 the State has averaged 56.9 percent of land area having no drought conditions.

Figure 33. Percentage of Colorado Land Area Under Drought Conditions

1-Month Rolling Average



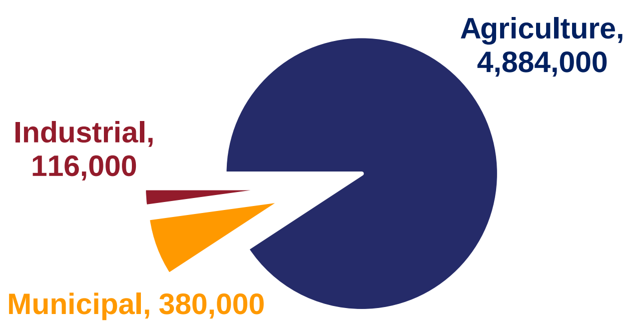
Source: National Drought Mitigation Center at the University of Nebraska-Lincoln

Precipitation in the state predominantly falls west of the continental divide and feeds the primary surface water flows of the Arkansas River, the Colorado River, the North and South Platte Rivers, and the Rio Grande River. Groundwater is also a critical resource to the state, especially for communities in the eastern part of the state, and is stored in aquifers across the state. While groundwater only accounts for 17 percent of water use in Colorado, the state's aquifers can be thought of as its savings account or "not-so-rainy-day" fund when surface water flows are weak from low precipitation. With this backdrop, the sections below consider the key users of water across the state and the impacts that these users have on the overall supply of water.

Key Water Users - Agriculture, Municipalities, and Industry

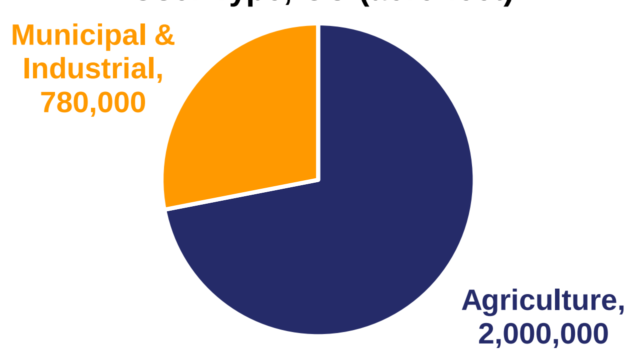
Agriculture is a primary user of water in Colorado and accounts for over 90 percent of total water usage (Figure 34), including 72 percent of groundwater usage (Figure 35). Agricultural groundwater usage in Colorado is almost exclusively used for livestock and crop irrigation. In Colorado there are 3.28 million acres of irrigated agricultural land, with the majority of land in the South Platte Basin. These 3.28 million acres consume 4.84 million acre-feet of water per year. In contrast to municipal and industrial demand, however, agricultural demand for water is expected to decline due to: (1) the agricultural community's lower willingness to pay as compared to municipal and industrial users and (2) known improvements in irrigation efficiency from better practices such as improved leak monitoring and improved water rights transactions. Continued improvements in water use efficiency by agricultural producers will be aided by technological advancements in water monitoring and specifically leak monitoring. However, getting agricultural producers to utilize more efficient irrigation techniques and practices may be challenging as there are conflicting policies from different levels of government. For example, local governments may try to decrease groundwater usage but federal crop insurance may mandate that producers must keep watering in order to keep their insurance policy. Additionally, water rights can be difficult to transfer so agricultural producers may inefficiently use water when they may have otherwise sold or transferred it.

Figure 34. Surface Water Usage by User Type, CO



Source: 2023 Colorado Water Plan

Figure 35. Groundwater Usage by User Type, CO (acre-feet)



Source: 2023 Colorado Water Plan

In alignment with increasing costs, growing populations, and a higher willingness to pay, municipal water authorities have a history of purchasing agricultural land exclusively for the water rights. Most recently, the city of Aurora purchased 5,200 acres of land in Otero County for $80.4 million and plans to utilize the water three out of ten years. This trend will continue as agricultural land is directly converted into residential land and growing municipality population means higher demand for water, forcing local governments to explore all opportunities for water access for residents. Recent legislation such as SB24-197 and SB24-005 also aim to aid in the conservation of water resources throughout the state in a multitude of avenues both on the agricultural and municipal sides by incentivizing water rights transfers and protecting municipal conservation techniques.

Increasing Water Costs – Causes and Impacts

Primary drivers for impacts on Colorado's water economy include growing population. This growth has put pressure on both housing and utilities. Establishing water use and wastewater coverage add to the cost of housing now exacerbates these issues. For example, Fort Collins has seen a 4 percent increase in both water utility and wastewater utility for piping and meters.[25] The same phenomenon can be seen in Wellington, Colorado, as well, as base water rates have spiked to nearly four times as high as Denver and Fort Collins base water rates--base water rates for Denver were reported at $16.46, Fort Collins at $18.30, with Wellington base rates at $66.00 in 2021.[26] As of 2024, these rates have reduced marginally, with Wellington now seeing $52 as a base rate, still higher than Denver, which has risen to $18.40 a month.[27] [28]

A phenomenon associated with rapid population growth is the need to replace outdated and inefficient water infrastructure. These projects are funded in part through public funds, thus causing marginal increases in water rates in more populous cities like Denver with expanded infrastructure, while sometimes leading to sharper increases in smaller and lower income areas, like Wellington, to cover the costs of these infrastructure projects. Further, the lack of available dollars to replace outdated infrastructure causes a longer delay, increasing costs again in the long term, likely causing a continued rate increase that could disproportionately impact smaller and lower income communities across Colorado. Federal dollars and current funding for water projects are discussed below.

Equity, Diversity, and Inclusion Box 2: Water

Base rate increases and pump fees for water use across the state will continue to rise due to population growth, as well as drought mitigation efforts. These rates can have a disproportionate impact on smaller and low-income communities across Colorado–for example, the San Luis Valley anticipates a rise in pump fees due to diminishing aquifers. In the San Luis Valley, one out of every four individuals live below the poverty line, increasing the risk that the rising cost of water may threaten local economies in these small communities. While cities have maintained steady and affordable rate increases in the past, drought, diminishing water, and necessary infrastructure updates may cause long-term risk for low-income individuals and families, primarily in Denver, Pueblo, Colorado Springs, and the San Luis Valley. Additionally, the need for clean water infrastructure primarily impacts low-income communities. In Colorado, the infrastructure need for clean water is estimated at $10 billion–while portions of this can be covered by federal infrastructure dollars, base rate increases will also be used to cover funding gaps. Rates are traditionally determined by median income, but median income does not always accurately reflect poverty in communities, thus a rapid increase in rates to cover infrastructure needs may burden low-income families in the long term.

Colorado Water Plan

The Colorado Water Conservation Board (CWCB) anticipates a total need of $1 billion dollars in order to address water projects throughout the state.[29] The Colorado Water Plan and CWCB have received $23 million in FY 2022-23 through sports betting revenue, and will receive an estimated $29 million in FY 2023-24 ongoing under current law[30]. Additionally, half of the severance collections that are distributed to the Department of Natural Resources go into the Perpetual Base Fund for water projects. The distribution from FY 2022-23 revenue totaled $88.1 million, with an additional $144.6 million expected over the next three years based on revenue forecasts discussed in the relevant Cash Fund section. Finally, the Biden Administration announced $73 million in clean water infrastructure funding for Colorado in February 2024.[31] With these investments, added to the $694 million available to Colorado for water projects through formula and match funding provided by the Bipartisan Infrastructure Act, it is expected that the state will have the funds necessary to address the projects the CWCB has identified as priorities in water infrastructure within the forecast's time horizon.[32]

[29] 2023 Colorado Water Plan, *https://cwcb.colorado.gov/colorado-water-plan*.

[31] Biden-Harris Administration Announces over $73M for Colorado Water Infrastructure Upgrades, *https://www.epa.gov/newsreleases/biden-harris-administration-announces-over-73m-colorado-water-infrastructure-upgrades*.

[32] White House, Colorado IIJA Fact Sheet, *https://www.whitehouse.gov/wp-content/uploads/2024/05/Colorado-IIA-State-Fact-Sheet.pdf*.

Forecast Risks

Short-Term Risks

Interest rates over the immediate forecast period may remain elevated enough that there is downside risk to consumer demand and business investment alike. Additionally, increasing consumer debt and risks to commercial real estate could add stress to banks' balance sheets, with possible contagion effects. Additionally, global geopolitical conflicts raise economic risk in the near term.

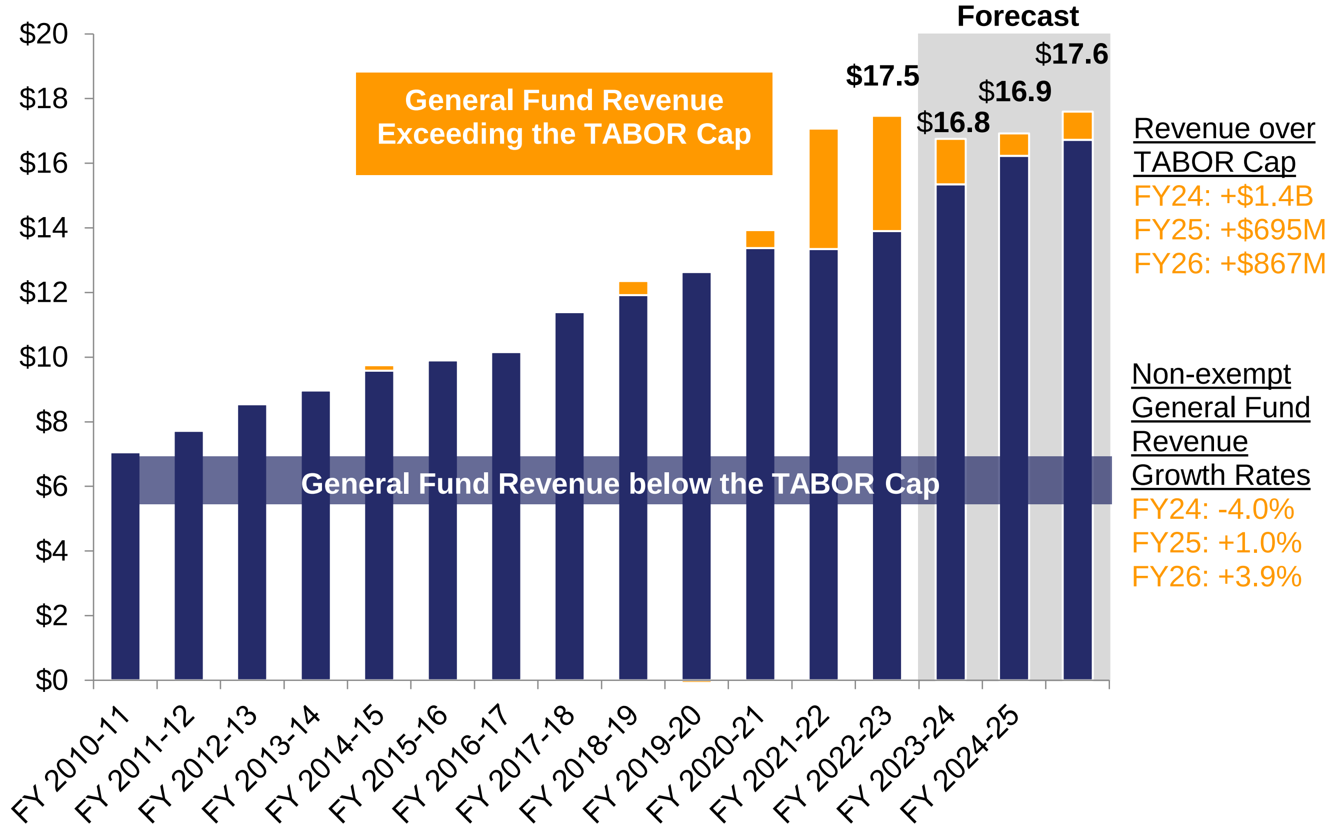
Long-Term Risks

Beyond the forecast horizon, OSPB sees additional risks as a result of the state's rapidly aging population, including possible impacts on state revenues and expenditures. Additionally, increased climate risk linked to drought and wildfire drive up insurance costs and put water infrastructure solutions at the forefront. Higher long term inflation is a risk based on the potential for growing de-globalization. Finally, there are labor supply shortfalls in key areas, which has motivated action to pass legislation to support further development of the state's labor force.

General Fund Outlook

General Fund revenue expectations in FY 2023-24 are downwardly revised from the March forecast due to year-to-date individual income refunds above previous forecast expectations and legislative changes, despite stronger expected corporate revenue growth. General Fund revenue in FY 2024-25 is downwardly revised again, largely as a result of changes from the 2024 legislative session. In FY 2023-24, general fund revenue from non-exempt sources is expected to decrease by 4.0 percent year-over-year to $16,759.1 million before increasing by 1.0 percent in FY 2024-25 to $16,927.1 million. General Fund revenue is projected to grow an additional 3.9 percent in FY 2025-26 to $17,594.0 million. General Fund revenue for FY 2023-24 is revised down by $528.6 million from March, while revenue in FY 2024-25 is revised down by $677.2 million and FY 2025-26 revenue is revised down by $1,049.2 million.

Figure 36. Total Non-Exempt General Fund Revenue and TABOR Refunds



General Fund revenue is projected to exceed the TABOR cap throughout the forecast period. General Fund revenue exceeding the TABOR cap is projected at $1.4 billion in FY 2023-24, $695.0 million in FY 2024-25, and $867.3 million in FY 2025-26. This is a downward revision of $587.3 million, $598.8 million, and $899.8 million from the March forecast for FY 2023-24, for FY 2024-25, and FY 2025-26 respectively.

Overview of General Fund Revenue Streams

Individual Income Tax: Revenue from individual income tax in FY 2023-24 is projected to decline 6.3 percent to $10,261.0 million as a result of elevated refunds. Growth is projected to rebound to 3.4 percent in FY 2024-25 to $10,607.9 million before growing by 3.6 percent to $10,987.2 million in FY 2025-26. The major driver for the downward revision was the implementation of tax credits passed in the most recent legislative session.

Corporate Income Tax: Revenue from corporate income tax in FY 2023-24 is estimated to increase off of the annual record set last fiscal year by 11.4 percent to $2,636.3 million. Revenue is expected to then fall in FY 2024-25 by 19.2 percent to $2,130.6 million in FY 2024-25 due to slowing consumer demand and corporate profits before rebounding in FY 2025-26 with 6.4 percent growth to $2,267.1 million.

Sales and Use Tax: Revenue from sales and use tax in FY 2023-24 is forecast to grow slowly by 0.4 percent to $4,572.3 million on softening retail sales. Revenue growth is projected to rebound from the current trough and grow by 5.5 percent in FY 2024-25 to $4,824.0 million, then stabilizing at 5.4 percent in FY 2025-26 to $5,086.0 million. The revision is largely due to weaker than expected retail sales in the current year, which shifts the outyears' levels down as well.

Proposition EE Tax and Other Excise Tax: Revenue from Proposition EE is projected to decline 10.4 percent to $210.5 million in FY 2023-24 due to falling cigarette tax revenue before increasing over the forecast period to $233.0 million in FY 2024-25 and $232.7 million in FY 2025-26.

Other General Fund Revenue: Other General Fund revenue is estimated to grow by 12.2 percent in FY 2023-24 to $890.4 million even after elevated growth of 56.2 percent in the prior year, as interest earnings revenue reaches historically high levels. In FY 2024-25, revenue is projected to remain relatively flat, declining 0.7 percent as interest rates are expected to remain elevated for longer. In FY 2025-26, as interest rates are expected to be cut, a larger 5.2 percent decline in revenue is anticipated.

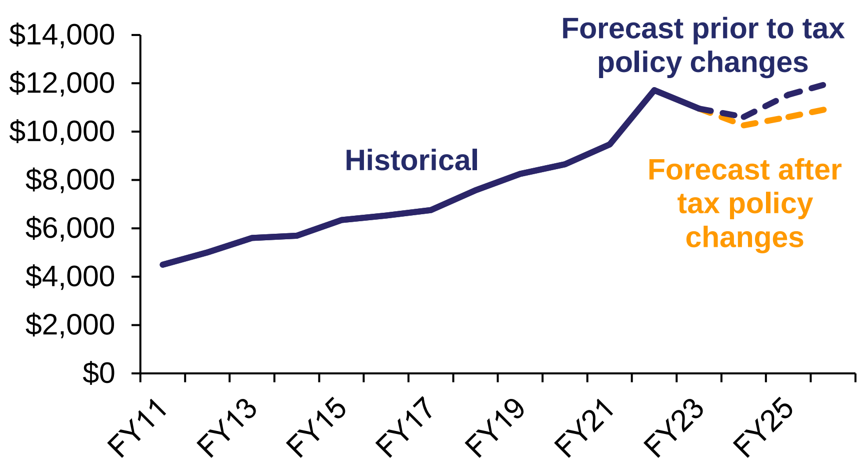
State Education Fund Revenue: Revenue to the State Education Fund is projected to grow by 13.4 percent to $1,209.0 million due to anticipated corrections communicated by Legislative Council Staff. In FY 2024-25, the diversion is expected to decline 7.7 percent, as the completed diversion correction the prior year more than offsets increased expected taxable income.

Individual Income Tax

Overall Forecast Trends

Individual income tax revenue in FY 2022-23 decreased by 6.5 percent to $10,952.7 million ($10.95 billion) following historic 23.6 percent growth in FY 2021-22. In FY 2023-24, individual income revenue is expected to decrease by 6.3 percent to $10,261.0 million as a result of tax policy adjustments in the 2024 legislative session that reduce individual income tax revenue combined with elevated refunds from Tax Year 2023 filings. In FY 2023-24, these tax policy adjustments result in an estimated $348.2 million reduction in revenue. Additionally, the last three months (March to May) collections included $2.04 billion in refunds, well above the $1.49 billion collected in March through May 2023. Despite the previous forecast expecting higher refunds this year, the pace exceeded expectations, resulting in a downward revision of $390.9 million prior to the tax policy changes. OSPB now expects elevated refunds for the full forecast period based on tax year 2023 returns thus far, as it appears that refunds in recent months is driven by an increased volume of filers in addition to the proportion of filers that are getting refunds with their return, per feedback from the Department of Revenue. This is potentially tied to higher TABOR refunds driving up filings, as estimated payments have decreased significantly from tax year 2022 collections, thus refunds are likely not the result of overpayments. Furthermore, the ratio of total credits to taxable income has remained the same, while withholdings have increased in line with wage growth.

Figure 37. Individual Income Tax

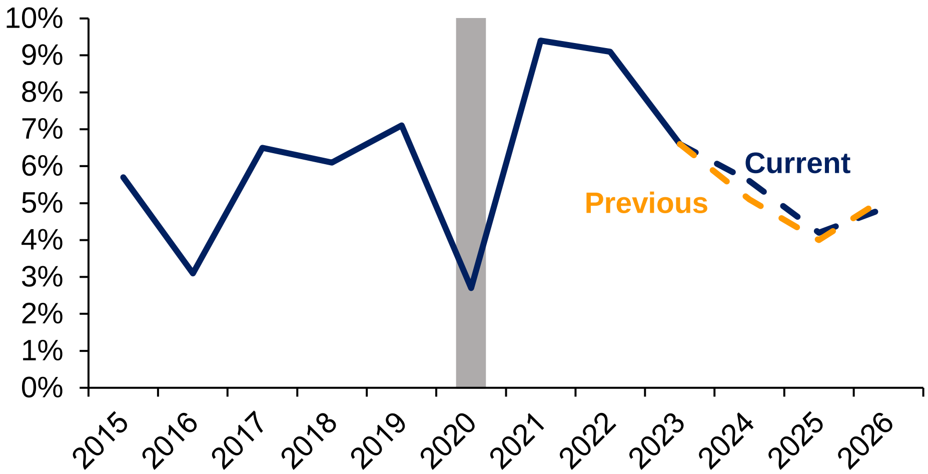


Source: Colorado Department of Revenue, OSPB Forecast

In FY 2024-25, individual income tax revenue is projected to rebound by 3.4 percent to $10,607.9 million despite tax policy adjustments weighing on revenue by an estimated $920.2 million. This includes an estimated $739.6 million impact from the Family Affordability Tax Credit and Earned Income Tax Credits, which are assumed to be fully turned on in Tax Year 2025 and 2026 due to revenue growth expectations, as discussed later in this section. Prior to the tax policy adjustments, revenue was estimated to grow by 8.7 percent to $11,528.1 million. Finally, in FY 2025-26, revenue is projected to grow by 3.2 percent to $10,774.2, although growth was expected to be 4.5 percent prior to the tax policy adjustments.

While refunds and tax policy have had significant impacts on the individual income revenue forecast, withholdings remains the largest long term driver of collections, which make up over 90 percent of total collections. Withholdings is largely linked to wages and salaries expectations, which OSPB has revised up in the current forecast, as seen in Figure 38. As such, withholdings has been revised up $127.5 million in FY 2023-24, $84.7 million in FY 2024-25, and $93.9 million in FY 2025-26. Note that the revision up in aggregate wages and salaries growth from 5.1 to 5.6 percent in the current year leads to an upward shift in the withholdings estimate, which is maintained across the forecast horizon.

Figure 38. Colorado Salary and Wage Growth



Source: Colorado Department of Revenue, OSPB Forecast

Note, while Proposition FF revenue has historically been discussed here, the most recent legislative session created an exempt Cash Fund for Healthy School Meals for All beginning in FY 2024-25. Therefore, please refer to the Cash Fund section for more information on those revenue expectations.

<u>Policy Adjustments</u>

Changes to tax policy since the last forecast are impacting future projections. At the federal level, however, there are no significant changes to tax policy. Despite early movement of a bill that would have increased the federal Child Tax Credit, it ultimately has not yet passed. OSPB continues to monitor the anticipated expiration of certain Tax Cut and Jobs Act (TCJA) provisions in 2025. At the state level in Colorado, the General Assembly added a significant amount of tax expenditures in the 2024 session, in addition to the continued maturation of previous session tax credits, which will see growing revenue impacts.

Tax credits implemented from previous sessions will continue to have impacts. Credits authorized in HB23-1272 *Tax Policy that Advances Decarbonization* will see an increased revenue impact from the estimated $53 million of revenue loss in FY 2023-2024 up to $76.3 million of revenue loss in FY 2024-2025 tied to full year impacts of the Industrial Clean Energy, Geothermal Energy, Heat pump, and Electric Bicycle credits in TY24 and TY25, affecting corporate and individual income streams. Elevated levels of credit will continue for several years thereafter. HB23-1091 extended the Child Care Contribution credit which was set to expire after TY24, but will now continue to be available through TY27, resulting in nearly $40 million of revenue loss through that period. HB23-1112 reformed the state Earned Income Tax Credit (EITC) and Child Tax Credit (CTC). The 2024 session saw further adjustments to the EITC, outlined below, while the adjustments to the CTC decoupled the state credit from the federal credit, setting specific dollar amounts instead of percentages of the federal credit, which increases the state cost by around $46 million in TY24.

In the 2024 legislative session, the legislature added or adjusted over 30 tax credits, many affecting individual income. The impacts of these new or adjusted tax expenditures step up over the course of the tax years in the forecast period. Some of the larger expenditures affecting individual income are outlined in Figure 39 below, including a further expanded EITC of 50 percent of the federal credit in TY24, 35 percent in TY25, and 25 percent in years thereafter. Further expansions of up to 50 percent of the federal credit are authorized when state revenue growth meets specific thresholds, as outlined at the end of this section. The expansion to the base will reduce revenue by around $93 million in TY24, $78 million in TY25, and around $40 million in the following years. Other significant credits include a means-tested tax credit for certain care workers, established in HB24-1312, which is expected to reduce revenue by around $45 million per year beginning in TY25 for those employed in child care and direct care, and a means-tested tax credit for high school graduates from Colorado to offset out of pocket costs for attending the first two years of higher education at public institutions in Colorado, established in HB24-1340. This credit is expected to reduce state revenues by around $37 million per year beginning in TY25. In total, the new income tax credits are expected to reduce individual income revenue to the state by $161.7 million in TY24, $169.3 million in TY25, and $134.7 million in TY26. These impacts will be to refunds paid out and reductions in cash with returns. OSPB uses historical data to approximate monthly impacts of these credits throughout the tax year and then the cash basis revenue forecast adjustments are translated to the fiscal year through its accrual methodology.

Additionally, two larger tax expenditures were constructed to vary in size depending on the growth of state revenues. The Family Affordability Tax Credit (FATC), and an incremental state EITC of up to 50 percent of the federal credit. OSPB ran iterative forecasts to determine if these credits would be turned on and, if so, to what extent. Including all tax expenditures with the exception of the implementation of the FATC and EITC, overall TABOR revenue is expected to grow by 4.4 percent in FY 2025-26 and 4.2 percent in FY 2026-27. OSPB assumes then that these triggers will be fully turned on during TY25 and TY26 per the triggers laid out in Figure 40 and 41 below, as defined in HB24-1134 and HB24-1311. As can be seen in the Figure 39, OSPB projects the full amount of both credits will be offered through TY26, raising the total revenue reduction from credits claimed by individuals to approximately $1 billion.

Figure 39. New Tax Credits Impacting Individual Income by Tax Year ($M)

Bill Number	Tax Credit Name	TY24	TY25	TY26
HB24-1134	Earned Income Tax Credit Expansion	-$93.6	-$78.0	-$39.0
HB24-1052	Senior Housing Income Tax Credit	-$67.6	$0.0	$0.0
HB24-1312	Tax Credit for Careworkers	$0.0	-$42.4	-$43.4
HB24-1340	Incentives for Post-Secondary Education Tax Credit	$0.0	-$36.2	-$37.2
HB24-1268	PTC Income Tax Credit		-$6.5	-$6.6
	All other	-$0.5	-$6.2	-$8.5
	Total	**-$161.7**	**-$169.3**	**-$134.7**
HB24-1311	Family Affordability Tax Credit	-$654.0	-$673.6	-$693.8
HB24-1134	Expanded ETIC	$0.0	-$117.0	-$195.0
	Total with Trigger Credits	**-$815.7**	**-$959.9**	**-$1,023.5**

Figure 40. Family Affordability Trigger Levels (beginning TY26)

Annual Revenue Growth over FY25	Base Credit Amount (Children under 6)	Decrease for each add'l $5,000 of income	Est. Credit Cost ($M)
Over 3.75%	$3,200	6.875%	$655
Over 3.56%	$3,200	9.06%	$539
Over 3.37%	$3,200	13.59%	$430
Over 3.18%	$2,600	19.23%	$297
Over 3%	$1,650	30.30%	$183
Less than 3%	$0	0%	$0

Figure 41. Earned Income Tax Credit Trigger Levels (beginning TY26)

Annual Revenue Growth over FY25	Size of EITC (as share of federal credit amount)	Est. Credit Cost over base 25% credit value ($M)
Over 3.75%	50%	$195
Over 3.56%	45%	$156
Over 3.37%	40%	$117
Over 3.18%	35%	$78
Over 3%	30%	$39
Less than 3%	25%	$0

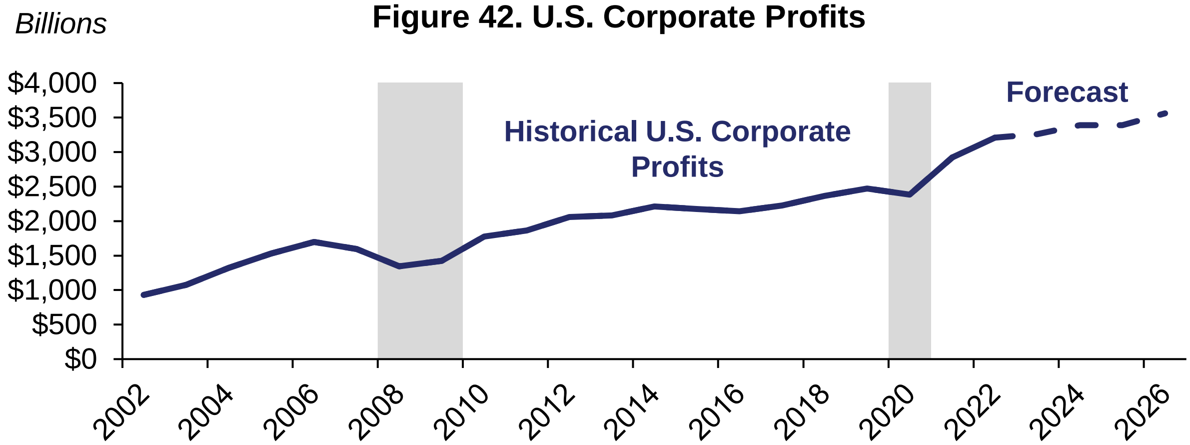
Corporate Income Tax

Overall Forecast Trends

Corporate income tax revenue grew by 50.9 percent to a record $2,366.7 million ($2.37 billion) in FY 2022-23, surpassing the record set in FY 2021-22 of $1,568.6 million. The continued growth in corporate income tax revenue is largely due to U.S. corporate profits remaining at elevated levels above $3 trillion throughout 2022 and 2023, with elevated profits also being recorded at the state level. In FY 2023-24, corporate income tax revenue is expected to increase by 11.4 percent to $2,636.3 million and set a new annual collection record. This is an upward revision of $379.2 million from the prior forecast following strong April collections. In FY 2024-25 corporate income revenue is forecast to fall by 19.2 percent to $2,130.6 million, reflecting an upward revision of $352.2 million from March. Corporate income tax revenue is forecast to grow by 6.4 percent to $2,267.1 million in FY 2025-26, reflecting a $397.9 million upward revision from the March forecast. Tax policy adjustments from the most recent legislative session are included within this forecast and result in an estimated $12.3 million reduction in corporate income tax revenue in FY 2024-25 and $79.9 million in FY 2025-26. These tax policy adjustments are discussed in more detail below.

When developing expectations on future corporate income tax revenue, an important explanatory variable is corporate profits before taxes, accounting for inventory and capital adjustments. During 2021 and 2022, expansionary fiscal and monetary policy helped promote a healthy business environment with high profits, resulting in U.S. corporate profits before taxes growing by 22.6 percent and 9.8 percent respectively in those years to record levels. With surprising strength in the economy over 2023, corporate profits continued to grow slowly by 1.5 percent to a new record annual level of $3.3 trillion. In 2024, corporate profits are forecast to grow again by 4.0 percent, as businesses navigate a restrictive monetary environment. Corporate

Figure 42. U.S. Corporate Profits



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

profits are projected to flatten to 0.1 percent growth in 2025 before accelerating to 5.0 percent in 2026 as the economy enters a less restrictive monetary environment.

Policy Adjustments

Changes to tax policy since the last forecast are impacting future projections. At the federal level, however, there are no significant changes to tax policy since the last forecast. OSPB continues to monitor the anticipated expiration of certain Tax Cut and Jobs Act (TCJA) provisions in 2025. At the state level in Colorado, the General Assembly added a number of tax expenditures in the 2024 session, in addition to the continued maturation of previous session tax credits, which will see growing revenue impacts.

The primary impacts from previous sessions impacting the corporate income forecast were contained in HB23-1272 *Tax Policy that Advances Decarbonization*. Several tax credits included in this bill were aimed at corporate entities including for geothermal energy and other clean energy development, sustainable aviation fuel, and electric vehicles. These tax credits largely began in TY24, so the full revenue impacts will be seen in FY 2024-25.

In the 2024 legislative session, the General Assembly created new tax expenditures affecting corporate income. The largest of these was the expansion of the Affordable Housing Tax Credit and the creation of the Transit Oriented Communities tax credit in HB24-1434. These credits support the development of affordable housing, and are often sold to corporate entities by the original claimants to help raise capital for housing developments. Other notable tax credits focus on workforce and economic development including one established in HB24-1365 *Opportunity Now Grants and Tax Credit* which offsets eligible costs in facility improvement and equipment acquisition for training programs to address workforce shortage issues. This credit begins in TY26 and will be worth $15 million per year until it sunsets. Additionally, HB24-1439 established an Apprenticeship Tax Credit for the employment of an apprentice. This credit is additionally worth $15 million per year beginning in TY25, a portion of which may be claimed by those filing individual returns. SB24-190 established two freight rail credits to support the continued use of rail through Coal Just Transition communities. They combine to have a revenue impact of $10 million per year once fully implemented outside of the horizon of this forecast.

In total, income tax credits claimed by corporate entities are anticipated to reduce revenue by $42.4 million in TY25 and increasing to $162 million in TY26, largely due to the shape of housing tax credit claims over time. These impacts will affect both refunds and cash with returns, which OSPB has projected and integrated into the forecast, as well as accrual of revenue impacts into proper fiscal years. Based on OSPB’s accrual methodology, the impacts are estimated to reduce revenue by $12.3 million in FY 2024-25 and $79.9 million in FY 2025-26.

Figure 43. New Tax Credits Impacting Corporate Revenue by Tax Year

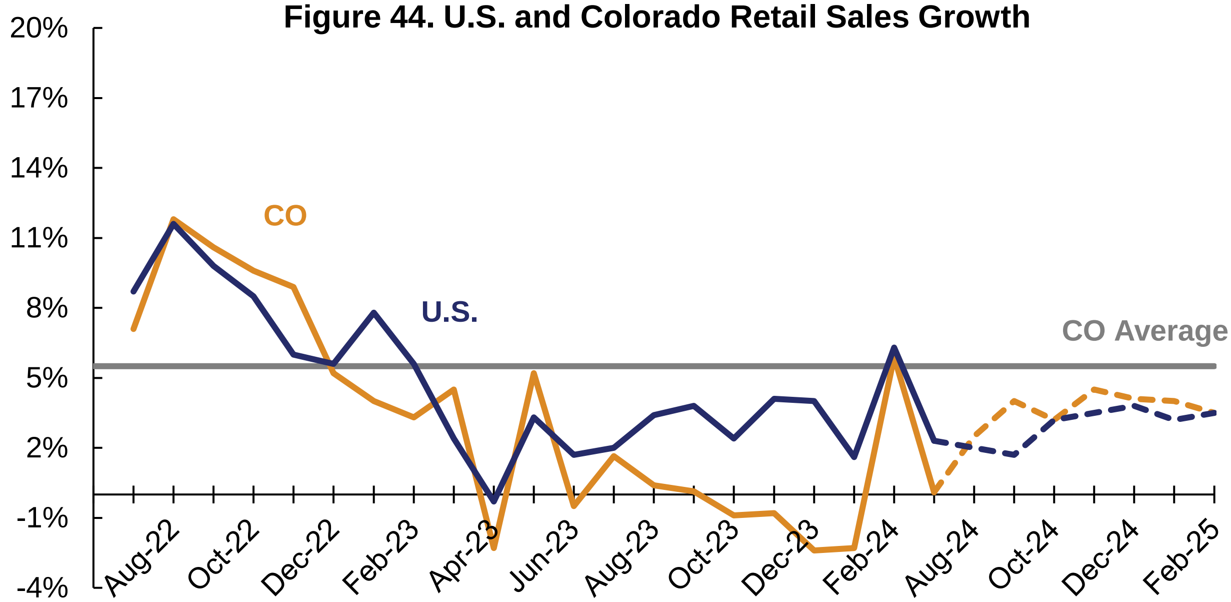
Bill Number	Tax Credit Name	TY24	TY25	TY26
HB24-1434	Affordable Housing and Transit Oriented Communities Tax Credits	0.0	-12.6	-92.6
HB24-1365	Opportunity Now	0.0	0.0	-15.0
HB24-1439	Expand Apprenticeships	0.0	-12.0	-12.0
HB24-1295	Creative Industry Revitalization	0.0	0.0	-10.0
SB24-190	Rail and Coal Transition Communities	0.0	0.0	-3.0
	All other Tax Credits	0.0	-17.8	-29.4
	Total	**0.0**	**-42.4**	**-162.0**

Sales and Use Taxes

Sales Tax

Over the past six months, Colorado retail has slowed down, with a year-over-year decline of 1.4 percent in the last quarter of 2023 and a modest 1.0 percent growth in the first quarter of 2024. This retail slowdown was expected in the state as Colorado was coming off of historically high retail growth levels of 17.3 percent and 11.8 percent in 2021 and 2022, respectively. However, the retail slowdown has been slightly more prolonged than expected leading to a downward revision in retail growth expectations for 2024. OSPB forecasts retail growth for Colorado to be 2.7 percent in 2024 (a downward revision of 0.2 percent), 3.9 percent in 2025 (no revision) and 4.8 percent in 2026 (a downward revision of 0.8 percent). Based on these estimates, Colorado

Figure 44. U.S. and Colorado Retail Sales Growth



Note: Chart depicts nominal, non-seasonally adjusted year-over-year growth on a monthly basis. Dotted Line indicates forecast.
Source: U.S. Census Bureau, Colorado Department of Revenue, OSPB June 2024 Forecast

retail is anticipated to start outperforming national retail growth in the second half of 2024, and U.S. retail is projected to grow by 3.2 percent in 2024, 2.8 percent in 2025, and 4.0 percent in 2026.

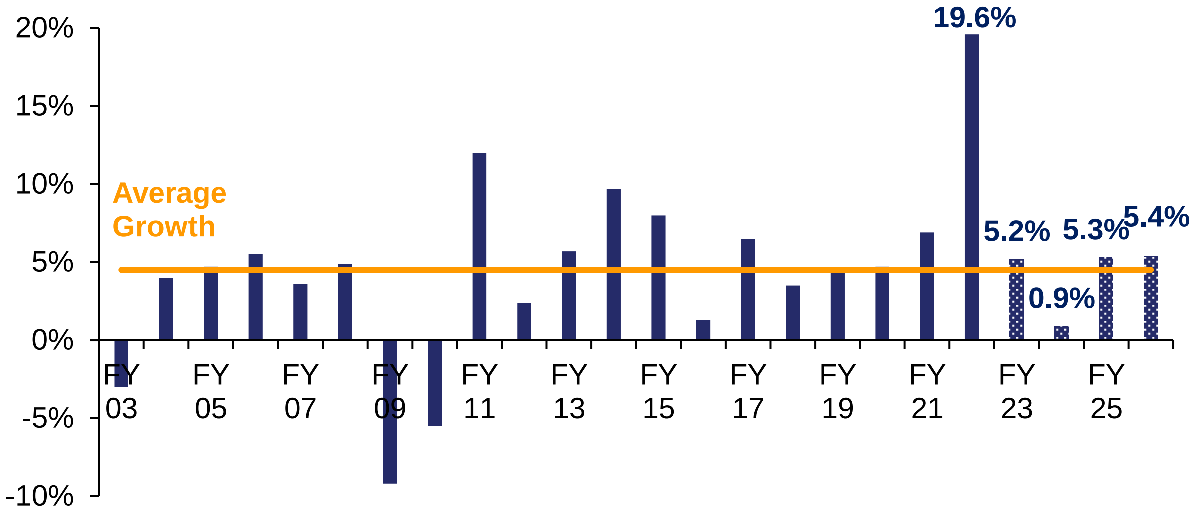
In earlier forecasts, OSPB had expected retail sales to pick up as we enter the second quarter of 2024, however as mentioned above the retail slowdown has been more prolonged than expected. Due to this, sales tax revenue for FY 2023-24 has been revised down by $33.2 million or 0.8 percent, to $4,339.1 million. This revision is primarily due to actual sales tax collections being significantly lower than expected in March, April, and May. In FY 2024-25, the anticipated sales revenue growth is slightly higher at 5.3 percent, resulting in total collection expectations of $4,567.3 million. For FY 2025-26, there is a downward revision of 0.2 percent or $28.3 million from the previous forecast resulting in total sales revenue of $4,813.9 million in FY 2025-26.

Figure 45. Sales and Use Tax Revenue Forecast

Fiscal Year	Sales Revenue (millions)	Growth	Use Revenue (millions)	Growth	Total Revenue (millions)	Growth
FY 2022-23	$4,301.6	5.2%	$251.2	8.0%	$4,552.8	5.3%
FY 2023-24	$4,339.1	0.9%	$233.2	-7.2%	$4,572.3	0.4%
FY 2024-25	$4,567.3	5.3%	$256.7	10.1%	$4,824.0	5.5%
FY 2025-26	$4,813.9	5.4%	$272.2	6.0%	$5,086.0	5.4%

This forecast also takes into account policy adjustments due to recent legislative action that are not fully incorporated into the broader sales tax base trend. These adjustments are forecast to result in a sales and use tax revenue decrease of $22.4 million in FY 2022-23, an increase of $15.0 million in FY 2023-24, and a decrease of $2.9 million in FY 2024-25. In the 2023 legislative session, two bills were passed and signed by the Governor that will have an impact on sales and use tax revenue. The most significant fiscal impact of the two bills comes from HB 23-140 *Sales and Use Tax Exemption for Wildfire Disaster Construction*, which provides for a sales and use tax exemption related to rebuilding or repairing a residential structure damaged or destroyed by a declared wildfire disaster from 2020 to 2022. This exemption will result in projected unrealized sales and use tax revenue of $6.3 million in FY 2023-24 and $4.4 million in FY 2024-25. The other bill passed during the 2023 legislative session with a sales and use revenue impact is HB 23-1272 *Tax Policy that Advances Decarbonization*, though its fiscal impact on sales and use revenue is relatively minor. In the 2024 legislative session, HB24-1036 *Adjusting Certain Tax Expenditures* is the one bill expected to impact sales tax revenue, reducing revenue by approximately $1.0 million in FY 2024-25 and FY 2025-26, due to the modular and panel-built home sales tax exemption.

Figure 46. Sales Tax Growth History and Forecast



Note: Dotted bars indicate forecast. Orange line indicates the 20-year average state sales tax growth rate.
Source: Colorado Department of Revenue, OSPB June 2023 Forecast

Vendor Fees

In accordance with HB19-1245 *Affordable Housing Funding from Vendor Fee Changes*, beginning in FY 2021-22, the total net revenue gain from changes related to vendor fees was deposited into the Housing Development Grant Cash Fund (HDGF) for affordable housing initiatives. The vendor fee is an amount that a retailer is permitted to retain for its expenses incurred in collecting and remitting the state sales tax. Under current law, a retailer with monthly taxable sales of $1.0 million or less is able to retain a vendor fee of four percent, subject to a $1,000 monthly limit. Vendor fee revenue dedicated to affordable housing came in at $71.0 million in FY 2022-23, resulting in a 7.4 percent growth from the previous year. Vendor fees projections for FY 2023-24 is $71.5 million, for FY 2024-25 is $40.1 million ($35.3 million downward revision) and for FY 2025-26 is $44.2 million ($35.2 million downward revision). The downward revision in FY 2024-25 and FY 2025-26 from the previous forecast is primarily due to recent legislation being passed in the 2024 legislative session. HB24-1434 *Expand Affordable Housing Tax Credit*, reduced vendor fees allocated to the Housing Development Grant Fund (HDGF) by $35 million and replaced them with an annual allocation of tax credits of the same amount.

Figure 47. Vendor Fee Revenue Forecast (in millions)

	FY 2022-23	FY 2023-24 Forecast	FY 2024-25 Forecast	FY 2025-26 Forecast
Vendor Fee Revenue Forecast	$71.0	$71.5	$75.1	$79.2
Impacts from HB24-1434	$0.0	$0.0	-$35.0	-$35.0
Net Vendor Fee Revenue	**$71.0**	**$71.5**	**$40.1**	**$44.2**
Change	*7.4%*	*0.7%*	*-43.9%*	*10.2%*

Use Tax

In FY 2023-24, use tax revenue is expected to fall by 7.2 percent to $233.2, which is a $0.4 million downward revision from the previous forecast. This downward revision is primarily due to use tax revenue collections coming in lower than expected over the past 3 months. For FY 2024-25, use tax collections have been slightly revised down by $0.1 million from the previous forecast, resulting in a total expected revenue of $256.7 million. Similar to sales tax collections, use tax collections is revised down in FY 2025-26 by $1.7 million from the March forecast, which translates into 6.0 percent growth.

Marijuana Sales

The 15 percent special sales tax on marijuana retail sales is expected to decline by 8.8 percent to $200.6 million in FY 2023-24 before it is expected to rebound in FY 2024-25 to $215.5 million and resume slower growth to $228.3 million in FY 2025-26. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Proposition EE and Other Excise Taxes

Proposition EE, approved in 2020 and effective in 2021, imposes additional taxes on cigarettes and tobacco products and charges a new tax on other nicotine products such as e-cigarettes. Beginning in FY 2023-24, revenue will be transferred almost entirely into the Preschool Programs Cash Fund, aside from relatively small transfers of $10.95 million and $4.1 million to the Tobacco Tax Cash Fund and General Fund, respectively.

Figure 48. Proposition EE Tax Rates

	2021	2022	2023	January 2024- June 2024	July 2024 - June 2027	July 2027 Onward
Cigarettes (Per Pack)	1.94	1.94	1.94	1.94	2.24	2.64
Tobacco	50%	50%	50%	50%	56%	62%
Nicotine	30%	35%	50%	50%	56%	62%

The June forecast has been revised down by $0.5 million to $210.5 million in FY 2023-24, up by $1.2 million to $233.0 million in FY 2024-25, and up by $1.6 million to $232.7 million in FY 2025-26. As shown in Figure 48, taxes on all three types of products will increase on July 1, 2024 and again to its maximum rate on July 1, 2027. The specific distributions are summarized below in Figure 49.

Figure 49. Proposition EE Revenue

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total	**$208.0**	**$235.0**	**$210.5**	**$233.0**	**$232.7**
Other Transfers	$206.6	$233.6	$15.0	$35.0	$35.0
Preschool Programs Cash Fund	$1.4	$1.4	$195.5	$198.0	$197.7

The bulk of Proposition EE revenue (57.6 percent in FY 2023-24) currently comes from taxes on cigarettes, for which the long-term consumption trends are negative. Cigarette sales dropped from FY 2021-22 to FY 2022-23 and are expected to decline in FY 2023-24. The percentage of revenue coming from cigarette taxes will average 56.4 percent during the forecast period and the percentage stemming from nicotine will increase considerably over the forecast period to match the drop from cigarettes. Nicotine consumption is estimated to increase over time, but OSPB estimates a drop in revenue in FY 2023-24, an increase in FY 2024-25, and a slight increase in FY 2025-26 for two reasons:

- The timing of the tax rate increase in calendar year 2024 being on July 1, rather than January 1 like other years means that FY 2023-24 will be the first fiscal year of Proposition EE revenue without an increase during the fiscal year. This means year-over-year growth from FY 2023-2024 to FY 2024-25 is very pronounced compared to other fiscal years and is primarily driven by the increased tax rates.
- Cigarette consumption continues to fall and electronic cigarette (nicotine) consumption continues to climb amongst all age groups[33]. This trend is particularly strong amongst the 18-34 age demographic, which from 2019 to 2023 saw cigarette consumption drop from 13.8 percent to 6.7 percent and electronic cigarette (nicotine) consumption increase from 8.1 percent to 13.8 percent.

In addition to Proposition EE, which is largely not subject to TABOR and is transferred out to other funds, the state collects other excise taxes that are credited directly to the General Fund. These other excise taxes include the initial statutory taxes on cigarettes and tobacco, as well as revenue from liquor taxes. Liquor and tobacco taxes are each charged as a percentage rate while cigarette taxes charged at a flat per pack amount. Liquor and tobacco revenues had been increasing slowly over time, but tobacco revenues seem to have fallen in line with cigarette revenue, which have been slowly decreasing over time. Across the forecast period were expecting continued weakness

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

among the other excise tax category, as general usage trends of such products are starting to plateau or decrease. Revenue for liquor is forecast to fall by 0.7 percent in FY 2023-24 to $55.9 million, the grow by 0.9 percent to $56.4 million in FY 2024-25, and by 1.7 percent to $57.4 million in FY 2025-26. Tobacco revenue is forecast to drop 8.9 percent to $21.6 million in FY 2023-24, then increase by 5.3 percent to $22.7 million in FY 2024-25, before dropping again by 1.5 percent to $22.4 million in FY 2025-26. Cigarette revenue is forecast to decline 9.3 percent to $21.7 million in FY 2023-24, by 5.6 percent to $20.5 million in FY 2024-25, and by 4.2 percent to $19.6 million in FY 2025-26. Compared to the March forecast, there have been downward revisions to liquor excise taxes, tobacco excise taxes, and cigarette excise taxes.

Other General Fund Revenue

Other General Fund revenue includes insurance premium tax revenue, interest and investment income, and court receipts. Other General Fund Revenue increased by a substantial 56.2 percent in FY 2022-23 to $793.3 million, as insurance premium tax revenue and interest income grew by 32.4 percent and 172.2 percent, respectively. In FY 2023-24, Other General Fund revenue is expected to increase by 12.2 percent to $890.4 million total as changes to insurance tax policy are fully integrated, interest income continues its strong growth, while the category of other income applies some downward pressure to trend after a one-time jump. For FY 2023-24 and FY 2024-25, projections are revised up by $4.6 million and $18.5 million respectively, driven both by interest income due to elevated interest rates and expected growth in insurance premiums.

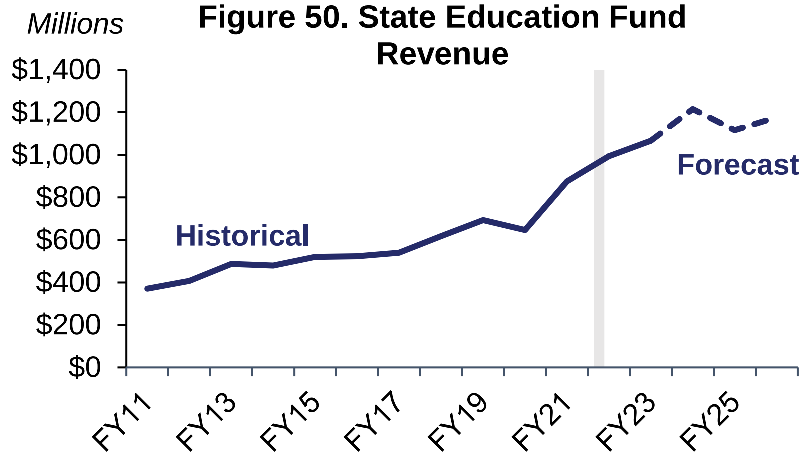
Interest income is forecast to increase by 39.8 percent to $263.4 million in FY 2023-24. On average, General Fund investment income earned interest at 1.13 percent in FY 2021-22, whereas the yield this fiscal year has been 3.6 percent continuing to add upward pressure on interest revenue. During FY 2024-25, interest income is revised up by $16.5 million, though it is expected to decrease 25.0 percent year-over-year due to the lower level of TABOR refunds relative to FY 2022-23 and the beginning of Federal Funds rate cuts during FY 2024-25. While Federal Funds rate cuts are anticipated, they are expected to be slower than anticipated in previous forecasts. Additionally, OSPB anticipates this downward trend to continue into FY 2025-26 with a 31.5 percent decrease in interest income due to falling interest rates as monetary policy is expected to ease.

During FY 2022-23, insurance revenue grew by 32.4 percent from the prior year, strengthening its pace during the second half of the fiscal year. This revenue growth is likely due to HB21-1312, which reduced the size of the annuities exemption and the regional home office rate reduction. The June forecast for insurance revenue in the current fiscal year has been revised down by $10.7 million from the March forecast due to actuals that have come in since March. That being said, Colorado has been experiencing larger than expected year-over-year growth in insurance costs. Therefore, in FY 2023-24 and FY 2024-25, insurance revenue growth is expected to continue its strength with 11.0 percent and 9.9 percent respectively, before it begins to normalize in FY 2025-26 with 2.5 percent growth.

State Education Fund

Revenue to the State Education Fund (SEF) from income taxes reached $1,066.4 million (or $1.07 billion) in FY 2022-23, reflecting 7.3 percent growth. In FY 2023-24, income tax revenue to the SEF is expected to increase by 142.6 million, or 13.4 percent, to $1,209.0 million. This increase is largely based upon Legislative Council Staff's analysis and corrections of prior-year diversions which will take place in the FY 2023-24 diversion, resulting in a $135.1 million upward adjustment to meet the constitutional requirement. This is a significant upward revision from the March forecast of $126.0 million due to that adjustment. In FY 2024-25, revenue is forecast to decrease by $92.5 million or 7.7 percent, to $1,116.5 million, as a result of the one-time adjustment the previous year more than offsetting an expectation of growing overall taxable income. However, this is an upward revision from the March forecast of $37.2 million for FY 2024-25 due to forecast expectations of more elevated taxable income. Finally, in FY 2025-26, growth is forecast to accelerate by 5.3 percent, leading to SEF revenue of $1,175.7 million. This is an upward revision of $23.8 million from the March forecast.

Figure 50. State Education Fund Revenue



Source: Colorado Department of Revenue, OSPB Forecast

The Colorado Constitution requires that one-third of one percent of Colorado taxable income is credited to the State Education Fund. As the State Education Fund revenue is derived from taxable income, it generally follows the trends in individual income and corporate income tax revenue collections. However, for the forecast period, that relationship does not continue, given the immediate implementation of tax credits with sizable revenue impacts that do not impact taxable income, as well as an expected adjustment to diversions in the current year. Since these tax credit changes do not impact taxable income, 2024 legislation related to tax expenditures will not affect the SEF diversion amount.

Revenue Outlook – Cash Funds

Cash funds are taxes, fees, fines, and interest collected by various state programs to fund services and operations. These revenue sources are designated by statute for a particular program and as such are distinct from General Fund revenue, which is available for general purpose expenditures. The following section highlights those cash fund revenues that are subject to TABOR or that have significant fiscal implications. Note that in this section, all forecasts reported here do include adjustments based on legislation passed within this most recent session, some of which either increase or decrease expected revenue.

Total non-exempt cash fund revenue in FY 2022-23 grew by 3.4 percent and totaled $2,757.1 million. Forecasted revenue for FY 2023-24 is revised down by $38.2 million, driven by legislative actions including HB24-1409 and HB24-1469 which are highlighted in the relevant sections below. This would result in a 1.1 percent decrease in cash funds subject to TABOR. Expectations were also revised down for FY 2024-25 by $16.8 million from the prior forecast largely driven by revisions to limited gaming and severance. However, FY 2024-25 is expected to rebound to 5.9 percent growth after a year in declining revenue in FY 2023-24. Revenue is projected to further stabilize and grow 4.7 percent in FY 2025-26.

Overview of Cash Funds

Transportation: Transportation revenue is expected to have strong growth in FY 2023-24, as OSPB forecasts a 12.1 percent increase from the previous year, driven by a large rebound in registration revenue and increasing Road Usage Fees. In FY 2024-25, revenue growth is revised up to 5.8 percent, due to upward revisions to Registration related fee revenue, such as the Road Safety Surcharge.

Limited Gaming: Limited gaming had a strong year in FY 2022-23 with 5.2 percent growth from the previous fiscal year, due to record numbers of adjusted gross proceeds (AGP). However, AGP is expected to return to more normal trends applying downward pressure on gaming revenue in the long term. Additionally, HB24-1469 *Collections for Another Government* has clarified the local distribution of gaming revenue to be TABOR exempt. This results in revisions down on the TABOR non-exempt funds from Limited Gaming revenue.

Severance: Severance tax revenue collections broke the all-time state annual collection record in FY 2022-23 at $374.7 million as oil and gas prices maintained above-average levels in the first half of that fiscal year. In FY 2023-24, revenue is projected to decline by 41.1 percent to $220.5 million despite similar oil prices as FY 2022-23 due to higher taxpayer usage of ad valorem credit claims. In FY 2024-25, collections are estimated to increase by 8.9 percent to $240.2 million, as natural gas prices are projected to recover, and it will be the first full year of implementation for the reduced ad valorem credit enacted by HB23-1272. In FY 2025-26, revenue is forecast to again increase by 8.0 percent to $259.5 million. Throughout the forecast period, revenue is expected to remain above the long-term average.

Other Cash Funds Subject to TABOR: The forecast for Other Miscellaneous Cash Funds is revised down in the current year but up in the outyears. The most important change from the March 2024 Forecast is that 2024 legislation is included in the forecast now that they are enacted law. Revenue for Other Miscellaneous Cash Funds is forecasted to increase 0.7 percent to $884.2 million in FY 2023-24, with more elevated growth in FY 2024-25 of 4.9 percent to $927.5 million, and 4.4 percent growth in FY 2025-26 to $968.3 million.

Notable Cash Funds Not Subject to TABOR: OSPB continues to revise marijuana revenue forecasts down due to stable prices and lower sales volume, though moderate growth is expected to re-emerge in FY 2024-25. Federal Mineral Lease (FML) revenue is expected to decrease 39.7 percent to $104.6 million in FY 2023-24 due to lower natural gas prices, before growing 9.9 percent in FY 2024-25 to $115.0 million and stabilizing at those levels. Sports betting tax revenue has shown signs of slowing growth largely attributable a low operator hold percentage and elevated free bets offered. OSPB has now also added a forecast for the Healthy School Meals for All (HSMA) Cash Fund to the list of exempt cash funds, given recent legislative action to create the fund in HB24-1390. Compared to the March forecast, OSPB is revising up Proposition FF revenue estimates in FY 2023-24 by $13.8 million to $127.1 million and in FY 2024-25 by $14.3 million to $130.5 million. These upward revisions are primarily due to actual revenue surprising to the upside.

Transportation

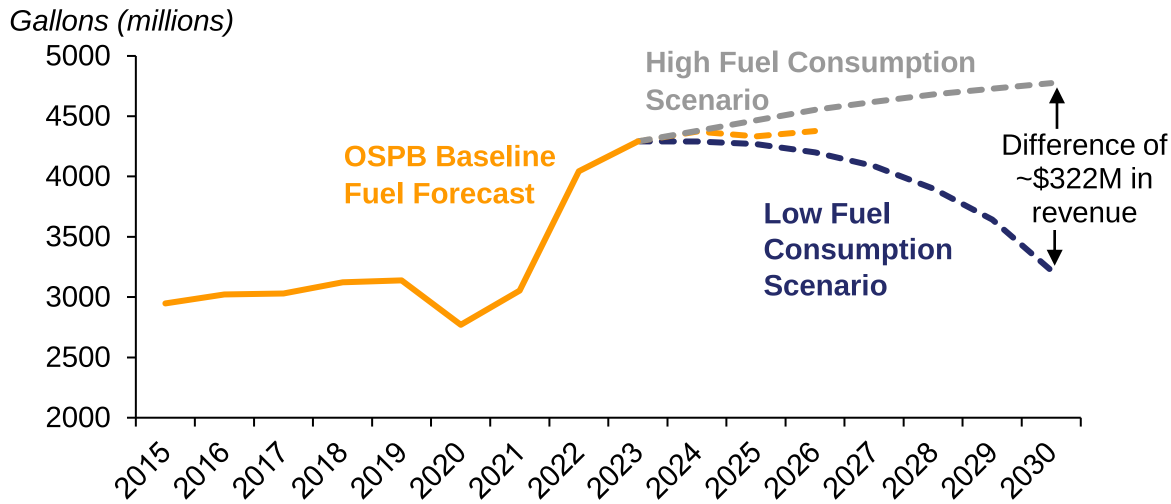
Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a handful of smaller cash funds. Transportation revenue is expected to grow by a total of 12.1 percent in FY 2023-24. Going forward, the expectation for transportation revenue is stabilization and steady growth in the out-years with 5.8 percent growth in FY 2024-25 and 4.5 percent growth in FY 2025-26. These revisions up from the March 2024 Forecast is driven by continued strength in registration related revenue, while fuel revenue has come in below expectations in recent months.

Figure 51. Detailed Transportation Cash Fund Forecast

Highway Users Tax Fund (HUTF)	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
Motor and Special Fuel Taxes	$652.3	$664.9	$671.7	$685.3
Percent Change	*3.0%*	*1.9%*	*1.0%*	*2.0%*
Road Usage Fees	$12.7	$90.2	$124.1	$161.2
Percent Change	*N/A*	*610.0%*	*37.6%*	*30.0%*
Total Registrations	**$328.6**	**$380.2**	**$420.2**	**$435.4**
Percent Change	***-15.3%***	***15.7%***	***10.5%***	***3.6%***
Registrations	$219.9	$234.1	$234.4	$244.4
Road Safety Surcharge	$72.4	$103.7	$142.8	$146.2
Late Registration Fees	$36.3	$42.4	$43.0	$44.8
Other HUTF	$72.4	$78.4	$80.3	$81.5
Percent Change	*15.3%*	*8.2%*	*2.4%*	*1.6%*
Total HUTF	**$1,066.0**	**$1,213.6**	**$1,296.2**	**$1,363.4**
Percent Change	***-0.6%***	***13.9%***	***6.8%***	***5.2%***
Non-HUTF				
State Highway Fund	$27.5	$28.7	$26.6	$26.1
Percent Change	*29.4%*	*4.2%*	*-7.2%*	*-2.1%*
Other Transportation Funds	$173.3	$177.8	$180.2	$181.2
Percent Change	*19.1%*	*2.6%*	*1.3%*	*0.6%*
Total Transportation Revenue				
Total Transportation	**$1,266.8**	**$1,420.2**	**$1,503.0**	**$1,570.7**
Percent Change	***2.2%***	***12.1%***	***5.8%***	***4.5%***

The Highway Users Tax Fund is the largest transportation-related cash fund, with revenues primarily coming from motor fuel taxes and motor vehicle registrations. Motor fuel taxes make up over half of the HUTF and comprise both gas and diesel tax revenue. OSPB has made a revision upward from June for the HUTF for FY 2023-34 by $5.0 million and $7.7 million in FY 2024-25. OSPB also forecasts a notable rebound of 15.7 percent from the previous year's revenue in the Total Registrations account within the HUTF. Another substantial portion of Total Registrations is the Road Safety Surcharge. The Road Safety Surcharge has been limited by reductions laid out in SB21-260 and HB22-1351, which have now expired, and the full fee is in effect. Fully implemented registration fees continue to provide upward pressure on the current fiscal year and the outyears.

Figure 52. Colorado Gallons of Fuel Consumed Forecast



Source: US Department of Transportation: Federal Highway Administration and OSPB Calculations

As a significant portion of HUTF Revenue comes from Motor and Special Fuel Taxes, Colorado has long term revenue risk pending the amount of fuel consumed within the state. In Figure 52 shown above, there are different scenarios forecast for high fuel and low fuel consumption for Colorado. The high fuel consumption scenario is driven by assumptions that current car efficiency of miles per gallon is maintained and Vehicle Miles Traveled (VMT) grows more quickly than its historical rate. The low consumption scenario is driven by assumptions that Electric Vehicles (EVs) are adopted at more significant rates and vehicles become more efficient, therefore consuming less fuel. The Colorado EV Plan[34] set the ambitious goal to hit 940,000 EV's on the road by 2030. This would be a combination of Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs). According to the EValuateCO Dashboard from Atlas Public Policy, there are an estimated 125,938 total EVs on the road already. Additionally, in recent years, President Biden's administration has established Corporate Average Fuel Economy Standards (CAFE), which requires large gains in average miles-per-gallon (MPG) for light duty vehicles, SUV's and pickups for newly produced vehicles. These standards would see roughly over 28 percent gains in efficiency in the average vehicle being sold in 2031 as compared to now. Based on OSPB's calculations, the difference in the high and low fuel consumption scenarios could result in a difference of 1.55 billion less gallons of fuel being consumed by Coloradans in 2030. OSPB's current transportation forecast through fiscal year 2025-26 lands in between these two consumption scenarios.

[34] https://energyoffice.colorado.gov/transportation/ev-education-resources/2023-colorado-ev-plan

Figure 53. Difference Between High and Low Fuel Consumption Scenarios

Revenue Source	Difference
Motor and Special Fuel Taxes	-$337.10
Road Usage Fee	-$98.83
EV Registration Revenue	$61.36
EV Road Equalization Fee	$52.76
TOTAL:	**-$321.81**

A reduction in fuel usage would have significant impacts on transportation related revenue. Recent legislation, such as SB21-260, has created fees on Electric Vehicles to offset potential revenue losses in fuel in the future through additional registration fees. This bill implemented a flat EV Registration fee (which is tied to inflation) and an EV Road Equalization fee, which rises each fiscal year on a tiered basis. In fiscal year 2031-32, the EV Road Equalization Fee will increase to $96 for BEV's and $27 for PHEV's and thereafter increases with inflation. However, even with these additional EV registration fees, OSPB calculates in the low fuel consumption scenario that there will be a large net loss in revenue from a decrease in fuel usage when compared to the high consumption scenario. This would translate to a relative reduction in funding for those receiving HUTF Distributions, such as local counties and cities, the State Highway Fund, the Department of Revenue, and the Department of Public Safety. OSPB will continue to monitor fuel consumption and other factors and how it will impact transportation revenue and funding in the future.

Figure 54. HUTF Distributions

First Stream	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
Off-the-Top Deductions	$165.8	$181.2	$191.3	$191.3
CDOT - SHF Fund (65%)	$185.6	$193.5	$177.1	$192.9
Counties (26%)	$74.2	$77.4	$70.8	$77.2
Cities (9%)	$25.7	$26.8	$24.5	$26.7
Total First Stream	**$451.3**	**$478.9**	**$463.7**	**$488.1**
Second Stream				
CDOT - SHF (60%)	$368.8	$440.9	$499.5	$525.2
Counties (22%)	$135.2	$161.6	$183.1	$192.6
Cities (18%)	$110.6	$132.3	$149.8	$157.6
Total Second Stream	**$614.7**	**$734.8**	**$832.5**	**$875.3**
Total HUTF Distributions				
Total HUTF	**$1,066.0**	**$1,213.6**	**$1,296.2**	**$1,363.4**

Other transportation-related funds include the State Highway Fund (SHF) and other miscellaneous revenue. Revenue to the SHF is made up of various smaller revenue streams including sales of state property, special transport permits, and earned interest. OSPB forecasts the stabilization of the SHF, followed by a slight decline for the out-years driven by special transport permits and other services returning to historical norms. Other miscellaneous transportation revenue is being driven by strong revenue collections in the DRIVES account, Multimodal Transportation fund, and Aviation funds.

Limited Gaming

Limited gaming revenue maintained its strength in demand as FY 2023-24 revenue has slightly exceeded the prior fiscal year of record gaming revenues. Adjusted gross proceeds (AGP) year to date has been 0.3 percent above the AGP through the first ten periods of the previous fiscal year. OSPB anticipates a 0.9 percent growth in total limited gaming revenues by the end of FY 2023-24, with limited gaming revenues subject to TABOR anticipated to decline by 24.6 percent. This is due to HB24-1469 *Collections for Another Government*, which specifies some of the Limited Gaming Revenue distribution to local governments, seen in section F of figure 55, as TABOR exempt revenue. Limited gaming revenue subject to TABOR is expected to grow by 2.2 and 2.4 percent in FY 2024-25 and FY 2025-26 respectively. While excess savings may be dwindling, OSPB anticipates FY 2024-25 gaming revenues will be driven by operators' effort meet a threshold for an Electronic Player Credits refund rule to go into permanent effect. These numbers and the corresponding distributions are shown in Figure 55 below.

Figure 55. Limited Gaming Distributions

Distribution of Limited Gaming Revenues	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
A. Total Limited Gaming Revenues (Includes Fees and Interest)	**$177.5**	**$181.5**	**$186.0**
Annual Percent Change	0.9%	2.2%	2.5%
3.5% Cap	N/A	N/A	N/A
B. Gaming Revenue Exempt from TABOR (Extended Limited)	**$55.2**	**$56.4**	**$57.8**
Annual Percent Change	5.9%	2.2%	2.5%
C. Gaming Revenue Subject to TABOR (Limited)	**$91.4**	**$93.4**	**$95.7**
Annual Percent Change	-24.6%	2.2%	2.4%
D. Total Amount to Base Revenue Recipients	**$112.1**	**$114.8**	**$117.9**
Amount to State Historical Society (28%)	$31.4	$32.2	$33.0
History Colorado (80% of 28%)	$25.1	$25.7	$26.4
Grants to Cities for Historical Preservation (20% of 28%)	$6.3	$6.4	$6.6
Amount to Counties (12%)	$13.5	$13.8	$14.1
Amount to Cities (10%)	$11.2	$11.5	$11.8
Amount to Distribute to Remaining Programs (State Share) (50%)	$56.1	$57.4	$58.9
Local Government Impact Fund	$7.0	$7.1	$7.3
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5
Bioscience Discovery Evaluation Fund	N/A	N/A	N/A
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1
Responsible Gaming Fund	$2.5	$2.5	$2.5
State Historical Society Strategic Initiatives Fund	$0.0	$0.0	$0.0
Transfer to the General Fund	$21.5	$22.7	$24.0
E. Total Amount to Amendment 50 Revenue Recipients	**$50.5**	**$51.7**	**$53.1**
Community Colleges, Mesa and Adams State (78%)	$39.4	$40.4	$41.4
Counties (12%)	$6.1	$6.2	$6.4
Cities (10%)	$5.1	$5.2	$5.3
F. Total Amount to Counties and Cities Originally From Limited Gaming	**$30.9**	**$31.7**	**$32.5**
Amount to Counties (12%)	$13.5	$13.8	$14.1
Amount to Cities (10%)	$11.2	$11.5	$11.8
Grants to Cities for Historical Preservation (20% of 28%)	$6.3	$6.4	$6.6

Severance

Severance tax revenue collections broke the all-time state annual collection record in FY 2022-23 at $374.7 million as oil and gas prices maintained elevated levels throughout most of the fiscal year. In FY 2023-24, revenue is projected to decline by 41.1 percent to $220.5 million even with similar average oil prices as FY 2022-23 due to higher taxpayer usage of ad valorem credit claims and lower natural gas prices dragging on revenue collections. This is a $5.8 million downward revision from the March forecast due to softer than expected collections, which is partially offset by an upward revision in estimated interest earnings. In FY 2024-25, collections are estimated to increase by 8.9 percent to $240.2 million as natural gas prices are projected to recover, and it will be the first full year of implementation for the reduced ad valorem credit enacted by HB23-1272. However, this is a $15.5 million downward revision from the March forecast as revenue expectations have weakened for calendar year 2024 on higher expected overall taxpayer usage of ad valorem credits. Finally, in FY 2025-26, revenue is forecast to increase by 8.0 percent to $259.5 million, representing an $11.4 million upward revision from March. Throughout the forecast period, revenue is forecast to remain above the long-term average of $158.1 million.

Figure 56. Severance Tax Revenue

	Actual FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Oil & Gas	$347.1	$185.3	$209.5	$233.5
Coal	$4.4	$5.5	$5.3	$5.2
Moly & Metals	$0.6	$2.0	$2.0	$2.0
Interest	$22.4	$27.7	$23.5	$18.8
Total	**$374.7**	**$220.5**	**$240.2**	**$259.5**
Change	***15.3%***	***-41.2%***	***8.9%***	***8.0%***

Beginning in January 2024, the distribution for severance tax revenue changed due to provisions within HB23-1272 *Tax Policy that Advances Decarbonization*, which reduces the ad valorem credit for oil and gas taxpayers from 87.5 percent to 75 percent in TY 2024 and 2025 and allocates the additional revenue from this tax change to the Decarbonization Tax Credits Administration Cash Fund for costs associated with the administration of decarbonization tax credits provided for within the bill. TY2026 includes additional changes to the ad valorem credit, which are accounted for in this forecast. Any funds above $100,000 remaining in the Decarbonization Tax Credits Administration Cash Fund at the end of a fiscal year are transferred to the General Fund.

By statute, the remaining 50 percent of severance tax revenue is distributed to the Department of Natural Resources and the other 50 percent is allocated to the Department of Local Affairs. Of the amount distributed to the Department of Natural Resources, 50 percent is allocated toward water projects and loans while the other 50 percent is used for departmental programs, including natural resource and energy-related programs. For the Department of Local Affairs, 70 percent of their share is allocated toward local impact grants and loans for local governments socially or economically impacted by mineral extraction, while 30 percent is distributed to local governments based on measures related to oil, gas, and mining activities. That distribution is reflected in Figure 57.

Figure 57. Severance Tax Forecast Distribution Table

	Actual FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Total Severance Tax Revenue (excluding interest, in millions)	**$352.2**	**$192.8**	**$216.7**	**$240.6**
Distribution				
Decarbonization Tax Credits Administration	$0.0	$13.7	$27.4	$30.8
Department of Natural Resources	$176.1	$89.6	$94.7	$104.9
Department of Local Affairs	$176.1	$89.6	$94.7	$104.9

Other Cash Funds Subject to TABOR

The State receives revenue from a variety of other, smaller cash funds. This includes non-exempt cash fund revenue to the Department of Regulatory Agencies (DORA), which is made up of revenue from professional and occupational licensing, the Public Utilities Commission, and other sources. DORA's revenue in FY 2022-23 came in at $89.4 million, but OSPB expects a decline in revenue for FY 2023-24 as a result of increased revenue impacts for nurses and mental health professionals passed in HB22-1298 *Fee Relief Nurses Nurse Aides and Technicians*, and HB22-1299 *License Registration Fee Relief for Mental Health Professionals*. These two bills are expected to reduce revenue by $8.6 million in the current fiscal year, compared with a $6.8 million reduction in the recently completed FY 2022-23. As a result of this legislative impact and a reversion to trend fee collections, FY 2023-24 revenue is expected to drop 4.1 percent to $85.7 million. In FY 2024-25, revenue is expected to bounce back by 17.5 percent to $100.7 million, largely a result of these fee reductions rolling off, followed by a more moderate 4.8 percent increase in revenue in FY 2025-26 to $105.5 million.

The category of "Other Miscellaneous Cash Funds" includes revenue from over 300 cash fund programs that collect revenue from fees, fines, and interest earnings. OSPB breaks down this forecast into a list of 25 funds that had the most revenue in FY 2022-23 and separates out the rest of the smaller cash funds. The list of 25 funds, or the "Top 25", accounted for 71.3 percent of revenue in the Miscellaneous Cash Fund forecast in FY 2022-23. The individual annual estimates for the Top 25 group of cash funds within the miscellaneous revenue forecast are detailed in the appendix in Table 6b. The other important change from the March 2024 Forecast is that 2024 legislation is now included in the forecast now that they are signed into law including: (1) modifications to the Employment Support Fund (HB24-1409), (2) reductions in the Housing Development Grant Fund Vendor Fee (HB24-1434), (3) reductions to the Recycling Resources Program Fee (HB24-1449), and (4) other various fee increases. Compared to the March 2024 Forecast, FY 2023-24 has been revised down 1.2 percent and -$11.0 million, FY 2024-25 revised up 2.0 percent and $18.4 million, and FY 2025-26 has been revised up by 3.6 percent and $33.5 million. The below table details the forecasted revenue through FY 2025-26.

Figure 58. Miscellaneous Cash Funds Revenue Estimates (Millions)

Fiscal Year	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Top 25	$591.7	$619.9	$576.1	$585.8	$604.1
Other	$277.8	$258.6	$308.0	$341.7	$364.2
Total	$869.4	$878.4	$884.2	$927.5	$968.3

Figure 59. Miscellaneous Cash Funds Revenue Estimates (Growth)

Fiscal Year	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Top 25		4.8%	-7.1%	1.7%	3.1%
Other		-6.9%	19.1%	10.9%	6.6%
Total		1.0%	0.7%	4.9%	4.4%

As highlighted in the March OSPB forecast, interest income has quickly become a driving force in Miscellaneous Cash Fund forecast and the forecast as a whole. This has been driven by increased interest rates in 2023 and 2024 from the Federal Reserve, as well as the State having higher average cash portfolios throughout the Fiscal Year. Over the last decade from FY 2012-13 to FY 2023-24 the Treasurer's Office has averaged an interest rate of return of 1.6 percent, which consistently beat out their market performance benchmark of 1.4 percent. In FY 2023-24 through March 31, 2024, the Treasurer's Office has had an average interest rate of return of 3.5 percent, over double what the State had been earning historically. On the portfolio front, the amount of State Funds in Treasury's portfolio averaged $11.4 billion from FY 2012-13 to FY 2023-24, but in FY 2023-24 the Treasury's portfolio has averaged $21.0 billion. While some of the funds in the Treasury's portfolio are exempt from TABOR because they come from exempt streams such as Federal Funds, voter approved taxes, and more, the general size and increases of the Treasury's portfolio indicates over the near term that elevated interest income earnings are here to stay and will continue to impact the state's budget for interest earned on nonexempt funds within the portfolio.

TABOR Exempt Funds with Fiscal Implications

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

Healthy School Meals for All (HSMA) Cash Fund

Proposition FF created the Healthy School Meals for All (HSMA) Program to provide access to free meals for all public school students in Colorado. Proposition FF funds the HSMA program by limiting the amount of tax deductions on tax filers earning over $300,000 and by securing additional federal funding for school meals. Until FY 2023-24, revenue attributable to the income tax addition under Proposition FF was deposited into a TABOR-exempt General Fund account. HB24-1390 created the HSMA cash fund and required the balance from the exempt account to be transferred into the cash fund in FY 2024-25. HB24-1390 also allocated additional funding to the HSMA program, as projected meal reimbursement expenses are expected to exceed initial appropriation levels and were expected to outstrip revenue derived from Proposition FF in the OSPB March forecast. However, recent data on the number of tax filers eligible under the Proposition FF threshold suggest that initial revenue estimates were conservative.

Figure 60. Healthy School Meals for All Cash Fund Revenue Forecast

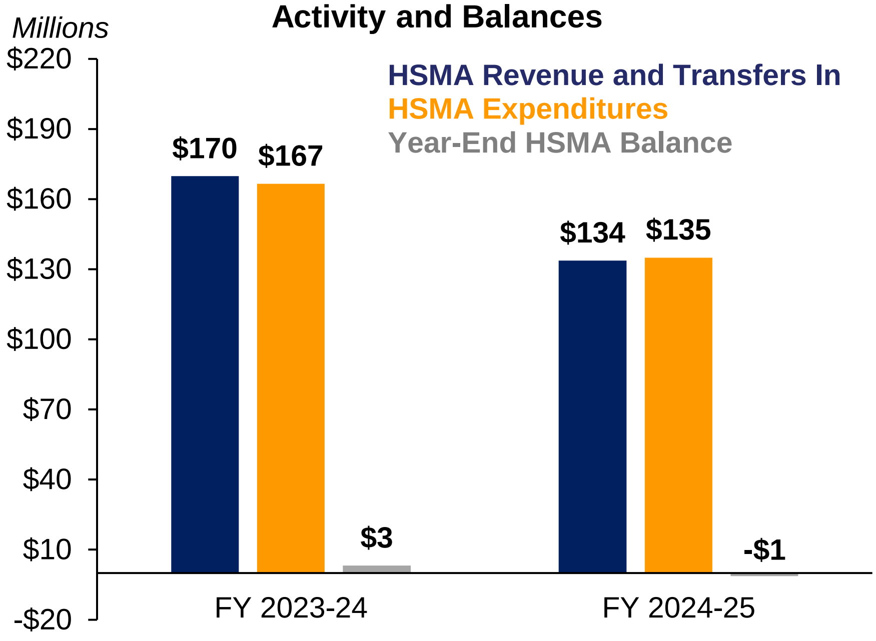
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Revenue Projection *(In millions)*	**$42.7**	**$127.1**	**$130.5**	**$121.0**
Growth	-	197.6%	2.7%	-7.2%

In the March forecast, OSPB estimated that individual income revenue increased by $42.7 million in FY 2022-23, by $113.3 million in FY 2023-24, and by $116.2 million in FY 2024-25 due to Proposition FF. Since the March forecast, actual Tax Year 2023 data has been received from the Department of Revenue on the number of qualifying tax filers year-to-date and the accompanying revenue allocated to the HSMA account. Through June, actual revenue has surprised to the upside, leading to an upward revision of $13.8 million in FY 2023-24 to $127.1 million and $14.3 million in FY 2024-25 to $130.5 million. The current expenditure estimate for the HSMA program in FY 2023-24 is $166.6 million. Based on revenue estimates mentioned above OSPB expects approximately $3.2 million to be transferred from the General Fund exempt account into the new HSMA Cash Fund on July 1st, 2024. Originally, Proposition FF was estimated to affect 113,988 returns according to the Blue Book, or about five percent of returns filed in Colorado. However, in TY 2022, there were 205,666 tax returns with an Adjusted Gross Income (AGI) of $300,000 or above. Note that the revenue retained in FY 2023-24 as a result of Proposition FF is capped by the 2022 blue book estimate, which is $26.4 million below current expectations.

As of June 2024, the Department of Revenue has received tax filling information indicating that approximately 106,642 filers with an AGI above $300,000 have submitted their tax returns for TY 2023. This likely represents 50-60 percent of the expected filers in this income bracket for the year, based on historical returns trends. For FY 2025-26, there is a slight downward revision of

$0.3 million resulting in estimated revenue of $121.0 million. As seen in Figure 60 above, OSPB forecasts revenue collected under Proposition FF to reduce by 7.2 percent in FY 2025-26. This is due to the federal Tax Cuts and Jobs Act (TCJA) standard deduction provisions sun setting on December 31, 2025, which would negatively impact Proposition FF revenue. TCJA initially increased the standard deduction to $12,000 for single filers, $24,000 for joint filers, and $18,000 for heads of households with inflationary increases, and while the federal government may take action to extend current federal law, the OSPB forecast only assumes current law, and thus the sunset of these provisions. In TY 2024, the standard deduction is $14,600 for single filers, $29,200 for joint filers, and $21,900 for heads of households. Under Proposition FF, households with AGI above $300,000 are limited to $12,000 in state income tax deductions for single filers and to $16,000 for joint filers. If the TCJA roll-off occurs, under current law, the majority of the revenue allocated to Proposition FF from filers using the standard deduction is projected to be lost, with nearly all the revenue then coming from filers using itemized deductions. If the higher standard deductions provided for in the TCJA are extended, Proposition FF revenue in FY 2025-26 would likely increase year-over-year. The Colorado Department of Education (CDE) estimates HSMA program expenditures for meal reimbursements alone to be approximately $166.6 million in FY 2023-24 and between $131-$135 million in FY 2024-25. The HSMA Program in addition to meal reimbursement costs also includes various grant programs such as the local school food purchasing grant, technical assistance grant, and wage reimbursement programs. These grants have been delayed until FY 2025-26 and are expected to cost an additional $20-$22 million annually. As seen in Figure 61 above, assuming these expenditure estimates and that the revenue above the Blue Book estimate is able to be retained, Proposition FF revenue is projected to fully cover the meal reimbursement costs in FY 2023-24 without the need to utilize State Education Fund, as provided for in HB24-1390, and almost fully cover meal reimbursement costs in FY 2024-25.

Figure 61. Healthy School Meals for All Fund Activity and Balances



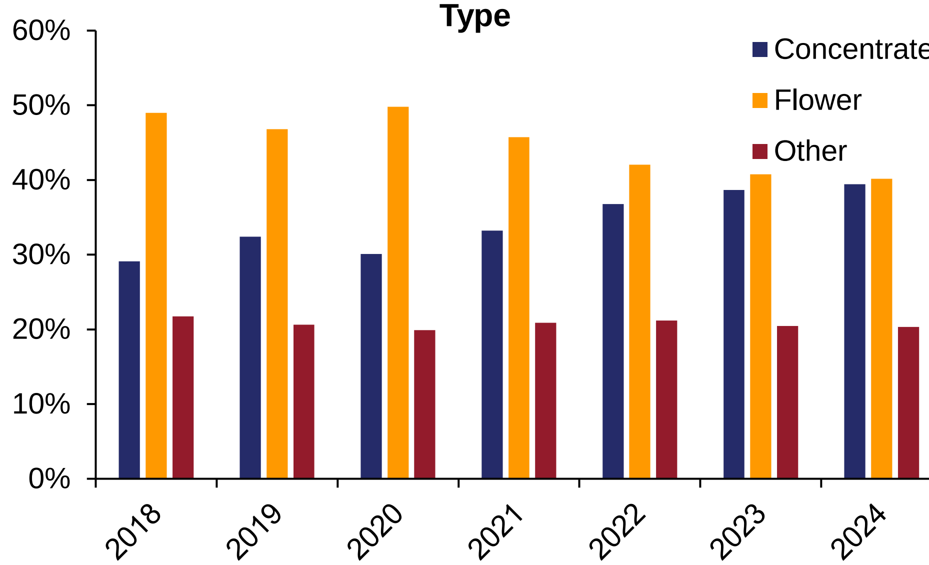
Marijuana

Marijuana revenue continues to fall, largely as a function of stable prices and a decrease in the quantity of wholesale flower sold. Medical flower is also declining, while retail adult use marijuana sales have remained relatively stable; however, there is substantial variation across different types of retail products. OSPB anticipates that marijuana revenue in FY 2023-24 will have a year-over-year decline of 10.4 percent, followed by 7.9 percent growth in FY 2024-25 and 6.8 percent in FY 2025-26.

Figure 62. Marijuana Tax Revenue Through FY 2025-26

Marijuana Tax Revenue	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
Proposition AA Taxes (Not Subject to TABOR)				
Retail Marijuana 15% Special Sales Tax	$219.9	$200.6	$215.5	$228.3
Retail Marijuana 15% Excise Tax	$57.8	$49.1	$52.9	$58.7
Total Proposition AA Taxes	**$277.7**	**$249.7**	**$268.4**	**$287.0**
2.9% Sales Tax & Interest (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$5.6	$4.0	$5.7	$5.8
Retail Marijuana 2.9% State Sales Tax	$1.1	$1.3	$1.2	$1.1
Interest Earnings	$0.1	$0.1	$0.1	$0.1
Total 2.9% Sales Taxes & Interest	**$6.9**	**$5.4**	**$7.0**	**$7.0**
Total Marijuana Taxes	**$284.6**	**$255.1**	**$275.3**	**$294.0**

Figure 63. Share of Revenue by Retail Product Type



Source: Colorado Department of Revenue
Other includes edibles, nonedibles, and shake/trim

Marijuana prices as a whole have remained relatively stable over the past three quarters, as the average market rate (AMR) for wholesale flower has been virtually the same at this time ($750 per pound for Q4 2023 and Q1 2024, and $749 per pound for Q2 2024). However, since 2018, the share of marijuana retail revenue coming from different types of products has changed drastically. As shown in Figure 63, the share of revenue coming from flower has fallen over time, while the share coming from concentrate has grown to be nearly equal to that of flower. This change in shares is notable given the difference in prices between these categories: as of March 2024, flower costs $3.46 per gram, while concentrate is $11.32 per gram. Thus, while the two product types bring in roughly the same amount of revenue, the volume of flower sold is nearly three times that of concentrate. This may help explain the discrepancy between retail and wholesale sales volume highlighted in the March forecast. In the past, OSPB has used retail flower equivalent as a proxy for all the types of retail products; however, the increase in high-value-added concentrate as a share of sales indicates that less wholesale marijuana is required to meet demand relative to when flower made up the majority of retail sales. OSPB expects this trend to continue, keeping wholesale revenue low relative to retail trends.

Marijuana revenue goes to a number of different sources once collected, the largest being (1) the Marijuana Tax Cash Fund (MTCF) from the retail special sales tax and (2) BEST School Capital Construction from the excise tax on wholesale purchases. Allocations to each of these funds are shown in Figure 64 below in addition to the revisions downward from the previous forecast.

Figure 64. Forecasts and Forecast Revisions by Fund

Marijuana Tax Revenue (June)	Total Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund
Actual FY 2022-23	$284.5	$22.0	$30.8	$57.8	$24.9	$149.0
Forecast FY 2023-24	$255.0	$20.1	$28.1	$49.1	$22.7	$135.0
Forecast FY 2024-25	$275.2	$21.6	$30.2	$52.9	$24.4	$146.2
Forecast FY 2025-26	$293.9	$22.8	$32.0	$58.7	$25.9	$154.5
Change from March	**Total Revenue**	**Local Share**	**General Fund**	**BEST School Capital Construction**	**Public School Fund**	**Marijuana Tax Cash Fund**
Actual FY 2022-23	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Forecast FY 2023-24	-$15.0	-$0.5	-$0.7	-$8.4	-$0.6	-$4.8
Forecast FY 2024-25	-$38.8	-$1.7	-$2.4	-$20.8	-$2.0	-$11.8
Forecast FY 2025-26	-$45.9	-$2.0	-$2.7	-$25.9	-$2.2	-$13.1

These revisions down are primarily attributed to the decline in wholesale sales, which OSPB expects to continue given the trend discussed above. To a lesser extent, MTCF revenue is revised down, largely due to expectations that retail sales will continue to grow at a slower pace than previously anticipated. Going forward, prices are expected to increase slowly while the decline in sales volume slows, then reverses in mid-2025.

Federal Mineral Lease

After elevated Federal Mineral Lease (FML) revenue collections of $173.6 million in FY 2022-23, revenue is expected to fall in FY 2023-24 to $104.6 million primarily due to lower natural gas prices. During FY 2022-23, Henry Hub natural gas prices averaged $4.63 per million BTU on a weekly basis, reaching a peak of $9.56 in August 2022. Thus far in FY 2023-24, Henry Hub prices have averaged $2.38 per million BTU on a weekly basis, reaching a recent trough of $1.40 in mid-March. This $2.25 (-48.6 percent) average price decline year-over-year is the main driver in lower FML revenue collections. Throughout the forecast period, Henry Hub prices are projected to largely remain at below-average levels, which will result in lower revenue collections compared to the recent peak reached in FY 2022-23. In calendar year 2023, royalty revenue derived from natural gas production on federal leases accounted for roughly half of total FML revenue in Colorado, while oil made up approximately one-quarter. This results in natural gas price fluctuations driving FML revenue collections more than severance tax revenue, which is more reliant on oil production and price. However, crude oil prices have remained at above-average levels, providing a buoy to overall FML revenue. Energy price assumptions are discussed in more detail in the energy section of the economic outlook.

Through three quarters of the fiscal year, $77.0 million in FML revenue has been collected compared to $148.0 million last year through three quarters, reflecting a 52.0 percent decline. In the final quarter of FY 2023-24, approximately $28 million in revenue is projected to be collected.

Compared to the March forecast, revenue is revised down by $1.1 million in FY 2023-24 due to weaker than expected third quarter collections. During FY 2024-25, natural gas prices are expected to rebound closer to the long-term average, which is projected to result in revenue growth of 9.9 percent to $115.0 million in that fiscal year. This is an upward revision of $4.4 million from March. In FY 2025-26, revenue is expected to tick up by 0.3 percent to $115.4 million, reflecting a $3.5 million upward revision from the prior forecast. Since FY 2016-17, annual FML revenue collections have averaged $104.9 million. Detailed FML revenue and distribution forecast expectations can be found in Figure 65.

Figure 65. FML Forecast Distribution Table

	Actual FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Total FML Revenue	**$173.6**	**$104.6**	**$115.0**	**$115.4**
Change	*38.8%*	*-39.7%*	*9.9%*	*0.3%*
Bonus Payments (portion of total FML revenue)	$1.3	$0.5	$0.5	$0.5
Local Government Perm Fund	$0.6	$0.2	$0.2	$0.2
Higher Ed FML Revenues Fund	$0.6	$0.2	$0.2	$0.2
Non-Bonus FML Revenue	$172.4	$104.2	$114.5	$114.9
State Public School Fund	$83.3	$50.3	$55.3	$55.5
Colorado Water Conservation Board	$17.2	$10.4	$11.5	$11.5
DOLA Grants	$34.5	$20.8	$22.9	$23.0
DOLA Direct Distribution	$34.5	$20.8	$22.9	$23.0
School Districts	$2.9	$1.8	$1.9	$2.0

Sports Betting

Since sports betting's legalization in Colorado, the revenue stream has shown substantial growth resulting, most recently, in a record of $5.1 billion wagered and $25.6 million in tax revenue collected over the course of Fiscal Year 2022-23. In fiscal year 2023-24, OSPB forecasts a 16.5 percent increase in sports betting tax revenue to $29.8 million, while FY 2024-25 is forecast to grow by 13.1 percent, and lastly, in FY 2025-26, OSPB expects 8.9 percent growth. This is a revision down in total revenue collected for all three of the forecast years. Despite already exceeding the wagers of the prior fiscal year in the first ten months of this fiscal year, Colorado's tax revenue has been limited by operator hold percentage and effective tax rate. Additionally, Colorado remains the state with the second lowest operator hold percentage by operators (6.8 percent) only behind Nevada[35]. This indicates that Colorado bettors have been statistically better than bettors in other legal states. This could be due to Colorado bettors being more predisposed to bet on home teams, such as the NBA's Denver Nuggets, who have had considerable recent success. With professional basketball being the most wagered sport in Colorado this could be one

[35] https://www.legalsportsreport.com/sports-betting/revenue/

explanation for why operators win or hold percentage remains well below the 8.4 percent national average. There may be some additional upward pressure on sports betting tax revenue in the outyears as Colorado's hold percentage may trend more toward the national average.

Figure 66. Sports Betting Revenue Distributions

Distribution Formula	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Total Sports Betting Tax Revenue	$29.8	$33.7	$36.7
Change	*16.5%*	*13.1%*	*8.9%*
Maximum State Collections	$29.0	$29.0	$29.0
Hold-Harmless Fund (6%)	$1.7	$1.7	$1.7
Behavioral Health Administration	$0.1		
Water Plan Implementation Cash Fund	$27.1	$27.3	$27.3

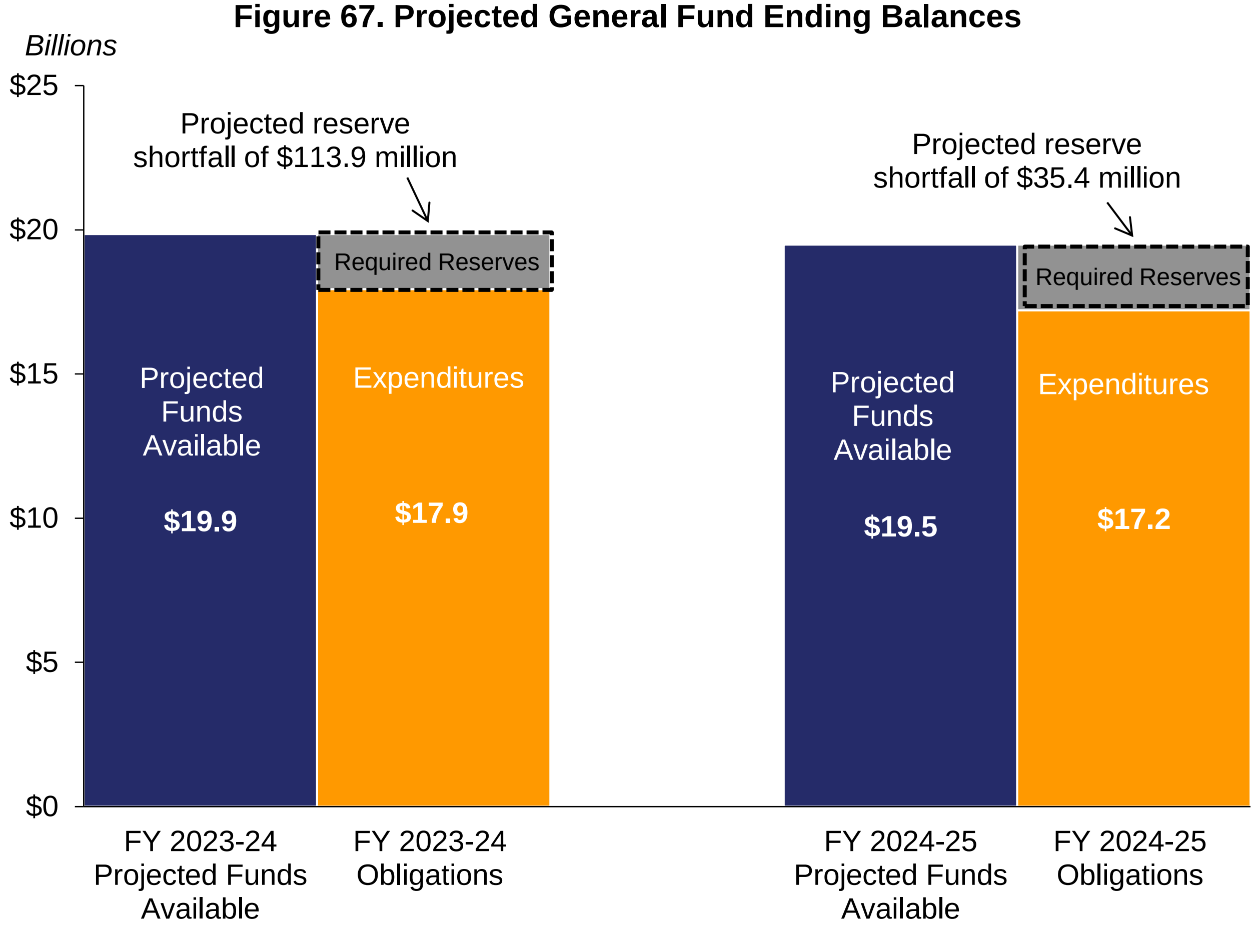
As shown in Figure 66 above, sports betting revenues are distributed by a formula. Under current state law as approved by the voters within Proposition DD, Colorado is limited to collecting up to $29 million. However, with the passage of HB24-1436 *Sports Betting Tax Revenue Voter Approval,* this bill refers a measure to the upcoming ballot in November for the state to retain the excess revenue above $29 million. Six percent of the sports betting revenue goes to the 'Wagering Revenue Recipients Hold-Harmless Fund' to offset any demonstrated loss of revenue attributable to sports betting. Additionally, $130,000 goes to the Behavioral Health Administration in the Department of Human Services to operate a crisis hotline for gamblers and to assist the prevention, education, treatment, and workforce development by counselors certified in the treatment of gambling disorders and is distributed through FY 2023-24 under current law. Last, the remaining funds (minus administration costs) are disbursed to the Water Plan Implementation Cash Fund. Typically, over 90 percent of sports betting revenues ends up going to the Water Plan Implementation Cash Fund.

Budget Outlook

General Fund

General Fund revenue increased 1.7 percent in FY 2022-23 to $17,998.0 million. In FY 2023-24, revenue is expected to decline by 3.7 percent off of the previous year's record, a steeper decline than the 0.7 percent expected in March. This is a downward revision of $528.6 million compared to March, as tax policy changes, increased diversions, and increased individual refunds contribute to the decline. The largest change to revenue in the outyears is a result of the Family Affordability and Earned Income Tax Credits, as discussed in the individual income section, which results in gross general fund revenue growing slowly at 0.5 percent in FY 2024-25, compared to a 1.3 percent increase expected in March.

Figure 67. Projected General Fund Ending Balances



In Figure 67 above, the gray bar represents the amount of total reserves relative to the dashed box representing the statutory reserve requirement. Note that the statutory reserve requirement is smaller in FY 2023-24 than FY 2024-25, due to legislation actions discussed further below. OSPB presents the budgetary outcomes resulting from the revenue projections included in this forecast combined with all bills passed in the 2024 state legislative session.

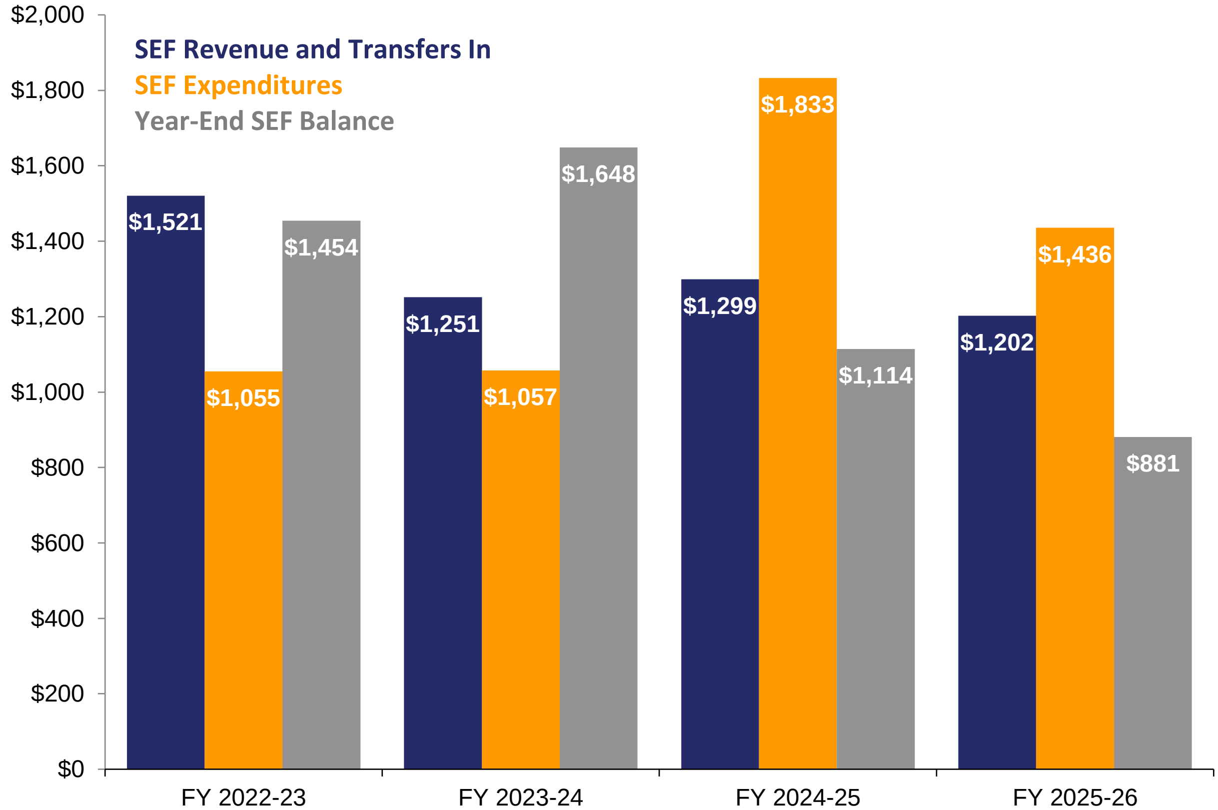
First, a few pieces of legislation additionally made small, temporary adjustments to the 15 percent reserve on General Fund appropriations. In HB24-1231, $41.3 million in General Fund is transferred into an escrow account to support capital construction costs related to health care education. The statutory reserve is temporarily adjusted downward by this amount until the money is released from escrow, at which point the reserve moves back as the state will recoup the money. Also, note that the FY 2023-24 reserve amount is currently negative, despite being positive after including supplemental FY 2023-24 bills in the March forecast. The main reason is HB24-1466, which laid out a two year plan to expedite spending of American Rescue Plan Act (ARPA) money before relevant deadlines and free up General Fund dollars for other uses. The timing of that swap reduced General Fund expenditures by $1,018.0 million but increased transfers from the General Fund by $1,394.6 million in FY 2023-24, causing a drag on net General Fund available in the current fiscal year by $376.6 million. Also, note that the bill had intended to adjust the statutory reserve up in the current fiscal year to offset the decreased obligation, but the statute reference in the bill made it inappropriate to make the intended adjustment. Had that adjustment been made, the forecast would have anticipated that the state would be short of its reserve requirement by $266.2 million in FY 2023-24. However, the legislation created additional General Fund expenditure savings in FY 2024-25 and includes an adjustment to the statutory reserve next fiscal year to not move down the statutory reserve despite the one time savings. Therefore, by the end of FY 2024-25, the bill is budget neutral and does not cause a budgetary cliff. Altogether, based on 2024 legislation, the FY 2023-24 statutory reserve requirement is 14.7 percent of a reduced General Fund expenditure amount resulting from prioritizing ARPA funds. In table 4 in the reference tables, see that the statutory reserve for FY 2024-25 rises to 15.1 percent.

In the current forecast, OSPB expects the state will be $113.9 million below the statutory reserve limit for FY 2023-24. This is largely a result of HB24-1466, as discussed above, which more than offsets lower cash fund revenue expectations as a result of legislation discussed in the cash fund section as well as a lower rebates and expenditures forecast, with cigarette rebates no longer counting as TABOR nonexempt revenue, per HB24-1469, as seen in Table 9. In FY 2024-25, the forecasted reserve is now $35.4 million below the statutory requirement. The largest change since the passage of the long bill, based on the March OSPB forecast, is the result of an audit finding that was resolved at the tail end of session. It found that the Healthcare Insurance Affordability enterprise transfers were misclassified as exempt, resulting in $33.9 million in TABOR under-refunds between FY 2020-21 and FY 2022-23 that will be distributed alongside FY 2023-24 refunds. In addition to this change, there was also limited upward pressure from higher transfers and rebates and expenditures that more than offset lower cash fund revenue expectations. For the FY 2024-25 ending balance, General Fund reversions in a normal year would be sufficient to resolve this shortfall, as could swings in forecasted expenditures, transfers, and cash fund revenue. However, if it appears that such dynamics would not be sufficient to cover the shortfall, it could be addressed in the next supplemental budget submission.

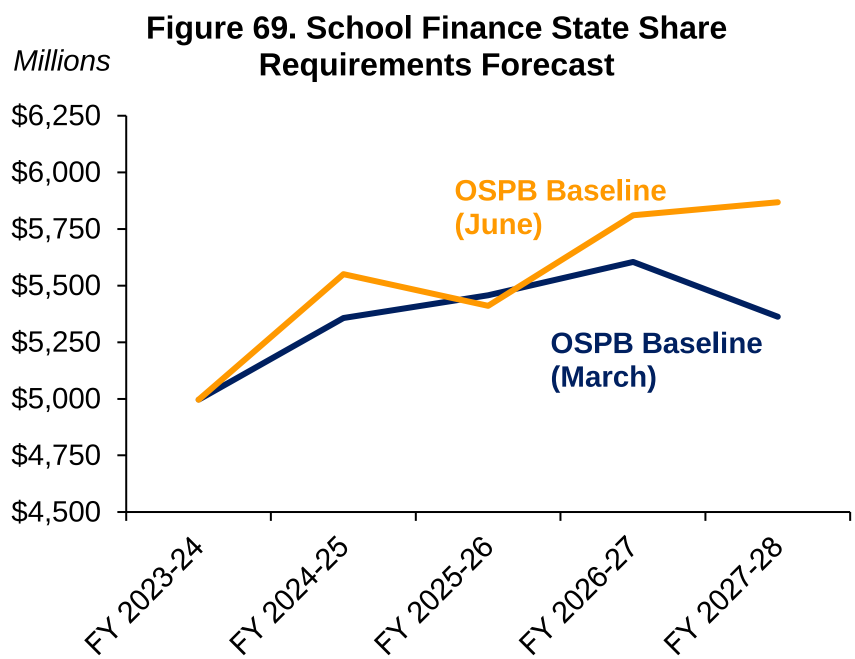
State Education Fund

In FY 2022-23, the State Education Fund's (SEF) year-end fund balance was $1,454.1 million ($1.45 billion), placing the fund in a strong fiscal position moving forward over the forecast period. In FY 2023-24, the year-end balance is expected to increase to $1,648.4 million, $84.6 million above the March forecast, due to a larger than previously expected diversion into the fund to correct for prior-year net under-transfers, which more than offsets increased expenses from the 2024 legislative session. The fund balance projections throughout the forecast period take into account all SEF appropriations and legislative changes enacted in the 2024 regular legislative session, including bills with a significant fiscal impact such as HB24-1207 *Adjustments to School Funding Budget Year 2023-24*, SB24-188 *Public School Finance,* HB24-1448 *New Public School Finance Formula,* and SB 24-233 *Property Tax*.

Figure 68. State Education Fund Forecast



In FY 2024-25, the SEF ending balance is forecast to decrease to $1,114.2 million, which is a downward revision of $68.0 million from March. Two bills unrelated to general Total Program requirements with a significant SEF fiscal impact enacted during the 2024 legislative session are HB24-1389 *School Funding 2023-24 for New Arrival Students* ($24 million one-time) and HB24-1390 *School Food Programs* ($15-$30 million over two fiscal years). In FY 2025-26, the SEF fund balance is projected to decrease to $880.7 million, an upward revision of $162.9 million. Between FY 2023-24 and FY 2024-25, expenditures have increased by nearly $200 million compared to March forecast expenditure estimates for the same period. The smaller fiscal impact bills with an impact of over one-million dollars are, HB24-1290 *Student Educator Stipend Program* ($4.1 million one-time), HB24-1282 *Ninth-Grade Success Grant & Performance Reporting* ($2 million ongoing), and HB24-1446 *Professional Development for Science Teachers* ($3 million one-time).



Overall state share requirements for school finance are projected to be higher from FY 2024-25 through FY 2027-28 compared to March forecast expectations. These expected increases relative to March are primarily due to two bills passed in the 2024 legislative session: HB24-1448, and SB24-233. HB24-1448, which changed the school finance formula with full implementation taking place over six years, is estimated to increase Total Program requirements by over $500 million combined in the first three years of implementation from FY 2025-26 through FY 2027-28. SB24-233 is projected to reduce cumulative local share revenue by $90 million from FY 2024-25 through FY 2027-28 compared to OSPB expectations in March (which included an expectation of additional property tax relief). This results in significantly higher estimated state share requirements through FY 2027-28, primarily in the out-years as formula reform is incrementally implemented with compounding fiscal effects.

Forecast Risks

This budget outlook is based on OSPB's economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to both upside and downside risks. On the upside, labor demand may remain more resilient than expected in the baseline, avoiding an uptick in unemployment in the out-years and keeping income withholdings elevated with it. High interest rates, rising shipping costs, and increasing consumer debt are a few of the downside risks that could negatively weigh on aggregate demand. This is likely to impact sales revenue directly and estimated payments and cash with returns from income revenue indirectly. Economic conditions currently underlying this forecast are weighted towards downside risk.

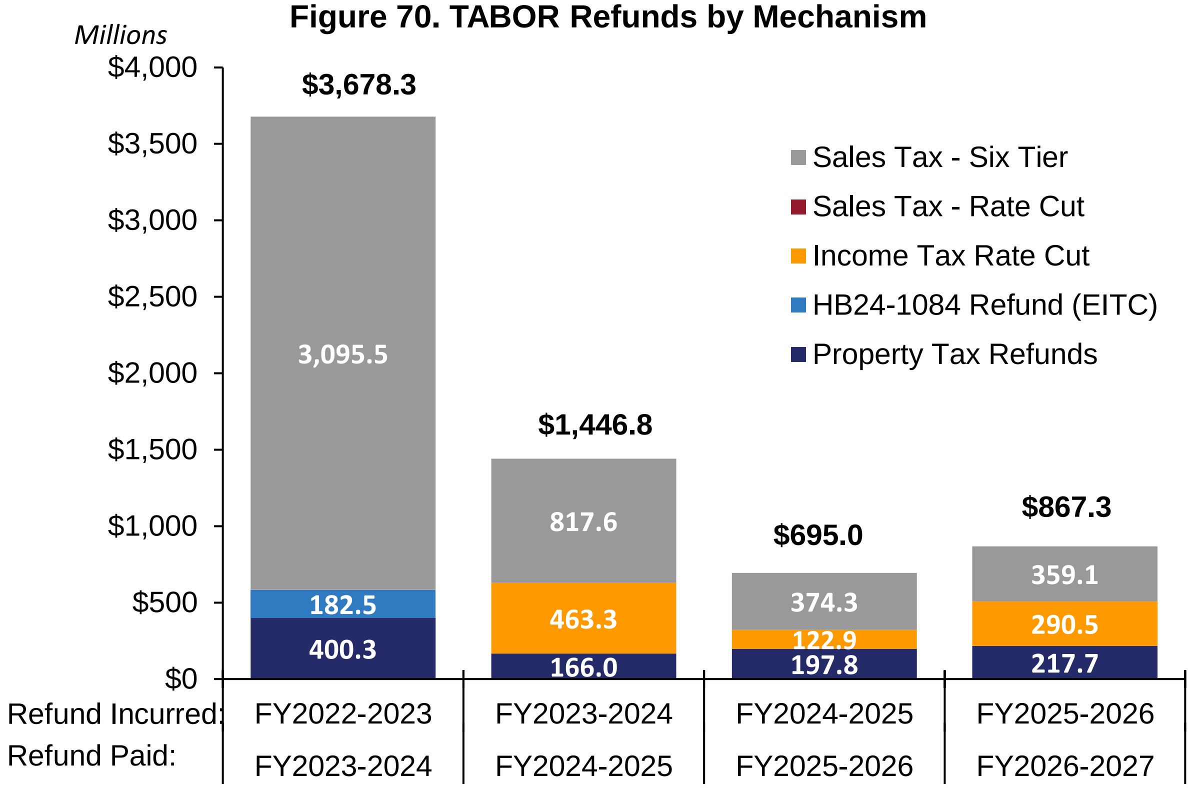
Supplemental Materials

An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website: www.colorado.gov/governor/economics.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR is expected to exceed the cap in each of the forecast years, with the second-highest refund amount on record occurring in the most recently completed fiscal year. This forecast includes significant downward revisions to TABOR refunds when compared with the March forecast due

Figure 70. TABOR Refunds by Mechanism



to changes in income revenue expectations combined with policy decisions adopted by the General Assembly during the 2024 legislative session. Additionally, there is an increased State Education Fund diversion out of income revenue anticipated in FY 2023-24, based on communication with Legislative Council Staff, which would reduce refunded amounts. In FY 2023-24, revenue is projected to be $1,413.0 million above the cap, a $615.1 million downward revision, tied largely to higher than expected refunds after accounting for TABOR refunds, as described in the individual income section above. An additional $33.9 million will be refunded to taxpayers tied to an audit finding related to the Healthcare Affordability Insurance Enterprise, which found non-exempt revenue being classified as exempt, and erroneously retained by the State. In FY 2024-25, the amount above the cap is expected to fall to $695.0 million, a $598.8 million decrease as individual income moderates and corporate income revenue is expected to drop 19.2 percent. In FY 2025-26, refunds are expected to rebound slightly to $867.3 million as the economy returns to slightly stronger growth.

Also during the 2024 legislative session, the General Assembly reformed the TABOR refund mechanisms through SB24-228. This bill expanded the refund mechanisms from the dual mechanisms of the Senior Homestead Exemption and the Six Tier Sales Tax refund, to a structure of up to 4 mechanisms, which are activated or not depending on the amount of refunds. Now, in addition to the established mechanisms above, refund mechanisms may include an income tax cut of between .04 percent to .15 percent, implemented if refunds are expected to exceed at least $300 million after the senior homestead exemption, and a sales tax rate cut of .13 percent if refunds exceed $1.5 billion, again after accounting for homestead expenditures. An income tax reduction had previously been a refund mechanism prior to the passage of Proposition 121 in 2022, which permanently lowered the state's income tax rate. SB24-228 also modified the six-tier refund mechanism to increase the minimum refund amount distributed to taxpayers through that mechanism to align with IRS estimates of minimum sales tax paid in Colorado.

In addition to these mechanisms, SB22-238 *2023 and 2024 Property Tax*, provides an estimated $237.1 million in refunds to backfill local government losses as a result of reduced property tax revenue for revenue collected in FY 2022-23. For that fiscal year's revenue, there was also a refund mechanism created that increased the state earned income tax credit from 25 to 50 percent of the federal credit, with the difference being paid out in a refund mechanism at a cost of $182.5 million. Note that for FY 2022-23 refunds paid out this fiscal year, the $3,678.3 million includes $114.9 million in TABOR refunds going out based on refunds owed in FY 2018-19, FY 2020-21, and FY 2021-22, as can be seen in Table 7 in this document's appendix. This follows the normal process that any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed, which is incurred in FY 2022-23, to be refunded in FY 2023-24, in this forecast. Finally, $3,095.6 million is expected to be refunded via the sales tax refund mechanism. Note that another bill in the special session, SB23B-003, directed that the sales tax refund mechanism be a one-tier sales tax refund instead of the normal six-tier mechanism. The Colorado Department of Revenue has estimated that this payment will then be $800 per single filer and $1,600 for joint filers. Finally, an estimated $163.2 million of the $3,678.3 million refund obligation (including prior year refunds) will be refunded via the Senior Homestead and Disabled Veteran property tax exemption expenditures, based on TY 2023 property taxes and out of refunds incurred in the completed FY 2022-23.

OSPB expects the value of the exemption to remain relatively steady through the end of the forecast period, which reflects downward revisions versus the March forecast, due to the passage of SB24-233 *Property Tax*. This bill set new assessment rates and exemptions for future property tax years at lower rates than previous statute. As a result, it will lower the value received by Homestead recipients based on the market value reductions. Additionally, the passage of SB24-111, which allows portability of the exemption for TY 2025 and TY 2026, may encourage some current recipients of the exemption to relocate and sell their homes, which decreases claims on the existing exemption beginning in TY 2025, and transitions them to the new, temporary exemption. The portable exemption as adopted expires after TY 2026, but it is possible that future legislative sessions may extend this provision.

TABOR refunds incurred in FY 2023-24 are revised down as noted above. In addition to the $166.0 million in the Senior Homestead and Disabled Veteran property tax exemption expenditures, OSPB expects $817.6 million to be refunded via the six-tier sales tax refund, and $463.3 million be refunded through an income tax rate cut of .15 percent to 4.25 percent, per SB24-228.

In FY 2024-25, with the economy growing its slowest in the forecast, revenue growth is also slower than its historical average, resulting in a $374.3 million sales tax refund after accounting for the projected $166.1 million in senior homestead and disabled veteran exemption, as well as the first year of the portability provision, which adds an estimated $31.7 million to be refunded through property tax related mechanisms. The amount of the refund triggers an income tax rate cut of .04 percent to 4.36 percent, refunding $122.9 million of surplus.

In FY 2025-26, OSPB projects a slight rebound in economic growth, raising the refund amount back to $867.3 million. After accounting for the combined $217.7 million of projected Homestead and Homestead portability refunds, OSPB projects $359.1 million to be refunded through the six-tier sales tax mechanism, and $290.5 million to be refunded through a .09 percent reduction in the state income tax. These refunds will be paid out during FY 2026-27. Additionally, the TABOR cap in this fiscal year is anticipated to be shifted as a result of SB24-123 *Waste Tire Management Enterprise*, which establishes a new enterprise and folds existing non-exempt waste tire fee revenue into the enterprise. This action requires a commensurate downward adjustment to the cap, which OSPB projects at around $1.7 million.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

		Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Forecast 2024	Forecast 2025	Forecast 2026
	Income									
1	Personal Income (Billions) /A	$328.1	$351.4	$375.2	$418.0	$442.2	$463.9	$486.6	$509.5	$537.5
2	Change	8.2%	7.1%	6.8%	11.4%	5.8%	4.9%	4.9%	4.7%	5.5%
3	Wage and Salary Income (Billions)	$170.8	$183.0	$187.8	$205.6	$224.3	$239.2	$252.6	$263.2	$276.1
4	Change	6.1%	7.1%	2.7%	9.4%	9.1%	6.6%	5.6%	4.2%	4.9%
5	Per-Capita Income ($/person) /A	$57,797.0	$61,269.0	$64,855.0	$71,927.0	$75,737.0	$78,949.0	$82,202.0	$85,334.0	$89,272.0
6	Change	6.7%	6.0%	5.9%	10.9%	5.3%	4.2%	4.1%	3.8%	4.6%
	Population & Employment									
7	Population (Thousands)	5,676.9	5,734.9	5,784.6	5,811.0	5,838.7	5,875.3	5,919.3	5,970.1	6,020.6
8	Change	1.4%	1.0%	0.9%	0.5%	0.5%	0.6%	0.7%	0.9%	0.8%
9	Net Migration (Thousands)	51.8	34.2	29.0	10.9	16.7	19.7	25.0	30.0	30.0
10	Unemployment Rate	3.0%	2.7%	6.8%	5.5%	3.0%	3.2%	3.8%	3.9%	3.7%
11	Total Nonagricultural Employment (Thousands)	2,727.3	2,790.1	2,652.7	2,750.9	2,869.7	2,942.0	3,000.8	3,042.9	3,088.5
12	Change	2.5%	2.3%	-4.9%	3.7%	4.3%	2.5%	2.0%	1.4%	1.5%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	42.6	38.6	40.5	56.5	48.8	39.4	37.5	39.4	41.6
14	Change	4.8%	-9.4%	4.8%	39.7%	-13.6%	-19.3%	-4.8%	4.9%	5.7%
15	Nonresidential Construction Value (Millions) /B	$8,132.0	$5,161.5	$5,607.4	$5,664.1	$6,653.8	$6,660.4	$6,567.2	$6,600.0	$6,824.4
16	Change	32.2%	-36.5%	8.6%	1.0%	17.5%	0.1%	-1.4%	0.5%	3.4%
	Price Variables									
17	Retail Trade (Billions) /C	$206.1	$224.6	$228.8	$268.3	$299.9	$302.6	$310.7	$322.9	$338.4
18	Change	5.9%	9.0%	1.9%	17.3%	11.8%	0.9%	2.7%	3.9%	4.8%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100)	262.0	267.0	272.2	281.8	304.4	320.3	328.6	338.5	347.6
20	Change	2.7%	1.9%	2.0%	3.5%	8.0%	5.2%	2.6%	3.0%	2.7%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.
/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial and manufacturing facilities, educational institutions, medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways)
/C Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods / books / music, and general merchandise found at warehouse stores and internet purchases.

Table 2: National Economic Variables – History and Forecast

		Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Forecast 2024	Forecast 2025	Forecast 2026
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$20,193.9	$20,692.1	$20,234.1	$21,407.7	$21,822.0	$22,376.9	$22,936.3	$23,326.2	$23,746.1
2	Change	3.0%	2.5%	-2.2%	5.8%	1.9%	2.5%	2.5%	1.7%	1.8%
3	Personal Income (Billions) /B	$17,528.2	$18,356.2	$19,629.0	$21,407.7	$21,840.8	$22,978.4	$24,012.4	$25,020.9	$26,171.9
4	Change	5.2%	4.7%	6.9%	9.1%	2.0%	5.2%	4.5%	4.2%	4.6%
5	Per-Capita Income ($/person) /B	$53,586	$55,743	$59,213	$64,475	$65,531	$68,738	$71,545	$74,253	$77,360
6	Change	4.5%	4.0%	6.2%	8.9%	1.6%	4.9%	4.1%	3.8%	4.2%
7	Wage and Salary Income (Billions)	$8,899.8	$9,325.0	$9,464.6	$10,312.6	$11,116.0	$11,816.3	$12,430.8	$12,890.7	$13,406.3
8	Change	5.0%	4.8%	1.5%	9.0%	7.8%	6.3%	5.2%	3.7%	4.0%
	Population & Employment									
9	Population (Millions)	327.1	329.3	331.5	332.0	333.3	334.3	335.6	337.0	338.3
10	Change	0.7%	0.7%	0.7%	0.1%	0.4%	0.3%	0.4%	0.4%	0.4%
11	Unemployment Rate	3.9%	3.7%	8.1%	5.4%	3.7%	3.6%	4.0%	4.1%	4.0%
12	Total Nonagricultural Employment (Millions)	148.9	150.9	142.2	146.3	152.5	156.1	158.7	160.4	162.5
13	Change	1.6%	1.3%	-5.8%	2.9%	4.3%	2.3%	1.7%	1.1%	1.3%
	Other Key Indicators									
14	Consumer Price Index (1982-84=100)	251.1	255.7	258.8	271.0	292.7	304.7	314.5	322.3	329.7
15	Change	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	3.2%	2.5%	2.3%
16	Corporate Profits (Billions)	$2,365.2	$2,470.3	$2,383.3	$2,922.8	$3,208.7	$3,258.0	$3,388.4	$3,391.7	$3,561.3
17	Change	6.3%	4.4%	-3.5%	22.6%	9.8%	1.5%	4.0%	0.1%	5.0%
18	Housing Permits (Millions)	1.33	1.39	1.47	1.74	1.67	1.45	1.46	1.49	1.55
19	Change	3.6%	4.3%	6.1%	18.1%	-4.1%	-12.8%	0.5%	2.3%	3.5%
20	Retail Trade (Billions)	$5,984.5	$6,173.8	$6,219.7	$7,364.5	$8,021.1	$8,294.2	$8,559.6	$8,799.3	$9,151.3
21	Change	4.4%	3.2%	0.7%	18.4%	8.9%	3.4%	3.2%	2.8%	4.0%

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

Table 3: General Fund Revenue Estimates by Tax Category /A

	Category	Actual FY 2022-23	Percent Change	Forecast FY 2023-24	Percent Change	Forecast FY 2024-25	Percent Change	Forecast FY 2025-26	Percent Change
	Excise Taxes								
1	Sales	$4,301.6	5.2%	$4,339.1	0.9%	$4,567.3	5.3%	$4,813.9	5.4%
2	Use	$251.2	8.0%	$233.2	-7.2%	$256.7	10.1%	$272.2	6.0%
3	Retail Marijuana Sales – Special Sales Tax	$219.9	-15.0%	$200.6	-8.8%	$215.5	7.4%	$228.3	5.9%
4	Cigarette	$23.9	-7.9%	$21.7	-9.3%	$20.5	-5.6%	$19.6	-4.2%
5	Tobacco Products	$23.7	-11.0%	$21.6	-8.9%	$22.7	5.3%	$22.4	-1.5%
6	Liquor	$56.3	-0.1%	$55.9	-0.7%	$56.4	0.9%	$57.4	1.7%
7	Total Proposition EE	$235.0	13.0%	$210.5	-10.4%	$233.0	10.7%	$232.7	-0.1%
8	**Total Excise**	**$5,111.7**	**4.4%**	**$5,082.6**	**-0.6%**	**$5,372.2**	**5.7%**	**$5,646.5**	**5.1%**
	Income Taxes								
9	Net Individual Income	$10,952.7	-6.5%	$10,261.0	-6.3%	$10,607.9	3.4%	$10,987.2	3.6%
10	Net Corporate Income	$2,366.7	50.9%	$2,636.3	11.4%	$2,130.6	-19.2%	$2,267.1	6.4%
11	**Total Income**	**$13,319.5**	**0.2%**	**$12,897.3**	**-3.2%**	**$12,738.5**	**-1.2%**	**$13,254.3**	**4.0%**
12	*Less: State Education Fund Diversion*	*$1,066.4*	*7.3%*	*$1,209.0*	*13.4%*	*$1,116.5*	*-7.7%*	*$1,175.7*	*5.3%*
13	*Less: Proposition 123 Diversion*	*$160.0*	*NA*	*$324.0*	*102.5%*	*$335.0*	*3.4%*	*$352.7*	*5.3%*
14	*Less: Healthy School Meals*	*$0.0*	*NA*	*$0.0*	*NA*	*$130.5*	*NA*	*$121.0*	*-7.3%*
15	**Total Income to General Fund**	**$12,093.1**	**-1.6%**	**$11,364.3**	**-6.1%**	**$11,156.5**	**-1.8%**	**$11,604.9**	**4.0%**
	Other Revenue								
16	Insurance	$516.7	32.4%	$573.3	11.0%	$630.1	9.9%	$646.1	2.5%
17	Interest Income	$188.4	172.2%	$263.4	39.8%	$197.4	-25.0%	$135.2	-31.5%
18	Pari-Mutuel	$0.3	-20.4%	$0.3	4.4%	$0.4	4.3%	$0.4	0.8%
19	Court Receipts	$3.1	30.6%	$3.1	-0.6%	$3.1	0.4%	$3.1	0.2%
20	Other Income	$84.8	85.9%	$50.2	-40.8%	$53.4	6.5%	$53.8	0.8%
21	**Total Other**	**$793.3**	**56.2%**	**$890.4**	**12.2%**	**$884.5**	**-0.7%**	**$838.6**	**-5.2%**
22	**GROSS GENERAL FUND**	**$17,998.0**	**1.7%**	**$17,337.3**	**-3.7%**	**$17,413.1**	**0.5%**	**$18,090.1**	**3.9%**

/A Dollars in Millions

Table 4: General Fund Overview /A

		Actual FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
	Revenue				
1	**Beginning Reserve**	**$3,203.2**	**$2,427.4**	**$1,911.6**	**$2,279.4**
2	**Gross General Fund Revenue**	**$17,998.0**	**$17,337.3**	**$17,413.1**	**$18,090.1**
3	*Transfers to the General Fund*	$53.5	$92.4	$164.2	$58.9
4	**TOTAL GENERAL FUND AVAILABLE**	**$21,254.8**	**$19,857.1**	**$19,488.9**	**$20,428.4**
	Expenditures				
5	**Appropriation Subject to Limit**	**$13,308.1**	**$13,933.9**	**$15,330.2**	**$16,369.8**
6	*Dollar Change (from prior year)*	$1,266.9	$625.8	$1,396.3	$1,039.6
7	*Percent Change (from prior year)*	10.5%	4.7%	10.0%	6.8%
8	**Spending Outside Limit**	**$5,719.1**	**$4,011.7**	**$1,879.3**	**$1,644.5**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$3,678.3	$1,446.8	$695.0	$867.3
10	*Homestead Exemption (Net of TABOR Refund)*	$0.1	$0.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$168.6	$225.9	$181.1	$179.6
12	*Transfers for Capital Construction*	$493.2	$392.6	$254.1	$50.0
13	*Transfers for Transportation*	$88.0	$5.0	$117.5	$117.5
14	*Transfers to State Education Fund*	$290.0	$0.0	$146.0	$0.0
15	*Transfers to Other Funds*	$1,000.8	$1,941.3	$485.7	$430.0
16	**TOTAL GENERAL FUND OBLIGATIONS**	**$19,027.2**	**$17,945.6**	**$17,209.5**	**$18,014.2**
17	*Percent Change (from prior year)*	6.7%	-5.7%	-4.1%	4.7%
18	Reversions and Accounting Adjustments	-$199.8	$0.0	$0.0	$0.0
	Reserves				
19	**Year-End General Fund Balance**	**$2,427.4**	**$1,911.6**	**$2,279.4**	**$2,414.2**
20	*Year-End General Fund as a % of Appropriations*	18.2%	13.9%	14.9%	14.7%
21	*General Fund Statutory Reserve /B*	$1,996.2	$2,025.4	$2,314.8	$2,414.2
22	*Statutory Reserve %*	15.0%	14.7%	15.1%	14.7%
23	***Above/Below Statutory Reserve***	**$431.2**	**-$113.9**	**-$35.4**	**$0.0**

/A. FY 2023-24 and FY 2024-25 expenditures and transfers reflect all bills signed by the Governor through the end of the 2024 legislative session. Reversions and accounting adjustments for FY 2022-23 reflect the published ACFR. FY 2025-26 expenditures and fund balance projections are intended to be illustrative. The statutory reserve is no longer simply 15 percent of General Fund appropriations, but is adjusted slightly for HB24-1231 and HB24-1466, as described in the budget section. Dollars in millions.

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

	Actual FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Revenue				
Beginning Reserves	**$4,159.1**	**$3,881.5**	**$3,559.9**	**$3,393.6**
State Education Fund	$955.9	$1,454.1	$1,648.4	$1,114.2
General Fund	$3,203.2	$2,427.4	$1,911.6	$2,279.4
Gross State Education Fund Revenue	**$1,230.7**	**$1,251.3**	**$1,152.8**	**$1,202.1**
Transfer to State Education Fund	$290.0	$0.0	$146.0	$0.0
Gross General Fund Revenue /B	**$18,051.6**	**$17,429.7**	**$17,577.3**	**$18,149.0**
TOTAL FUNDS AVAILABLE FOR EXPENDITURE	**$23,441.4**	**$22,562.6**	**$22,290.1**	**$22,744.7**
Expenditures				
General Fund Expenditures /C	$19,027.1	$17,945.6	$17,209.5	$18,014.2
State Education Fund Expenditures	$1,047.4	$1,057.1	$1,833.0	$1,435.5
TOTAL OBLIGATIONS	**$20,074.5**	**$19,002.6**	**$19,042.5**	**$19,449.8**
Percent Change (from prior year)	7.2%	-5.3%	0.2%	2.1%
Reversions and Accounting Adjustments	-$224.7	$0.0	$0.0	$0.0
Reserves				
Year-End Balance	**$3,881.6**	**$3,559.9**	**$3,393.6**	**$3,294.9**
State Education Fund	$1,454.1	$1,648.4	$1,114.2	$880.7
General Fund	$2,427.4	$1,911.6	$2,279.4	$2,414.2
General Fund, SEF Combined Reserves /C	$1,885.4	$1,534.5	$1,078.8	$880.7

/A See the General Fund and Budget sections discussing the State Education Fund for information on the figures in this table.
/B This amount includes transfers to the General Fund shown in line 3 in Table 4.
/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income shown in line 5 in Table 4 as well as all spending outside the limit shown in line 8 in Table 4. Combined Reserves include GF in excess of the 15% GF appropriations reserve.

Table 6: Cash Fund Revenue Subject to TABOR /A

	Category	Final FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
1	**Transportation-Related /A**	**$1,266.8**	**$1,420.2**	**$1,503.0**	**$1,570.7**
2	Change	2.2%	12.1%	5.8%	4.5%
3	**Limited Gaming Fund /B**	**$121.3**	**$91.4**	**$93.4**	**$95.7**
4	Change	5.2%	-24.6%	2.2%	2.4%
7	**Regulatory Agencies**	**$89.4**	**$85.7**	**$100.7**	**$105.5**
8	Change	-3.1%	-4.1%	17.5%	4.8%
9	**Insurance-Related**	**$26.5**	**$25.1**	**$24.4**	**$24.3**
10	Change	9.3%	-5.4%	-2.8%	-0.4%
11	**Severance Tax**	**$374.7**	**$220.5**	**$240.2**	**$259.5**
12	Change	15.3%	-41.1%	8.9%	8.0%
13	**Other Miscellaneous Cash Funds**	**$878.4**	**$884.2**	**$927.5**	**$968.3**
14	Change	1.0%	0.7%	4.9%	4.4%
15	**TOTAL CASH FUND REVENUE**	**$2,757.1**	**$2,727.0**	**$2,889.3**	**$3,023.9**
16	Change	3.4%	-1.1%	5.9%	4.7%

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

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

	Fund Name	Fund Code	Actual FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26
1	Housing Development Grant Fund	23V0	$71.7	$71.5	$40.1	$44.2
2	Medicaid Nursing Facility Cash Fund	22X0	$53.2	$54.0	$54.3	$54.2
3	General Fund - Unrestricted	1000	$46.6	$51.9	$49.7	$50.6
4	Employment Support Fund	2320	$42.4	-$0.9	$30.3	$44.5
5	Oil and Gas Conservation Fund (ECMC)	1700	$35.0	$27.5	$30.3	$32.0
6	Judicial Stabilization Cash Fund	16D0	$33.2	$32.5	$32.8	$32.7
7	School Fund	7050	$33.0	$38.3	$37.6	$37.8
8	Auraria Higher Education Center - Nonenterprise Activities	305M	$32.8	$35.6	$35.4	$35.3
9	Information Technology Revolving Fund	6130	$31.4	$23.6	$23.4	$23.5
10	Judicial Information Technology Cash Fund	21X0	$29.6	$29.0	$29.3	$29.2
11	Adult Dental Fund	28C0	$26.7	$33.4	$41.0	$42.7
12	Offender Services Fund	1010	$24.6	$18.0	$19.7	$19.3
13	Department of State Cash Fund	2000	$22.3	$29.1	$27.6	$27.9
14	Colorado Water Conservation Board Construction Fund	4240	$15.0	$16.9	$16.5	$16.6
15	Victims Assistance Fund	7140	$14.0	$12.0	$12.4	$12.3
16	Supreme Court Committee Fund	7160	$13.9	$15.5	$15.1	$15.2
17	Fleet Management Fund	6070	$13.7	$13.4	$13.6	$9.9
18	Stationary Sources Fund	1190	$13.6	$15.1	$14.8	$14.8
19	Justice Center Cash Fund	21Y0	$11.3	$11.7	$11.7	$11.7
20	Victims Compensation Fund	7130	$11.2	$9.0	$9.5	$9.3
21	State Fair Authority Fund	5100	$10.7	$11.7	$11.6	$11.6
22	Judicial Collection Enhancement Fund	26J0	$9.4	$6.7	$7.4	$7.2
23	Colorado Bureau of Investigation Identification Unit Fund	22Q0	$8.7	$9.9	$9.8	$9.8
24	Correctional Treatment Cash Fund	2550	$7.9	$5.4	$6.0	$5.9
25	Perfluoroalkyl and Polyfluoroalkyl Substances Cash Fund	PPSF	$7.8	$5.4	$5.8	$5.7
26	**Total**		**$619.9**	**$576.1**	**$585.8**	**$604.1**

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

		Actual FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
	TABOR Revenues				
1	General Fund /A	$17,463.6	$16,759.1	$16,927.1	$17,594.0
2	Cash Funds /A	$2,757.1	$2,727.0	$2,889.3	$3,023.9
3	**Total TABOR Revenues**	**$20,220.7**	**$19,486.1**	**$19,816.4**	**$20,618.0**
	Revenue Limit Calculation				
4	Previous calendar year population growth	0.7%	0.5%	0.6%	0.7%
5	Previous calendar year inflation	3.5%	8.0%	5.2%	2.6%
6	**Allowable TABOR Growth Rate**	**4.2%**	**8.5%**	**5.8%**	**3.3%**
7	TABOR Limit /B	$13,445.2	$14,588.1	$15,434.2	$15,941.7
8	General Fund Exempt Revenue Under Ref. C /C	$3,212.1	$3,485.1	$3,687.2	$3,808.9
9	**Revenue Cap Under Ref. C /B /D**	**$16,657.3**	**$18,073.2**	**$19,121.4**	**$19,750.7**
10	***Amount Above/Below Cap***	**$3,563.4**	**$1,413.0**	**$695.0**	**$867.3**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$3,678.3**	**$1,446.8**	**$695.0**	**$867.3**
12	TABOR State Emergency Reserve Requirement	$499.7	$542.2	$573.6	$592.5

/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 is adjusted to account for changes in the enterprise status of various State entities.
/C Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of money collected in excess of the TABOR limit in accordance with voter-approval of Referendum C.
/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "Revenue Cap Under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period.
/E These adjustments are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years was different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when the total refund amount distributed to taxpayers is adjusted.

Table 8: List of Transfers to/from General Fund

Bill Number and Description	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Transfers from Other Funds				
12-47.1-701 (d) Ltd. Gaming Revenue Transfer to the General Fund	$21.6	$21.5	$22.7	$24.0
HB92-1126 Land and Water Management Fund	$0.1			
HB05-1262 A35 Tobacco Tax 24-22-117 (1)(c)(I)	$0.7	$0.6	$0.6	$0.6
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	$4.1	$4.1	$4.1	$4.1
HB17-1343 Repeal of Intellectual and Developmental Disabilities Services Cash Fund	$16.9			
SB20B-002 Repeal of Emergency Direct Assistance Grant Program Fund	$0.0			
SB21-209 Transfer to GF from Repealed Cash Funds	$0.1			
SB21-213 Use Of Increased Medicaid Match	$10.0	$9.2	$7.4	$1.1
SB21-222 Repeal of Recovery Audit Cash Fund	$0.0			
SB21-251 General Fund Loan Family Medical Leave Program		$1.5		
SB21-260 Community Access Enterprise	$0.1			
HB23-1272 Tax Policy That Advances Decarbonization		$12.4	$24.3	$29.2
Proposition II Passage Return Funds to General Fund		$5.6		
SB23-215 State Employee Reserve Fund General Fund Transfer		$4.9		
HB24-1413 Severance Tax Transfers			$69.3	
HB24-1414 Repeal COVID Heroes Collaboration Fund			$3.8	
HB24-1415 State Employee Reserve Fund		$31.2		
HB24-1424 College Opportunity Fund Transfer to General Fund		$1.5		
HB24-1426 Controlled Maintenance Trust Fund Transfer			$32.0	
Transfers to Other Funds				
SB11-047/HB24-1396 Bioscience Income Tax Transfer to OEDIT	-$17.6	-$14.4	-$11.0	-$14.1

HB13-1318/SB 17-267 Transfers of Special Sales Tax to MTCF	-$142.2	-$129.7	-$139.4	-$147.6
SB17-267 Sustainability of Rural CO (Transfer MJ Special Sales Tax to Public School Fund)	-$24.9	-$22.7	-$24.4	-$25.9
HB20-1116/HB24-1398 Procurement Technical Assistance Program Extension	-$0.2	-$0.2	-$0.2	-$0.2
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	-$235.0	-$210.5	-$233.0	-$232.7
SB21-281 Severance Tax Trust Fund Allocation	-$9.5			
HB22-1001 Reduce Fees For Bus Filings	-$8.4			
HB22-1004 Driver License Fee Reduction	-$3.9			
HB22-1011 Wildfire Mitigation Incentives For Local Gov	-$10.0			
HB22-1012 Wildfire Mitigation and Recovery	-$7.2			
HB22-1115 Prescription Drug Monitoring Program	-$2.0			
HB22-1132 Regulation & Services For Wildfire Mitigation	-$0.1			
HB22-1151 Turf Replacement Program	-$2.0			
HB22-1298 Fee Relief Nurses Nurse Aides &Technicians	-$11.7			
HB22-1299 License Regis Fee Relief For Mental Health Profls	-$3.7			
HB22-1381 CO Energy Office Geothermal Energy Grant Program	-$12.0			
HB22-1382 Support Dark Sky Designation & Promotion In CO	$0.0			
HB22-1394 Fund Just Transition Community & Worker Supports	-$15.0			
HB22-1408 Modify Performance-based Incentive For Film Production	-$2.0			
SB22-036 State Payment Old Hire Death And Disability Benefits	-$6.7			
SB22-130 State Entity Authority For Public-private Partnerships	-$15.0			
SB22-151 Safe Crossings For Colorado Wildlife & Motorists	-$5.0			
SB22-163 Establish State Procurement Equity Program	-$2.0			
SB22-183 Crime Victims Services	-$1.0			
SB22-193 Air Quality Improvement Investments	-$1.5			
SB22-195 Modifications To Conservation District Grant Fund	-$0.1	-$0.1	-$0.1	-$0.1
SB22-202 State Match for Mill Levy Override Revenue	-$10.0			
SB22-214 General Fund Transfer To PERA Payment Cash Fund	-$198.5			
SB22-238 2023 and 2024 Property Tax	-$200.0			
HB23-1041 Prohibit Wagering On Simulcast Greyhound Races			$0.0	-$0.1

HB23-1107 Crime Victim Services Funding		-$3.0		
HB23-1273 Creation of Wildfire Resilient Homes Grant Program		-$0.1		
HB23-1290 Proposition EE Funding Retention Rate Reduction		-$5.6		
HB23-1305 Continue Health Benefits in Work-related Death		-$0.2	-$0.2	-$0.2
SB23-001 Authority Of Public-private Collaboration Unit For Housing		-$5.0		
SB23-005 Forestry And Wildfire Mitigation Workforce	-$1.0	-$1.0	-$1.0	-$1.0
SB23-044 Veterinary Education Loan Repayment Program		-$0.5		
SB23-056 Compensatory Direct Distribution to PERA		-$10.0		
SB23-137 Transfer to Colorado Economic Development Fund	-$5.0			
SB23-161 Financing to Purchase Firefighting Aircraft	-$26.0			
SB23-166 Establishment of a Wildfire Resiliency Code Board		-$0.3		
SB23-205 Universal High School Scholarship Program		-$25.0		
SB23-246 Transfers to State Emergency Reserve	-$20.0			
SB23-255 Wolf Depredation Compensation Fund		-$0.2	-$0.4	-$0.4
SB23-257 Auto Theft Prevention Cash Fund		-$5.0		
SB23-275 Colorado Wild Horse Project	-$1.5			
SB23-283 Mechanisms For Federal Infrastructure Funding		-$84.0		
HB23B-1001: ERA Transfer		-$15.1		
HB24-1043 State Contribution to FPPA Death & Disability Fund				-$2.1
HB24-1152 Accessory Dwelling Units		-$5.0	-$8.0	
HB24-1176 Behavioral Health Grant for Capital Project			-$4.0	
HB24-1211 State Funding for Senior Services Contingency Fund		-$2.0		
HB24-1213 Gen Fund Transfer Judicial Collection Enhancement		-$2.5		
HB24-1214 Community Crime Victims Funding		-$4.0		
HB24-1237 Programs for the Development of Child Care Facilities			-$0.3	
HB24-1280 Welcome, Reception, & Integration Grant Program			-$2.5	
HB24-1313 Housing in Transit-Oriented Communities			-$35.0	
HB24-1364 Education-Based Workforce Readiness				-$5.0
HB24-1365 Opportunity Now Grants & Tax Credit			-$4.0	

HB24-1379 Regulate Dredge & Fill Activities in State Waters				
HB24-1386 Broadband Infrastructure Cash Fund for DOC			-$4.6	
HB24-1390 School Food Programs			-$3.2	
HB24-1397 Creative Industries Cash Fund Transfer			-$0.5	
HB24-1420 Transfer to Colorado Crime Victim Services Fund			-$4.0	
HB24-1421 Modifying Public Safety Program Funding			-$3.0	
HB24-1439 Financial Incentives Expand Apprenticeship Programs			-$4.0	
HB24-1465 Program Changes Refinance Coronavirus Recovery Funds		-$0.4		
HB 24-1466 Refinance Federal Coronavirus Recovery Funds		-$1,394.6		
SB 24-170 America 250 - Colorado 150 Commission				-$0.3
SB24-214 Implement State Climate Goals			-$0.4	-$0.4
SB24-218 Modernize Energy Distribution Systems			-$0.8	
SB24-221 Funding for Rural Health Care			-$1.7	
Transfers for Capital Construction				
Placeholder for Level 1 Controlled Maintenance				-$30.0
HB15-1344 Fund National Western Center and Capital Projects	-$20.0	-$20.0	-$20.0	-$20.0
HB22-1340 Capital-related Transfers Of Money	-$462.2			
SB23-141 Transfers for Capital Construction	-$11.0			
SB23-243 General Fund Transfers to Capital Construction Fund		-$294.2		
SB23-294 Increase General Fund Transfers to Capital Construction Fund		-$18.2		
HB24-1215 Transfers to the Capital Construction Fund		-$19.0		
HB24-1231 State Funding for Higher Education Projects		-$41.3		
HB24-1425 Transfers for Capital Construction			-$232.2	
SB24-222 State Funding to Relocate Two State Entities			-$1.9	
Transfers for Transportation				
SB21-260 Sustainability of the Transportation System	-$2.5		-$117.5	-$117.5
HB22-1351 Temporarily Reduce Road User Charges	-$78.5			
SB22-176 Early Stage Front Range Passenger Rail Funding	-$7.0			
SB22-180 Programs To Reduce Ozone Through Increased Transit				

SB23-283 Mechanisms for Federal Infrastructure Funding		-$5.0		
Transfers to the State Education Fund				
HB 22-1390 (Reduced by $10M as result of SB 22-202)	-$290.0			
SB23B-001 SEF Transfer			-$146.0	
Total transfers into General Fund	**$53.5**	**$92.4**	**$164.2**	**$58.9**
Total transfers out of General Fund	**-$1,872.0**	**-$2,338.9**	**-$1,003.2**	**-$597.5**
(Subtotal) Transfers to Other Funds	**-$1,000.8**	**-$1,941.3**	**-$485.7**	**-$430.0**
(Subtotal) Transfers for Capital Construction	**-$493.2**	**-$392.6**	**-$254.1**	**-$50.0**
(Subtotal) Transfers for Transportation	**-$88.0**	**-$5.0**	**-$117.5**	**-$117.5**
(Subtotal) Transfers to the State Education Fund	**-$290.0**		**-$146.0**	
Total Net Transfers	**-$1,818.5**	**-$2,246.4**	**-$839.1**	**-$538.6**

Table 9: Rebates and Expenditures

Line No.	Category	FY 2022-23	% Chg	FY 2023-24	% Chg	FY 2024-25	% Chg	FY 2025-26	% Chg
	Rebates & Expenditures:								
1	Cigarette Rebate to Local Governments*	$7.7	-7.0%	$0.0	-100.0%	$0.0	N/A	$0.0	N/A
2	Marijuana Rebate to Local Governments	$21.9	-14.5%	$20.1	-8.5%	$21.6	7.4%	$22.8	5.9%
3	Old-Age Pension Fund/Older Coloradans Fund	$94.9	9.2%	$94.2	-0.7%	$100.1	6.3%	$105.0	4.8%
4	Aged Property Tax & Heating Credit	$12.0	105.2%	$10.8	-10.0%	$9.8	-9.4%	$8.1	-17.1%
5	Homestead Exemption	$163.7	1.0%	$163.2	-0.3%	$166.0	1.7%	$166.1	0.1%
6	*TABOR Refund Portion of Homestead Exemption*	*($163.6)*		*($163.2)*		*($166.0)*		*($166.1)*	
7	Property Tax Assessed Value Reductions from SB22-238, SB23b-001	$0.0	N/A	$291.1	N/A	$0.0	-100.0%	$0.0	N/A
8	*TABOR Refund Portion of Homestead Exemption*	*$0.0*		*($237.1)*		*$0.0*		*$0.0*	
9	Portable Homestead Exemption Expansion (SB24-111)	$0.0	N/A	$0.0	N/A	$0.0	N/A	$31.7	N/A
10	*TABOR Refund Portion of Homestead Exemption*	*$0.0*		*$0.0*		*$0.0*		*($31.7)*	
11	Debt Payment on Bonds for School Loans	$10.5	952.4%	$25.4	140.9%	$27.6	8.9%	$21.4	-22.6%
12	Fire/Police Pensions	$4.3	-5.0%	$4.3	-0.1%	$4.5	5.0%	$4.7	5.6%
13	Amendment 35 General Fund Expenditure	$0.7	-6.9%	$0.6	-11.7%	$0.6	-3.1%	$0.6	-3.9%
14	Property Tax Exemption Reimbursement to Local Governments	$16.6	-0.5%	$16.6	-0.3%	$16.9	2.0%	$17.0	0.6%
15	**Total Rebates & Expenditures (Excluding TABOR Refund)**	**$168.7**	**12.8%**	**$226.0**	**33.9%**	**$181.1**	**-19.8%**	**$179.6**	**-0.8%**

**Cigarette Rebates to local governments are classified as exempt beginning in FY 2023-24, per HB24-1469*

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APPENDIX C

STATE OF COLORADO ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Pagination reflects the original printed documents)

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COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

STATE OF COLORADO · NIL SINE NUMINE · 1876

COLORADO
Office of the State Controller
Department of Personnel & Administration

For the Fiscal Year
Ended June 30, 2023

Annual Comprehensive Financial Report

Jared S. Polis
Governor

Department of Personnel & Administration

Tony Gherardini
Executive Director

Robert Jaros
State Controller

COLORADO
Office of the State Controller
Department of Personnel & Administration

For the Fiscal Year Ended June 30, 2023

REPORT LAYOUT

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

INTERNET ACCESS

The Annual Comprehensive Financial Report and other financial reports are available on the State Controller's home page at:
www.colorado.gov/osc/acfr

STATE OF COLORADO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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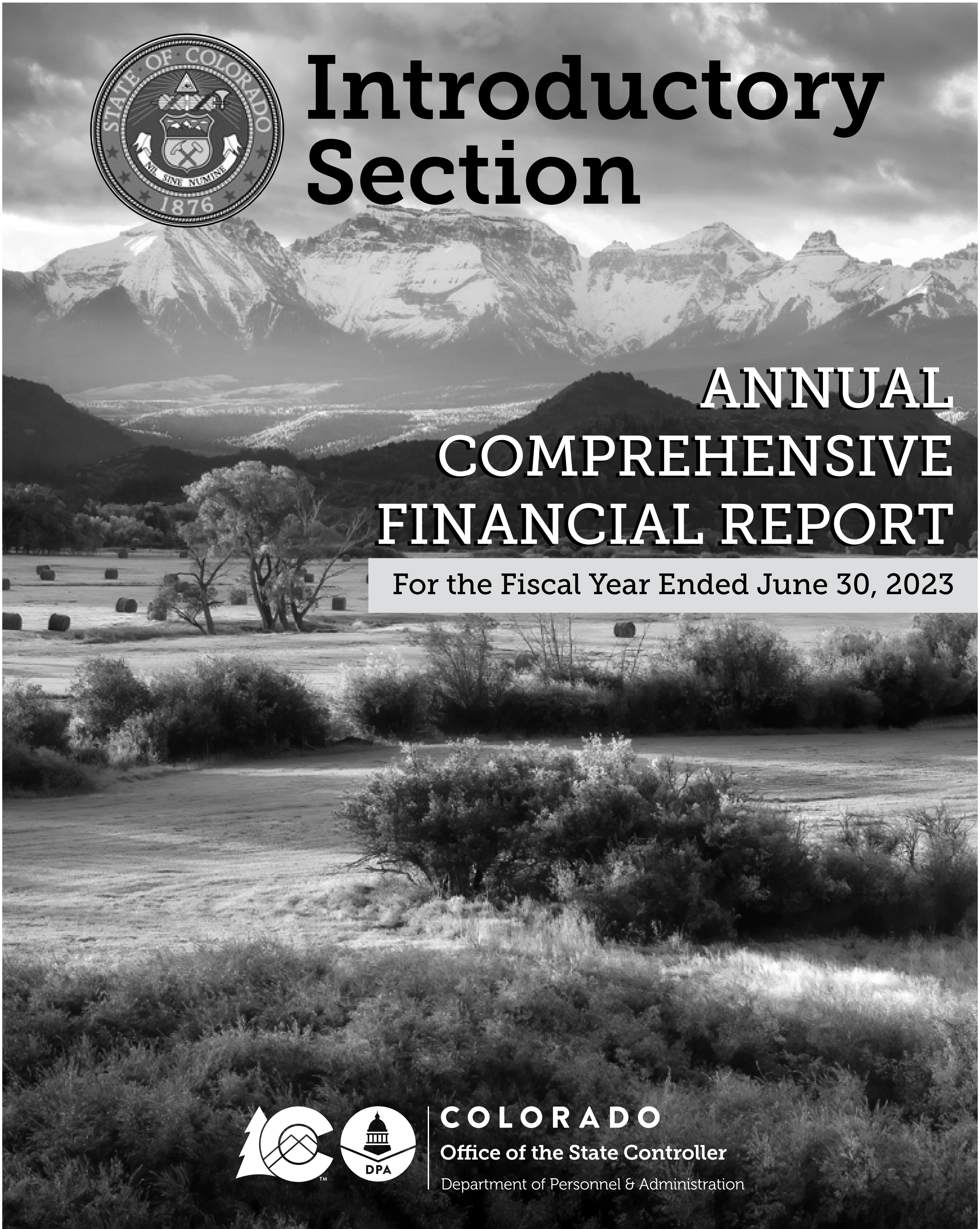


Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

COLORADO
Office of the State Controller
Department of Personnel & Administration

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

February 2, 2024

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

I am pleased to submit the State of Colorado's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. The State Controller is responsible for the contents of the ACFR and is committed to sound financial management and governmental accountability.

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

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

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

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

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

PROFILE OF THE STATE GOVERNMENT

The government of the State of Colorado serves an estimated 5,894,500 Coloradans. The services provided are categorized by function of government on the government-wide *Statement of Activities*. The largest of these are social assistance, higher education, and education.

Structure of the State Government

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

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

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

Component Units

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

- Discretely Presented Component Units:
    - Colorado Water Resources and Power Development Authority
    - University of Colorado Foundation
    - Other Component Units (nonmajor):
    - Denver Metropolitan Major League Baseball Stadium District
    - Statewide Internet Portal Authority
- Blended Component Units:
    - University Physicians Inc., d/b/a CU Medicine
- Fiduciary Component Units:
    - University of Colorado Health and Welfare Trust
    - State Board for Community Colleges and Occupational Education Employee Benefit Trust Fund

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

Budgetary Process and Budgetary Control

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

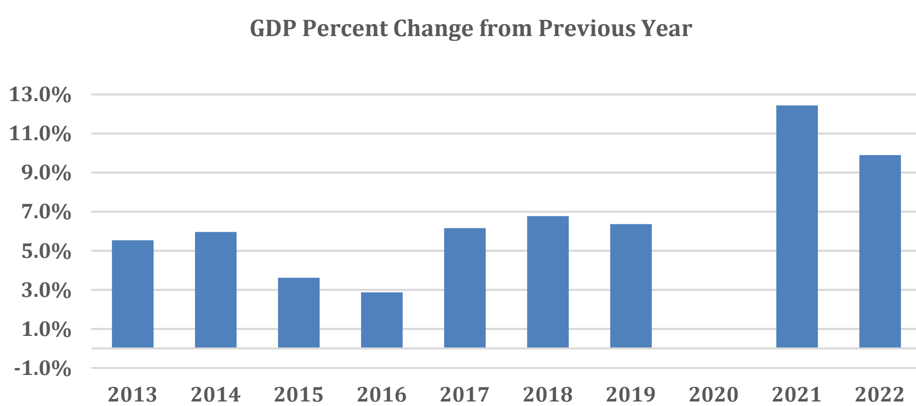
For the most part, operating appropriations lapse at the end of the fiscal year unless the State Controller approves, at a line item level, an appropriation roll-forward based on express legislative direction or extenuating circumstances. The State Controller may also, at a line item level and with the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

ECONOMIC CONDITION AND OUTLOOK

The State's Economy

The State's General Fund general-purpose revenues reflect the overall condition of the State economy, which showed an increase in Fiscal Year 2023; General Fund revenues increased by $545 million (3.9 percent) from the prior year. Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 28,200 from 2018 to 2022. Net migration has decreased over this period from approximately 51,800 (2018) to 15,100 (2022) and is projected to be 35,000 and 40,000 for 2023 and 2024, respectively.

The chart below shows the percent change from the previous year of Colorado's gross domestic product (GDP) for the years 2013 to 2022. According to the Bureau of Economic Analysis (BEA), the GDP consistently increased from 2013 to 2022 with a single year of decrease in 2020 (.02 percent). Colorado's 2022 GDP of $491,289.0 million is an 9.9 percent increase from 2021 and a 77.5 percent increase from 2012.



Colorado has a diverse economy, comprising many industries. The table below shows GDP in current dollars and percent of total GDP by industry for the years 2012 and 2022. Over this ten-year period, the industry profile of the State's GDP has been stable, with growth across most industries.

Industry	2012 GDP (millions)	2012 Percent of Total	2022 GDP (millions)	2022 Percent of Total
Finance, Insurance, Real Estate, Rental, and Leasing	$ 56,844.5	20.5 %	$ 101,018.4	20.6 %
Professional and Business Services	40,759.4	14.7	75,234.4	15.3
Government and Government Enterprises	34,721.3	12.5	54,366.1	11.1
Educational Services, Health Care, and Social Assistance	20,002.7	7.2	32,865.8	6.7
Manufacturing	20,868.7	7.5	28,393.9	5.8
Information	17,997.9	6.5	30,169.8	6.1
Wholesale Trade	15,872.0	5.7	27,592.7	5.6
Retail Trade	14,834.2	5.4	29,125.9	5.9
Construction	10,110.6	3.7	28,665.9	5.8
Arts, Entertainment, Recreation, Accommodation, and Food Services	12,085.9	4.4	25,284.5	5.1
Mining, Quarrying, and Oil and Gas Extraction	12,406.0	4.5	21,182.5	4.3
Transportation and Warehousing	7,742.6	2.8	18,144.2	3.7
Other Services (Except Government and Government Enterprises)	6,250.9	2.3	11,138.5	2.3
Utilities	3,779.7	1.4	6,766.1	1.4
Agriculture, Forestry, Fishing and Hunting	2,546.7	0.9	1,340.3	0.3
All Industry Total	$ 276,823.1		$ 491,289.0	

The Governor's Office of State Planning and Budgeting (OSPB) described Colorado's economic outlook in the December 2023 *Colorado Economic and Fiscal Outlook*:

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

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

- Unemployment will average 3.0 percent for 2023 compared with 3.0 and 5.5 percent in 2022 and 2021, respectively, and is expected to increase to 3.6 percent in 2024.

- Wages and salary income will increase by 6.4 percent in 2023, followed by increases of 4.3 percent and 4.7 percent in 2024 and 2025, recpectively.

- Total personal income will increase by 5.4 percent in 2023 and will increase by 4.3 percent and 5.0 percent in 2024 and 2025, respectively.

- Inflation, measured by the Denver-Aurora-Lakewood Consumer Price Index, will be 5.2 percent in 2023 and 3.1 percent in 2024.

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

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

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

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

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

ACKNOWLEDGEMENTS

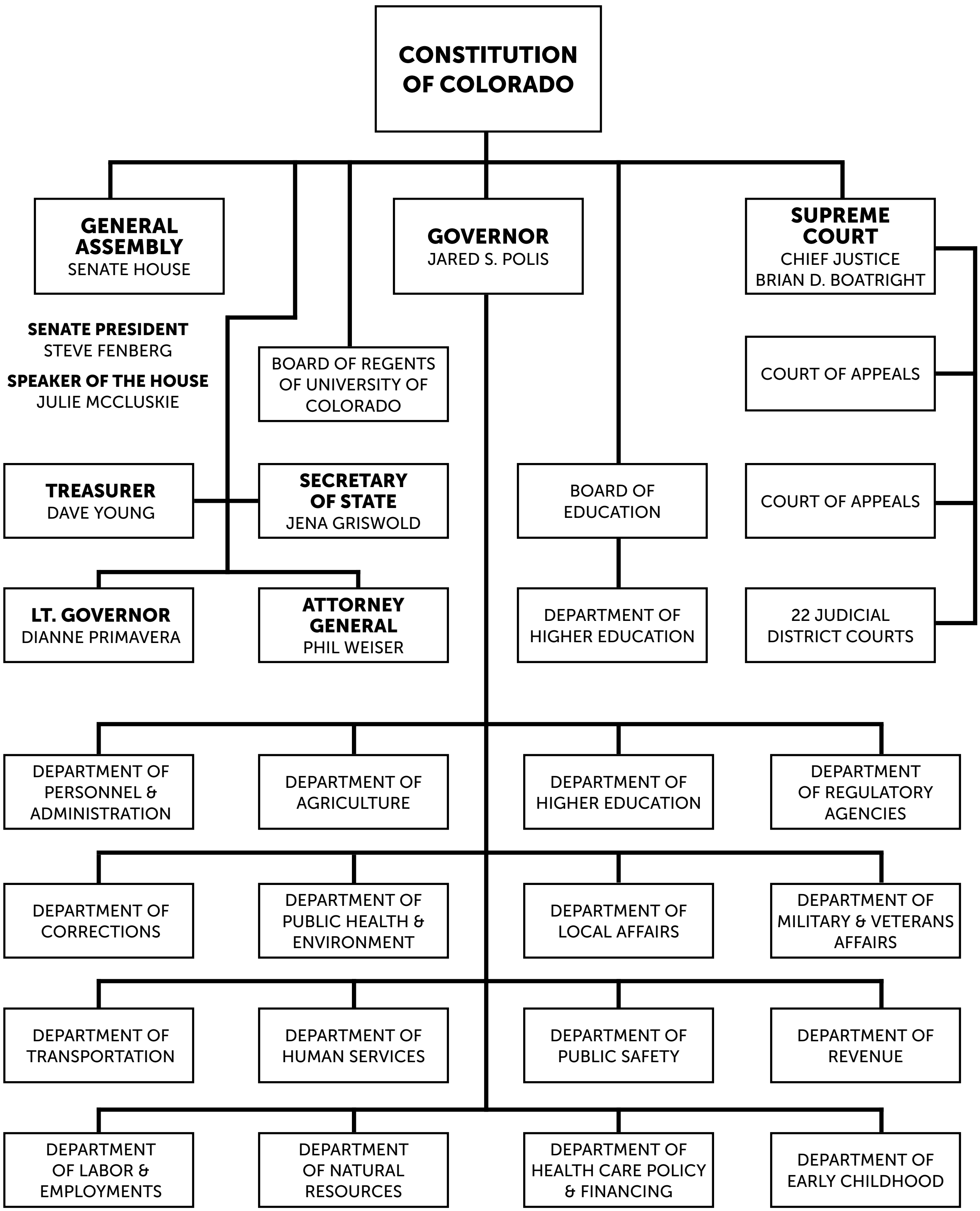
In conclusion, I thank my staff and the controllers, accountants, auditors, and program managers in the State departments and branches whose time and dedication have made this report possible. I reaffirm our commitment to maintaining the highest standards of accountability in financial reporting.

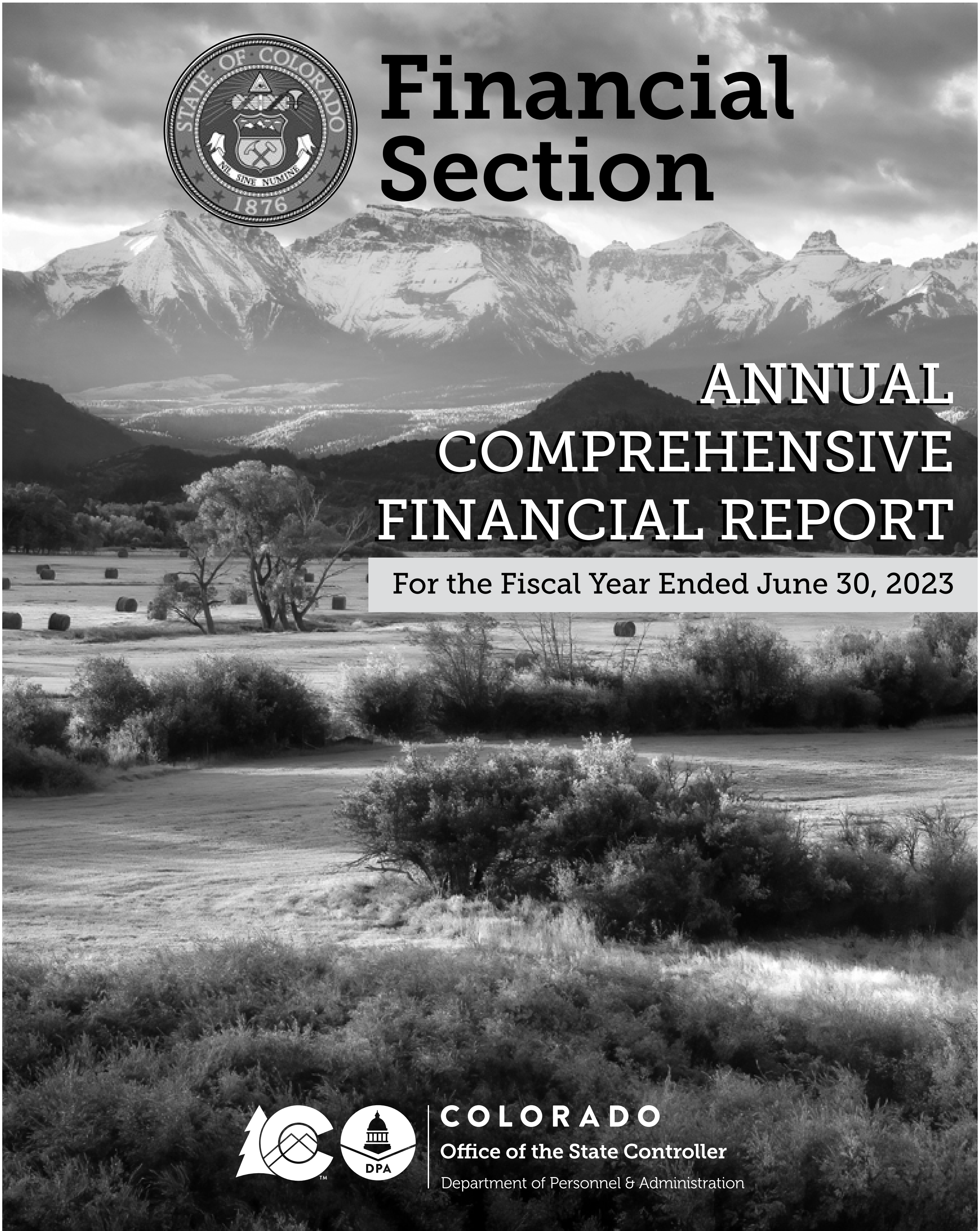
Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

COLORADO
Office of the State Controller
Department of Personnel & Administration

OFFICE OF THE STATE AUDITOR

KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

Independent Auditor's Report

Members of the Legislative Audit Committee:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado (State), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents. We have also audited the State's budgetary comparison schedule—general fund-general purpose revenue component (schedule) and the related note for the fiscal year ended June 30, 2023, as displayed in the State's required supplementary information section.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, as well as the budgetary comparison schedule—general fund-general purpose revenue component of the State of Colorado, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units identified in Note 1, which, along with the blended units of the University Physicians Inc., DBA CU Medicine (CU Medicine), Altitude West, LLC, and University License Equity Holding Inc., represent the following:

Percentage of Financial Statements Audited By Other Auditors			
Opinion Unit/Department	Assets and Deferred Outflows of Resources	Net Position	Revenues, Additions, and Other Financing Sources
Aggregate Discretely Presented Component Units	100%	100%	100%
Fund Statements–Proprietary Funds			
Higher Education Institutions–Major Fund			
CU Medicine; Altitude West, LLC; and University License Equity Holding Inc.	7%	16%	17%
Government-wide statements			
Business-type activities			
CU Medicine; Altitude West, LLC; and University License Equity Holding Inc.	5%	12%	9%

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

Basis for Opinions

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

Emphasis of Matter

New Accounting Standards

As discussed in Note 1 to the financial statements, the State has adopted, Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements,* for the year ended June 30, 2023. Accordingly, a restatement has been made to governmental, business-type, and fiduciary net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Management's discussion and analysis
Budgetary comparison schedules
Notes to required supplementary information
Budgetary comparison schedule-general fund component

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining nonmajor fund financial statements and schedule of TABOR revenue and computations are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the reports of the other auditors, the combining nonmajor fund financial statements and schedule of TABOR revenue and computations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, budget and actual schedules-budgetary basis non-appropriated, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we will issue a separate report dated February 2, 2024, 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 the effectiveness of the State's 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.

Kerri L. Hunter

Denver, Colorado
February 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

Government-wide Financial Statements

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

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

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

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

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

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

- Discretely presented component units are legally separate entities for which the State is financially accountable. More information on the discretely presented component units can be found in Notes 1 and 22.

Fund-Level Financial Statements

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

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

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

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

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

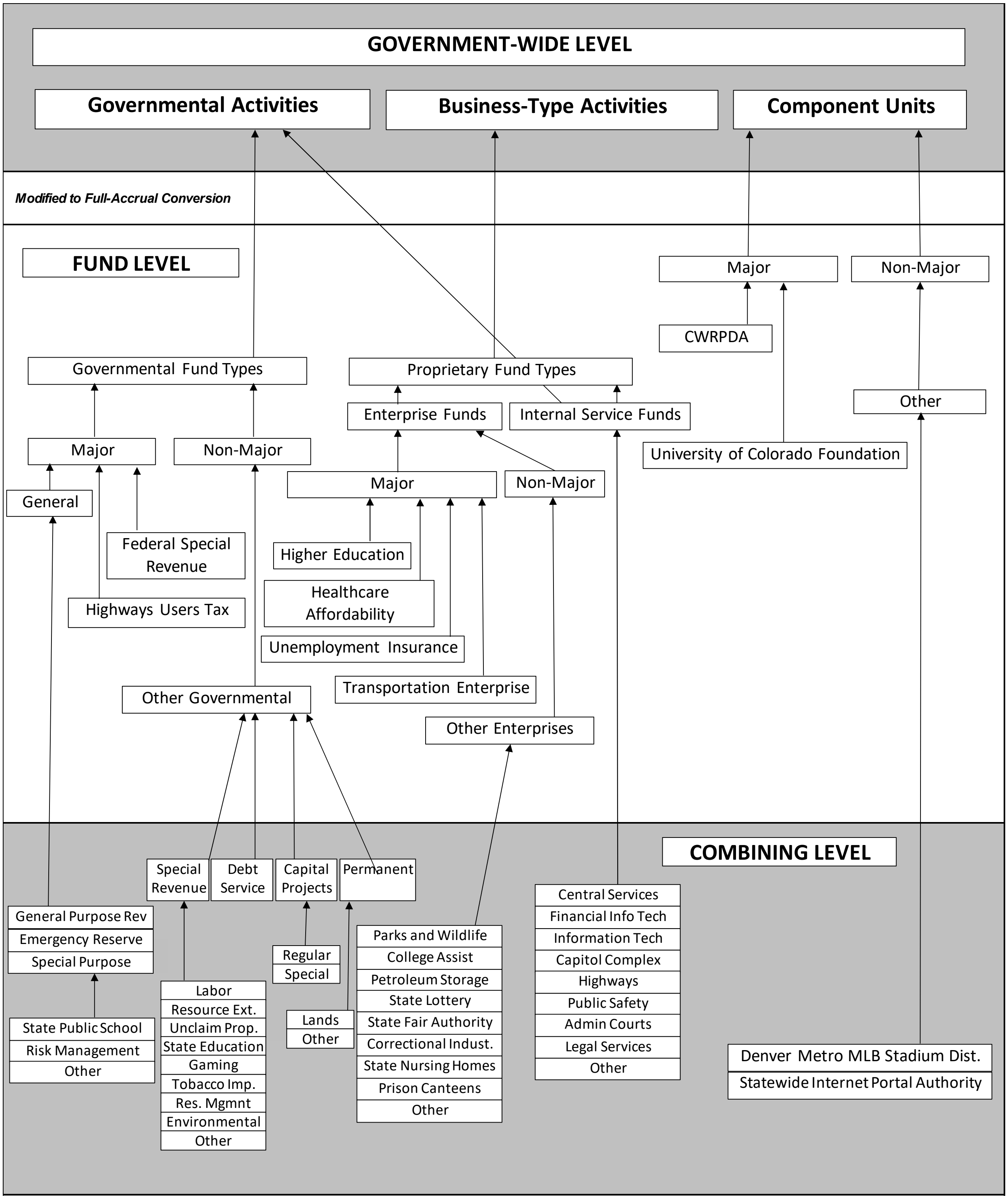
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

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

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


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

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Government-wide Statement of Net Position

The amount of total net position is one measure of the health of the State's finances, and serves as a useful indicator of a government's financial position over time. However, this measure must be used with care because large portions of the balances related to capital assets or restricted assets may be unavailable to meet the day-to-day payments of the State. The State's combined total net position of both governmental and business-type activities increased 6.2 percent from the prior fiscal year by $1,369.3 million from $22,199.5 million in Fiscal Year 2022, to $23,568.8 million in Fiscal Year 2023. The following table was derived from the current and prior year government-wide *Statement of Net Position*.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Noncapital Assets	$ 24,891,370	$ 25,035,287	$ 11,300,352	$ 10,166,811	$ 36,191,722	$ 35,202,098
Capital Assets	14,678,986	13,676,105	11,865,430	12,336,622	26,544,416	26,012,727
Total Assets	39,570,356	38,711,392	23,165,782	22,503,433	62,736,138	61,214,825
Deferred Outflow of Resources	4,441,520	2,379,265	1,115,118	871,551	5,556,638	3,250,816
Current Liabilities	11,038,687	11,611,394	3,992,945	3,599,378	15,031,632	15,210,772
Noncurrent Liabilities	16,924,350	11,406,078	11,166,181	10,486,665	28,090,531	21,892,743
Total Liabilities	27,963,037	23,017,472	15,159,126	14,086,043	43,122,163	37,103,515
Deferred Inflow of Resources	771,227	3,689,509	830,595	1,473,096	1,601,822	5,162,605
Net Investment in Capital Assets	10,063,658	8,901,296	5,679,176	6,151,070	15,742,834	15,052,366
Restricted	5,236,812	4,669,335	1,015,626	1,095,670	6,252,438	5,765,005
Unrestricted	(22,858)	813,045	1,596,377	569,105	1,573,519	1,382,150
Total Net Position	$ 15,277,612	$ 14,383,676	$ 8,291,179	$ 7,815,845	$ 23,568,791	$ 22,199,521

The State's net investment in capital assets of $15,742.8 million for the total primary government (governmental and business-type activities combined), represents an increase of $690.5 million (4.6 percent) compared to the prior fiscal year. Net investment in capital assets is a noncurrent asset, and therefore not available to meet related debt service requirements that must be paid from current revenues or available liquid assets.

Assets restricted by the State Constitution or external parties reduced by their related liabilities account for another $6,252.4 million of total primary government net position. Restricted assets increased by $487.4 million (8.5 percent) relative to the prior fiscal year. In general, these restrictions dictate how the related assets must be used by the State, and therefore, may not be available for use by any of the State's programs. Examples of restrictions on the use of net position include the constitutionally-mandated TABOR reserve, State Education Fund, Highway Users Tax Fund, and resources pledged to debt service.

The unrestricted component of net position for the total primary government is $1,573.5 million for the fiscal year ended June 30, 2023, which represents an increase of $191.4 million from the prior fiscal year. The overall net increase is primarily due to increases in unrestricted investments of $1,573.7 million; increases to deferred outflows of resources of $2,305.8 million; decreases in deferred inflows of resources of $3,560.8 million; and other smaller increases to net position related to total receivables and reductions in various current liabilities. The net increase in unrestricted net positon was offset by a decrease in unrestricted cash and pooled cash of $1,892.6 million, and an increase in the net pension liability of $6,738.1 million from the prior fiscal year. The State's current liabilities reported on the Statement of Net Position decreased by $179.1 million from the prior fiscal year, and noncurrent liabilities increased overall by $6,018.7 million from the prior fiscal year. Certain noncurrent liabilities, such as bonds and certificates of participation payable, have related capital assets while the net pension liability factors in trust plan assets managed by PERA.

Governmental Activities:

Overall, total assets and deferred outflows of resources of the State's governmental activities exceeded total liabilities and deferred inflows of resources by $15,277.6 million, an increase in net position of $893.9 million over the prior fiscal year amount of $14,383.7 million. Total cash (restricted and unrestricted) balances decreased by $1,944.2 million, and Taxes Receivable, net of refunds payable and Other Receivables, net, increased by $903.5 million, due to the increase in tax collections during the fiscal year. Total investments (restricted and unrestricted) increased by $1,230.7 million due to market value increases. Capital assets, net of accumulated depreciation, increased by $1,002.9 million due to various capital projects throughout the State.

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2023 were $4,605.6 million as compared to the prior fiscal year amount of $4,754.4 million – a decrease of $148.8 million – primarily related to fewer issuances of certificates of participation. These liabilities represent 30.3 percent of unrestricted financial assets (cash, receivables, and investments), and 11.6 percent of total assets of governmental activities. The governmental activities financial instruments debt is primarily related to infrastructure, state buildings, and public school buildings. The infrastructure debt is secured by future federal revenues and state highway revenues, state building debt by gaming distributions and judicial fees, and public school buildings debt by School Trust Land revenues.

Governmental activities had an increase of $1,162.4 million in net investment in capital assets attributable primarily to repayment of debt combined with fewer issuances of State of Colorado Certificates of Participation. Restricted net position for governmental activities increased by $567.5 million, and unrestricted net position decreased $835.9 million from the prior year primarily due to the increase in net pension liability. The unrestricted net position for governmental activities returned to a $22.9 million deficit also due to the expiration of federal COVID-19 or economic recovery funding. The reason for deficit unrestricted net position in prior years was the initial recognition of the net pension liability in Fiscal Year 2015, and the recognition of the net OPEB liability in Fiscal Year 2018. The net pension liability is expected to decrease over time due to additional funding measures put in place by Senate Bill 18-200; however, the net pension liability increased significantly in Fiscal Year 2023 to $11,446.3 million from $5,828.3 million in Fiscal Year 2022. The State's overall proportionate share of the collective net pension liability increased by $5,618.0 million due to an $11,400.3 million increase in the collective net pension liability resulting from net investment income losses during Calendar Year 2022.

Business-Type Activities:

Overall, total assets and deferred outflows of resources of the State's business-type activities exceeded total liabilities and deferred inflows of resources by $8,291.2 million – an increase in net position of $475.4 million as compared to the prior year amount of $7,815.8 million. The increase resulted from increases in nonfinancial assets such as cash and investments and receivables, offset by increases in both current and noncurrent liabilities. A significant decrease in deferred inflows of resources of $642.5 million related to the net pension liability was a contributing factor to the overall increase in net position.

The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $5,793.1 million, as compared to the prior fiscal year amount of $5,911.8 million – a modest decrease of $118.7 million. The majority of the outstanding revenue bonds is related to Higher Education Institutions and is invested in capital assets that generate a future revenue stream to service the related debt. The Division of Unemployment Insurance also has bonds outstanding secured by future employer insurance premiums.

Of the total net position for business-type activities, $5,679.2 million was for the net investment in capital assets, $1,015.6 million is restricted for various purposes, and the remaining is unrestricted net position of approximately 1,596.4 million. Increases in nonfinancial assets such as cash and investments of $889.3 million and receivables of $282.2 million was the driving factor for the $1,027.3 overall net increase of unrestricted net position from the prior fiscal year.

The change from deficit unrestricted net position in Fiscal Year 2020 to a positive net position in Fiscal Years 2021-2023 is primarily a result of a large influx of federal grants from Coronavirus State and Local Fiscal Recovery Funds.

The unrestricted net position for business-type activities could return to a deficit in the near term absent additional federal COVID-19 or economic recovery funding. The reason for deficit unrestricted net position in prior years was the initial recognition of the net pension liability in Fiscal Year 2015, and the recognition of the net OPEB liability in Fiscal Year 2018. Although the net pension liability increased in Fiscal Year 2023 because of net investment income losses for the State and Judicial Trust Funds, the net pension liability is expected to decrease over time due to additional funding measures put in place by Senate Bill 18-200.

Business-type activities reported a decrease of $471.9 million in net investment in capital assets – attributable to (1) lower rates of capital asset acquisitions and capital asset disposals in prior years, and (2) fewer State-issued Certificates of Participation. Restricted net position for business-type activities reported a slight decrease of $80.0 million from the prior fiscal year.

Government-wide Statement of Activities

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

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
Programs/Functions	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Program Revenues:						
Charges for Services	$ 2,040,764	$ 1,912,916	$ 9,860,074	$ 9,124,591	$ 11,900,838	$ 11,037,507
Operating Grants and Contributions	11,739,867	11,040,507	7,511,633	7,371,360	19,251,500	18,411,867
Capital Grants and Contributions	651,505	604,090	127,011	153,514	778,516	757,604
General Revenues:					-	-
Taxes	15,664,628	14,733,530	13,084	11,556	15,677,712	14,745,086
Restricted Taxes	1,718,955	1,627,154	-	-	1,718,955	1,627,154
Unrestricted Investment Earnings	194,952	70,997	-	-	194,952	70,997
Other General Revenues	125,003	114,568	-	-	125,003	114,568
Total Revenues	32,135,674	30,103,762	17,511,802	16,661,021	49,647,476	46,764,783
Expenses:						
General Government	1,874,530	653,468	-	-	1,874,530	653,468
Business, Community, and Consumer Affairs	1,503,579	1,602,867	-	-	1,503,579	1,602,867
Education	8,497,292	8,127,798	-	-	8,497,292	8,127,798
Health and Rehabilitation	1,941,186	2,230,242	-	-	1,941,186	2,230,242
Justice	2,657,026	2,303,604	-	-	2,657,026	2,303,604
Natural Resources	177,343	161,976	-	-	177,343	161,976
Social Assistance	12,843,160	11,812,410	-	-	12,843,160	11,812,410
Transportation	2,117,396	1,941,505	-	-	2,117,396	1,941,505
Interest on Debt	187,327	117,938	-	-	187,327	117,938
Higher Education Institutions	-	-	9,350,370	8,339,105	9,350,370	8,339,105
Healthcare Affordability	-	-	5,130,361	4,550,548	5,130,361	4,550,548
Unemployment Insurance	-	-	488,008	1,607,811	488,008	1,607,811
Lottery	-	-	772,292	717,699	772,292	717,699
Parks and Wildlife	-	-	287,308	225,095	287,308	225,095
College Assist	-	-	178,136	171,430	178,136	171,430
Other Business-Type Activities	-	-	642,460	496,569	642,460	496,569
Total Expenses	31,798,839	28,951,808	16,848,935	16,108,257	48,647,774	45,060,065
Excess (Deficiency) Before Contributions, Transfers, and Other Items	336,835	1,151,954	662,867	552,764	999,702	1,704,718
Contributions, Transfers, and Other Items:						
Transfers (Out) In	189,744	(443,435)	(189,744)	443,435	-	-
Permanent Fund Additions	350,885	315,002	10	8	350,895	315,010
Total Contributions, Transfers, and Other Items	540,629	(128,433)	(189,734)	443,443	350,895	315,010
Total Changes in Net Position	877,464	1,023,521	473,133	996,207	1,350,597	2,019,728
Net Position - Beginning	14,383,676	13,350,956	7,815,845	5,852,015	22,199,521	19,202,971
Prior Period Adjustment (See Note 15A)	16,472	8,978	-	978,053	16,472	987,031
Accounting Changes	-	221	2,201	(10,430)	2,201	(10,209)
Net Position - Ending	$ 15,277,612	$ 14,383,676	$ 8,291,179	$ 7,815,845	$ 23,568,791	$ 22,199,521

For governmental activities, total revenues and permanent fund additions exceeded total expenses and transfers-out, which resulted in an increase to net position of $877.5 million. Program revenues for governmental activities increased by $874.6 million (6.5 percent), and General revenues for governmental activities increased by $1,157.3 million (7.0 percent). Total expenses for governmental activities increased by $2,847.0 million (9.8 percent) from the prior fiscal year, due to increases in general government, education; justice; and social assistance activities. These increases were slightly offset by decreases in spending related to business, community, and consumer affairs; and health and rehabilitation.

Business-type activities' total revenues, transfers-in, and permanent fund additions exceeded total expenses by $473.1 million, resulting in an increase in net position. From the prior year to the current year, program revenue from business-type activities increased by $849.3 million (5.1 percent) due to increases in tuition and other charges for services, while expenses also increased by $740.7 million (4.6 percent), Increases in higher education spending of $1,011.3 million were offset by a decrease in unemployment insurance spending of $1,119.8 million due to the repayment of a federal unemployment insurance loan. The overall increase in spending was due to increases in healthcare affordability and other business-type activities.

FUND-LEVEL FINANCIAL ANALYSIS

Governmental Funds:

Governmental fund assets exceeded liabilities resulting in total fund balance of $13,885.4 million as compared to the prior fiscal year amount of $13,459.4 million. The fund balance for all governmental funds increased from the prior fiscal year by $426.0 million, which is comprised mainly of increases in Other Governmental Funds of $1,549.8 million, offset by fund balance decreases for the General Fund of $1,100.0 million and the Highways Users Tax funds of $139.1 million. The Federal Special Revenue Fund reduced its negative fund balance by $115.4 million from a deficit of $122.3 million in Fiscal Year 2022 to a deficit of $6.9 million in Fiscal Year 2023. Overall, the increase in fund balance for all governmental funds in total was primarily attributable to increases in investments and restricted cash and pooled cash for the Other Governmental Funds, offset by decreases in the General Fund related to cash and pooled cash.

General Fund

The ending total fund balance of the General Fund was $3,102.3 million, which was a decrease of $1,100.0 million from the prior year amount of $4,202.3 million. General Fund revenues increased overall by approximately $348.5 million (1.4 percent) over the prior year, and expenditures increased overall by $880.7 million (3.7 percent) relative to the prior fiscal year. Transfers-in totaled $613.0 million while transfers-out totaled $1,857.8 million, resulting in a net outflow to other funds of $1,244.8 million. Individual and fiduciary income taxes of $6,515.8 million, sales and use taxes of $4,815.4 million, and federal grants and contracts of $10,228.5 million are the largest sources of revenue comprising 86.5 percent of total revenue of $24,912.5 million. Overall expenditures increased by $880.7 million over the prior year amount of $23,924.6 million due to spending increases in social assistance, justice, and other intergovernmental expenditures, which were offset by decreases in spending for health and rehabilitation and capital outlay.

General Fund Components & Legal Reserve Requirement

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

Of the overall fund balance of the General Fund, $1,611.2 million (51.9 percent) was attributable to the General Purpose Revenue Fund, and $1,138.2 million (36.7 percent) was attributable to Other Special Purposes, including non-spendable, committed, and assigned amounts. Other Special Purposes include the Building Excellent Schools Tomorrow, lottery proceeds held by the Division of Parks and Wildlife, and the Charter School Institute programs. The General Purpose Revenue Fund decreased by $881.2 million from the prior fiscal year, which was attributable to decreases in individual income taxes from the accrual of Taxpayer Bill of Rights (TABOR) refunds in Fiscal Year 2023, and increases in overall spending across most government functions in Fiscal Year 2023. The General Purpose Revenue Fund experienced a significant decrease in unrestricted cash and pooled cash at the end of Fiscal Year 2023 as compared to Fiscal Year 2022 due to the early issuance of TABOR refunds for Fiscal Year 2022 in August of 2022.

State law requires that the General Purpose Revenue Fund portion of the General Fund maintain a reserve of a percentage of General Purpose Revenue Fund appropriations. Section 24-75-201.1 C.R.S. restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. The reserve for Fiscal Year 2023 is approximately $2,000.0 million. The reserve amount is included in the Budgetary Comparison Schedule for the General Fund – General Purpose Revenue Component, presented as Required Supplementary Information in the Annual Comprehensive Financial Report (ACFR). Beginning and ending budgetary fund balance as shown on the Schedule are net of the required reserve.

Federal Special Revenue Fund

The Federal Special Revenue Fund was a new major fund for Fiscal Year 2020, and continues to be a major fund in Fiscal Year 2023. The Federal Special Revenue Fund primarily consists of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Fund, and the Coronavirus Emergency Supplemental Fund. The ending total fund balance of the Federal Special Revenue Fund was a deficit of $6.9 million, down significantly from the $122.3 million deficit fund balance in Fiscal Year 2022 – due to decreased spending as well as an increase in investment income. Fund revenues totaled $621.8 million, and fund expenditures totaled $506.8 million. The main sources of revenue for the fund were federal grants and contracts of $500.2 million and investment income of $118.2 million; the main expenditures of the fund consist of outflows related to business, community, and consumer affairs of $254.8 million, health and rehabilitation of $111.2 million, and intergovernmental distributions to cities, counties, school districts, and special districts of $48.0 million. Both federal revenues and expenditures related to economic aid resulting from the impact of the Coronavirus are expected to continue to decrease as the federal government has officially declared an end to the pandemic.

Highway Users Tax

The Highway Users Tax Fund qualified as a new major fund for Fiscal Year 2020, and remained a major fund in Fiscal Year 2023. The ending total fund balance of the Highway Users Tax Fund was $569.2 million, which represents a 19.6 percent decrease over the prior year fund balance of $708.3 million. Total cash (restricted and unrestricted) decreased $140.5 million as compared to the prior fiscal year. Fund revenues totaled $2,034.6 million, and expenditures totaled $2,596.1 million, resulting in a deficit of expenditures over revenues of $561.5 million for Fiscal Year 2023. Fund revenues increased 7.6 percent, while fund expenditures also increased 5.6 percent from the prior fiscal year. The main sources of revenue for the fund were federal grants and contracts of $733.2 million, excise taxes of $652.3 million, and licenses, permits, and fines of $409.7 million. The main expenditures of the fund consisted of transportation-related projects and highway maintenance of $1,684.7 million, and intergovernmental expenditures for cities, counties, and special districts totaling approximately $574.6 million in Fiscal Year 2023. Both increases and decreases in revenues and expenditures related to the Highways Users Tax is mainly dependent on the number of new vehicle registrations and the vehicle values.

Proprietary Funds:

Higher Education Institutions

The net position of the Higher Education Institutions fund increased from the prior fiscal year by $459.1 million, or 8.0 percent, which resulted from increases in tuition rates, sales of goods and services provided by institutions to their customers, and federal grant revenue. The higher education fund has a variety of revenue and funding sources, which, overall, were relatively consistent with the prior fiscal year. Overall operating revenues increased by $538.6 million mainly due to increases in tuition and fees and sales of goods and services. Overall, total operating revenues increased by 7.2 percent, while total operating expenses increased by 13.2 percent. The main driving factor for the increase in net position were investment income gains of $373.4 million, which represented an increase of $872.4 million as compared to the prior investment loss of $499.0 million. Higher Education Institutions received capital grants and contributions of $124.5 million and $153.8 million in Fiscal Years 2023 and 2022, respectively. Net Transfers to the Higher Education Institutions fund totaled $558.4 million for Fiscal Year 2023, an increase of $33.9 million compared to the prior fiscal year amount of $524.5 million. Transfers-in are primarily from the General Fund for student financial aid and vocational training and from the Capital Projects Fund for capital construction.

Healthcare Affordability

During the Fiscal Year 2017 legislative session, the general assembly passed Senate Bill 17-267 – Sustainability of Rural Colorado – which repealed the existing hospital provider fee program effective for Fiscal Year 2018. Section 17 of the bill created the new Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) within the Department of Healthcare Policy and Financing. The fund qualifies as a major enterprise fund based on the amount of revenues in the fund related to total revenues of all enterprise funds. As of June 30, 2023, net position was $144.7 million, a decrease of $30.6 million from the prior fiscal year amount of $175.3 million. Operating revenues of the fund totaled $5,109.4 million, which mainly consists of federal grants and contracts of $3,905.1 million, and fees charged to healthcare providers of $1,204.3 million. Operating revenues increased 9.2 percent by approximately $428.1 million from the prior year amount of $4,681.3 million. Total operating expenses of the fund totaled $5,130.3 million, which mainly consisted of payments to hospital providers for Medicaid services. Because CHASE is an enterprise for purposes of the Taxpayer's Bill of Rights (TABOR), its revenue does not count against the state fiscal year spending limit (Referendum C cap).

Transportation Enterprise

The Transportation Enterprise met the classification as a major fund for Fiscal Year 2023. The Transportation Enterprise consists of the High Performance Transportation Enterprise and the Statewide Bridge Enterprise at the Colorado Department of Transportation. The ending total net position of the Transportation Enterprise was $863.7 million, which was a decrease of 39.9 percent from the prior year net position of $1,436.5 million. This is mainly attributable to the substantial completion of the Central I-70 project – at the end of which the Enterprise transferred assets to the Colorado Department of Transportation, the City and County of Denver, and the Denver Public Schools District. This is reflected in the intergovernmental distributions amount of ($60.2) million and gains/(losses) on the disposal of capital assets of ($634.8) million. Enterprise revenues totaled $219.7 million; operating expenses totaled $53.1 million resulting in operating income of $166.6 million. Nonoperating expenses totaled $739.3 million; resulting in a change in net position of ($572.8) million for Fiscal Year 2023 including transfers-out. The main sources of revenue for the Enterprise were sales of goods and services and federal grants and contracts, and the main expenses of the Enterprise consist of depreciation and amortization of capital assets, and outflows related to salaries and fringe benefits, and operating and travel.

Unemployment Insurance

The Unemployment Enterprise met the classification as a major fund for Fiscal Year 2023, which consists of the Employee Leasing Company Certification, Employee Misclassification Advisory Opinion, Employment and Training Technology, Unemployment Bond Repayment, Unemployment Insurance, and the Unemployment Revenue Funds. The ending total fund balance for Fiscal Year 2023 was a deficit of $148.4 million, down $469.2 million from the prior year deficit net position of $617.6 million. Fund revenues totaled $951.0 million, and expenditures totaled approximately $473.9 million, resulting in operating income of $477.1 million for Fiscal Year 2023. Operating revenues decreased by $926.1 million as compared to the prior year, resulting in revenue from a one-time federal loan of approximately $1.0 billion during Fiscal Year 2022 that did not occur in Fiscal Year 2023. The main sources of revenue for the fund were federal grants and contracts, and insurance premiums; the main expenses of the fund consist of unemployment benefit payments and debt service payments.

ANALYSIS OF BUDGET VARIANCES

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

Differences Between Original and Final Budgets

Overall, the State's General Fund – General Purpose Revenue Component final budget decreased by $4.0 million from the original budget. The following list shows departments that had net changes in general-funded budgets greater than $10.0 million and the reasons for the change.

- Department of Corrections – the Department had a net increase of $22.7 million in appropriations related to multiple supplemental bills, which shifted various budget lines to bottom line funded appropriations.

- Department of Health Care Policy and Financing – the Department had a net decrease of $442.4 million in appropriations under supplemental House Bills 22-1173 and 22-1329, mainly for decreases in Medical Services Premiums for Medicaid eligible individuals, Adult Comprehensive Services, Medicaid Mental Health Capitation payments, Children's Basic Health Plan Trust Fund, and various other programs.

- Department of Human Services – the Department had a net increase of $23.4 million in appropriations due to increases in several programs – the most significant were the Mental Health Institute at Pueblo, and the Food Pantry Assistance Grant Program.

- Department of Public Health and Environment – the Department had a net decrease of $12.2 million in appropriations primarily comprised of AIR Pollution Control Administration and Technical Services, the Drinking Water Program, and the Prevention Services Division Administration.

- Department of Public Safety – the Department had a net decrease of $16.9 million in appropriations primarily due to a $17.3M reduction of spending authority that was rolled forward into FY24 as authorized by statute; these programs included aviation resources contracts for firefighting aircraft, the Fentanyl Accountability and Prevention Bill, and grants to local governments for crime reduction.

- Department of Revenue – the Department had a net increase of $238.5 million in appropriations primarily comprised of statutory share of the Retail Marijuana Special Sales Tax, Old Age Pension Transfer, Marijuana Retail Sales Tax transfers to the State Public School Fund, transfers to the Older Coloradans Fund, Property Tax Credits to local governments, and transfers to the Advanced Industries Acceleration cash fund.

- Department of Treasury – the Department had a net increase of $198.6 million in appropriations for direct distribution transfers to the PERA Payment cash fund.

Differences Between Final Budget and Actual Expenditures

In total, state departments reported general-funded appropriations reversions of $13.4 million for Merit Pay and $6.2 million for Legislative reversions. In addition, departments reverted $354.4 million to the General Fund for expenditures under the legally adopted final budget. The final budget is presented without reduction for restrictions in order to show the total reversion of appropriated budget. The following list shows those departments that had at least $10.0 million of General Fund reversions, and the related budget line item:

- Department of Corrections – the Department reverted $10.6 million in unspent funds, primarily comprised of programs related to payments to local jails, transitional work program, and Hepatitis C treatment costs.

- Department of Health Care Policy and Financing – the Department reverted $40.3 million in unspent funds across multiple programs and budget lines, with the largest consisting of behavioral health capitation payments and the Medicare Modernization Act state contribution payment.

- Department of Higher Education – the Department reverted $18.7 million in unspent funds, primarily comprised of transfers to Wildfire Mitigation and higher education support for Foster Youth.

- Department of Human Services – the Department reverted $15.7 million in unspent funds across multiple programs, with the largest comprised of programs related to aid to the needy and disabled; including Residential Placements for Children with Disabilities and Home Care Allowance.

- Judicial Department – the Department reverted $12.7 million in unspent funds across multiple programs including conflict of interest contracts, mandated costs, and court-appointed counsel.

- Department of Public Safety – the Department reverted $13.4 million in unspent funds primarily related to community corrections placements.

- Department of Revenue – the Department reverted $40.9 million in unspent funds primarily related to retail marijuana sales tax distributions, and Integrated Document Solutions print production.

- Department of Treasury – the Department reverted $169.0 million in unspent funds primarily related to the Senior Citizen and Disabled Veteran Property Tax Exemption program.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's net investment in capital assets at June 30, 2023 was $15,742.8 million, as compared to $15,052.4 million in Fiscal Year 2022. Included in this amount were $20,814.7 million of net depreciable capital assets after reduction of $17,086.5 million for accumulated depreciation. Non-depreciable capital assets totaled $5,729.8 million – including land, construction in progress, non-depreciable infrastructure and other capital assets. The State added a net $531.7 million and $1,291.7 million of capital assets in Fiscal Years 2023 and 2022, respectively. Of the Fiscal Year 2023 additions, $1,002.9 million were recorded in governmental activities, with a decrease of $471.2 million for business-type activities. General-purpose revenues funded $117.9 million of capital and controlled maintenance expenditures during Fiscal Year 2023, and the balance of capital asset additions was funded by federal funds, cash funds, or borrowing.

The table below provides information on the State's capital assets by asset type for both governmental and business-type activities at June 30, 2023 and 2022 (see Note 5 for additional detail):

(Amounts in Thousands)	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 148,111	$ 148,649	$ 794,975	$ 759,367	$ 943,086	$ 908,016
Collections	11,213	11,213	41,132	37,577	52,345	48,790
Other Capital Assets	6,805	6,805	24,072	24,105	30,877	30,910
Construction in Progress	2,345,529	2,117,733	1,121,380	1,780,368	3,466,909	3,898,101
Infrastructure	1,136,625	1,078,492	99,911	99,874	1,236,536	1,178,366
Total Capital Assets Not Being Depreciated	3,648,283	3,362,892	2,081,470	2,701,291	5,729,753	6,064,183
Capital Assets Being Depreciated						
Buildings and Related Improvements	4,106,400	3,911,054	13,249,098	12,906,529	17,355,498	16,817,583
Software	637,840	631,824	281,551	272,420	919,391	904,244
Vehicles and Equipment	1,106,696	1,068,586	1,528,473	1,449,594	2,635,169	2,518,180
Library Books, Collections, and Other Capital Assets	43,533	42,924	674,223	674,474	717,756	717,398
Right to Use Assets	266,881	250,997	263,490	164,791	530,371	415,788
Infrastructure	14,032,335	13,092,990	1,710,644	1,581,325	15,742,979	14,674,315
Total Capital Assets Being Depreciated	20,193,685	18,998,375	17,707,479	17,049,133	37,901,164	36,047,508
Accumulated Depreciation	(9,162,982)	(8,685,162)	(7,923,519)	(7,413,801)	(17,086,501)	(16,098,963)
Total	$ 14,678,986	$ 13,676,105	$ 11,865,430	$ 12,336,623	$ 26,544,416	$ 26,012,728

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

The schedule that follows shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing for notes, bonds and COPs payable (see Note 11). Revenue bonds in this schedule include net payments on interest rate swap derivatives.

Fiscal Year 2023

(Amounts in Thousands)	Lease/IT Agreements		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 285,904	$ 13,832	$ -	$ -	$ 4,211,107	$ 1,917,437	$ 4,497,011	$ 1,931,269
Business-Type Activities	$ 236,444	$ 16,964	$ 4,029,946	$ 1,851,923	$ 79,920	$ 7,701	$ 4,346,310	$ 1,876,588
Total	$ 522,348	$ 30,796	$ 4,029,946	$ 1,851,923	$ 4,291,027	$ 1,925,138	$ 8,843,321	$ 3,807,857

Fiscal Year 2022

(Amounts in Thousands)	Lease Agreements		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 262,426	$ 9,471	$ -	$ -	$ 4,351,305	$ 2,090,007	$ 4,613,731	$ 2,099,478
Business-Type Activities	$ 159,124	$ 14,512	$ 4,106,045	$ 1,867,866	$ 97,645	$ 11,718	$ 4,362,814	$ 1,894,096
Total	$ 421,550	$ 23,983	$ 4,106,045	$ 1,867,866	$ 4,448,950	$ 2,101,725	$ 8,976,545	$ 3,993,574

For Fiscal Year 2023, the total principal amount of leases, revenue bonds, and COPs decreased by 1.9 percent from the prior year of $8,976.5 million to $8,809.4 million. The Fiscal Year 2023 decrease is attributable lower issuance amounts of State of Colorado Rural Colorado Certificates of Participation, and Building Excellent Schools Today Series refunding Certificates of Participation than in the prior fiscal year.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

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

Colorado Economic Outlook

Prior to the pandemic-induced recession, Colorado had enjoyed more than a decade of strong economic growth, outpacing most other states in the nation across economic indicators, including employment, personal income, and GDP growth. Coming off a period of very strong increases, growth rates for the state are expected to trend closer to the national average. This forecast anticipates that Colorado's economy will modestly outperform the U.S. economy through 2025, with faster income growth and lower unemployment rates balanced against higher inflation. The economic and revenue forecast expects faster job growth nationally than in Colorado, in part due to the presence of more labor market slack (share of the workforce that is unemployed or underemployed) at the national level.

Taxpayer's Bill of Rights Revenue, Debt, and Tax-Increase Limits

Fiscal Year 2023 is the thirtieth year of State operations under Article X, Section 20 of the State Constitution revenue limitations, also known as the Taxpayer Bill of Rights (TABOR). With certain exceptions, the rate of growth of State revenues is limited to the combination of the percentage change in the State's population and inflation based on the Denver-Boulder-Greeley CPI-Urban index. The exceptions include revenues from federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, and qualified enterprise fund revenues.

Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the State to retain the surplus. TABOR also limits the General Assembly's ability to raise taxes, to borrow money, and to increase spending limits. With the exception of a declared emergency, taxes can only be raised by a vote of the people at the annual election. Multiple year borrowings can only be undertaken after approval by a similar vote.

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

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

For Fiscal Year 2023, State revenues subject to TABOR were $20,220.1 million, which was $3,563.4 million over the ESRC, and $6,775.5 million over the fiscal year spending limit. Revenue in excess of the ESRC must be refunded to the taxpayers in the next fiscal year including any remaining un-refunded revenues. Therefore, the total amount to be refunded in future fiscal years is $3,678.3 million. Absent Referendum C, the State would have been required to refund the amount exceeding the fiscal year spending limit.

Additional information on TABOR – including Tax, Spending, Debt Limitations, and a description of the refund mechanisms in place for the Fiscal Year 2023 excess revenue – is found in Notes to the Financial Statements (Note 2B), and also in the Notes to the TABOR Schedule of Required Computations presented in the Supplementary Information section of the ACFR.

Public Employees Retirement Association (PERA) Reforms – The State Legislature passed Senate Bill 18-200 during the 2018 legislative session. Senate Bill 18-200 contained a package of reforms designed to reduce the overall risk profile of the PERA retirement plan and improve its funded status. The bill makes several changes to the pension plan including:

- Increasing contribution rates from employers and employees.
- Allocates $225.0 million annually beginning in Fiscal Year 2019 to PERA to reduce the unfunded liability for the State, Judicial, Schools, and Denver Public Schools Divisions Trust Funds. To assist with reductions in spending for Fiscal Year 2021 resulting from the economic impact of COVID-19, the state legislature eliminated the $225.0 million direct distribution for Fiscal Year 2021. The State resumed the direct distribution in Fiscal Year 2022.
- Modifies retirement benefits, including reducing the annual increase for all current and future retirees.
- Raises the retirement age for new employees; and
- Establishes an automatic adjustment provision designed to keep PERA on a path to full funding in 30 years by 2048.

In order to recompense PERA for the cancellation of a previously scheduled July 1, 2020 direct distribution of $225.0 million, the State Legislature also passed House Bill 22-1029. HB-22-1029 instructs the State treasurer to issue a warrant to PERA in the amount of $380.0 million upon enactment, with reductions to future direct distributions. The July 1, 2023 (Fiscal Year 2024) direct distribution will be reduced by $190.0 million to $35.0 million. The July 1, 2024 (Fiscal Year 2025) direct distribution will not be reduced from $225.0 million due to a negative investment return in Calendar Year 2022.

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

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

General Fund Liquidity – The General Purpose Revenue Fund shows a cash balance of $3,653.5 million at June 30, 2023. Due to the COVID-19 pandemic, the State delayed its statewide income tax filing deadline extension to July 2020 (FY 2021), resulting in less overall cash collections in Fiscal Year 2020, and a significant increase in tax collections in Fiscal Years 2022 and 2023. From the prior fiscal year to the current fiscal year, General Purpose Revenue Fund taxes receivable increased by $777.5 million to $2,429.0 million; tax refunds payable also increased by $55.2 million to $1,197.9 million; and deferred inflows related to the tax receivables not expected to be collected within the next year increased by $22.0 million to $179.9 million. The tax receivable and related refunds are based on the best economic data available at year-end; however, economic projections rarely identify inflection points in the economy. If the State's economy experiences another downturn, tax receivables will likely decline (due to declining personal income) and tax refunds will likely increase (due to higher than required estimated tax and withholding payments) putting additional pressure on the fund balance of the General Purpose Revenue Fund. The General Fund legally has access to short-term borrowing from the cash balances of other funds. However, those transfers become increasingly difficult as accessible cash fund balances are depleted from transfers in prior years.

Debt Service – Various state departments, agencies, and institutions of higher education have outstanding notes, bonds, and/or COPs for the purchase of equipment or to construct facilities or infrastructure. The average debt service related to governmental activities over the next five years is $326.5 million, AND average debt service related to business-type activities including revenue bonds over the next five years is $420.9 million. The majority of the revenue streams to cover the debt service payments comprise general governmental resources; there is no general obligation associated with these debt instruments; and the investors' sole recourse is the leased asset. However, if the revenue streams intended to fund this debt service do not materialize, the State will need to find other ways to pay for the service-potential represented by these capital assets.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 11,973,905	$ 3,179,952	$ 15,153,857	$ 271,210
Restricted Cash and Pooled Cash	2,630,952	-	2,630,952	84,442
Investments	-	3,299,384	3,299,384	-
Taxes Receivable, net	2,246,561	158,455	2,405,016	-
Contributions Receivable, net	-	-	-	45,688
Other Receivables, net	960,863	1,229,726	2,190,589	100,482
Due From Other Governments	1,741,951	1,126,518	2,868,469	1,280
Internal Balances	75,085	(75,085)	-	-
Due From Component Units	-	14,489	14,489	-
Inventories	231,261	42,096	273,357	-
Prepaids, Advances and Deposits	201,257	56,119	257,376	422
Other Current Assets	-	-	-	7,660
Total Current Assets	20,061,835	9,031,654	29,093,489	511,184
Noncurrent Assets:				
Restricted Cash and Pooled Cash	844,539	542,690	1,387,229	53,384
Restricted Investments	1,413,529	46,838	1,460,367	10,207
Restricted Receivables	414,152	25,302	439,454	529
Investments	1,206,887	1,455,552	2,662,439	2,860,077
Contributions Receivable, net	-	-	-	117,199
Other Long-Term Assets	950,428	198,316	1,148,744	1,121,625
Depreciable/Amortizable Capital Assets, net	11,030,703	9,783,960	20,814,663	143,695
Land and Nondepreciable Capital Assets	3,648,283	2,081,470	5,729,753	32,004
Total Noncurrent Assets	19,508,521	14,134,128	33,642,649	4,338,720
TOTAL ASSETS	39,570,356	23,165,782	62,736,138	4,849,904
DEFERRED OUTFLOW OF RESOURCES:	4,441,520	1,115,118	5,556,638	2,163
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	1,211,037	5,754	1,216,791	-
Accounts Payable and Accrued Liabilities	1,961,289	1,124,313	3,085,602	27,678
TABOR Refund Liability (Note 2B)	3,678,327	-	3,678,327	-
Due To Other Governments	555,136	1,348,881	1,904,017	2,891
Due To Component Units	-	12,603	12,603	-
Unearned Revenue	3,157,667	598,384	3,756,051	10,985
Accrued Compensated Absences	18,534	38,385	56,919	-
Claims and Judgments Payable	42,147	1,310	43,457	-
Lease & Subscriptions Payable	68,739	54,460	123,199	-
Notes, Bonds, and COPs Payable	238,123	420,298	658,421	29,035
Other Postemployment Benefits	-	20,305	20,305	-
Other Current Liabilities	107,688	368,252	475,940	269,148
Total Current Liabilities	11,038,687	3,992,945	15,031,632	339,737
Noncurrent Liabilities:				
Deposits Held In Custody For Others	1,481	25	1,506	568,819
Accrued Compensated Absences	222,577	477,181	699,758	-
Claims and Judgments Payable	116,812	59,071	175,883	-
Lease & Subscriptions Payable	216,966	181,984	398,950	-
Derivative Instrument Liability	-	4,836	4,836	-
Notes, Bonds, and COPs Payable	4,367,514	5,372,816	9,740,330	239,980
Due to Component Units	-	1,334	1,334	-
Net Pension Liability	11,446,317	3,702,857	15,149,174	3,892
Other Postemployment Benefits	170,741	1,219,983	1,390,724	201
Other Long-Term Liabilities	381,942	146,094	528,036	53,962
Total Noncurrent Liabilities	16,924,350	11,166,181	28,090,531	866,854
TOTAL LIABILITIES	27,963,037	15,159,126	43,122,163	1,206,591
DEFERRED INFLOW OF RESOURCES:	771,227	830,595	1,601,822	122,140
NET POSITION:				
Net investment in Capital Assets:	10,063,658	5,679,176	15,742,834	174,169
Restricted for:				
Construction and Highway Maintenance	510,993	-	510,993	-
Education	1,612,022	639,644	2,251,666	-
Debt Service	155,147	30,175	185,322	-
Emergencies	337,867	-	337,867	-
Permanent Funds and Endowments:				
Expendable	11,570	212,155	223,725	1,492,513
Nonexpendable	1,539,295	89,955	1,629,250	885,726
Other Purposes	1,069,918	43,697	1,113,615	872,978
Unrestricted	(22,858)	1,596,377	1,573,519	97,950
TOTAL NET POSITION	$ 15,277,612	$ 8,291,179	$ 23,568,791	$ 3,523,336

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS) Functions/Programs	Expenses: Expenses	Expenses: Indirect Cost Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 1,900,035	$ (25,505)	$ 215,802	$ 448,785	$ 434
Business, Community, and Consumer Affairs	1,499,681	3,898	264,815	622,524	-
Education	8,495,336	1,956	47,355	1,261,417	-
Health and Rehabilitation	1,939,572	1,614	120,713	1,069,494	55
Justice	2,651,715	5,311	387,525	286,307	4,673
Natural Resources	176,587	756	299,775	106,289	-
Social Assistance	12,838,045	5,115	186,778	7,790,725	-
Transportation	2,115,556	1,840	518,001	154,326	646,343
Interest on Debt	187,327	-	-	-	-
Total Governmental Activities	31,803,854	(5,015)	2,040,764	11,739,867	651,505
Business-Type Activities:					
Higher Education	9,346,769	3,601	6,115,954	3,003,002	124,492
Healthcare Affordability	5,130,361	-	1,204,332	3,911,489	-
Unemployment Insurance	488,008	-	831,156	126,029	-
Lottery	771,963	329	891,078	1,507	-
Parks and Wildlife	286,702	606	256,818	47,159	-
College Assist	178,034	102	2	178,860	-
Other Business-Type Activities	642,083	377	560,734	243,587	2,519
Total Business-Type Activities	16,843,920	5,015	9,860,074	7,511,633	127,011
Total Primary Government	48,647,774	-	11,900,838	19,251,500	778,516
Total Component Units	$ 344,739	$ -	$ 79,785	$ 453,161	$ 30,808

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

Change in Net Position

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

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (1,209,509)	$ -	$ (1,209,509)	
(616,240)	-	(616,240)	
(7,188,520)	-	(7,188,520)	
(750,924)	-	(750,924)	
(1,978,521)	-	(1,978,521)	
228,721	-	228,721	
(4,865,657)	-	(4,865,657)	
(798,726)	-	(798,726)	
(187,327)	-	(187,327)	
(17,366,703)	-	(17,366,703)	
-	(106,922)	(106,922)	
-	(14,540)	(14,540)	
-	469,177	469,177	
-	120,293	120,293	
-	16,669	16,669	
-	726	726	
-	164,380	164,380	
-	649,783	649,783	
(17,366,703)	649,783	(16,716,920)	
			219,015
4,866,608	-	4,866,608	-
482,359	-	482,359	-
6,609,219	-	6,609,219	-
2,265,237	-	2,265,237	-
1,441,205	13,084	1,454,289	-
941,902	-	941,902	-
124,498	-	124,498	-
-	-	-	-
652,282	-	652,282	-
273	-	273	-
194,952	-	194,952	29,471
125,003	-	125,003	-
-	-	-	-
-	-	-	-
189,744	(189,744)	-	-
-	-	-	-
350,885	10	350,895	-
18,244,167	(176,650)	18,067,517	29,471
877,464	473,133	1,350,597	248,486
14,383,676	7,815,845	22,199,521	3,274,850
16,472	-	16,472	-
-	2,201	2,201	-
14,400,148	7,818,046	22,218,194	3,274,850
$ 15,277,612	$ 8,291,179	$ 23,568,791	$ 3,523,336

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 4,139,790	$ 2,489,516	$ 86,501	$ 5,191,921	$ 11,907,728
Taxes Receivable, net	2,428,977	-	871	78,017	2,507,865
Other Receivables, net	642,657	12,124	1,153	283,513	939,447
Due From Other Governments	1,625,010	30,641	-	86,258	1,741,909
Due From Other Funds	99,814	4,493	22,135	40,022	166,464
Inventories	44,954	116	19,527	163,554	228,151
Prepaids, Advances and Deposits	47,215	36,405	2,553	84,505	170,678
Restricted Cash and Pooled Cash	1,000,286	-	626,758	1,842,049	3,469,093
Restricted Investments	-	-	-	1,413,529	1,413,529
Restricted Receivables	12,993	-	331,640	69,519	414,152
Investments	16,532	-	-	1,190,355	1,206,887
Other Long-Term Assets	58,207	-	26,544	603,514	688,265
TOTAL ASSETS	$ 10,116,435	$ 2,573,295	$ 1,117,682	$ 11,046,756	$ 24,854,168
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	7,127	7,127
LIABILITIES:					
Tax Refunds Payable	$ 1,197,924	$ -	$ -	$ 13,113	$ 1,211,037
Accounts Payable and Accrued Liabilities	1,351,024	68,278	306,729	196,213	1,922,244
TABOR Refund Liability (Note 2B)	3,678,327	-	-	-	3,678,327
Due To Other Governments	390,012	1,028	41,382	122,710	555,132
Due To Other Funds	37,333	1,388	8,619	42,561	89,901
Unearned Revenue	107,201	2,509,280	172,325	367,511	3,156,317
Claims and Judgments Payable	242	-	271	90	603
Other Current Liabilities	66,709	193	44	31,766	98,712
Deposits Held In Custody For Others	90	-	1,174	217	1,481
TOTAL LIABILITIES	6,828,862	2,580,167	530,544	774,181	10,713,754
DEFERRED INFLOW OF RESOURCES:	185,307	-	17,968	58,824	262,099
FUND BALANCES:					
Nonspendable:					
Long-term Portion of Interfund Loans Receivable	-	-	-	85	85
Inventories	44,954	116	19,527	163,554	228,151
Permanent Fund Principal	-	-	-	1,516,090	1,516,090
Prepaids	47,088	36,405	2,553	84,502	170,548
Restricted	881,487	-	484,151	1,781,321	3,146,959
Committed	2,606,660	-	62,939	6,675,326	9,344,925
Assigned	87,068	-	-	-	87,068
Unassigned	(564,991)	(43,393)	-	-	(608,384)
TOTAL FUND BALANCES	3,102,266	(6,872)	569,170	10,220,878	13,885,442
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 10,116,435	$ 2,573,295	$ 1,117,682	$ 11,053,883	$ 24,861,295

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

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 11,907,728	$ 66,162	$ -	$ -	$ -	$ 15	$ -	$ 11,973,905
Restricted Cash and Pooled Cash	2,630,952	-	-	-	-	-	-	2,630,952
Taxes Receivable, net	2,507,865	-	-	-	-	(261,304)	-	2,246,561
Other Receivables, net	939,447	2,351	-	-	-	17,819	1,246	960,863
Due From Other Governments	1,741,909	42	-	-	-	-	-	1,741,951
Due From Other Funds	166,464	15	-	-	-	-	(166,479)	-
Internal Balances	-	-	-	-	-	-	75,085	75,085
Inventories	228,151	3,110	-	-	-	-	-	231,261
Prepaids, Advances and Deposits	170,678	10,254	-	-	-	20,325	-	201,257
Total Current Assets	20,293,194	81,934	-	-	-	(223,145)	(90,148)	20,061,835
Noncurrent Assets:								
Restricted Cash and Pooled Cash	838,141	6,398	-	-	-	-	-	844,539
Restricted Investments	1,413,529	-	-	-	-	-	-	1,413,529
Restricted Receivables	414,152	-	-	-	-	-	-	414,152
Investments	1,206,887	-	-	-	-	-	-	1,206,887
Other Long-Term Assets	688,265	-	-	-	-	262,163	-	950,428
Depreciable/Amortizable Capital Assets, net	-	132,360	10,898,343	-	-	-	-	11,030,703
Land and Nondepreciable Capital Assets	-	4,506	3,643,777	-	-	-	-	3,648,283
Total Noncurrent Assets	4,560,974	143,264	14,542,120	-	-	262,163	-	19,508,521
TOTAL ASSETS	24,854,168	225,198	14,542,120	-	-	39,018	(90,148)	39,570,356
DEFERRED OUTFLOW OF RESOURCES:	7,127	77,148	-	4,357,245	-	-	-	4,441,520
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	1,211,037	-	-	-	-	-	-	1,211,037
Accounts Payable and Accrued Liabilities	1,922,244	33,198	-	5,792	-	-	55	1,961,289
TABOR Refund Liability (Note 2B)	3,678,327	-	-	-	-	-	-	3,678,327
Due To Other Governments	555,132	4	-	-	-	-	-	555,136
Due To Other Funds	89,901	302	-	-	-	-	(90,203)	-
Unearned Revenue	3,156,317	1,350	-	-	-	-	-	3,157,667
Compensated Absences Payable	-	1,443	-	-	-	17,091	-	18,534
Claims and Judgments Payable	603	-	-	-	37,594	3,950	-	42,147
Lease & Subscriptions Payable	-	10,200	-	58,539	-	-	-	68,739
Notes, Bonds, and COPs Payable	-	22,861	-	215,262	-	-	-	238,123
Other Current Liabilities	98,712	1,397	-	-	-	7,579	-	107,688
Total Current Liabilities	10,712,273	70,755	-	279,593	37,594	28,620	(90,148)	11,038,687
Noncurrent Liabilities:								
Deposits Held In Custody For Others	1,481	-	-	-	-	-	-	1,481
Accrued Compensated Absences	-	12,756	-	-	-	209,821	-	222,577
Claims and Judgments Payable	-	-	-	-	87,186	29,626	-	116,812
Lease & Subscriptions Payable	-	21,850	-	195,116	-	-	-	216,966
Notes, Bonds, and COPs Payable	-	72,258	-	4,295,256	-	-	-	4,367,514
Net Pension Liability	-	407,491	-	-	-	11,038,826	-	11,446,317
Other Postemployment Benefits	-	9,702	-	-	-	161,039	-	170,741
Other Long-Term Liabilities	-	-	-	-	-	381,942	-	381,942
Total Noncurrent Liabilities	1,481	524,057	-	4,490,372	87,186	11,821,254	-	16,924,350
TOTAL LIABILITIES	10,713,754	594,812	-	4,769,965	124,780	11,849,874	(90,148)	27,963,037
DEFERRED INFLOW OF RESOURCES:	262,099	10,845	-	-	-	498,283	-	771,227
NET POSITION:								
Net investment in Capital Assets:	-	11,910	14,542,120	(4,490,372)	-	-	-	10,063,658
Restricted for:								
Construction and Highway Maintenance	510,993	-	-	-	-	-	-	510,993
Education	1,612,022	-	-	-	-	-	-	1,612,022
Debt Service	155,147	-	-	-	-	-	-	155,147
Emergencies	337,867	-	-	-	-	-	-	337,867
Permanent Funds and Endowments:								
Expendable	11,570	-	-	-	-	-	-	11,570
Nonexpendable	1,539,295	-	-	-	-	-	-	1,539,295
Other Purposes	1,069,918	-	-	-	-	-	-	1,069,918
Unrestricted	8,648,630	(315,221)	-	4,077,652	(124,780)	(12,309,139)	-	(22,858)
TOTAL NET POSITION	$ 13,885,442	$ (303,311)	$ 14,542,120	$ (412,720)	$ (124,780)	$ (12,309,139)	$ -	$ 15,277,612

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

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

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

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

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

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

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

(E) Other measurement focus adjustments include:

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 6,515,803	$ -	$ -	$ 1,026,309	$ 7,542,112
Corporate Income	2,166,610	-	-	200,091	2,366,701
Sales and Use	4,815,433	-	-	62,613	4,878,046
Excise	104,054	-	652,282	365,281	1,121,617
Other Taxes	516,996	-	273	972,384	1,489,653
Licenses, Permits, and Fines	89,541	-	409,749	478,513	977,803
Charges for Goods and Services	90,435	-	172,435	206,629	469,499
Rents	130	-	4,722	265,009	269,861
Investment Income (Loss)	57,313	118,216	11,400	122,194	309,123
Federal Grants and Contracts	10,228,462	500,162	733,152	569,519	12,031,295
Additions to Permanent Funds	-	-	-	350,885	350,885
Unclaimed Property Receipts	-	-	-	128,772	128,772
Other	327,763	3,437	50,568	64,835	446,603
TOTAL REVENUES	24,912,540	621,815	2,034,581	4,813,034	32,381,970
EXPENDITURES:					
Current:					
General Government	353,304	19,018	70,793	61,759	504,874
Business, Community, and Consumer Affairs	287,747	254,811	-	507,729	1,050,287
Education	1,136,311	5,880	-	444,801	1,586,992
Health and Rehabilitation	1,234,024	111,206	12,572	163,703	1,521,505
Justice	1,868,339	23,355	154,090	278,224	2,324,008
Natural Resources	45,219	94	-	101,442	146,755
Social Assistance	11,172,032	21,997	-	299,500	11,493,529
Transportation	-	-	1,684,663	6,200	1,690,863
Capital Outlay	200,813	6,866	71,979	76,259	355,917
Intergovernmental:					
Cities	114,910	8,290	242,820	140,817	506,837
Counties	1,660,926	35,659	236,632	187,951	2,121,168
School Districts	5,879,919	1,426	-	1,037,227	6,918,572
Special Districts	93,069	2,623	95,107	44,793	235,592
Federal	2,943	-	18,937	1,043	22,923
Other	621,152	14,432	1,988	109,935	747,507
Debt Service	134,551	1,112	6,522	226,699	368,884
TOTAL EXPENDITURES	24,805,259	506,769	2,596,103	3,688,082	31,596,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	107,281	115,046	(561,522)	1,124,952	785,757
OTHER FINANCING SOURCES (USES):					
Transfers-In	613,026	1,778	490,842	1,753,495	2,859,141
Transfers-Out	(1,857,848)	(4,107)	(82,967)	(1,358,054)	(3,302,976)
Issuance of Leases	18,591	2,677	14,255	11,789	47,312
Sale of Capital Assets	629	-	-	13,441	14,070
Insurance Recoveries	1,310	-	246	4,689	6,245
TOTAL OTHER FINANCING SOURCES (USES)	(1,224,292)	348	422,376	425,360	(376,208)
NET CHANGE IN FUND BALANCES	(1,117,011)	115,394	(139,146)	1,550,312	409,549
FUND BALANCE, FISCAL YEAR BEGINNING	4,202,275	(122,266)	708,316	8,671,096	13,459,421
Prior Period Adjustment (See Note 15A)	17,002	-	-	(530)	16,472
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	4,219,277	(122,266)	708,316	8,670,566	13,475,893
FUND BALANCE, FISCAL YEAR END	$ 3,102,266	$ (6,872)	$ 569,170	$ 10,220,878	$ 13,885,442

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 7,542,112	$ -	$ -	$ -	$ 12,445	$ 7,554,557
Corporate Income	2,366,701	-	-	-	19,598	2,386,299
Sales and Use	4,878,046	-	-	-	(11,438)	4,866,608
Excise	1,121,617	-	-	-	13,024	1,134,641
Other Taxes	1,489,653	-	-	-	1,344	1,490,997
Licenses, Permits, and Fines	977,803	-	-	-	55,841	1,033,644
Charges for Goods and Services	469,499	-	-	-	45	469,544
Rents	269,861	-	-	-	(52)	269,809
Investment Income (Loss)	309,123	(972)	-	-	(3)	308,148
Federal Grants and Contracts	12,031,295	-	-	-	-	12,031,295
Additions to Permanent Funds	350,885	-	-	-	-	350,885
Unclaimed Property Receipts	128,772	-	-	-	-	128,772
Other	446,603	-	-	-	454	447,057
TOTAL REVENUES	32,381,970	(972)	-	-	91,258	32,472,256
EXPENDITURES:						
Current:						
General Government	504,874	(2,021)	20,669	-	3,453	526,975
Business, Community, and Consumer Affairs	1,050,287	(533)	13,133	-	24,055	1,086,942
Education	1,586,992	(173)	54,114	-	2,888	1,643,821
Health and Rehabilitation	1,521,505	67	165,166	-	10,590	1,697,328
Justice	2,324,008	(2,205)	56,086	-	(31,473)	2,346,416
Natural Resources	146,755	(124)	1,808	-	1,316	149,755
Social Assistance	11,493,529	(88)	27,534	-	22,370	11,543,345
Transportation	1,690,863	(940)	321,984	-	(9,550)	2,002,357
Capital Outlay	355,917	-	(905,349)	-	-	(549,432)
Intergovernmental:						
Cities	506,837	-	-	-	-	506,837
Counties	2,121,168	-	-	-	-	2,121,168
School Districts	6,918,572	-	-	-	571,834	7,490,406
Special Districts	235,592	-	-	-	21,432	257,024
Federal	22,923	-	-	-	-	22,923
Other	747,507	-	-	-	-	747,507
Debt Service	368,884	1,340	-	(163,882)	-	206,342
TOTAL EXPENDITURES	31,596,213	(4,677)	(244,855)	(163,882)	616,915	31,799,714
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	785,757	3,705	244,855	163,882	(525,657)	672,542
OTHER FINANCING SOURCES (USES):						
Transfers-In	2,859,141	2,771	-	-	-	2,861,912
Transfers-Out	(3,302,976)	(7,754)	-	-	-	(3,310,730)
Bond/COP Premium/Discount	-	-	-	29,926	-	29,926
Issuance of Leases	47,312	-	-	(47,781)	-	(469)
Sale of Capital Assets	14,070	-	602,679	-	-	616,749
Insurance Recoveries	6,245	-	-	-	-	6,245
TOTAL OTHER FINANCING SOURCES (USES)	(376,208)	(4,983)	602,679	(17,855)	-	203,633
Internal Service Fund Charges to BTAs	-	1,289	-	-	-	1,289
NET CHANGE FOR THE YEAR	409,549	11	847,534	146,027	(525,657)	877,464
Prior Period Adjustment (See Note 15A)	16,472	-	-	-	-	16,472
TOTAL CHANGE FOR THE CURRENT YEAR	$ 426,021	$ 11	$ 847,534	$ 146,027	$ (525,657)	$ 893,936

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

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

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

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

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:							
Current Assets:							
Cash and Pooled Cash	$ 1,666,864	$ 66,519	$ 211,756	$ 234,514	$ 1,000,299	$ 3,179,952	$ 66,162
Investments	3,299,384	-	-	-	-	3,299,384	-
Premiums/Taxes Receivable, net	-	-	64	158,084	307	158,455	-
Student and Other Receivables, net	769,077	176,499	7,748	211,179	78,069	1,242,572	2,351
Due From Other Governments	198,053	264,679	-	437,352	226,434	1,126,518	42
Due From Other Funds	29,013	3,408	-	-	14,898	47,319	15
Due From Component Units	14,354	-	-	-	135	14,489	-
Inventories	31,633	-	-	-	10,463	42,096	3,110
Prepaids, Advances and Deposits	44,956	-	631	-	10,532	56,119	10,254
Total Current Assets	6,053,334	511,105	220,199	1,041,129	1,341,137	9,166,904	81,934
Noncurrent Assets:							
Restricted Cash and Pooled Cash	218,949	-	33,664	286,573	3,504	542,690	6,398
Restricted Investments	46,838	-	-	-	-	46,838	-
Restricted Receivables	-	-	-	-	25,302	25,302	-
Investments	1,455,552	-	-	-	-	1,455,552	-
Other Long-Term Assets	196,934	-	-	-	1,382	198,316	-
Depreciable/Amortizable Capital Assets, net	7,949,994	34,427	1,460,331	31,322	307,886	9,783,960	132,360
Land and Nondepreciable Capital Assets	921,084	592	673,909	-	485,885	2,081,470	4,506
Total Noncurrent Assets	10,789,351	35,019	2,167,904	317,895	823,959	14,134,128	143,264
TOTAL ASSETS	16,842,685	546,124	2,388,103	1,359,024	2,165,096	23,301,032	225,198
DEFERRED OUTFLOW OF RESOURCES:	1,034,108	1,073	2,973	1,990	74,974	1,115,118	77,148
LIABILITIES:							
Current Liabilities:							
Tax Refunds Payable	-	-	-	5,754	-	5,754	-
Accounts Payable and Accrued Liabilities	541,807	197,657	19,613	31,244	333,990	1,124,311	33,198
Due To Other Governments	-	162,955	-	1,165,034	20,892	1,348,881	4
Due To Other Funds	8,570	29,187	-	7,713	56,457	101,927	302
Due To Component Units	12,603	-	-	-	-	12,603	-
Unearned Revenue	436,942	-	5,117	87,274	69,051	598,384	1,350
Compensated Absences Payable	36,322	9	-	-	2,054	38,385	1,443
Claims and Judgments Payable	1,310	-	-	-	-	1,310	-
Lease & Subscriptions Payable	51,150	639	671	-	2,000	54,460	10,200
Notes, Bonds, and COPs Payable	412,276	-	8,005	-	17	420,298	22,861
Other Postemployment Benefits	20,305	-	-	-	-	20,305	-
Other Current Liabilities	89,436	-	375	204,962	73,479	368,252	1,397
Total Current Liabilities	1,610,721	390,447	33,781	1,501,981	557,940	4,094,870	70,755
Noncurrent Liabilities:							
Due to Other Funds	(2,586)	-	21,700	-	14,211	33,325	-
Deposits Held In Custody For Others	-	-	-	-	25	25	-
Accrued Compensated Absences	460,423	248	145	-	16,365	477,181	12,756
Claims and Judgments Payable	59,071	-	-	-	-	59,071	-
Lease & Subscriptions Payable	169,750	2,111	589	-	9,534	181,984	21,850
Derivative Instrument Liability	4,836	-	-	-	-	4,836	-
Notes, Bonds, and COPs Payable	4,144,122	-	1,227,757	-	937	5,372,816	72,258
Due to Component Units	1,334	-	-	-	-	1,334	-
Net Pension Liability	3,281,235	6,269	8,119	6,111	401,123	3,702,857	407,491
Other Postemployment Benefits	1,209,716	148	195	169	9,755	1,219,983	9,702
Other Long-Term Liabilities	34,386	-	111,703	-	5	146,094	-
Total Noncurrent Liabilities	9,362,287	8,776	1,370,208	6,280	451,955	11,199,506	524,057
TOTAL LIABILITIES	10,973,008	399,223	1,403,989	1,508,261	1,009,895	15,294,376	594,812
DEFERRED INFLOW OF RESOURCES:	667,835	3,267	123,356	1,209	34,928	830,595	10,845
NET POSITION:							
Net investment in Capital Assets:	4,259,560	32,268	629,345	31,322	726,681	5,679,176	11,910
Restricted for:							
Education	639,644	-	-	-	-	639,644	-
Debt Service	14,458	-	15,717	-	-	30,175	-
Permanent Funds and Endowments:							
Expendable	212,155	-	-	-	-	212,155	-
Nonexpendable	89,955	-	-	-	-	89,955	-
Other Purposes	-	-	-	-	43,697	43,697	-
Unrestricted	1,020,178	112,439	218,669	(179,778)	424,869	1,596,377	(315,221)
TOTAL NET POSITION	$ 6,235,950	$ 144,707	$ 863,731	$ (148,456)	$ 1,195,247	$ 8,291,179	$ (303,311)

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

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Unemployment Insurance Premiums	$ -	$ -	$ -	$ 828,946	$ -	$ 828,946	$ -
License and Permits	-	-	21,154	118	211,380	232,652	-
Tuition and Fees	3,385,799	-	-	-	1,416	3,387,215	-
Scholarship Allowance for Tuition and Fees	(762,737)	-	-	-	-	(762,737)	-
Sales of Goods and Services	3,271,951	1,204,332	184,917	-	1,151,383	5,812,583	510,722
Scholarship Allowance for Sales of Goods & Services	(32,879)	-	-	-	-	(32,879)	-
Investment Income (Loss)	2,089	-	-	-	(3,934)	(1,845)	-
Rental Income	16,867	-	-	-	2,098	18,965	16,132
Gifts and Donations	40,130	-	-	-	-	40,130	-
Federal Grants and Contracts	1,593,618	3,905,051	13,317	121,668	450,531	6,084,185	-
Intergovernmental Revenue	10,242	-	-	-	38,715	48,957	104
Other	500,911	-	315	291	28,617	530,134	5,875
TOTAL OPERATING REVENUES	8,025,991	5,109,383	219,703	951,023	1,880,206	16,186,306	532,833
OPERATING EXPENSES:							
Salaries and Fringe Benefits	6,344,153	39,551	13,368	13,569	224,444	6,635,085	279,825
Operating and Travel	2,005,095	5,054,275	10,331	456,844	727,082	8,253,627	201,935
Cost of Goods Sold	147,472	-	-	-	53,529	201,001	-
Depreciation and Amortization	585,284	7,101	29,391	3,522	26,060	651,358	44,582
Intergovernmental Distributions	39,004	29,389	-	-	18,752	87,145	-
Debt Service	-	-	-	-	8,468	8,468	-
Prizes and Awards	358	-	-	-	584,381	584,739	7
TOTAL OPERATING EXPENSES	9,121,366	5,130,316	53,090	473,935	1,642,716	16,421,423	526,349
OPERATING INCOME (LOSS)	(1,095,375)	(20,933)	166,613	477,088	237,490	(235,117)	6,484
NONOPERATING REVENUES AND (EXPENSES):							
Taxes	-	-	-	-	50,175	50,175	-
Fines and Settlements	26	-	2,353	1,802	2,211	6,392	-
Investment Income (Loss)	373,430	6,438	4,770	4,360	7,610	396,608	(972)
Rental Income	49,966	-	-	-	19,097	69,063	-
Gifts and Donations	351,321	-	-	-	2,074	353,395	-
Intergovernmental Distributions	(41,682)	-	(60,174)	-	(75,707)	(177,563)	-
Federal Grants and Contracts	300,647	-	5,159	-	-	305,806	-
Gain/(Loss) on Sale or Impairment of Capital Assets	9,435	-	(634,763)	-	51	(625,277)	2,861
Insurance Recoveries from Prior Year Impairments	-	-	-	-	74	74	22
Debt Service	(190,687)	(46)	(56,633)	(13,854)	(907)	(262,127)	(4,041)
Other Expenses	(709)	-	-	(220)	-	(929)	(73)
Other Revenues	17,010	-	-	-	1,917	18,927	-
TOTAL NONOPERATING REVENUES (EXPENSES)	868,757	6,392	(739,288)	(7,912)	6,595	134,544	(2,203)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(226,618)	(14,541)	(572,675)	469,176	244,085	(100,573)	4,281
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:							
Capital Grants and Contributions	124,492	-	-	-	2,519	127,011	713
Additions to Permanent Endowments	631	-	-	-	10	641	-
Transfers-In	561,862	-	-	-	37,805	599,667	2,771
Transfers-Out	(3,476)	(16,059)	(100)	-	(133,978)	(153,613)	(7,754)
TOTAL CONTRIBUTIONS AND TRANSFERS	683,509	(16,059)	(100)	-	(93,644)	573,706	(4,270)
CHANGE IN NET POSITION	456,891	(30,600)	(572,775)	469,176	150,441	473,133	11
NET POSITION - FISCAL YEAR BEGINNING	5,776,858	175,307	1,436,506	(617,632)	1,044,806	7,815,845	(303,322)
Accounting Changes (See Note 15B)	2,201	-	-	-	-	2,201	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	5,779,059	175,307	1,436,506	(617,632)	1,044,806	7,818,046	(303,322)
NET POSITION - FISCAL YEAR ENDING	$ 6,235,950	$ 144,707	$ 863,731	$ (148,456)	$ 1,195,247	$ 8,291,179	$ (303,311)

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	**BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS**		
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 2,652,686	$ -	$ -
Fees for Service	3,133,789	1,161,053	204,869
Receipts for Interfund Services	-	1,137	2,716
Sales of Products	8,193	-	-
Gifts, Grants, and Contracts	2,028,304	3,863,100	24,535
Loan and Note Repayments	345,843	-	-
Unemployment Insurance Premiums	-	-	-
Income from Property	66,833	-	-
Other Sources	253,336	-	2,784
Cash Payments to or for:			
Employees	(6,232,141)	(43,023)	(13,201)
Suppliers	(1,754,430)	(5,015,434)	(14,099)
Payments for Interfund Services	-	-	(1,706)
Sales Commissions and Lottery Prizes	-	-	-
Unemployment Benefits	-	-	-
Scholarships	(181,034)	-	-
Others for Student Loans and Loan Losses	(346,235)	-	-
Other Governments	(39,004)	-	(60,174)
Other	(169,176)	(7,895)	(448)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(233,036)	(41,062)	145,276
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	479,939	-	-
Transfers-Out	(3,476)	(16,059)	(100)
Receipt of Deposits Held in Custody	507,697	-	-
Release of Deposits Held in Custody	(505,360)	-	-
Gifts and Grants for Other Than Capital Purposes	646,688	-	-
Intergovernmental Distributions	(41,682)	-	-
Unclaimed Property Fund Interest	-	-	-
NonCapital Debt Proceeds	-	-	-
NonCapital Debt Service Payments	(12,643)	-	(23,630)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	1,071,163	(16,059)	(23,730)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(621,816)	(15,297)	(157,451)
Capital Contributions	226,045	-	-
Capital Gifts, Grants, and Contracts	55,439	-	-
Proceeds from Sale of Capital Assets	37,079	7,371	60,174
Capital Debt Proceeds	137,333	-	-
Capital Debt Service Payments	(318,148)	-	(56,896)
Lease Payments	(89,960)	(46)	(24)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(574,028)	(7,972)	(154,197)

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 1,419	$ 2,654,105	$ -
-	345,169	4,844,880	3,572
-	46,822	50,675	506,681
30	927,347	935,570	1,073
128,899	435,691	6,480,529	50
-	-	345,843	-
831,156	-	831,156	-
-	21,221	88,054	16,132
-	164,685	420,805	530
(15,159)	(235,804)	(6,539,328)	(274,308)
(16,334)	(162,263)	(6,962,560)	(110,594)
(52,821)	(3,889)	(58,416)	(88,381)
-	(655,391)	(655,391)	-
(412,433)	-	(412,433)	-
-	-	(181,034)	-
-	-	(346,235)	-
(221,472)	(18,623)	(339,273)	-
(17,559)	(508,224)	(703,302)	(998)
224,307	358,160	453,645	53,757
-	40,324	520,263	3,015
-	(133,978)	(153,613)	(7,754)
-	1,239	508,936	1,386
-	(1,243)	(506,603)	(135)
-	2,074	648,762	-
-	(79,442)	(121,124)	-
-	1,896	1,896	-
-	2	2	3
-	(2)	(36,275)	(3)
-	(169,130)	862,244	(3,488)
-	(110,984)	(905,548)	(67,574)
-	-	226,045	-
-	-	55,439	-
-	45,300	149,924	32,412
-	-	137,333	9,860
-	(278)	(375,322)	(1,421)
(21)	(7,909)	(97,960)	(2,616)
(21)	(73,871)	(810,089)	(29,339)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	166,920	5,803	7,805
Proceeds from Sale/Maturity of Investments	14,508,192	-	5,640
Purchases of Investments	(14,883,273)	-	(5,583)
Increase(Decrease) from Unrealized Gain(Loss) on Investments	58,453	635	(3,093)
NET CASH FROM INVESTING ACTIVITIES	(149,708)	6,438	4,769
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	114,391	(58,655)	(27,882)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,771,422	125,174	273,302
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,885,813	$ 66,519	$ 245,420
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (1,095,375)	$ (20,933)	$ 166,613
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation/Amortization	585,284	7,101	29,391
Investment/Rental Income and Other Revenue in Operating Income	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	77,117	-	7,512
(Gain)/Loss on Disposal of Capital and Other Assets	(689)	-	(60,174)
Compensated Absences Expense	34,497	43	43
Interest and Other Expense in Operating Income	19,474	-	(13,712)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(59,491)	(84,347)	7,195
(Increase) Decrease in Inventories	8,454	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	17,961	-	(256)
(Increase) Decrease in Pension Deferred Outflow	(321,072)	(397)	64
(Increase) Decrease in OPEB Deferred Outflow	50,227	99	16
Increase (Decrease) in Accounts Payable	19,217	27,527	7,301
Increase (Decrease) in Pension Liability	1,002,353	250	1,327
Increase (Decrease) in OPEB Liability	(146,667)	(98)	(65)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	122,222	32,491	1,274
Increase (Decrease) in Pension Deferred Inflow	(759,755)	(2,829)	(1,229)
Increase (Decrease) in OPEB Deferred Inflow	213,207	31	(24)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (233,036)	$ (41,062)	$ 145,276
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	22,442	-	-
Capital Assets Acquired by Grants or Donations and Payable Increases	66,807	-	13,947
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	102,118	-	(393)
Loss on Disposal of Capital and Other Assets	2,142	-	-
Disposal of Capital Assets	7,728	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	(39,799)	-	-
Financed Debt Issuance Costs	411	-	-
Bad Debt Expense	47,013	-	-
Fair Value Change in Derivative Instrument	2,794	-	-
State Support for PERA Pensions	57,936	-	-
Noncapital Gifts	18,083	-	-
Additions to Investments held by Foundation	140	-	-
2019A bond premium	-	-	898
Transfer of managed lanes	-	-	(9,347)
Change in Pension/OPEB Deferred Inflows	(27,789)	-	-
Change in Pension/OPEB Deferred Outflows	(9,768)	-	-
Change in Pension/OPEB Liability	29,121	-	-
Depreciation	19,830	-	-
Other	25,711	-	-

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
4,378	21,955	206,861	395
-	-	14,513,832	-
-	-	(14,888,856)	-
(18)	(14,143)	41,834	(1,369)
4,360	7,812	(126,329)	(974)
228,646	122,971	379,471	19,956
292,441	880,832	3,343,171	52,604
$ 521,087	$ 1,003,803	$ 3,722,642	$ 72,560
$ 477,088	237,490	$ (235,117)	$ 6,484
3,522	26,060	651,358	44,582
-	(190)	(190)	(4,520)
1,582	71,627	157,838	73
-	-	(60,863)	-
-	1,214	35,797	(1,045)
(13,833)	34,204	26,133	697
(85,944)	(37,209)	(259,796)	(627)
-	(1,194)	7,260	(1,061)
-	(1,362)	16,343	(1,078)
(1,421)	(28,151)	(350,977)	(39,893)
(68)	(259)	50,015	(536)
1,293	47,468	102,806	5,174
3,072	113,297	1,120,299	137,011
49	(1,306)	(148,087)	(472)
(157,761)	(8,145)	(9,919)	(814)
(3,208)	(95,282)	(862,303)	(89,934)
(64)	(102)	213,048	(284)
$ 224,307	$ 358,160	$ 453,645	$ 53,757
-	2,519	24,961	470
-	21	80,775	-
-	1,225	102,950	-
-	1	2,143	(2,737)
-	-	7,728	-
-	27	(39,772)	70
-	-	411	-
-	-	47,013	-
-	-	2,794	-
-	-	57,936	-
-	-	18,083	-
-	-	140	-
-	-	898	-
-	-	(9,347)	-
-	-	(27,789)	-
-	-	(9,768)	-
-	-	29,121	-
-	-	19,830	-
-	-	25,711	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	TRUST FUNDS		CUSTODIAL FUNDS	
	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	EXTERNAL INVESTMENT POOL	CUSTODIAL
ASSETS:				
Cash and Pooled Cash	$ 82,512	$ 387,410	$ 42,604	$ 542,874
Taxes Receivable, net	-	-	-	253,694
Other Receivables, net	47,000	14,107	-	2,260
Due From Other Funds	1,874	11,562	-	-
Prepaids, Advances and Deposits	164	-	-	8
Other Long-Term Assets	-	-	-	65,442
Investments:				
Government Securities	3,380	5,421	-	-
Corporate Bonds	8,236	7,395	-	-
Municipal Bonds	1,022	-	-	-
Private Equities	7,430	-	-	-
Asset Backed Securities	797	4,746	-	-
Mortgages	7,997	15,866	-	-
Mutual Funds	115,689	10,287,515	-	-
Guaranteed Investment Contracts	-	159,109	-	-
Other Investments	23,785	502,239	-	-
TOTAL ASSETS	299,886	11,395,370	42,604	864,278
LIABILITIES:				
Tax Refunds Payable	-	-	-	1,850
Accounts Payable and Accrued Liabilities	27,234	17,267	-	608
Due To Other Governments	-	-	-	576
Due To Other Funds	18	521	-	1,240
Unearned Revenue	-	18,411	-	293
Claims and Judgments Payable	34,752	-	-	-
Other Current Liabilities	38,697	-	-	1,060
Accrued Compensated Absences	72	-	-	-
Other Long-Term Liabilities	-	11,770	-	683
TOTAL LIABILITIES	100,773	47,969	-	6,310
NET POSITION:				
Restricted for:				
OPEB	166,341	-	-	-
Held in Trust for:				
Pension/Benefit Plan Participants	32,772	-	-	-
Individuals, Organizations, and Other Entities	-	11,347,401	42,604	857,968
TOTAL NET POSITION	$ 199,113	$ 11,347,401	$ 42,604	$ 857,968

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	TRUST FUNDS		CUSTODIAL FUNDS	
(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	EXTERNAL INVESTMENT POOL	CUSTODIAL
ADDITIONS:				
Member Contributions	$ 76,083	$ -	$ -	$ -
Employer Contributions	447,660	-	-	-
Investment Income/(Loss)	8,620	931,861	(3,208)	(728)
Gifts and Bequests	-	804	-	2
Permanent and Trust Additions	-	1,124,670	-	-
Unclaimed Property Receipts	-	87,035	-	-
Court Awards and Restitution Receipts	-	-		192,817
Collections of Investment Funds	-	-	21,683	-
Collections of Sales Tax for Other Governments	-	-	-	3,092,329
Other Additions	412,210	3,207	-	74,291
Transfers-In	1,102	2,000	-	-
TOTAL ADDITIONS	945,675	2,149,577	18,475	3,358,711
DEDUCTIONS:				
Distributions to Participants	4,296	1,198,535	-	-
Distributions of Investment Funds	-	-	6,085	-
Health Insurance Premiums Paid	361,552	-	-	-
Health Insurance Claims Paid	147,033	-	-	-
Other Benefits Plan Expense	30,752	-	-	-
Payments of Sales Tax to Other Governments	-	-	-	3,081,166
Distributions - Intergovernmental Entities	-	812	-	-
Administrative Expense	17,193	321	-	7,240
Other Deductions	386,099	45,372	-	228,008
Transfers-Out	261	8	-	69
TOTAL DEDUCTIONS	947,186	1,245,048	6,085	3,316,483
CHANGE IN NET POSITION	(1,511)	904,529	12,390	42,228
NET POSITION - FISCAL YEAR BEGINNING	200,624	10,442,872	30,214	815,740
NET POSITION - FISCAL YEAR ENDING	$ 199,113	$ 11,347,401	$ 42,604	$ 857,968

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 240,196	$ 23,508	$ 7,506	$ 271,210
Restricted Cash and Pooled Cash	73,140	-	11,302	84,442
Contributions Receivable, net	-	45,688	-	45,688
Other Receivables, net	83,844	-	16,638	100,482
Due From Other Governments	1,280	-	-	1,280
Prepaids, Advances and Deposits	-	-	422	422
Other Current Assets	48	793	6,819	7,660
Total Current Assets	398,508	69,989	42,687	511,184
Noncurrent Assets:				
Restricted Cash and Pooled Cash	53,384	-	-	53,384
Restricted Investments	10,207	-	-	10,207
Restricted Receivables	529	-	-	529
Investments	-	2,860,077	-	2,860,077
Contributions Receivable, net	-	117,199	-	117,199
Other Long-Term Assets	1,008,343	-	113,282	1,121,625
Depreciable/Amortizable Capital Assets, net	1,323	1,129	141,243	143,695
Land and Nondepreciable Capital Assets	-	-	32,004	32,004
Total Noncurrent Assets	1,073,786	2,978,405	286,529	4,338,720
TOTAL ASSETS	1,472,294	3,048,394	329,216	4,849,904
DEFERRED OUTFLOW OF RESOURCES:	1,317	-	846	2,163
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	7,987	10,716	8,975	27,678
Due To Other Governments	2,891	-	-	2,891
Unearned Revenue	187	-	10,798	10,985
Notes, Bonds, and COPs Payable	29,035	-	-	29,035
Other Current Liabilities	244,652	24,369	127	269,148
Total Current Liabilities	284,752	35,085	19,900	339,737
Noncurrent Liabilities:				
Deposits Held In Custody For Others	-	568,819	-	568,819
Notes, Bonds, and COPs Payable	239,980		-	239,980
Net Pension Liability	2,434	-	1,458	3,892
Other Postemployment Benefits	110	-	91	201
Other Long-Term Liabilities	39,255	14,700	7	53,962
Total Noncurrent Liabilities	281,779	583,519	1,556	866,854
TOTAL LIABILITIES	566,531	618,604	21,456	1,206,591
DEFERRED INFLOW OF RESOURCES:	1,299	-	120,841	122,140
NET POSITION:				
Net investment in Capital Assets:	(207)	1,129	173,247	174,169
Restricted for:				
Permanent Funds and Endowments:				
Expendable	-	1,492,513	-	1,492,513
Nonexpendable	-	885,726	-	885,726
Other Purposes	866,356	-	6,622	872,978
Unrestricted	39,632	50,422	7,896	97,950
TOTAL NET POSITION	$ 905,781	$ 2,429,790	$ 187,765	$ 3,523,336

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
EXPENSES	$ 26,690	$ 264,431	$ 53,618	$ 344,739
PROGRAM REVENUES:				
Charges for Services	20,507	7,882	51,396	79,785
Operating Grants and Contributions	7,615	445,546	-	453,161
Capital Grants and Contributions	25,715	-	5,093	30,808
TOTAL PROGRAM REVENUES:	53,837	453,428	56,489	563,754
NET (EXPENSE) REVENUE	27,147	188,997	2,871	219,015
GENERAL REVENUES:				
Unrestricted Investment Earnings (Losses)	5,539	23,526	406	29,471
TOTAL GENERAL REVENUES	5,539	23,526	406	29,471
CHANGE IN NET POSITION	32,686	212,523	3,277	248,486
NET POSITION - FISCAL YEAR BEGINNING	873,095	2,217,267	184,488	3,274,850
NET POSITION - FISCAL YEAR ENDING	$ 905,781	$ 2,429,790	$ 187,765	$ 3,523,336

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. NEW ACCOUNTING STANDARDS

The following accounting standards were implemented in Fiscal Year 2023:

GASB Statement No. 91 – Conduit Debt Obligations. In 2023, the State implemented GASB Statement No. 91. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. In 2023, the State implemented GASB Statement No. 94. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. In 2023, the State implemented GASB Statement No. 96. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 – Omnibus 2022. In 2023, the State implemented GASB Statement No. 99. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

B. FINANCIAL REPORTING ENTITY

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

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

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

Blended Component Units:

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units.

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

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

- 18th Avenue, LLC
- Altitude West, LLC
- Colorado School of Mines Building Corporation
- Mines Applied Technology Transfer, Inc.
- University of Colorado Property Construction, Inc.
- University License Equity Holdings, Inc.

Discretely Presented Component Units:

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. The Governor appoints the Board of

Directors, subject to approval by the Senate. In addition, water projects are subject to General Assembly authorization giving the state the ability to impose its will.

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

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

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

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

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

Fiduciary Component Units:

Under GASB Statement No. 84, Fiduciary Activities, component units that are engaged in fiduciary activities are presented in the fiduciary fund financial statements.

The University of Colorado Health and Welfare Trust is a fiduciary component unit of the State and is intended to be a voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended. It was established to administer and manage certain health and welfare benefits for participating employees and retirees of member employers. Member employers of the Trust are the University of Colorado and University Physicians Inc., d/b/a CU Medicine. The Trust's Board is controlled by the University of Colorado which gives the State the ability to impose its will.

The State Board for Community Colleges and Occupational Education (SBCCOE) Employee Benefit Trust Fund was created as a not-for-profit 501(c)(9) entity in 1983 and is a fiduciary component unit of the State. It was established to provide benefits to SBCCOE employees that may include life, accidental death and dismemberment, short-term and/or long-term disability, basic or major medical, dental, other sick or accident benefits, or other benefits, as determined by the Benefit Trust Committee. The SBCCOE appoints the Trust's Board members, manages the benefit plans, and is administratively intertwined with the Trust, which gives the State the ability to impose its will.

Contact:

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

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

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities in State government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or business-type activities. Direct costs are those that can be specifically identified with a program. The State allocates indirect costs based on the Statewide

Appropriations/Cash Fees Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants.
Taxes, with the exception of unemployment insurance premiums supporting a business-type activity, are presented as general-purpose revenues. General-purpose revenues are presented at the bottom of the statement and do not affect the calculation of net program cost.

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPE (MAJOR):

<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 the Emergency Reserve Fund as well as Special Purpose Funds, which include the State Public School, Risk Management, and Other Special Purpose Funds. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. As a result of comingled current and cumulative general-purpose and special-purpose revenue in the General Fund, combining schedules detailing the components of the General Fund are included as supplementary information. The schedules segregate activities funded with general-purpose revenue in order to demonstrate compliance with the legal definition of the General Fund, which is referred to as the General Purpose Revenue Fund.

<u>Federal Special Revenue Fund</u>

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

Highway Users Tax Fund

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

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Healthcare Affordability

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

Transportation Enterprise

This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees.

Unemployment Insurance

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

Internal Service Funds

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

FIDUCIARY FUND TYPE:

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others. Therefore, the resources reported in Fiduciary Funds cannot be used to support the government's own programs and are excluded in the government-wide financial statements. The types of Fiduciary Funds maintained by the State consist of the following:

Pension and Other Employee Benefit Trust Funds

Pension and other employee benefit trust funds are used to account for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified public employees. In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for (1) members and beneficiaries of the Group Benefits Plan, which provides health, life, dental, and short-term disability benefits to state employees, and (2) the Colorado State University Other Post-Employment Benefit Trust Funds.

Private Purpose Trust Funds

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

Custodial Funds

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

E. BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

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

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

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

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

Expenditures are recognized in governmental funds when:

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

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

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

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

Proprietary and Fiduciary Funds

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

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

CASH AND POOLED CASH

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

RECEIVABLES

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

INVENTORIES AND PREPAIDS

Inventories of the various State agencies are primarily comprised of finished goods inventories held for resale and consumable items such as office and institutional supplies, fuel, and maintenance items. Therefore, the consumption method of accounting is used for inventories and prepaid items totaling $100,000 or more. State agencies, however, may record inventories under $100,000 at their discretion. Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or fair value. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual State agencies. The method used in each agency is consistent from year to year. Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase while inventories held for resale are expensed at the time of sale. Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

INVESTMENTS

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

CAPITAL ASSETS

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

The following table lists the range of capitalization thresholds established by the State, as well as lower thresholds adopted by some State agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado adopted a $75,000 threshold for land and leasehold improvements, buildings, intangibles, and infrastructure. All land and library materials/collections are capitalized regardless of cost.

Asset Class	Lower Threshold	Established State Thresholds
Land Improvements	$ 5,000	$ 50,000
Buildings	5,000	50,000
Leasehold Improvements	5,000	50,000
Intangible Assets	5,000	50,000
Vehicles and Equipment	NA	5,000
Software (purchased)	NA	5,000
Software (internally developed)	NA	50,000
Works of Art/Historical Treasure	NA	5,000
Other	5,000	NA
Infrastructure	5,000	500,000

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

Asset Class	Estimated Useful Life
Land Improvements	5 to 100 years
Buildings	3 to 100 years
Leasehold Improvements	1 to 40 years
Vehicles and Equipment	1 to 50 years
Software	1 to 15 years
Library Books & Collections	3 to 30 years
Other Capital Assets	3 to 30 years
Infrastructure	10 to 75 years

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

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

UNEARNED REVENUE AND DEFERRED INFLOWS

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

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

ACCRUED COMPENSATED ABSENCES LIABILITY

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death. Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving State service.

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

INSURANCE

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

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

NET POSITION

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

FUND BALANCES

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

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

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

In the General Purpose Revenue Fund, the Committed category represents the requirement in Colorado Revised Statutes 24-75-201.1(1)(d). See Note 15 for additional detail.

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

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

Assigned – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2020 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

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

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

G. ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

PROGRAM REVENUES

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

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

INDIRECT COST ALLOCATION

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

The Plan uses allocation statistics from Fiscal Year 2020 and costs from the Fiscal Year 2022 appropriations bills that were incorporated in State agency budgets for Fiscal Year 2023.

The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Position*. However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the (Transfers-Out)/Transfers-In line item at the bottom of the *Statement of Activities.*

OPERATING REVENUES AND EXPENSES

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

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

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

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

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

NOTE 2 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

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

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

Total overexpenditures at June 30, 2023, were $237.15 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

<u>Medical Services Premiums</u> – The Department of Health Care Policy & Financing overspent this line item by $20.3 million General Funds. The overexpenditure was due to overestimating the amount of Home and Community-based Services Improvement Fund (HCBS) ARPA cash fund that would be utilized the fiscal year 2023, which understated the amount of General Fund needed for long-term services and supports. In addition, the Department underestimated the impact of rate increases for Non-Emergent Medical Transportation (NEMT), which was driven by two factors. One was due to under projecting the impact of rate increases that went into effect on July 1, 2022. The second was the impact of an unprecedented NEMT fraud scheme that entered Colorado. Those expense trends have been mitigated through a federally approved moratorium prohibiting new NEMT providers into our NEMT network, an implemented NEMT prepayment review process, and an ongoing collaborative partnership with local and federal law enforecement.

<u>Behavioral Health Capitation Payments</u> – The Department of Health Care Policy & Financing overspent this line item by $0.5 million cash funds. The Department overexpended cash funds due to under-projecting caseload for the Disabled Buy-in (DBI) population by 3.4 percent, which is funded through the Healthcare Affordability and Sustainability Fee Cash Fund. The Department did not request enough cash funds to pay the state share of the capitations for the DBI population.

Medicaid Programs - The Department of Health Care Policy & Financing overexpended $2.9 million General Funds and $1.2 million cash funds due to overestimating the amount of HCBS ARPA cash fund that would be utilized in fiscal year 2023, which understated the amount of General Fund needed for the Adult Comprehensive Services waiver. The Department overexpended cash fund due to under-forecast the per capita costs for Adult Supported Living Services buy-in members paid for by the Healthcare Affordability and Sustainability Fee cash fund.

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

- None at June 30, 2023.

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

- None at June 30, 2023.

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

- The Judicial Branch overexpended $0.1 million General Fund payments to the Governor's Office of Information Technology (OIT) due to OIT underestimating budget for OIT billings. .

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

Unemployment Insurance Fund – The Department of Labor and Employment had a deficit in this fund of $206.4 million. Due to the recession caused by the COVID-19 pandemic, estimated unemployment insurance benefits payable exceeded available and estimated resources at the end of fiscal year 2023. The Department has options available to address the deficit including, but not limited to, assessing unemployment insurance premium surcharges.

Solid Waste Management Reserve Fund – The Department of Public Health & Environment had a deficit in this fund of $0.10 million. Due to the Solice Wast User Fee had not been modified since 2012. The Department is working with the State on a fee increase.

Marijuana Tax Cash Fund – The Department of Public Health & Environment had a deficit in this fund of $1.81 million. The primary revenue recorded for this fund is from the Colorado Department of Revenue allocation. This deficit fund balance is due to the timing of the final accrual expenditure entries. This is a one-time problem and will be resolved pending a supplemental fiscal year 2024 budget request. The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in Section 25.5-8-108(5) C.R.S. However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of fiscal year 2024 spending authority is recommended. The following cash funds were in a deficit fund balance position as a result of Department of Health Care Policy and Financing Medicaid activity as of June 30, 2023:

- Colorado Autism Treatment Fund - $0.08 million
- Health Care Expansion Fund - $2.76million
- Adult Dental Fund - $0.93 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2006 through 2010. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC), which began in Fiscal Year 2011. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2008.

In Fiscal Year 2023, revenue subject to TABOR was $20,220.7 million, which was above the $16,657.3 million ESRC by $3,563.4 million, and by $6,775.5 million over the original TABOR limit. Therefore, there is a refund payable from Fiscal Year 2023 revenue of $3,563.4 million. During the year, the State refunded $3,741.6 million of excess revenue from Fiscal Years 2015, 2019, 2021 and 2022. The State's liability for TABOR refunds was $3,678.3 million at June 30, 2023, which includes the Fiscal Year 2023 revenue above the ESRC and prior-year revenue adjustments that raised the amount refundable by $161.8 thousand. Since the inception of Referendum C in Fiscal Year 2006, the State has retained $33,751.7 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $30,158.1 million as a result of the higher ESRC limit in Fiscal Year 2011 through Fiscal Year 2023.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve for Fiscal Year 2023 was based on the revenue projection prepared in the spring of 2022 by the Legislative Council. In HB 22-1329, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2023, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Insurance Fund, a portion of the nonmajor Labor Fund – $25.0 million .
- State Emergency Reserve Cash Fund – $232.2 million.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Disaster Emergency Fund – $66.0 million.
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5.0 million.
- Marijuana Tax Cash Fund - $100 million.
- Controlled Maintenance Trust Fund - $38.8 million.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2023, the required reserve was $606.6 million. Because the actual reserve requirement was more than the amount set in HB 22-1329, the total amount restricted for the reserve was $106.6 million less than the combined maximums allowable in the designated funds detailed above.

During Fiscal Year 2023, two executive orders called $0.46 million to be transferred from the State Emergency Cash Fund to the Disaster Emergency Fund - $0.12 million in Executive Order D 2023 002 for extreme winter weather and $0.34 million in Executive Order D 2023 010 for the Gageby Creek Fire in Bent County.

NOTE 3 – CASH, RECEIVABLES, INVENTORIES, PREPAIDS, AND OTHER

CASH AND POOLED CASH

The State Treasury acts as a bank for all State agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Purpose Revenue Fund unless a specific statute directs otherwise. Most funds are required to be invested in noninterest bearing warrants of the General Purpose Revenue Fund if the General Purpose Revenue Fund overdraws its rights in the pool. This means that under certain conditions participating funds would not receive the interest earnings to which they would otherwise be entitled. The detailed composition of the Treasury pooled cash and investment are shown in the Treasurer's Investment Reports. Where a major fund or fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Purpose Revenue Fund – the payer of last resort for the pool.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The State's cash management policy is to invest all significant financial resources as soon as the moneys are available within the banking system. To enhance availability of funds for investment purposes, the State Treasurer uses electronic funds transfers to move depository account balances into the Treasurer's pooled cash.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having a fair value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, and repay the public deposits to the depositing government.

The State had an accounting system cash deposit balance of $1,999.4 million as of June 30, 2023. Under the GASB Statement No. 40 definitions, $27.2 million of the State's total bank balance of $1,960.7 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

RECEIVABLES

The Taxes Receivable of $2,405.0 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $261.3 million, primarily comprises the following:

- $2,429.0 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $261.3 million of Taxes Receivable expected to be collected after one year that are reclassified on the *Governmental Funds Balance Sheet Reconciled to Statement of Net Position* so they can be reported as Other Long-Term Assets on the government-wide *Statement of Net Position*.

- $158.1 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $78.0 million recorded in non-major special revenue funds that includes approximately $26.2 million from insurance premium tax, $19.0 million from gaming tax, and $31.3 million from Other Special Revenue.

The Restricted Receivables of $414.2 million shown for Governmental Activities on the government-wide *Statement of Net Position* in non-current assets related primarily to $13.0 million of other receivables in the General Fund; $18.0 million of taxes receivable, $87.6 million of other receivables, and $226.0 million of intergovernmental receivables recorded in the Highway Users Tax Fund and State Highway Fund. All three items were reported as Restricted Receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund and State Highway Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the Federal Government.

The Other Receivables of $2,190.6 million shown on the government-wide *Statement of Net Position* are net of $341.9 million in allowance for doubtful accounts and primarily comprise the following:

- $614.3 million of receivables recorded in the General Purpose Revenue Fund, of which $89.5 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $521.3 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $10.1 million of patient receivables.

- $769.1 million of student and other receivables of Higher Education Institutions.

- $176.5 million of receivables recorded by the Department of Health Care Policy and Financing in the Colorado Healthcare Affordability and Sustainability Enterprise Fund related primarily to rebates from drug companies associated with prescriptions for Medicaid clients.

- $211.2 million of receivables recorded by the Department of Labor and Employment primarily for unemployment insurance overpayments.

INVENTORIES

Inventories of $273.5 million shown on the government-wide *Statement of Net Position* at June 30, 2023, primarily comprise the following:

- $191.5 million of consumable supplies inventories, of which $101.1 million was recorded in the Disaster Emergency Fund; $26.6 million was recorded by the Department of Natural Resources for the Colorado Water Conservation Board Fund; $34.5 million was recorded in the General Fund; $11.5 million was recorded by Higher Education Institutions; and $13.7 million was recorded for Highways.

- $65.1 million of resale inventories, of which $34.3 million was recorded for Resource Extraction; $20.2 million recorded by Higher Education Institutions; and $4.9 million recorded for Highways.

- $9.7 million of warehouse and consignment inventories recorded in the General Fund; and $6.1 million of raw material, work in process, and finished goods inventories recorded by Correctional Industries – a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $257.4 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $47.2 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to emergency management and social assistance programs.

- $45.0 million prepaid by Higher Educational Institutions.

- $27.6 million prepaid from the Marijuana Tax Cash Fund was to designated service organizations by the Department of Human Services primarily for behavioral health.

- $12.8 million advanced by the Office of Economic Development for grants from the Advance Industries program.

- $14.3 million advanced by the Department of Transportation for the Southwest Chief rail improvements.

- $11.3 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $19.5 million advanced to the State Small Business Credit Initiative, and $5.8 million advanced to Public Housing Agency.

- $6.0 million advanced to the Infrastructure Investment and Jobs Act Fund.

- $9.9 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

- $5.3 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

OTHER LONG-TERM ASSETS

The $1,148.7 million shown as Other Long-Term Assets on the government-wide *Statement of Net Position* is primarily long-term taxes receivable and long-term loans. Long-term taxes receivable of $261.3 million recorded in the General Purpose Revenue Fund are not included as Other Long-Term Assets on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable.

The $688.3 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($26.5 million), and the Resource Extraction Fund ($517.2 million), a non-major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

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

The $198.3 million shown as Other Long-term Assets on the *Statement of Net Position – Proprietary Funds* is primarily student loans issued by Higher Education Institutions but also includes livestock.

NOTE 4 – INVESTMENTS

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

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

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

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

The State Treasurer maintains a custodial fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2023 and 2022, the treasurer had $89.2 million and $80.4 million at fair value, respectively, of GOCO's funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $16.5 million of investment in residential mortgages representing payments of property taxes of certain elderly State citizen homeowners that qualify for the Property Tax Deferral Program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

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

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note 3)	$ 1,999,379
Investments:	
Governmental Activities	21,396,258
Business-Type Activities	4,801,774
Fiduciary Activities	11,150,627
Total	$ 39,348,038

Financial Statement Amounts	
Net Cash and Pooled Cash	$ 16,209,257
Add: Warrants Payable Included in Cash	547,783
Total Cash and Pooled Cash	16,757,040
Add: Restricted Cash	4,018,181
Add: Restricted Investments	1,460,367
Add: Investments	17,112,450
Total	$ 39,348,038

Custodial Credit Risk

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

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

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

	(Amounts in Thousands) Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 99,398	$ -	$ 15,820	$ 115,218
U.S. Treasury Notes/Bonds	3,904,552	-	199,564	4,104,116
U.S. Agency Securities (Not Explicitly Guaranteed)	827,363	-	16,210	843,573
Commercial Paper	4,554,688	-	-	4,554,688
Corporate Bonds	4,906,807	-	487,358	5,394,165
Municipal Bonds	213,290	-	6,593	219,883
Money Market Mutual Funds	1,125,000	-	-	1,125,000
Bond Mutual Funds	-	-	18,702	18,702
Asset-Backed Securities	490,170	-	71,206	561,376
Mortgage-Backed Securities	2,526,834	16,532	238,088	2,781,454
Sovereigns/Supranationals	127,740	-	-	127,740
Equity Mutual Funds	-	-	443,676	443,676
Other	-	-	1,106,341	1,106,341
SUBTOTAL	18,775,842	16,532	2,603,558	21,395,932
SUBJECT TO CUSTODIAL CREDIT RISK				
Money Market Mutual Funds	-	-	326	326
SUBTOTAL	-	-	326	326
TOTAL	$ 18,775,842	$ 16,532	$ 2,603,884	$ 21,396,258

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in aggregate, and fiduciary funds by investment type at fair value as of June 30, 2023. The University of Colorado, Colorado State University, and the Colorado School of Mines reported investments in the internal pools of their respective foundations. These investments are reported as Investment in Foundation Pool.

	Business-Type Activities (Amounts in Thousands)		Fiduciary
	Higher Education Institutions	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK			
U.S. Treasury Bills	$ 37,475	$ 37,475	$ 5,421
U.S. Treasury Notes/Bonds	337,210	337,210	3,380
U.S. Agency Securities (Not Explicitly Guaranteed)	80,180	80,180	-
Commercial Paper	37,030	37,030	-
Corporate Bonds	349,136	349,136	15,632
Municipal Bonds	55,839	55,839	1,022
Money Market Mutual Funds	679,267	679,267	39,879
Bond Mutual Funds	60,736	60,736	43,817
Asset-Backed Securities	217,397	217,397	5,543
Investment In Foundation Pool	599,141	599,141	-
Mortgage-Backed Securities	194,153	194,153	23,863
Guaranteed Investment Contracts	-	-	159,109
Corporate Equities	12,167	12,167	-
Private Equities	22,987	22,987	7,430
Equity Mutual Funds	1,549,365	1,549,365	32,344
Balanced Mutual Funds	5,295	5,295	-
Other	12,380.00	12,380	23,783
SUBTOTAL	4,249,758	4,249,758	361,223
SUBJECT TO CUSTODIAL CREDIT RISK			
U.S. Treasury Notes/Bonds	122,403	122,403	-
U.S. Agency Securities (Explicitly Guaranteed)	14,869	14,869	-
U.S. Agency Securities (Not Explicitly Guaranteed)	19,551	19,551	-
Corporate Bonds	223,180	223,180	-
Municipal Bonds	20,489	20,489	-
Money Market Mutual Funds	770	770	125,079
Bond Mutual Funds	15,773	15,773	3,439,171
Asset-Backed Securities	34,443	34,443	-
Investment In Foundation Pool	35,007	35,007	-
Mortgage-Backed Securities	30,727	30,727	-
Corporate Equities	1,964	1,964	-
International Equities	469	469	-
Equity Mutual Funds	31,852	31,852	6,722,915
Balanced Mutual Funds	253	253	-
Other	266	266	502,239
SUBTOTAL	552,016	552,016	10,789,404
TOTAL	$ 4,801,774	$ 4,801,774	$ 11,150,627

Credit Quality Risk

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

The State Treasurer's formal investment policy requires that eligible securities must be rated at least by one and preferably two nationally recognized rating organizations. One rating must be from Moody's, Standard & Poor's, or Fitch. The policy sets acceptable credit quality ratings by investment portfolio and investment type.

The fair value amount of rated and unrated debt securities is detailed in the following table by the lowest known credit quality rating, which shows the Treasurer's Pool, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate. The credit quality ratings shown are Moody's, Standard and Poor's, and Fitch, respectively.

CREDIT QUALITY RATINGS
(Amounts In Thousands)

Credit Quality Rating	U.S. Govt. Securities	Commercial Paper	Corporate Bonds	Asset Backed Securities	Mortgage Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Sovereigns & Supranationals	Guranteed Investment Contracts	Other	Total
Treasurer's Pool:											
Long-term Ratings											
Aaa/AAA/AAA	$ 827,363	$ -	$ 329,372	$ 490,170	$ 2,007,386	$ 1,125,000	$ -	$ 127,740	$ -	$ 55,299	$ 4,962,330
Aa/AA/AA	-	4,554,688	418,649	-	519,448	-	-	-	-	157,991	5,650,776
A/A/A	-	-	2,933,906	-	-	-	-	-	-	-	2,933,906
Baa/BBB/BBB	-	-	1,224,880	-	-	-	-	-	-	-	1,224,880
Total T-Pool	827,363	4,554,688	4,906,807	490,170	2,526,834	1,125,000	-	127,740	-	213,290	14,771,892
Higher Education Institutions:											
Long-term Ratings											
Aaa/AAA/AAA	19,551	-	45,922	161,243	26,169	675,298	-	-	-	10,357	938,540
Aa/AA/AA	299	-	27,090	5,192	55,720	-	-	-	-	57,771	146,072
A/A/A	1,521	-	232,645	8,406	611	-	-	-	-	8,200	251,383
Baa/BBB/BBB	51	-	250,622	5,243	166	-	-	-	-	-	256,082
Ba/BB/BB	-	-	8,151	274	-	-	-	-	-	-	8,425
B/B/B	-	-	538	49	-	-	-	-	-	-	587
Caa/CCC/CCC	-	-	-	833	-	-	-	-	-	-	833
Ca/D/DDD	-	-	-	86	-	-	-	-	-	-	86
Short-term Ratings											
P1/MIG1/A-1/F-1	-	1,974	-	-	-	-	-	-	-	-	1,974
Unrated	78,309	35,056	9,692	70,513	142,214	42,729	47,522	-	-	5,032	431,067
Total Higher Ed	99,731	37,030	574,660	251,839	224,880	718,027	47,522	-	-	81,360	2,035,049
Fiduciary Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	262	5,256	15,866	1,538	-	-	-	481	23,403
Aa/AA/AA	-	-	1,143	-	7,997	-	-	-	-	541	9,681
A/A/A	-	-	4,098	-	-	-	-	-	-	-	4,098
Baa/BBB/BBB	-	-	2,733	77	-	-	-	-	-	-	2,810
Unrated	-	-	-	211	-	125,079	3,511,293	-	159,109	-	3,795,692
Total Fiduciary	-	-	8,236	5,544	23,863	126,617	3,511,293	-	159,109	1,022	3,835,684
All Other Funds:											
Long-term Ratings											
Aaa/AAA/AAA	16,210	-	10,538	59,535	224,686	326	-	-	-	1,328	312,623
Aa/AA/AA	-	-	43,595	3,236	12,116	-	-	-	-	5,265	64,212
A/A/A	-	-	174,721	2,039	144	-	-	-	-	-	176,904
Baa/BBB/BBB	-	-	157,576	911	784	-	-	-	-	-	159,271
Ba/BB/BB	-	-	43,371	451	192	-	-	-	-	-	44,014
B/B/B	-	-	41,871	-	-	-	-	-	-	-	41,871
Caa/CCC/CCC	-	-	8,789	-	-	-	-	-	-	-	8,789
Unrated	-	-	6,898	5,033	16,698	-	18,702	-	-	-	47,331
Total Other	16,210	-	487,359	71,205	254,620	326	18,702	-	-	6,593	855,015
Total	$ 943,304	$ 4,591,718	$ 5,977,062	$ 818,758	$ 3,030,197	$ 1,969,970	$ 3,577,517	$ 127,740	$ 159,109	$ 302,265	$ 21,497,640

Interest Rate Risk

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

Statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy targets a weighted average effective duration of 3 years within range of 1-5 years and a maximum stated maturity limited to 30 years from the settlement date for Treasurer's pool funds. The policy also sets maturity limits for the Unclaimed Property Tourism Promotion Trust Fund (1 - 30 years). The policy also mitigates interest rate risk through the use of maturity limits delineated to meet the needs of each funds and the use of active management to react to changes in the yield curve, economic forecasts, and the liquidity needs of the fund.

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

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

Investment Type	Treasurer's Pool Fair Value Amount	Treasurer's Pool Weighted Average Maturity	Higher Education Institutions Fair Value Amount	Higher Education Institutions Weighted Average Maturity	Fiduciary Funds Fair Value Amount	Fiduciary Funds Weighted Average Maturity	All Other Funds Fair Value Amount	All Other Funds Weighted Average Maturity
U.S. Treasury Bills/Notes/Bonds	$ 4,003,950	5.472	$ 496,938	4.749	$ 3,380	2.951	$ 199,564	10.334
U.S. Agency Securities	827,363	2.707	114,600	23.006	-	-	16,210	2.543
Bond Mutual Funds	-	-	104,791	259.000	11,535	3.643	-	-
Commercial Paper	4,554,688	0.219	35,056	0.031	-	-	-	-
Corporate Bonds	4,906,807	6.369	572,316	6.930	8,236	2.551	487,358	7.294
Asset-Backed Securities	490,170	3.077	251,840	12.821	5,543	1.518	71,206	5.020
Money Market Funds	-	-	63,928	0.112	1,671	-	-	-
Municipal Bonds	213,290	9.178	76,328	16.280	1,022	0.330	6,593	22.866
Mortgage-Backed Securities	2,526,834	12.081	224,879	29.697	23,863	8.917	238,088	8.324
Other	127,740	2.618	4,230	(0.190)	-	-	-	-
Total Investments	$17,650,842		$ 1,944,906		$ 55,250		$ 1,019,019	

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

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest’s Private Purpose Trust Fund holds inflation linked bond mutual funds (Bond Mutual Fund-4) for $225.6 million with a duration of 4.2 years and a short-term inflation protected securities index fund (Bond Mutual Fund-7) for $90.6 million with a duration of 2.4 years. These securities are excluded from the duration table below because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
Colorado School of Mines:		
Bond Mutual Funds	$ 1,043	7.380
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 1,239,949	6.500
Bond Mutual Fund-2	909,857	6.300
Bond Mutual Fund-3	571,458	7.500
Bond Mutual Fund-5	177,866	5.400
Bond Mutual Fund-6	93,784	3.800
Bond Mutual Fund-8	82,599	6.500
Bond Mutual Fund-9	35,315	7.800
Bond Mutual Fund-10	8,577	4.600
Bond Mutual Fund-11	1,484	6.200
Bond Mutual Fund-12	984	2.700
Bond Mutual Fund-13	779	6.900
Bond Mutual Fund-14	242	3.300
Other	482,591	3.500

Foreign Currency Risk

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

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for the Unclaimed Property Tourism Promotion Trust Fund. The pool and the Unclaimed Property Tourism Promotion Trust Fund may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 0 percent to 60 percent) set for the other allowed investment types. For the pool and the Unclaimed Property Tourism Promotion Trust Fund, the policy sets maximum concentrations in an individual issuer for certain investment types.

Fair Value Measurements

To the extent available, the State's investments are recorded at fair value as of June 30, 2023. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

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

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

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

The following table summarizes the State's investments within the fair value hierarchy at June 30, 2023:

(Amounts in Thousands)				
		Fair Value Measurements Using		
	Fair Value as of June 30, 2023	Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Bills	$ 158,113	$ 136,900	$ 21,213	$ -
U.S. Treasury Notes/Bonds	4,567,110	4,436,420	130,690	-
U.S. Agency Securities (Explicitly Guaranteed)	14,869	-	14,869	-
U.S. Agency Securities (Not Explicitly Guaranteed)	943,304	234,643	708,661	-
Commercial Paper	4,591,718	-	4,591,718	-
Corporate Bonds	5,982,114	7,395	5,974,542	177
Municipal Bonds	297,234	49	297,185	-
Money Market Mutual Funds	1,317,746	1,317,746	-	-
Bond Mutual Funds	3,578,200	3,578,200	-	-
Asset-Backed Securities	818,759	-	818,759	-
Mortgage-Backed Securities	3,030,197	563	3,013,102	16,532
Sovereigns/Supranationals	127,740	-	127,740	-
Guaranteed Investment Contracts	159,109	-	-	159,109
Investment in Foundation Pool	599,141	-	-	599,141
Corporate Equities	14,132	14,132	-	-
Private Equities	7,430	-	-	7,430
International Equities	469	469	-	-
Equity Mutual Funds	8,780,153	8,780,153	-	-
Balanced Mutual Funds	5,549	5,549	-	-
Other	1,644,913	12,643	-	1,632,270
Total	$ 36,638,000	$ 18,524,862	$ 15,698,479	$ 2,414,659
Total investments measured at NAV	35,007			
Total other investments not valued at fair value	675,561			
Total	$ 37,348,568			

On June 30, 2023, the Colorado School of Mines held an investment in an equity trust valued at $35.0 million. The value was determined using the University's Net Asset Value (NAV) per share in the equity trust, redemption frequencies for these funds range from monthly to annually and redemption notice period range from two to 90 days.

On June 30, 2023, the University of Colorado held investments in private equities measured at a cost of $23.0 million. It is the State's policy to report money market fund investments at fair value unless the institution managing the investment reports its value at amortized cost. At June 30, 2023, the University of Colorado held $652.6 million of money market funds valued at amortized cost.

Treasurer's Investment Pool

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

NOTE 5 – CAPITAL AND RIGHT-TO-USE ASSETS

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

(Amounts in Thousands)	Depreciation Amount
GOVERNMENTAL ACTIVITIES	
General Government	55,727.8
Business, Community and Consumer Affairs	2,595.8
Education	53,154.7
Health and Rehabilitation	13,489.7
Justice	47,369.9
Natural Resources	375.2
Social Assistance	25,759.6
Transportation	322,662.0
Total Depreciation Expense - Governmental Activities	521,134.7
BUSINESS-TYPE ACTIVITIES	
Higher Education	509,702.1
Parks and Wildlife	19,291.4
State Nursing Homes	1,607.8
Unemployment Insurance	3,521.9
Transportation	28,745.8
Social Assistance	6,765.9
Other Enterprise Funds	2,393.9
Total Depreciation Expense - Business-Type Activities	572,028.8
Total Depreciation Expense Primary Government	$ 1,093,163.5

The schedules on the following pages show the capital asset and right-to-use asset activity during Fiscal Year 2023. The capital asset schedule shows that $505.0 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $454.4 million of construction in progress were completed and added to capital assets for Business-Type activities. These amounts are net of additions.

Changes in Capital Assets

(Amounts in Thousands) *Restated	Beginning Balance*	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	140,897	$ -	$ -	$ (538)	$ 140,359
Land Improvements	7,752	-	-	-	7,752
Collections	11,213	-	-	-	11,213
Other Capital Assets	6,805	-	-	-	6,805
Construction in Progress (CIP)	2,117,733	823,227	(563,156)	(32,275)	2,345,529
Infrastructure	1,078,492	-	58,133	-	1,136,625
Total Capital Assets Not Being Depreciated	3,362,892	823,227	(505,023)	(32,813)	3,648,283
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	85,095	3,559	71	(924)	87,801
Buildings	3,825,959	37,278	157,941	(2,579)	4,018,599
Software	631,824	12,481	3,698	(10,163)	637,840
Vehicles and Equipment	1,068,586	63,924	1,522	(27,336)	1,106,696
Library Materials and Collections	5,924	511	-	(23)	6,412
Other Capital Assets	37,000	173	-	(52)	37,121
Infrastructure	13,092,990	35	341,791	597,519	14,032,335
Total Capital Assets Being Depreciated	18,747,378	117,961	505,023	556,442	19,926,804
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(49,743)	(3,321)	-	539	(52,525)
Buildings	(1,447,708)	(105,212)	-	87	(1,552,833)
Software	(471,386)	(48,447)	-	10,225	(509,608)
Vehicles and Equipment	(682,508)	(70,288)	-	22,707	(730,089)
Library Materials and Collections	(4,371)	(398)	-	23	(4,746)
Other Capital Assets	(36,041)	(72)	-	51	(36,062)
Infrastructure	(5,993,405)	(293,397)	-	9,683	(6,277,119)
Total Accumulated Depreciation	(8,685,162)	(521,135)	-	43,315	(9,162,982)
Total Capital Assets Being Depreciated, net	10,062,216	(403,174)	505,023	599,757	10,763,822
TOTAL GOVERNMENTAL ACTIVITIES	13,425,108	420,053	-	566,944	14,412,105
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	742,326	6,451	23,585	3,325	775,687
Land Improvements	17,041	-	2,247	-	19,288
Collections	37,577	3,613	-	(58)	41,132
Construction in Progress (CIP)	1,780,368	545,551	(480,269)	(724,270)	1,121,380
Other Capital Assets	24,105	-	-	(33)	24,072
Infrastructure	99,874	-	37	-	99,911
Total Capital Assets Not Being Depreciated	2,701,291	555,615	(454,400)	(721,036)	2,081,470
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	1,049,828	8,222	33,462	(1,643)	1,089,869
Buildings	11,856,701	20,043	287,144	(4,659)	12,159,229
Software	272,420	6,016	6,174	(3,059)	281,551
Vehicles and Equipment	1,449,594	121,372	4,546	(47,039)	1,528,473
Library Materials and Collections	670,346	13,489	-	(17,000)	666,835
Other Capital Assets	4,128	158	3,102	-	7,388
Infrastructure	1,581,325	-	119,972	9,347	1,710,644
Total Capital Assets Being Depreciated	16,884,342	169,300	454,400	(64,053)	17,443,989
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(564,243)	(42,107)	-	1,497	(604,853)
Buildings	(4,837,867)	(362,407)	-	(54)	(5,200,328)
Software	(188,128)	(18,516)	-	1,923	(204,721)
Vehicles and Equipment	(1,098,704)	(95,370)	-	41,967	(1,152,107)
Library Materials and Collections	(539,505)	(23,927)	-	16,975	(546,457)
Other Capital Assets	(2,303)	(200)	-	-	(2,503)
Infrastructure	(183,051)	(29,499)	-	-	(212,550)
Total Accumulated Depreciation	(7,413,801)	(572,026)	-	62,308	(7,923,519)
Total Capital Assets Being Depreciated, net	9,470,541	(402,726)	454,400	(1,745)	9,520,470
TOTAL BUSINESS-TYPE ACTIVITIES	12,171,832	152,889	-	(722,781)	11,601,940
TOTAL CAPITAL ASSETS, NET	$ 25,596,940	$ 572,942	$ -	$ (155,837)	$ 26,014,045

Changes in Right-to-Use Assets

(Amounts in Thousands)	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Right to Use Assets:					
Leased Land	-	11,195	-	(10,580)	615
Leased Buildings	288,612	65,821	-	(46,694)	307,739
Information Technology Subscriptions	-	59,952	-	(3,078)	56,874
Construction in Progress	-	4,620	-	(547)	4,073
Leased Vehicles, Equipment, Other	9,307	1,173	-	1,204	11,684
Total Right to Use Assets	297,919	142,761	-	(59,695)	380,985
Less Accumulated Amortization:					
Leased Land	-	(26)	-	-	(26)
Leased Buildings	(44,275)	(47,954)	-	352	(91,877)
Information Technology Subscriptions	-	(16,407)	-	1,582	(14,825)
Leased Vehicles, Equipment, Other	(2,647)	(4,753)	-	24	(7,376)
Total Accumulated Amortization	(46,922)	(69,140)	-	1,958	(114,104)
TOTAL GOVERNMENTAL ACTIVITIES RIGHT TO USE ASSETS, NET	250,997	73,621	-	(57,737)	266,881
BUSINESS-TYPE ACTIVITIES:					
Right to Use Assets:					
Leased Land	4,241	-	-	-	4,241
Leased Buildings	180,708	9,702	-	(3,397)	187,013
Information Technology Subscriptions	115,426	44,191	2,291	(7,736)	154,172
Construction in Progress	-	15,539	(2,291)	1,587	14,835
Leased Vehicles, Equipment, Other	17,727	4,987	-	(1,601)	21,113
Total Right to Use Assets	318,102	74,419	-	(11,147)	381,374
Less Accumulated Amortization:					
Leased Land	(61)	(62)	-	-	(123)
Leased Buildings	(31,528)	(23,925)	-	2,782	(52,671)
Information Technology Subscriptions	(24,520)	(38,413)	-	8,406	(54,527)
Leased Vehicles, Equipment, Other	(6,295)	(5,131)	-	863	(10,563)
Total Accumulated Amortization	(62,404)	(67,531)	-	12,051	(117,884)
TOTAL BUSINESS-TYPE ACTIVITIES RIGHT TO USE ASSETS, NET	255,698	6,888	-	904	263,490
TOTAL RIGHT TO USE ASSETS, NET	$ 506,695	$ 80,509	$ -	$ (56,833)	$ 530,371

NOTE 6 – DEFINED BENEFIT PENSIONS

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

Senate Bill (SB)18-200 entitled *Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability* requires a direct distribution from the State Treasury to PERA for $225 million annually to reduce unfunded PERA liabilities. The direct distributions are to occur until no unfunded actuarial accrued liabilities exist for any PERA Division Trust. PERA allocates the direct distribution to four PERA Division Trusts in proportion with payroll-based contributions. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024. The direct distribution for fiscal year 2023 is shown below.

(In Actual Dollars)

PERA Division Trust	Additional Employer Contributions	Non-employer Contributions	Total Direct Distribution
State	$ 189,217,129	$ 9,030,081	$ 198,247,210
Judicial	3,329,001	246,800	3,575,801
School	-	350,392,714	350,392,714
Denver Public Schools	-	52,784,275	52,784,275
	$ 192,546,130	$ 412,453,870	$ 605,000,000

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions

Eligible employees and the State are required to contribute to the SDTF at rates established under Section 24-51-401, C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are presented in the following tables:

State Division Trust Fund	July 1, 2022 Through June 30, 2023
Employee contribution (all employees except State Troopers)	11.00%
State Troopers Only	13.00%

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

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

State Division Trust Fund	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**20.48%**	**20.55%**

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

State Division Trust Fund	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**23.18%**	**23.25%**

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

Eligible employees and the State are required to contribute to the JDTF at rates established under Section 24-51-401 C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are presented in the following tables:

Judicial Division Trust Fund	July 1, 2022 Through June 30, 2023
Employee contribution	11.00%

Judicial Division Trust Fund	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	14.91%	14.91%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the JDTF	13.89%	13.89%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.60%	5.00%
Total employer contribution rate to the JDTF	**23.09%**	**23.89%**

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

Employer contributions are recognized by the SDTF and by the JDTF in the period in which the compensation becomes payable to the member and the State is statutorily committed to pay the contributions to the SDTF and to the JDTF. Employer contributions made by the State to the SDTF and to the JDTF were $905.5 million and $15.9 million, respectively, for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed on July 1, 2023.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. The State's proportion of the net pension liability of the SDTF and of the JDTF is based on the State's contributions to the SDTF and to the JDTF for calendar year 2022 relative to the total contributions of all participating employers and the nonemployer contributions made by the State to the SDTF and to the JDTF.

The State reports a net pension liability in accordance with the requirements of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* using the Schedule of Employer and Nonemployer Allocations and Schedule of Collective Pension Amounts published by PERA. Refer to the last four tables in Note RSI-2 for historical information on the State of Colorado's proportionate share of collective pension amounts as a nonemployer contributing entity. Historical information on the collective pension amounts is available in the Required Supplementary Information section of PERA's annual comprehensive financial report (ACFR) available at https://www.copera.org/investments/pera-financial-reports.

At June 30, 2023, the State reported a total liability of $15.05 billion for its proportionate share of the net pension liability. The amounts recognized by the State for its proportionate share of the net pension liability are as follows:

(Amounts in thousands)	PERA Division Trust Fund				
Proportionate share of the net pension liability attributable to:	State	Judicial	School	DPS	Total
State's own employees	$ 10,377,335	$ 87,710	-	-	$ 10,465,045
Employees of other governments	109,110	1,463	4,109,013	360,733	4,580,319
Total	$ 10,486,445	$ 89,173	$ 4,109,013	$ 360,733	$ 15,045,364

Proportionate Share

The State's proportionate share at December 31, 2021 and December 31, 2022 as well as how the proportionate share increased or decreased is presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division	12/31/2021	12/31/2022	Increase (Decrease)
State	95.53%	95.45%	-0.08%
Judicial	92.75%	93.10%	0.35%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division	12/31/2021	12/31/2022	Increase (Decrease)
State	0.47%	1.00%	0.54%
Judicial	0.88%	1.55%	0.67%
School	10.28%	22.57%	12.28%
DPS	22.70%	41.57%	18.88%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2023, the State recognized pension expense for its own employees and expense to aid other governments related to support provided by the State as a governmental nonemployer contributing entity. The components of expense are presented in the following table.

	PERA Division Trust Fund				
(Amounts in thousands)	State	Judicial	School	DPS	Total
Pension expense	$ 887,179	$ (12,788)	-	-	$ 874,391
Aid to other governments*	30,514	195	873,970	101,041	1,005,720
Total	$ 917,693	$ (12,593)	$ 873,970	$ 101,041	$ 1,880,111

Deferred Outflows of Resources and Deferred Inflows of Resources

The State participates in the SDTF and the JDTF as both an employer and as a governmental nonemployer contributing entity. The following tables therefore segregate deferred outflows of resources and deferred inflows of resources between balances related to the State's own employees and balances related to employees of other governments. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
(Amounts in thousands)	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ -	$ -	$ 139,133	$ 1,463
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,319,307	13,872	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	178,792	43,949	177,860	24
Contributions subsequent to the measurement date	364,240	-	-	-
Total	$ 1,862,339	$ 57,821	$ 316,993	$ 1,487

Deferred outflows of resources of $364.2 million related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

State Division Trust Fund

Year ended June 30:	(Amounts in thousands)
2024	(206,531)
2025	162,436
2026	491,743
2027	787,947

Judicial Division Trust Fund

(Amounts in thousands)	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 10,390	$ 173	$ -	$ -
Changes of assumptions or other inputs	302	5	-	-
Net difference between projected and actual earnings on pension plan investments	32,213	537	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	275	1,092	1,831	423
Contributions subsequent to the measurement date	6,314	-	-	-
Total	$ 49,494	$ 1,807	$ 1,831	$ 423

Deferred outflows of resources of $6.3 million related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Judicial Division Trust Fund

Year ended June 30:	(Amounts in thousands)
2024	1,626
2025	8,128
2026	13,498
2027	19,482

School & Denver Public Schools Division Trust Funds

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

School & DPS Division Trust Funds

(Amounts in thousands)	Deferred Outflows of Resources		Deferred Inflows of Resources	
	School Division	DPS Division	School Division	DPS Division
Difference between expected and actual experience	$ 38,887	$ 12,757	$ -	$ -
Changes of assumptions or other inputs	72,784	12,608	-	-
Net difference between projected and actual earnings on pension plan investments	551,992	136,640	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,029,497	144,141	399,790	59,198
Total	$ 2,693,160	$ 306,146	$ 399,790	$ 59,198

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

School and DPS Division Trust Funds

Year ended June 30:	(Amounts in thousands)
2024	786,012
2025	893,539
2026	460,517
2027	400,250

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Division Trust Fund	School Division Trust Fund	DPS Division Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent	2.30 percent	2.30 percent
Real wage growth	0.70 percent	0.70 percent	0.70 percent	0.70 percent
Wage inflation	3.00 precent	3.00 precent	3.00 precent	3.00 precent
Salary increases, including wage inflation	3.30 - 10.90 percent	2.80 - 5.30 percent	3.40 - 11.00 percent	3.80 - 11.50 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	1.00 percent	1.00 percent	1.00 percent	1.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the

AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

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

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

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

Based on the above assumptions and methods, the projection test indicates the fiduciary net position of the SDTF, JDTF, and the School Division were projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

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

Discount rate sensitivity

(Amount in thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	Proportionate Share of the Net Pension Liability		
State Division Trust Fund	$ 13,405,700	$ 10,486,445	$ 8,030,799
Judicial Division Trust Fund	137,762	89,173	47,560
School Division Trust Fund	5,377,285	4,109,013	3,049,877
DPS Division Trust Fund	610,511	360,733	154,839

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's annual comprehensive financial report (ACFR) which can be at www.copera.org/investments/pera-financial-reports.

Payables to the PERA Defined Benefit Pension Plan

A short-term payable of approximately $5.49 million existed at June 30, 2023 for employer and employee contributions due to PERA. C.R.S. 24-51-401 requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

Alternate Medicare Payment

Plan description. The University of Colorado offers an Alternate Medicare Payment (AMP) to retirees of the University of Colorado Optional Retirement Plan (ORP) participating in Medicare as an alternative to healthcare coverage provided under the University OPEB Plan (University OPEB). The AMP is a single- employer, defined benefit, pension plan established by the University who also administers and has the authority to amend benefits (e.g., ad hoc postemployment benefit changes). No assets are accumulated in a trust as the University funds the AMP on a pay-as-you-go basis. No stand-alone financial report is issued, and the AMP is not included in the report of a public employee retirement system.

Benefits. A participant must be in a benefits-eligible position at 50 percent or greater appointment immediately preceding retirement and have met the required number of service years. Only ORP retirees participating in Medicare are eligible to receive AMP benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. AMP benefits are not provided for dependent children. The AMP is non-contributory for the retiree and provides a monthly, non-salary dependent, cash payment to offset healthcare-related costs. As the monthly cash payments are not restricted as to use, they are considered a pension benefit rather than OPEB. Since the AMP's inception, monthly cash payments have been $154 for a retiree, $262 for a retiree plus spouse/same gender domestic partner, and $108 for a surviving spouse.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2022. Table below is a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by AMP's Benefit Terms

Active employees	15,114
Retirees and beneficiaries currently receiving benefit payments	887
Retirees and beneficiaries entitled to but not yet receiving benefit payments	266
Total	**16,267**

Total Pension Liability. The AMP's total pension liability at June 30, 2023 of $102.8 million was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date. The University contributed $2.4 million for the year ended June 30, 2023.

Actuarial Assumptions and Other inputs. The AMP's total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial assumptions and other inputs in Table below.

AMP's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Inflation rate	2.50%
Discount rate	2.15%
Benefit cost trend rate	2.50%

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

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2021. With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study.

Changes in the Total Pension Liability. Table below details the changes in the AMP's total pension liability during Fiscal Year 2023.

Reconciliation of AMP's Total Pension Liability
(*in thousands*)

	Fiscal Year Ending June 30, 2023
Total pension liability, beginning of year	$124,662
Changes recognized for the fiscal year:	
Service cost	7,551
Interest on total AMP liability	2,821
Differences between expected and actual experience	(420)
Changes of assumption	(28,775)
Estimated benefit payments	(2,029)
Net changes	(20,852)
Total pension liability, end of year	$103,810

Sensitivity of the total pension liability to changes in the discount rate. The following table presents the total pension liability of the AMP, as well as what the AMP's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Sensitivity of AMP's Total Pension Liability to Changes in the Discount Rate ***(in thousands)***

	1% Decrease	Discount Rate	1% Increase
Fiscal year ended	2.54%	3.54%	4.54%
June 30, 2023	123,506	103,810	88,258

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. The University recognized $10.64 million of pension expense for the AMP in Fiscal Year 2023. The following table presents the AMP's deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2023.

AMP Deferred Outflows and Inflows of Resources ***(in thousands)***

	Deferred Outflows	Deferred Inflows
Changes in Assumptions	23,625	26,441
Differences between expected and actual experience	-	7,976
Benefit payments subsequent to the measurement date	2,396	-
Total	26,021	34,417

The $2.4 million reported as deferred outflows of resources as of June 30, 2023, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the AMP's total pension liability in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as summarized in table below.

Future Amortization of AMP's Deferred Outflows of Resources and Inflows of Resources ***(in thousands)***		
Years ending June 30:		
2024	$	263
2025		(377)
2026		(637)
2027		(655)
2028		(912)
2029-2031		(8,474)
Total	$	(10,792)

The following table lists the amortization bases included in the AMP's deferred outflows and inflows of resources as of June 30, 2023.

Amortization of AMP Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

		Period		Balance		Annual
Date Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2016	Differences between expected and actual experience	8.5	1.5	$ (101)	(17)	(12)
July 1, 2016	Changes in assumptions	8.5	1.5	10,999	1,941	1,294
July 1, 2017	Differences between expected and actual experience	8.5	2.5	(3,377)	(995)	(397)
July 1, 2017	Changes in assumptions	8.5	2.5	(3,180)	(936)	(374)
July 1, 2018	Differences between expected and actual experience	8.3	3.3	(109)	(44)	(13)
July 1, 2018	Changes in assumptions	8.3	3.3	4,940	1,965	595
July 1, 2019	Differences between expected and actual experience	8.3	4.3	(3,865)	(2,001)	(466)
July 1, 2019	Changes in assumptions	8.3	4.3	4,845	2,509	584
July 1, 2020	Differences between expected and actual experience	8.5	5.5	(124)	(79)	(15)
July 1, 2020	Changes in assumptions	8.5	5.5	23,408	15,146	2,754
July 1, 2021	Differences between expected and actual experience	8.5	6.5	(5,842)	(4,468)	(687)
July 1, 2021	Changes in assumptions	8.5	6.5	2,700	2,064	318
July 1, 2022	Differences between expected and actual experience	8.8	7.8	(420)	(372)	(48)
July 1, 2022	Changes in assumptions	8.8	7.8	(28,775)	(25,505)	(3,270)
				Total	**$ (10,792)**	**$ 263**

NOTE 7 – OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Summary of OPEB Plans

The State of Colorado participates in the following OPEB plans:

- PERA Health Care Trust Fund (HCTF) OPEB
- University of Colorado Healthcare and Life Insurance Subsidy
- Colorado State University OPEB
    - Retiree Medical Premium Refund Plan for DCP Participants
    - Retiree Medical Premium Subsidy for PERA Participants
    - Retiree Umbrella Rx Plan for PERA Participants
    - Long-Term Disability Plan

Disclosures provided in this note are applicable to the PERA Health Care Trust Fund (HCTF) OPEB and to the University of Colorado OPEB and Colorado State University OPEB.

PERA Health Care Trust Fund OPEB

Summary of Significant Accounting Policies
The State of Colorado participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan
Eligible employees of the State are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues an annual comprehensive financial report (ACFR) available at: www.copera.org/investments/pera-financial-reports.

Benefits Provided
The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the State is statutorily committed to pay the contributions. Contributions made by the State and allocated to the HCTF for purposes of financial reporting were $34.3 million for the year ended June 30, 2023.

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

At June 30, 2023, the State reported a liability of $257.6 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the State's proportion was 31.56 percent, which was a decrease of 0.55 percent from its proportion measured as of December 31, 2021.

For the fiscal year ended June 30, 2023, the State recognized OPEB expense of $6.6 million. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 34	$ 62,291
Changes of assumptions or other inputs	4,142	28,401
Net difference between projected and actual earnings on pension plan investments	15,702	32
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,244	31,335
Contributions subsequent to the measurement date	17,349	-
Total	$ 54,471	$ 122,059

$17.3 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	(Amounts in thousands)
2024	(29,824)
2025	(27,693)
2026	(13,527)
2027	(4,432)
2028	(7,827)
Thereafter	(1,709)

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-Term investment rate, net of OPEB plan investment expenses, including price inflation	7.25%	7.25%	7.25%	7.25%
Discount Rate	7.25%	7.25%	7.25%	7.25%
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy	0.00%	0.00%	0.00%	0.00%
PERACare Medicare Plans	6.50% in 2022, gradually decreasing to 4.50% in 2030	6.50% in 2022, gradually decreasing to 4.50% in 2030	6.50% in 2022, gradually decreasing to 4.50% in 2030	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029	3.75% in 2022, gradually increasing to 4.50% in 2029	3.75% in 2022, gradually increasing to 4.50% in 2029	3.75% in 2022, gradually increasing to 4.50% in 2029

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

The 2022 Medicare Part A premium is $499 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board’s actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

Sensitivity to Changes in Health Care Cost Trend Rates

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

Sensitivity - Health Care Cost Trend Rates (Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A	3.00%	4.00%	5.00%
Ultimate Medicare Part A	3.50%	4.50%	5.50%
Net OPEB Liability	$250,349	$257,641	$265,576

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity to Changes in the Discount Rate

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

Sensitivity - Discount rate

(Amount in thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 298,683	$ 257,641	$ 222,538

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

Payables to the PERA Health Care Trust OPEB Plan

A short-term payable of approximately $258 thousand existed at June 30, 2023 for employer and employee contributions due to PERA. Section 24-51-401(1.7)(a)(I), C.R.S. requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

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

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

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $610 per month to $1,736 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $406 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee's pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

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

The percentage of the University contribution the retiree receives is based on the retiree's years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the University of Colorado Health and Welfare Trust which is responsible for administration of healthcare benefits. The University contributed $19.2 million for the fiscal year ended June 30, 2023.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2022. The following table presents a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by University OPEB's Benefit Terms

	Healthcare		Life Insurance	
	ORP	PERA	ORP	PERA
Active employees	15,114	5,831	16,593	5,030
Retirees and beneficiaries	1,648	536	2,337	3,305
Total	16,762	6,367	18,930	8,335

Total OPEB Liability. The University OPEB's total OPEB liability at June 30, 2023 of $1.12 billion was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the actuarial assumptions and other inputs in the following table, applied to all periods included in the measurement, unless otherwise specified.

University OPEB's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Discount rate	3.54 % at 6/30/2022 measurement date
Inflation	2.50%

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2021-2022	6.7%	9.5%	7.3%	5.7%	9.5%	8.3%
2022-2023	6.6%	9.0%	7.1%	5.6%	9.0%	7.9%
2023-2024	6.4%	8.5%	6.9%	5.4%	8.5%	7.5%
2024-2025	6.1%	7.9%	6.6%	5.3%	7.9%	7.1%
2025-2026	5.9%	7.4%	6.2%	5.1%	7.4%	6.7%
2026-2027	5.6%	6.8%	5.9%	5.0%	6.8%	6.3%
2027-2028	5.3%	6.2%	5.5%	4.9%	6.2%	5.8%
2028-2029	5.0%	5.6%	5.2%	4.8%	5.6%	5.4%
2029-2030	4.8%	5.1%	4.8%	4.6%	5.1%	4.9%
2030-2031+	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Dental trend rate 4.50% in all years.

Administrative expense trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree and Spouse or Partner
Kaiser Medical	$ 116.00	$ 315.50
Exclusive Medical	$ 54.00	$ 193.50
High Deductible Medical	$ -	$ 20.00
Medicare Primary Medical	$ 41.31	$ 207.00
Essential Dental	$ -	$ 17.00
Choice Dental	$ 17.00	$ 51.50
Premier Dental	$ 46.50	$ 82.50

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

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2021.

With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study,

Changes in the Total OPEB Liability. The following table details the changes in the University's total OPEB plan liability during fiscal year 2023.

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

	Total OPEB Liability
Balance recognized at June 30, 2022	$ 1,287,203
Changes recognized for the fiscal year:	
Services cost	111,208
Interest on total OPEB liability	29,892
Differences between expected and actual experience	(4,126)
Changes of assumption	(288,497)
Benefit payments	(16,226)
Net changes	(167,749)
Balance recognized at June 30, 2023	$ 1,119,454

Changes of assumptions and other inputs reflect:

- Discount rate changed from 2.15 percent to 3.54 percent.

Sensitivity of the total OPEB liability to changes in the discount rate. The following table presents the total OPEB liability of the University OPEB, as well as what University OPEB's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate for the fiscal year ended June 30, 2023.

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

Fiscal year ended	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
June 30, 2023	1,317,165	1,119,454	962,043

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following table presents the total OPEB liability of the University OPEB, as well as what the University OPEB's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates for the fiscal year ended June 30, 2023.

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

Fiscal year ended	1% Decrease	Trend Rate	1% Increase
June 30, 2023	929,999	1,119,454	1,367,885

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $121.3 million in OPEB expense for the University OPEB Plan in fiscal year 2023. There are no assets accumulating in trust for the University OPEB plan. The following table illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2023.

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	149,627	117,349
Changes in Assumptions	166,723	261,660
Contributions subsequent to the measurement date	19,243	-
Total	335,593	379,009

The $19.2 million reported as deferred outflows of resources as of June 30, 2023 resulting from contributions subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ending June 30, 2024.

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

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

Years ending June 30:	
2024	$ (19,832)
2025	(8,964)
2026	(3,997)
2027	7,281
2028	14,238
2029-2030	(51,385)
Total	$ (62,659)

Amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2023 are presented in the following table.

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

Date Established	Type of Base	Period Original	Period Remaining	Balance Original	Balance Remaining	Annual Amortization
July 1, 2017	Differences between expected and actual experience	7.4	1.4	$ (87,654)	(16,584)	(11,845)
July 1, 2017	Changes in assumptions	7.4	1.4	(46,406)	(8,780)	(6,271)
July 1, 2018	Differences between expected and actual experience	7.5	2.5	(1,728)	(578)	(230)
July 1, 2018	Changes in assumptions	7.5	2.5	35,919	11,974	4,789
July 1, 2019	Differences between expected and actual experience	7.5	3.5	(209,938)	(96,570)	(27,592)
July 1, 2019	Changes in assumptions	7.5	3.5	3,678	1,718	490
July 1, 2020	Differences between expected and actual experience	7.7	4.7	287	176	37
July 1, 2020	Changes in assumptions	7.7	4.7	168,948	103,125	21,941
July 1, 2021	Differences between expected and actual experience	7.7	5.7	201,889	149,451	26,219
July 1, 2021	Changes in assumptions	7.7	5.7	67,418	49,906	8,756
July 1, 2022	Differences between expected and actual experience	8.1	7.1	(4,126)	(3,617)	(509)
July 1, 2022	Changes in assumptions	8.1	7.1	(288,497)	(252,880)	(35,617)
				Total	$ (62,659)	$ (19,832)

Colorado State University - OPEB Health Plan Trust

Plan Description

CSU contributes to the OPEB Health Plan Trust, a single-employer defined benefit healthcare plan comprised of the CSU Retiree Medical Premium Refund Plan for DCP Participants (DCP Refund), CSU Retiree Medical Premium Subsidy for PERA Participants (PERA Subsidy), and the CSU Retiree Umbrella Rx Plan for PERA Participants (Rx Subsidy) plans. The plans, while merged, continue to provide premium support or medical benefits to eligible retired CSU faculty and nonclassified employees with the Rx Subsidy extending the benefit coverage of those eligible for the PERA Medicare Advantage plan to their spouses and dependents that elect to participate.

Membership of the plan consisted of the following as of June 30, 2023:

Employees Covered by OPEB Health Plan Trust	
Active plan members	5,634
Retirees receiving a subsidy	1,232
Retirees eligible for a subsidy but not yet receiving one	372
Total	**7,238**

OPEB Health Plan Trust

The OPEB Health Plan Trust is comprised of three single-employer retirement benefit plans regarding healthcare: DCP Refund, PERA Subsidy, and Rx Subsidy. The funds are combined and available for use by the OPEB Health Plan Trust. The merger was approved by CSU's Interim President in October 2022, and was effective January 1, 2023. The plan will continue to follow the individual eligibility requirements for participating individuals as follows:

DCP Refund

Employees who retire from the University at age 55 with 20 or more years of service or age 60 with 5 or more years of service are eligible for this benefit. For eligible retirees with 20 or more years of service, CSU pays a healthcare premium refund of the lesser of $648 per month or the actual cost of the retiree's (not including dependents) health insurance. Benefits are prorated for service between 5 and 20 years. DCP Refund plan participants include employees who were hired after April 1, 1993, who have no previous participation in PERA or have less than one year of participation in PERA or employees with at least one year of previous participation in PERA who elect to enroll in the DCP Refund plan at the time of appointment. DCP Refund plan participants also include certain employees hired prior to April 1, 1993 who made a one-time, irrevocable election at the time of implementation to terminate participation in PERA and join the DCP Refund plan. The DCP Refund plan is administered by HealthSmart.

PERA Subsidy

University faculty and nonclassified staff participating in the PERA retirement plan who meet CSU's age and years of service requirements and retire from the University with at least 10 years of University service, are eligible to receive a subsidy. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. The amount of the subsidy for eligible retirees is their out-of-pocket expenses for retiree only coverage or an amount equal to the premium for single coverage under the lowest cost plan available to active faculty and nonclassified staff, whichever is less. The plan is administered by PERA which bills CSU on a monthly basis for the applicable premiums.

Rx Subsidy

The University provides reimbursement for the prescription copayments made by eligible faculty and nonclassified staff who retire from the University under the PERA retirement plan with at least 10 years of service. Retirees have to be age 65 or older or eligible for Medicare and enrolled in the PERA Medicare Advantage plan to be eligible for this plan. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. PERA provides a prescription insurance program for retirees enrolled in any medical insurance plan. The PERACare Prescription insurance program covers the cost of prescriptions after the member pays a copay which varies depending on whether the prescription is purchased through a local retail pharmacy or through a mail-order pharmacy, and whether the drug is generic or a brand-name drug. The plan is administered by Employee Benefit Management Services, Inc.

On an annual basis, funds equal to the actuarially determined contribution (ADC), provided by the actuarial valuation, are transferred to the irrevocable trust. The funds contributed to the OPEB Health Plan Trust for the fiscal year ended June 30, 2023, were $3.7 million. These funds, along with the amounts paid in by participants of $17 thousand and the related interest income, have resulted in total funds available of $81.8 million as of fiscal year ended June 30, 2023. The benefits paid by the University were $2.8 million for the fiscal year ended June 30, 2023. For the fiscal year ended June 30, 2023, the OPEB Health Plan Trust had a total OPEB liability of $114.2 million, a fiduciary net position of $81.8 million, and a net OPEB liability of $32.4 million. The fiduciary net position as a percentage of the total OPEB liability was 71.6 percent for the fiscal year ended June 30, 2023.

Contributions

CSU funds the plans using the ADC amount, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43, which referred to it as annual required contribution. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. CSU's related information for the plan for the fiscal year ended June 30, 2023 is as follows:

	OPEB Health Plan Trust
Contribution Rates:	
CSU	Based on ADC
Participants	$0-$99 / month based on eligibility

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the ADC of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Net OPEB Liability

The net OPEB liability was measured as of January 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation based on census data as of January 1, 2023, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

Actuarial Methods and Assumptions

The total OPEB (asset) liability in the fiscal year ended June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	OPEB Health Plan Trust
Valuation Date	1/1/2023
Measurement Date	1/1/2023
Actuarial cost method	Entry Age Normal, Level of Percent of Pay
Amortization Method	30 Years Open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Acctuarial assumptions:	
Investment rate of return	6.35%
Inflation rate	2.50%
Salary increase rate	N/A
Healthcare cost trend rate	6.5% initial, 4.75% ultimate

Participant mortality was determined by separate mortality rates for non-annuitants and annuitants. Non-annuitants' mortality was based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale MP-2021, and annuitants mortality was based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale MP-2021.

The actuarial assumptions used in the January 1, 2023, valuation for retirement rates, non-retirement termination rates, salary scale, and participation assumptions were based on an experience study conducted in 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was as follows for the plan as of the fiscal year ended June 30, 2023:

	Discount Rate
OPEB Health Plan Trust	5.60%

The projection of cash flows used to determine the discount rate assumed that the contributions were made at rates equal to the actuarially determined contribution rates. In an underfunded plan, a 30-year open amortization method is not designed to fund any funding deficits. This amortization method in an underfunded plan will result in a growing funded status shortfall, eventual depletion of the Fiduciary Net Position and higher contributions in the future. Based on those assumptions, and the funded status of the OPEB Health Plan Trust as of the measurement date, the actuaries project the plan will experience a complete depletion of plan assets prior to satisfying all benefit obligations.

The OPEB Health Plan Trust's discount rate for the fiscal year ended June 30, 2023 was 5.60 percent, which incorporated a municipal bond rate of 3.72 percent, obtained from the Bond Buyer 20-Bond General Obligation Index.

Changes in the Net OPEB Liability

Changes in the net OPEB liability consist of the OPEB Health Plan Trust. The total of the plan as of fiscal year ended June 30, 2023 are as follows:

Changes in Net OPEB Liability *(in thousands)*

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Measurement period beginning balance, January 1, 2022	$ 52,893	82,997	(30,104)
Changes for the year:			
Service cost	1,364	-	1,364
Interest	2,265	-	2,265
Change in plan provisions	70,682	-	70,682
Differences between expected and actual experience	(405)	-	(405)
Change in assumptions	(14,035)	-	(14,035)
Contributions-employer	-	677	(677)
Net investment income	-	(4,573)	4,573
Benefit payments	(1,944)	(1,944)	-
Administrative expense	-	(269)	269
Net changes	57,927	(6,109)	64,036
Measurement period ending balance, December 31, 2022	**$ 110,820**	**76,888**	**33,932**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of CSU, as well as what CSU's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of fiscal year ended June 30, 2023:

Sensitivity of OPEB Health Plan Trust's Net OPEB Liability to Changes in the Discount Rate *(in thousands)*

Fiscal year ended	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
June 30, 2023	49,020	33,932	21,378

The following presents the net OPEB liability of CSU, as well as what CSU's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of fiscal year ended June 30, 2023:

Sensitivity of OPEB Health Plan Trust's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate *(in thousands)*

Fiscal year ended	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
June 30, 2023	31,043	33,932	36,508

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

CSU recognized $68 million of OPEB expense for the OPEB Health Plan Trust in Fiscal Year 2023. The following table presents the OPEB Health Plan Trust's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2023.

OPEB Health Plan Trust's Deferred Outflows and Inflows of Resources *(in thousands)*

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	733	2,225
Changes in Assumptions	2,143	16,048
Net difference between projected and actual earning	2,755	
Contributions subsequent to the measurement date	4,387	-
Total	10,018	18,273

$4.4 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Future Amortization of OPEB Health Plan Trust Deferred Outflows of Resources and Inflows of Resources *(in thousands)*

Years ending June 30:		
2024	$	(3,952)
2025		(3,467)
2026		(3,107)
2027		149
2028		(591)
Thereafter		(1,674)
Total	$	(12,642)

Payable to the OPEB Plan

For the fiscal years ended June 30, 2023, CSU reported no payable as there were no outstanding contributions due to the Trust.

NOTE 8 – OTHER EMPLOYEE BENEFITS

A. MEDICAL AND DISABILITY BENEFITS

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

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2023, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $20 depending on the level of participation.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

For the Fiscal Year ended June 30, 2023, the State offered three statewide, self-funded PPO options administered by Cigna and three regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). The State offers two statewide dental PPO plans and two statewide vision PPO plans administered by Delta Dental and EyeMed, respectively.

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

B. DEFINED CONTRIBUTION RETIREMENT PLANS

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The PERA DC Plan is also included in PERA's ACFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the State are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are summarized in the tables below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:		
All employees other than State Troopers	11.00%	11.00%
State Troopers	13.00%	13.00%
Employer Contribution Rates:		
On behalf of all employees other than State Troopers	10.15%	10.15%
State Troopers	12.85%	12.85%

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

Additionally, employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51-401 and § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**11.35%**	**11.42%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed $10.2 million and the State recognized contribution expenses of $9.5 million for the PERA DC Plan.

University of Colorado - Optional Retirement Plan

Under the University's optional retirement plan (ORP), a 401(a) plan, certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation.

For the year ended June 30, 2023, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $203.6 million.

Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

Colorado State University (CSU) - University Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)

Under each University's optional retirement plan, all Academic Faculty, Administrative Professionals, Post-Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns appointed on or after April 1, 1993, are required as a condition of employment under Colorado law to participate in either the Defined Contribution Plan (DCP) for Retirement or, in very limited cases, in the PERA Defined Benefit plan (as eligibility permits). CSU began a sole record-keeper arrangement with Fidelity on June 1, 2023 for its DCP Plans. Prior to CSU's arrangement with Fidelity, DCP participants of the System selected from three investment companies as follows:

- Fidelity Investments / MetLife (eligible Faculty/Staff at CSU-Pueblo do not have access to this investment company)

- Teachers Insurance and Annuity Association (TIAA)

- Corebridge

The defined contribution retirement plans are established pursuant to state statute (C.R.S. § 24-54.5-101 to 24-54.5-107). The CSU plan was adopted by the Board of Governors in December 1992, the CSU-Pueblo plan was adopted in April 1993 and the CSU-Global plan was adopted in July 2010. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU, CSU-Pueblo and CSU-Global are the Plan Sponsors. All participants contribute the required 8.0 percent of eligible salary. As required, CSU provides a matching contribution of 12.0 percent of eligible salary for all "permanent" appointees (those with regular, special and continuing appointments at half time or greater) and for temporary appointees with appointments of half time or greater for the second and subsequent consecutive year(s). CSU-Pueblo provides a matching contribution of 11.1 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half time and nonstudent temporary, hourly employees. CSU-Global provides a matching contribution of 11.1 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half time and nonstudent temporary, hourly employees. Both employee and employer contributions are vested immediately. Investments are participant directed within the funds available through the authorized investment companies. The System's aggregate contribution to the above three vendors was equal to 11.3 percent of covered payroll or approximately $62.0 million for the fiscal year ended June 30, 2023. The employee aggregate contribution to the above three vendors was equal to 8.0 percent of covered payroll or approximately $45.4 million for the fiscal year ended June 30, 2023.

NOTE 9 – RISK MANAGEMENT

State Risk Management – Liability Fund and Workers' Compensation

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. The State also purchases Stop Loss insurance to mitigate the risk of loss on claims paid. The State receives reimbursement for claims by individual claimant over $500,000.

Workers' Compensation losses are self-insured pursuant to the Risk Management Act (24-30-1501). Excess Worker's Compensation insurance policy is purchased with a $10,000,000 per occurrence deductible and a $50,000,000 per occurrence limit.

Property Losses - "all risk, including flood and equipment breakdown" insurance policy is purchased with a $500,000 per occurrence deductible, and a limit of $450,000,000 per occurrence. Per statute, individual Department property claims have a $5,000 per occurrence deductible (effective July 1, 2011).

Liability losses are self-insured pursuant to the Risk Management Act, including automobile liability, general liability, employment liability, and other claims brought under State and Federal law. Claims brought under state law are limited to $424,000 per person and $1,195,000 (for claims that occur on or after January 1, 2022 and before January 1, 2026) per accident pursuant to the Colorado Governmental Immunity Act (CGIA 24-10-101). Excess Public Liability coverage is purchased for claims outside of Colorado and claims brought under Federal law with a $2,000,000 per occurrence deductible and a $5,000,000 per occurrence limit. A Crime insurance policy is purchased with $250,000 per occurrence deductible and a $10,000,000 per occurrence limit to cover losses due to employee dishonesty and theft. There were no reductions in coverage. No settlements or judgments exceeded insurance coverage for each of the past three fiscal years. The estimated fiscal year end Incurred But Not Reported liability was provided by an independent actuary. No participation in a risk pool. We contract with an actuary to estimate liabilities in the workers' compensation and liability funds. There are no outstanding amounts for claims where annuities were purchased and the related liability removed from the books.

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

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

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

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $500,000 per individual. The State also maintains a fully insured health plan with Cigna that is separate from the self-funded plan. In Fiscal Year 2023, the State recovered $12.0 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State's contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded approximately $22.1 million of insurance recoveries during Fiscal Year 2023. Of that amount approximately $4.4 million was related to asset impairments that occurred in prior fiscal years. The remaining $17.7 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $12.0 million, as noted above), a Pension and Other Employee Benefits Fund, and $3.6 million by Higher Education in the Higher Education Institutions Fund.

University of Colorado – General Liability, Property, and Workers' Compensation

The University of Colorado is self-insured for workers' compensation, auto, property and general liability claims. The Fund's liabilities are projected on a semi-annual basis by an actuary, Willis Towers Watson. The University has purchased excess insurance to cover losses over its' self-insured retention (SIR), which varies by line of coverage and policy year. The current SIR levels are $500,000 per property claim, $2,000,000 per workers' compensation claim, and $1,250,000 per general liability claim. Tort claims are subject to the governmental immunity act, and damages are capped for specified areas at $350,000 per person and $990,000 per occurrence.

In October 2018, the University of Colorado formed a captive insurance company, Altitude West. A captive is a limited purpose, licensed insurance company; the main business purpose of which is to insure the risks of the captive's owner, who is also its principal beneficiary. The captive insurance company owner has direct involvement in and influence over the captive's major operations, including underwriting, claims management, policy form, and investments. Altitude West operates by and for the University of Colorado. The advantages offered by Altitude West as a captive insurer are significant. It gives the University the ability to provide customized coverage specific policy forms that will allow CU to address its unique risks and exposures. There were no reductions in insurance coverage in the prior year. There are seven claims that exceeded coverage in the past three fiscal years: five Property and two General Liability.

University of Colorado Denver – Graduate Medical Education Health Benefits Program and Medical Malpractice

The University of Colorado Anschutz Medical Campus and its faculty and staff are self-insured for medical malpractice liability under the terms of the Colorado Governmental Immunity Act. The University of Colorado Self-Insurance Trust to cover claims greater than $500,000 per claimant and $1,500,000 per occurrence. The policy provides $10,000,000 coverage in aggregate annually; GME Health Benefit Program: The CU Graduate Medical Education (GME) Health Benefits Program is a comprehensive health and dental insurance program for physicians in training at the Anschutz Medical Campus. Coverage includes major medical, outpatient, lab, x-ray, prescriptions and personal psychiatric services for residents plus their immediate family (spouses and children). The plan's exposure to loss results from medical and dental claims filed on behalf of the enrolled members after receiving medical and dental services from qualified health care providers. Effective 7/1/2021, the program has been transferred to the University of Colorado Health and Welfare Trust, a fiduciary component unit of the University. No significant reductions in insurance coverage occurred during the fiscal year. Over the past three years, the plan has collected $137,795 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss insurance coverage; GME Health Benefit Program: Effective 7/1/2021, GME Health Benefits Program has been transferred to the University of Colorado Health and Welfare Trust, a fiduciary component unit of the University. No significant changes of reductions in insurance coverage from coverage in the prior year. The self-insured for medical malpractice liability in Anschutz Medical Campus is not in a risk pool. The basis of estimating the liability is from an annual actuarial study. The liability balance is discounted and established at a 75% confidence level. Additional information is on file in the Finance Office; GME Health Benefit Program: GME does not participate in a risk pool for this program. Liabilities are estimated using actuarial calculations from a professional insurance brokerage firm. Due to the nature of the plan, claims are filed promptly after services are provided (typically within 30 days) with a limit stated in the plan that claims must be filed within 1 year of the date of service.

Colorado State University – Medical, Dental, and Disability Benefits and General Liability

CSU manages a combination of self-insured and fully-insured property and casualty insurance programs to best protect the University's assets. Separate accounts currently make up the self-insured program: workers' compensation, liability, auto comprehensive/collision, and property. CSU contracts various day-to-day operations of the self-funded benefit plans, including claims processing, to third-party administrators. CSU carries excess insurance for liability and workers' compensation claims over $500 thousand per occurrence, including claims arising from employment practices. CSU's excess liability limits for this insurance are $25.0 million per occurrence. CSU self-insures for property insurance claims less than $100 thousand per occurrence with a $1 thousand deductible per occurrence paid by the university department incurring the loss. CSU purchases property insurance with limits of $1.0 billion. In addition to this, CSU carries auto insurance for out-of-state vehicles and workers' compensation for out-of-state employees, student intern professional liability, professional liability insurance (Architects & Engineers), crime insurance, foreign liability insurance, Cyber Liability, Aviation Liability, Unmanned Aerial Vehicles Liability, TULIP (Tenant User Liability Insurance Program), and self-insures for in-state auto insurance. As of March 1, 2016, CSU purchased liability, professional liability, and pollution liability for The Center for Environmental Management Military Lands (CEMML) operations, including their prescribed burn operations. This insurance included a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. In October 2017, after Board approval, additional limits were purchased so that CEMML could manage, and otherwise supervise prescribed burn activities. This resulted in insurance placed with total limits of liability equaling $50.0 million for CEMML.

In addition to the above, CSU is self-insured for various other risks of loss. Separate accounts currently make up the self-insured program: healthcare, dental, short-term disability, Family and Medical Leave Insurance (FAMLI), and an unallocated reserve fund. CSU contracts various day-to-day operations of the healthcare and dental self-funded benefit plans, including claims processing, to third-party administrators. Short-term disability and FAMLI, a voter approved initiative known as Proposition 118 which allows paid time off for qualifying reasons defined under the law, are administered by the University. CSU received state approval to operate its own self-funded FAMLI program with premium contributions effective January 1, 2023, and claim submissions beginning January 1, 2024. Program funding is derived from a combination of premiums paid by benefit plan participants and various institutional match amounts. The self-funded benefit plans are fully self-insured except for healthcare coverage, which is reinsured for claims expenses above $500 thousand per covered employee per year. The Unallocated Reserve Account is a general contingency reserve fund for miscellaneous and unanticipated expenses of the other health related accounts.

The amount of claims and administrative costs for the self-funded plans for the fiscal years ended June 30, 2023 and 2022 did not exceed plan revenues and reserves. Eligible faculty and nonclassified staff employees may select from various benefit plans and may elect to make premium contributions in the form of a pre-tax salary reduction.

The above health related programs had estimated claim liabilities of $51.3 million and $44.1 million at June 30, 2023 and 2022, respectively, which include incurred but not reported claims (IBNR) along with known claims at year end. These estimates are made through a combination of analyzing payments in early months of the subsequent year, historical trends, industry guidelines, and underwriting advice from our third-party administrator and benefits consultant.

In addition to these claims, workers' compensation had estimated claim liabilities of $2.3 million at June 30, 2023. Liability self-insurance had estimated claim liabilities of $1.2 million at June 30, 2023. These estimates are based on current data and actuarial reports. Property self-insurance had no estimated claim liabilities at June 30, 2023.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2022-23	37,445	(22,521)	(17,764)	32,688
2021-22	25,495	6,673	(5,277)	37,445
2020-21	27,954	(6,400)	(3,941)	25,495
Workers' Compensation				
2022-23	88,086	26,883	32,320	82,649
2021-22	96,796	22,137	30,847	88,086
2020-21	104,030	25,262	32,496	96,796
Property				
2022-23	9,443	1,928	1,928	9,443
2021-22	9,443	739	739	9,443
2020-21	9,443	4,710	4,710	9,443
State Group Benefit Plans:				
2022-23	25,034	376,036	366,318	34,752
2021-22	21,061	322,881	318,908	25,034
2020-21	22,928	293,995	295,862	21,061
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2022-23	18,613	8,120	6,542	20,191
2021-22	18,711	8,004	8,102	18,613
2020-21	17,621	7,530	6,440	18,711
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2022-23	-	-	-	-
2021-22	1,676	(751)	925	-
2020-21	2,502	13,293	14,119	1,676
Medical Malpractice				
2022-23	12,620	(915)	1,719	9,986
2021-22	12,251	1,911	1,542	12,620
2020-21	10,445	3,636	1,830	12,251
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2022-23	47,719	80,356	73,241	54,834
2021-22	46,785	68,792	67,858	47,719
2020-21	37,074	69,799	60,088	46,785

NOTE 10 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

LEASES

State as Lessee

The State leases office space, buildings, software, and equipment. The total lease liability at June 30, 2023 is $244.4 million for governmental activities and $149.1 million for business-type activities. There are no significant residual payments excluded from the measurement of the lease liability. Outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability are $3.8 million. There are no significant outflows of resources recognized in Fiscal Year 2023 for other payments, including residual value guarantees or termination penalties, not previously included in the measurement of the lease liability. Interest expense on leases recognized in Fiscal Year 2023 is $1.9 million for governmental activities and $2.6 million for business-type activities.

The following table presents lease principal and interest requirements to maturity.

(Amounts in Thousands)

		Governmental Activities		Business-Type Activities	
	Fiscal Year(s)	Principal	Interest	Principal	Interest
2024	2024	$ 53,662	$ 2,535	$ 22,746	$ 2,393
2025	2025	43,123	2,012	19,051	2,084
2026	2026	39,279	1,658	17,066	1,764
2027	2027	24,342	1,356	15,403	1,473
2028	2028	17,259	1,117	14,143	1,233
2029	2029 to 2033	46,603	3,152	40,167	3,449
2034	2034 to 2038	17,615	836	18,826	910
2039	2039 to 2043	2,383	72	1,651	122
2044	2044 to 2048	104	8	-	-
2049	2049 to 2053	43	1	-	-
	Total	$ 244,413	$ 12,747	$ 149,053	$ 13,428

There were no significant commitments under leases that existed before the commencement of the lease term; no significant losses associated with impairments; no significant sublease or sale-leaseback/lease-leaseback transactions; and no significant collateral as security.

Refer to *Note 5 – Capital and Right-to-Use Assets* for additional information on the total amount of leased assets by major class and related accumulated amortization.

State as Lessor

The State leases land use rights, buildings, office space, and excess facilities owned by institutions of higher education. There are no significant variable payments excluded from the measurement of the lease receivable and no significant inflows of resources from variable or other payments not previously included in the measurement of the lease receivable. The lease receivable at June 30, 2023 is $444 thousand for governmental activities and $104.2 million for business-type activities.

The State recognized rental income of $98 thousand for governmental activities and $11.8 million for business-type activities and interest income on leases of $3 thousand for governmental activities and $1.9 million for business-type activities. Inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the lease receivable are $43 thousand. There are no significant leases with options for the lessee to terminate the lease or abate payments if the State issues debt for which the principal and interest payments are secured by the lease payments.

There are no significant leases of assets that are held as investments; no significant regulated leases; and no leasing of assets to other entities considered to be a principal and ongoing operation of the State.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The State implemented the requirements of Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements* for the Fiscal Year ended June 30, 2023.

The State has various subscription-based information technology arrangements for hosting services, processing income tax returns, lottery prize administration, preparation and conduction of elections, peace officer training, document management, research portals, curriculum management, and ERP systems. The total subscription liability at June 30, 2023 is $41.3 million for governmental activities and $87.4 million for business-type activities. There are no significant residual payments excluded from the measurement of the subscription liability. Outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability are $464 thousand. Outflows of resources recognized in Fiscal Year 2023 for other payments, including termination penalties, not previously included in the measurement of the subscription liability are $532 thousand. Interest expense on subscriptions recognized in Fiscal Year 2023 is $583 thousand for governmental activities and $1.6 million for business-type activities.

The following table presents subscription principal and interest requirements to maturity.

(Amounts in Thousands)

		Governmental Activities		Business-Type Activities	
	Fiscal Year(s)	Principal	Interest	Principal	Interest
2024	2024	$ 15,077	$ 529	$ 31,714	$ 1,359
2025	2025	12,454	325	14,321	893
2026	2026	7,300	201	9,999	534
2027	2027	6,461	30	3,721	303
2028	2028	-	-	11,672	162
2029	2029 to 2033	-	-	6,845	275
2034	2034 to 2038	-	-	1,192	10
2039	2039 to 2043	-	-	7,927	-
2044	2044 to 2048	-	-	-	-
2049	2049 to 2053	-	-	-	-
	Total	$ 41,292	$ 1,085	$ 87,391	$ 3,536

There were no significant commitments under subscriptions that existed before the commencement of the subscription term, and no losses associated with impairments.

Refer to *Note 5 – Capital and Right-to-Use Assets* for additional information on the total amount of subscription assets by major class and related accumulated amortization.

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

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

Collectively, the State's business-type activities had $3,272.0 million in available net revenue after operating expenses to meet the $264.4 million of debt service requirement related to revenue bonds.

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

During Fiscal Year 2023, the State recorded $422.2 million of interest costs, of which $194.1 million was recorded by governmental activities and $228.1 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $5.2 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $15.3 million of interest on Certificates of Participation issued by the Judicial Branch, and $63.6 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program. The business-type activities interest cost primarily comprises $148.1 million of interest on revenue bonds issued by institutions of higher education, $8.5 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $57.4 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise. College Assist and the Transportation Enterprise are nonmajor enterprise funds. Annual maturities of notes, bonds, and COPs payable at June 30, 2023, are as follows:

(Amounts in Thousands)

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

Fiscal	Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 24,302	$ 2,136	$ 210,086	$ 168,636	$ 234,388	$ 170,772
2025	20,250	1,628	129,946	162,173	150,196	163,801
2026	16,888	1,192	128,755	155,752	145,643	156,944
2027	12,805	766	143,480	148,642	156,285	149,408
2028	8,123	491	243,220	141,633	251,343	142,124
2029 to 2033	14,770	618	815,065	583,576	829,835	584,194
2034 to 2038	3	-	892,555	388,133	892,558	388,133
2039 to 2043	-	-	918,255	152,763	918,255	152,763
2044 to 2048	-	-	203,140	16,129	203,140	16,129
Subtotals	97,141	6,831	3,684,502	1,917,437	3,781,643	1,924,268
Unamortized Prem/Discount	-	-	526,605	-	526,605	-
Totals	$ 97,141	$ 6,831	$ 4,211,107	$ 1,917,437	$ 4,308,248	$ 1,924,268

(Amounts in Thousands)

Governmental Activities (Direct Borrowings and Direct Placements)

Fiscal Year	Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 360	$ 21	$ 3,375	$ 7,779	$ 3,735	$ 7,800
2025	140	13	9,210	7,266	9,350	7,279
2026	147	6	7,455	6,978	7,602	6,984
2027	-	-	9,705	7,188	9,705	7,188
2028	-	-	12,770	6,878	12,770	6,878
2029 to 2033	-	-	99,500	28,938	99,500	28,938
2034 to 2038	-	-	125,545	12,389	125,545	12,389
2039 to 2043	-	-	20,115	6,784	20,115	6,784
2044 to 2048	-	-	9,345	1,002	9,345	1,002
Subtotals	647	40	297,020	85,202	297,667	85,242
Unamortized Prem/Discount	-	-	(278)	-	(278)	-
Totals	$ 647	$ 40	$ 296,742	$ 85,202	$ 297,389	$ 85,242

(Amounts in Thousands)

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

Fiscal Year	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 142,705	$ 156,522	$ 6,384	$ 26,975	$ 16,395	$ 3,217	$ 165,484	$ 186,714
2025	364,903	148,335	6,983	26,731	17,236	2,378	389,122	177,444
2026	255,732	136,542	7,645	26,461	18,115	1,495	281,492	164,498
2027	226,534	127,859	8,510	26,160	19,050	566	254,094	154,585
2028	173,718	120,542	9,381	25,826	1,800	45	184,899	146,413
2029 to 2033	736,130	499,948	66,377	122,466	-	-	802,507	622,414
2034 to 2038	688,775	347,201	91,913	107,738	-	-	780,688	454,939
2039 to 2043	645,505	187,830	134,365	86,066	-	-	779,870	273,896
2044 to 2048	330,875	84,632	188,246	55,127	-	-	519,121	139,759
2049 to 2053	161,455	35,025	184,201	14,091	-	-	345,656	49,116
2054 to 2058	88,600	7,487	-	-	-	-	88,600	7,487
Subtotals	3,814,932	1,851,923	704,005	517,641	72,596	7,701	4,591,533	2,377,265
Unamortized Prem/Discount	216,381	-	-	-	7,324	-	223,705	-
Unaccreted Interest	(1,367)	-	-	-	-	-	(1,367)	-
Totals	$ 4,029,946	$ 1,851,923	$ 704,005	$ 517,641	$ 79,920	$ 7,701	$ 4,813,871	$ 2,377,265

(Amounts in Thousands)

Business-Type Activities (Direct Borrowings and Direct Placements)

Fiscal Year	Revenue Bonds		Notes Payable		Mortgages Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 245,454	$ 17,241	$ 6,856	$ 4,288	$ 439	$ 362	$ 2,065	$ 323	$ 254,814	$ 22,214
2025	15,578	14,977	12,320	4,736	457	344	2,125	272	30,480	20,329
2026	18,920	14,128	12,009	4,008	476	325	2,160	220	33,565	18,681
2027	17,115	13,333	23,905	5,384	497	304	2,215	167	43,732	19,188
2028	21,780	12,716	17,835	4,328	2,817	1,189	2,265	113	44,697	18,346
2029 to 2033	210,235	50,697	25,802	9,626	4,248	164	2,320	57	242,605	60,544
2034 to 2038	215,515	23,996	8,736	6,525	-	-	-	-	224,251	30,521
2039 to 2043	46,670	9,486	8,785	4,690	-	-	-	-	55,455	14,176
2044 to 2048	26,285	3,475	11,005	2,470	-	-	-	-	37,290	5,945
2049 to 2053	6,565	878	5,144	245	-	-	-	-	11,709	1,123
Subtotals	824,117	160,927	132,397	46,300	8,934	2,688	13,150	1,152	978,598	211,067
Unamortized Prem/Discount	649	-	-	-	-	-	(4)	-	645	-
Unaccreted Interest	-	-	-	-	-	-	-	-	-	-
Totals	$ 824,766	$ 160,927	$ 132,397	$ 46,300	$ 8,934	$ 2,688	$ 13,146	$ 1,152	$ 979,243	$ 211,067

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2023, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

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

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2024	$ 975	$ 1,390	$ 229	$ 2,594
2025	1,000	1,350	222	2,572
2026	32,435	556	91	33,082
Totals	$ 34,410	$ 3,296	$ 542	$ 38,248

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2023, Colorado State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2024	$ 1,005	$ 2,995	$ (1,392)	$ 2,608
2025	1,005	2,951	(1,371)	2,585
2026	1,000	2,905	(1,350)	2,555
2027	1,570	2,854	(1,326)	3,098
2028	3,045	2,765	(1,285)	4,525
2029 to 2033	18,625	11,888	(5,525)	24,988
2034 to 2038	12,805	7,813	(3,631)	16,987
2039 to 2043	14,375	4,806	(2,234)	16,947
2044 to 2048	13,225	1,352	(628)	13,949
Totals	$ 66,655	$ 40,329	$ (18,742)	$ 88,242

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2023, Colorado State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2024	$ -	$ 4,511	$ -	$ 4,511
2025	-	4,511	-	4,511
2026	375	4,511	(1,963)	2,923
2027	380	4,511	(1,972)	2,919
2028	390	4,511	(1,981)	2,920
2029 to 2033	2,080	22,554	(10,047)	14,587
2034 to 2038	7,585	21,768	(9,965)	19,388
2039 to 2043	11,980	19,810	(9,166)	22,624
2044 to 2048	19,015	18,110	(8,411)	28,714
2049 to 2053	46,765	11,049	(5,353)	52,461
2054 to 2058	20,170	1,428	(717)	20,881
Totals	$ 108,740	$ 117,274	$ (49,575)	$ 176,439

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2023, Metropolitan State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Metropolitan State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2024	$ -	$ 2,014	$ (749)	$ 1,265
2025	1,535	1,943	(723)	2,755
2026	1,590	1,869	(695)	2,764
2027	1,655	1,793	(667)	2,781
2028	1,715	1,713	(637)	2,791
2029 to 2033	9,630	7,262	(2,700)	14,192
2034 to 2038	11,680	4,753	(1,767)	14,666
2039 to 2043	15,660	1,641	(610)	16,691
Totals	$ 43,465	$ 22,988	$ (8,548)	$ 57,905

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

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

	Revenue Bonds	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 117,439	$ -	$ 4,294,199	$ 4,411,638
Business-Type Activities	5,195,873	718,072	12,450	227,990	$ 6,154,385
Total	$ 5,195,873	$ 835,511	$ 12,450	$ 4,522,189	$ 10,566,023

Direct Borrowings and Direct Placements (Amounts in Thousands)

	Revenue Bonds	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 9,504	$ -	$ 317,750	$ 327,254
Business-Type Activities	879,695	152,930	12,450	34,080	$ 1,079,155
Total	$ 879,695	$ 162,434	$ 12,450	$ 351,830	$ 1,406,409

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

- The Colorado Bureau of Investigations (CBI) Grand Junction Regional Office and Forensic Laboratory (related to non-direct borrowing/direct placement for governmental activities);
- The CBI Pueblo Regional Office and Forensic Laboratory (related to non-direct borrowing/direct placement for governmental activities);
- The CBI Forensic Laboratory Equipment (related to direct borrowing/direct placement for governmental activities);
- The Colorado Department of Transportation (CDOT) Headquarters and Regional Office Buildings (related to non-direct borrowing/non-direct placement for governmental activities);
- The Colorado History Building at 1200 Broadway in Denver (related to direct borrowing/direct placement for governmental activities).

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

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

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

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

Derivative Instruments

Colorado State University: On January 16, 2018, the System entered into a floating to fixed interest rate swap agreement (2015 D Swap Agreement) in connection with the Series 2015 D System Enterprise Revenue Bonds (Notes from Direct Placements). The 2015 D Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 D Swap Agreement had a notional value of $66.7 million and a positive fair value of $4.0 million as of June 30, 2023. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2023. The 2015 D Swap Agreement had a notional value of $66.7 million and a positive fair value of $648 thousand as of June 30, 2022. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2022. The 2015 D Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

The 2015 D Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.91390 percent payable by the System and 70 percent of one-month USD-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 D Swap Agreement, determined the fair value as of June 30, 2023 using a discounted forecasted cash flow.

On February 18, 2020, the System entered into a floating to fixed interest rate swap agreement (2015 A Swap Agreement) in connection with the Series 2015 A System Enterprise Revenue Bonds. The 2015 A Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 A Swap Agreement had a notional value of $108.7 million and a positive fair value of $11.8 million as of June 30, 2023. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2023. The 2015 A Swap Agreement had a notional value of $108.7 million and a positive fair value of $8.3 million as of June 30, 2022. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2022. The 2015 A Swap Agreement has an effective date of March 1, 2025 and a termination date of March 1, 2055.

The 2015 A Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.74250 percent payable by the System and 70 percent of one-month USD-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 A Swap Agreement, determined the fair value as of June 30, 2023 using a discounted forecasted cash flow.

Pursuant to the "Adjustable Interest Rate (LIBOR) Act", starting the first London banking day after June 30, 2023, LIBOR will be replaced with the "Secured Overnight Financing Rate" (SOFR) published by the Federal Reserve Bank of New York.

There was no interest rate swap agreement activity for the fiscal year ended June 30, 2023.

Interest rate swap agreement activity for the fiscal year ended June 30, 2022 was as follows:

Table 11.4 Interest rate swap agreement

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year Year
Interest rate swap agreement $	8,894	-	(8,894)	-	-

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

- Termination Risk – Termination Risk is the need to terminate the transaction in a market that dictates a termination payment by the System. It is possible that a termination payment is required in the event of termination of a Swap Agreement due to a counterparty default. In general, exercising the right to optionally terminate an agreement should produce a benefit to the System, either through receipt of a payment from a termination, or if a termination payment is made by the System, a conversion to a more beneficial debt instrument or credit relationship.

  Credit Risk – Credit Risk is the risk that the counterparty will not fulfill its obligations. The System considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2023, RBC's credit rating is rated Aa1 by Moody's, AA- by S&P, and AA by Fitch.

  The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the fair value threshold exceeds $25.0 million at both parties' current credit rating or $10.0 million if the parties credit rating falls to A3/A-.

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

Metropolitan State University: On September 30, 2020 MSU Denver executed a novation agreement which transferred the HLC@Metro Inc's floating to fixed interest rate swap agreement (Swap Agreement) with Royal Bank of Canada (RBC) to the University. This was a part of the University's acquisition of most of the HLC's assets and liabilities on June 30, 2020. The Swap Agreement was entered with the objective of protecting against the potential increase of interest rates.

Pursuant to the interest rate swap, the University will pay RBC a fixed rate of 2.451% per annum. RBC will pay the University 80% of USD-LIBOR-BBA though June 30, 2023 and then 80% of SOFR afterward. In addition, the University was to pay JPMorgan, as owner of the Series 2020 Bonds, 80% of LIBOR, plus 150 basis points. This arrangement produced an interest rate on the Series 2020 Bonds equal to approximately 3.95% and helped ensure the University could leverage a low interest rate in an otherwise unpredictable market. Subsequently, in August 2021 MSU Denver issued its Series 2021, Institutional Enterprise Revenue Refunding bonds directly to PNC Bank to refund the Series 2020 bonds. The Series 2021 bonds required the University to pay PNC Bank 80% of LIBOR (through June 30, 2023 and then SOFR afterwards) plus 46 basis points which produced an effective interest rate of approximately 2.91%. The issuance of the Series 2021 bonds caused the swap to terminate and the related hedge accounting to cease. This required the value of the swap, or $7.7 million, at the time of termination (August 2nd, the issuance date of the Series 2021) to be amortized over the remaining life of the swap. However, the agreement with RBC remains an embedded borrowing and is also amortized over the life of the agreement exactly offsetting the interest expense from the swap amortization, resulting in no impact to the income statement. MSU Denver classified the embedded borrowing agreement in level 2 of the fair value hierarchy; whereby, RBC, the counterparty to the Agreement, determined the fair value as of June 30, 2023 and 2022 using an indicative mid-market valuation.

The Swap Agreement had a notional value of $48.7 million and a fair value of $2.0 million and a negative fair value of $516 thousand as of June 30, 2023 and 2022, respectively. The fair value of the Swap Agreement was recorded as an asset and deferred inflow of resources as of June 30, 2023, and a noncurrent liability and a deferred outflow of resources as of June 30, 2022. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

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

- Termination Risk – Termination Risk is the need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a Swap Agreement due to a counterparty default. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.
- Credit Risk – Credit Risk is the risk that the counterparty will not fulfill its obligations. MSU Denver considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2023, RBC's credit rating is rated Aa1 by Moody's and AA- by S&P.

  The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $5.0 million and the credit rating is equal to A3 as rated by Moody's or A- as rated by S&P, or if threshold is zero but the credit ratings are Baa1 as rated by Moody's or BBB+ as rated by S&P.
- Basis Index Risk – Basis Index Risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis Index Risk can also result from the use of floating, but different, indices.

<u>Colorado School of Mines:</u> In fiscal year 2008, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2008A issuance. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The 2008A issuance was refunded with the Series 2010A issuance. The Series 2010A was refunded with the issuance of the Series 2018A Refunding Bonds, and the Series 2018A was refunded with the issuance of the Series 2022D Refunding Bonds. The original Swap Agreement has been cancelled, but the economic terms have been transferred and modified in association with the Series 2022D issuance. The Swap Agreement has a notional amount of $34,410,000 and $35,335,000 and a fair value of ($4,836,000) and ($4,525,000) at June 30, 2023 and 2022, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate payable by the University and a variable rate payable by Morgan Stanley. For the Series 2022D bonds the Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.907 percent payable by the University and the SIFMA Municipal Swap Index; the SIFMA rate was 4.01 percent at June 28, 2023 which was the last change date for FY2023. For the Series 2018A bonds that were connected to the Swap Agreement at June 30, 2002 the fixed rate payable by the University was 3.59 percent and the variable rate payable by Morgan Stanley was 67 percent of one-month USD-LIBOR-BBA; that rate was 1.787 percent at June 30, 2023. The fair value of the swap is classified as a noncurrent liability and the change in fair value of the swap is classified as a deferred outflow at June 30, 2023 and a deferred inflow at June 30, 2022. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,999,000) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2022D and Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2023 and 2022 was $3,902,000 and $3,452,000 respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2023 and 2022, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of March 5, 2008 and a termination date of December 1, 2037.

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

- Termination Risk – The need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a swap agreement due to a counterparty default or following a decrease in credit rating. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.

- Credit Risk – The risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (Morgan Stanley) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2023, Morgan Stanley's long term credit rating is A1 by Moody's and A- by Standards & Poor's.

  For the outstanding Swap Agreement, the University has a maximum possible loss equivalent to the swaps' fair value at June 30, 2023 and 2022 related to the credit risk. However, the University was not exposed to this loss because of the negative fair value of the swaps as of June 30, 2023 and 2022. In addition, these agreements required no collateral and no initial net cash receipt or payment by the University.

- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, it is the University's policy that any index used as part of an interest rate swap agreement shall be a recognized market index, including, but not limited to, the Securities Industry and Financial Markets Association (SIFMA) or the London Interbank Offered Rate (LIBOR).

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES & SHORT-TERM DEBT

LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2023:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 18,218	$ 1	$ 52,050	$ 70,269	$ 68,788
Accrued Compensated Absences	224,782	35,346	(19,017)	241,111	18,534
Claims and Judgments Payable	172,882	1,000	(14,923)	158,959	42,147
Leases Payable	262,427	24,636	(42,650)	244,413	53,662
SBITAs Payable	-	43,444	(2,152)	41,292	15,077
Certificates of Participation from Direct Borrowings and Direct Placements	299,880	-	(3,138)	296,742	3,375
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	4,351,305	9,860	(150,058)	4,211,107	210,086
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	1,483	149	(985)	647	360
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Direct Placements	101,745	18,494	(23,098)	97,141	24,302
Net Pension Liability	5,828,306	5,618,011	-	11,446,317	-
Other Postemployment Benefits	182,721	-	(11,980)	170,741	-
Other Long-Term Liabilities	235,415	177,448	(30,921)	381,942	-
Total Governmental Activities Long-Term Liabilities	11,679,164	5,928,389	(246,872)	17,360,681	436,331
Business-Type Activities					
Deposits Held In Custody For Others	36,502	-	2,333	38,835	38,810
Accrued Compensated Absences	479,768	88,070	(52,272)	515,566	38,385
Claims and Judgments Payable	55,947	8,178	(3,744)	60,381	1,310
Leases Payable	159,122	14,249	(24,318)	149,053	22,746
SBITAs Payable	-	95,657	(8,266)	87,391	31,714
Derivative Instrument Liabilities	5,041	5,903	(6,108)	4,836	-
Bonds Payable from Direct Borrowings and Direct Placements*	785,108	70,110	(15,377)	839,841	245,442
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements*	4,118,016	112,414	(215,559)	4,014,871	142,718
Certificates of Participation from Direct Borrowings and Direct Placements	15,233	-	(2,086)	13,147	2,065
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	97,645	-	(17,726)	79,919	16,395
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	187,304	2,009	(47,984)	141,329	7,295
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements	708,470	1,234	(5,697)	704,007	6,383
Net Pension Liability	2,582,558	1,120,299	-	3,702,857	-
Other Postemployment Benefits	1,368,070	-	(148,087)	1,219,983	-
Other Long-Term Liabilities	143,038	17,779	(13,389)	147,428	-
Total Business-Type Activities Long-Term Liabilities	10,741,822	1,535,902	(558,280)	11,719,444	553,263
Total Primary Government Long-Term Liabilities	$ 22,420,986	$ 7,464,291	$ (805,152)	$ 29,080,125	$ 989,594

*Total beginning balance for Bonds is equal to prior year ending balance but there was a $3.6 million net reclassification between direct and non-direct from two institutions of higher education.

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

The amounts in the table above for the changes in net pension liability and other postemployment benefits liability are netted and presented as either additions or reductions. See Note 6 for additional information on pensions and Note 7 for additional information on OPEB.

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

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

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

SHORT-TERM DEBT

Education Loan Program Tax and Revenue Anticipation Notes (ETRAN)

The State Treasurer is authorized by law to issue notes and lend the proceeds to school districts in anticipation of local revenues for school district to be collected later.

On July 19, 2022, the State Treasurer issued $350.0 million of ETRAN, Series 2022A. The blended coupon rate was 4.8 percent, with net interest costs (including cost of issuance) of $5.5 million, a premium of $10.8 million getting a total interest costs of $15.9 million or 1.5 percent of offering. The notes matured on June 29, 2023, and were repaid.

On January 17, 2023, the State Treasurer issued $425.0 million of ETRAN, Series 2022B. The blended coupon rate was 4.8 percent, with net interest costs (including cost of issuance) of $5.0 million, a premium of $4.3 million, total interest costs of $9.1 million or 2.5 percent of offering. The notes matured on June 29, 2023 and were repaid.

Other Short-Term Financing

On June 20, 2018, the Board of Governors of the Colorado State University System authorized the issuance of Commercial Paper Notes (Notes) in the aggregate principal amount not to exceed $50.0 million as part of the Series A (tax-exempt) and Series B (taxable) issuance. The maturity date of any Notes issued may not exceed two hundred and seventy days from the date of issuance and no maturity may be later than March 1, 2037. Pursuant to the Bond Resolution, the obligations are payable solely from net revenues paid in portions by both CSU and CSU-Pueblo, as defined in the bond agreement. The Notes are being used to finance certain projects, as determined by the Board, for any of the campuses for which the Board has spending authority.

The following schedule shows the changes in short-term financing for the period ended June 30, 2023:

(Amounts in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Education Loan Anticipation Notes	-	775,000	(775,000)	-
Total Governmental Activities Short-Term Financing	-	775,000	(775,000)	-
Business-Type Activities:				
Tax Exempt Commercial Paper	28,420	-	(8,120)	20,300
Total Business-Type Activities Short-Term Financing	28,420	-	(8,120)	20,300
Total Short-Term Financing	$ 28,420	$ 775,000	$ (783,120)	$ 20,300

NOTE 13 – DEFEASED DEBT, CONDUIT DEBT & POLLUTION REMEDIATION OBLIGATIONS

DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2023, debt was defeased in both governmental and business-type activities.

At June 30, 2023, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Treasury	$ 525,205
Business-Type Activities:	
University of Colorado	566,665
Colorado State University	265,380
Colorado Community College System	39,625
Metropolitan State University of Denver	21,520
Total	$ 1,418,395

For the State of Colorado, no bonds were issued in Fiscal Year 2023 to defease debt.

Regarding debt extinguishment, three institutions of higher education had $85.6 million in face amount of extinguished debt, $51.2 million of cash/monetary assets placed in escrow, and $82.7 million in cash flows required to service.

CONDUIT DEBT OBLIGATIONS

A conduit debt obligation is a debt instrument issued in the name of a state or local government (the issuer) that is for the benefit of a third party primarily liable for the repayment of the debt instrument (the third-party obligor).

In 2014, the Colorado High Performance Transportation Enterprise (HPTE) entered into a concession agreement with Plenary Roads Denver (PRD). PRD constructed Phase II of the U.S. 36 project and now operates and maintains Phase I, Phase II and the existing I-25 express lanes. As part of the concession agreement, Public Activity Bonds (PABs) totaling $20 million were issued by PRD with HPTE as a conduit issuer. As part of the financing for the U.S. 36 project, HPTE issued a $54 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the Phase I of the project, which was transferred to PRD at the closing of the U.S. 36 agreement with PRD. The $54 million TIFIA loan was increased to $60.1 million. For Phase II of the U.S. 36 project, PRD issued another TIFIA loan totaling $71 million. The TIFIA loans and the PABs are to be repaid by PRD with toll revenue earned on the U.S. 36 corridor. If PRD defaults on the debt, their parent company CDPQ is required to cover the debt service payments. HPTE has no debt service obligations under the PABs or TIFIA loan. Since HPTE only has limited commitments by assuming no responsibility for debt service payments beyond the resources, no liability needs to be recognized by HPTE. As of June 30, 2023 the outstanding principal balances were as follows: PABS $20,360,000, TIFIA $60,076,837, and TIFIA 71,032,104. The concession agreement expires in Fiscal Year 2064-2065.

In 2017, the Colorado Statewide Bridge and Tunnel Enterprise (BTE) awarded the Central 70 project to Kiewit Meridiam Partners LLC (KMP) to reconstruct approximately 8.5 miles of I-70 and replace the existing viaduct with a lowered section of highway and added managed lanes. To assist with the construction of the Central 70 project, KMP issued $115 million in Series 2016 PABS and $51.7 million Series 2010A taxable bonds and obtained a TIFIA loan totaling $465 million. KMP also issued $465 million in 2021B taxable bonds as an initial bridge to the anticipated draw on the TIFIA loan at substantial completion. BTE served as a conduit issuer of 2016 PAB, 2021A and 2021B, which are payable by KMP and are non-recourse to BTE and not BTE obligations. Since BTE only has limited commitments by assuming no responsibility for debt service payments beyond the resources, no liability needs to be recognized by BTE. Separately, under the project agreement, if KMP defaults on the debt payments for any of the bonds or TIFIA loan and this results in a bankruptcy of KMP, this would constitute a developer default. Under the project agreement, the enterprises (BTE and HPTE), would owe a termination payment to KMP equal to no more than approximately 80 percent of the outstanding debt less specified offsets. The agreement with KMP expires in Fiscal Year 2051-52, when all of the debt will be repaid by KMP.

On June 28, 2023 the 2021B bond were paid off using the TIFIA loan proceeds. As of June 30, 2023 the outstanding balances were as follows:

- $114,660,000 Series 2017 Bonds
- $42,125,000 Series 2021A Bonds
- $464,959,722 TIFIA Loan

POLLUTION REMEDIATION OBLIGATIONS

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

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

The State's total amount of pollution remediation obligations as of June 30, 2023 was $348.6 million, of which $8.1 million is a current liability. Individually significant pollution remediation obligations are disclosed below:

- The Department of Public Health & Environment recorded a liability for remediation activities in the Clear Creek Basin of approximately $170.1 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a water treatment plant. Current operating and maintenance costs are estimated at $1.5 million beginning in Fiscal Year 2022, increasing to approximately $2.6 million in Fiscal Year 2029, with a projected annual increase of 2 percent thereafter. The department shares the remaining costs to complete the remediation projects with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years. After this time, the State assumes 100 percent of the operating and maintenance costs. Costs are estimated based on past experience with similar construction projects adjusted for such factors as differences in water flow needing treatment, previous site studies, preliminary design work, and cost changes for labor, materials, etc. Operating costs are similarly estimated giving consideration to generally the same factors as for construction costs.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Summitville Mine of approximately $143.2 million related to the operation of a water treatment plant. The mine is located in the San Juan Mountains, surrounded by the Rio Grande National Forest. The operating and maintenance costs of the treatment plant are to be shared with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA through Fiscal Year 2022. Beginning in Fiscal Year 2023, the State will assume 100 percent of the operating costs of the treatment plant, with a projected total cost of approximately $2.0 million per year, with a projected annual increase of 2 percent thereafter. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $12.7 million related to the cleanup of contamination from mine waste piles and drainage. The EPA and the State have agreed on a remediation plan from a recently completed engineering study, and the State is in the phase of conducting an in-site pilot that costs approximately $0.2 million in Fiscal Year 2023. In Fiscal Year 2024, a sulfate reducing bioreactor is estimated to be completed with a projected cost of $0.2 million. Upon completion, the State's 10% share of operations and maintenance will commence in Fiscal Year 2025. Annual ongoing projected costs for subsurface remedy average $0.1 million per year until Fiscal Year 2035 when the State assumes 100% share of operations and maintenance, and projected costs increase to $0.4 million per year with a 2 percent projected annual increase thereafter. The State is analyzing the feasibility of recovering approximately $2.8 million by implementing an in-site remedy for treating the mine drainage. Other factors that could affect the estimated liability include whether the detailed design work results in construction costs higher than estimated in the engineering study.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Bonita Peak Mining District site is located near Silverton, Colorado for approximately $5.1 million. The Bonita Peak Mining District is within the Mineral Creek, Cement Creek, and the Upper Animas River drainages. The site consists of 48 historic mines or mining-related sources where ongoing releases of metal-laden water and sediments occur within Mineral Creek, Cement Creek, and the Upper Animas. An interim record of decision (IROD) establishes a site-wide repository for disposing of site-related mine waste from remedial action cleanups, sludge generated at the water treatment plant, and waste from future water treatment operations. The projected five-year costs are $0.1 million per year for the first four years with a $1.0 million projected cost in Fiscal Year 2026. The site-wide repository is estimated at $0.3 million per year for a five-year period ending in Fiscal Year 2027. The State's share of O&M is not projected to start until Fiscal Year 2028, where projected annual costs are $0.1 million, with a 2% annual increase thereafter. Approximately 20 of the 48 sites do not have viable responsible parties. Therefore, these sites will likely be addressed using a fund-financed remedial action of 90% EPA and 10% State, at which time the State's share will increase.

- The Department of Public Health & Environment recorded a liability of $7.1 million for remediation activities at the California Gulch located in Lake County. Mining, mineral processing, and smelting in and near Leadville produced gold, silver, lead, copper, manganese, and zinc for more than 130 years. Wastes generated during the mining and ore processing contained metals, such as cadmium, copper, lead, and zinc, and were washed downstream and deposited along the Upper Arkansas River. Over the years, the wastes eroded, redeposited along the river, and accumulated in deposits up to four feet deep. The rise and fall of the water table resulted in alternating reducing and oxidizing conditions, creating an extremely acidic soil pH. An engineering study has been completed and a remediation plan selected. The cost estimates in that study, and past experience with time required for completion of detailed design and construction activities for the type of remedy contemplated, which includes plugging and capping mine waste piles, and the ongoing operating and maintenance costs, are the basis for the estimates of the State's liability.

NOTE 14 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2023.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources:			
Refunding Losses	$ 20,217	$ 130,207	$ 150,424
Derivatives	-	1,573	1,573
Other	7,127	535	7,662
Other Post Employment Benefits	40,242	359,947	400,189
Pensions	4,373,934	622,856	4,996,790
	4,441,520	1,115,118	5,556,638
Deferred Inflows of Resources:			
Refunding Gains	390	1,812	2,202
Derivatives	-	17,753	17,753
Lease Components	295	106,063	106,358
Nonexchange Transactions	-	33	33
Other	17,390	1,774	19,164
Unavailable Revenue	795	-	795
Service Concession Arrangements	-	122,023	122,023
Other Post Employment Benefits	75,825	443,532	519,357
Pensions	676,532	137,605	814,137
	$ 771,227	$ 830,595	$ 1,601,822

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

Fund balances and net position at July 1, 2022 have been increased (decreased) as follows in order to correct errors:

GOVERNMENTAL ACTIVITIES	(Dollars in Thousands)	
Major Governmental Funds		
General Fund		
Governor - Office of Economic Development	$ 17,002	
To correct trustee loan balance for a 2010 State Small Business Credit Initiative grant received by OEDIT and administered by Colorado Housing and Finance Authority.		
Total Major Governmental Funds		17,002
Nonmajor Governmental Funds		
Special Capital Construction Funds		
History Colorado	$ (530)	
To correct carrying balance off a BNY Mellon investment account which included activity in Fiscal years 2015 through 2022.		
Total Nonmajor Governmental Funds		(530)
TOTAL GOVERNMENTAL ACTIVITIES		**$ 16,472**

B. ACCOUNTING CHANGES

Fund balance, net position, and fiduciary net position at July 1, 2022 have been increased (decreased) as follows in order to implement the requirements of GASB Statement No. 96 – Subscription Based IT Arrangement.

BUSINESS-TYPE ACTIVITIES	(Dollars in Thousands)	
Major Enterprise Funds		
Higher Education Institutions		
Colorado School of Mines	$ (15)	
Colorado State University	374	
Fort Lewis College	48	
Metropolitan State University of Denver	1,463	
Western State Colorado University	331	
Total Major Enterprise Funds		2,201
TOTAL BUSINESS-TYPE ACTIVITIES		**$ 2,201**

C. FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balances on June 30, 2023, were comprised of the following categories. (refer to Note 1 for additional information):

(Dollars in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 452,890	$ 1,965,374	$ 87,068
Business, Community and Consumer Affairs	-	334,166	-
Education	428,597	263,035	-
Health and Rehabilitation	-	23,358	-
Justice	-	7,026	-
Natural Resources	-	948	-
Social Assistance	-	12,753	-
TOTAL	$ 881,487	$ 2,606,660	$ 87,068
HIGHWAY USERS TAX			
General Government	$ 60,559	$ 40,755	$ -
Health and Rehabilitation	5,648	-	-
Justice	2,553	1,618	-
Natural Resources	300	-	-
Transportation	415,091	20,566	-
TOTAL	$ 484,151	$ 62,939	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 128,848	$ 2,531,290	$ -
Business, Community and Consumer Affairs	99,529	1,695,437	-
Education	1,517,985	97,483	-
Health and Rehabilitation	15,458	197,460	-
Justice	5	333,713	-
Natural Resources	19,496	1,405,867	-
Social Assistance	-	221,505	-
Transportation	-	192,571	-
TOTAL	$ 1,781,321	$ 6,675,326	$ -

D. STABILIZATION ARRANGEMENTS

Restriction on State Appropriations – General Fund Reserve

In accordance with Section 24-75-201.1(1)(d) C.R.S., state general fund appropriations are limited in order to maintain sufficient available budgetary fund balance (the reserve) for the General Fund - General Purpose Revenue Component. For the fiscal year ended June 30, 2023, the required reserve is calculated as fifteen percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the

Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. As of June 30, 2023, on a legal budgetary basis the reserve was $2 billion. Refer to the Budgetary Comparison Schedule General Fund – General Purpose Revenue Component, and to Note RSI-4 for additional information.

Emergency Reserve

Senate Bill (SB) 21-227 established the State Emergency Reserve Cash Fund effective with the State's fiscal year ended June 30, 2021. SB 21-227 required a transfer of $101.0 million from the General Purpose Revenue Component of the General Fund and a transfer of $100.0 million from the Controlled Maintenance Trust Fund to the to the State Emergency Reserve Cash Fund. The State Emergency Reserve Cash Fund is reported as the Emergency Reserve component of the State's General Fund. Refer to the Combining Balance Sheet – General Fund Components and to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund Components for additional information. The Emergency Reserve was $74.4 million at June 30, 2023. The Emergency Reserve shall not be expended or appropriated for any purpose other than for an emergency declared by the Governor pursuant to 24-33.5-704(4). Refer to Note RSI-4 for additional information.

E. MINIMUM FUND BALANCE POLICIES

The appropriations process and statutory structure that governs State fiscal matters generally does not provide for the ability to set aside fund balances outside of those processes. However, in limited circumstances, boards and committees have fiscal policy and/or rulemaking authority. No minimum fund balances were established under this type of authority for Fiscal Year 2023.

F. NET POSITION DEFICITS

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

(Dollars in Thousands)

	Enterprise Funds	Internal Service Funds
State Lottery	$ (20,364)	$ -
Correctional Industries	(15,308)	-
State Nursing Homes	(51,717)	-
Information Technology	-	(225,504)
Capitol Complex	-	(1,017)
Highways	-	(756)
Administrative Courts	-	(7,764)
Legal Services	-	(76,809)
	$ (87,389)	$ (311,850)

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2023, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Transportation Enterprise
DUE TO							
General	$ -	$ 633	$ 7,831	$ 29,908	$ 879	$ 29,187	$ -
Federal Special Revenue	4,004	-	-	-	489	-	-
Highway Users Tax	151	-	-	284	-	-	21,700
Other Governmental Funds	5,300	111	187	7,506	2,718	-	-
Higher Education Institutions	22,381	644	550	4,857	-	-	-
Healthcare Affordability	3,408	-	-	-	-	-	-
Other Enterprises	2,025	-	51	-	82	-	-
Internal Service Funds	15	-	-	-	-	-	-
Pension and Other Employee Benefit Trust	49	-	-	6	1,816	-	-
Private Purpose Trust	-	-	-	-	-	-	-
Total	$ 37,333	$ 1,388	$ 8,619	$ 42,561	$ 5,984	$ 29,187	$ 21,700

(DOLLARS IN THOUSANDS)	DUE FROM Unemployment Insurance	Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial	Total
DUE TO							
General	$ -	$ 31,070	$ 302	$ 4	$ -	$ -	$ 99,814
Federal Special Revenue	-	-	-	-	-	-	4,493
Highway Users Tax	-	-	-	-	-	-	22,135
Other Governmental Funds	7,713	15,247	-	-	-	1,240	40,022
Higher Education Institutions	-	567	-	14	-	-	29,013
Healthcare Affordability	-	-	-	-	-	-	3,408
Other Enterprises	-	12,219	-	-	521	-	14,898
Internal Service Funds	-	-	-	-	-	-	15
Pension and Other Employee Benefit Trust	-	3	-	-	-	-	1,874
Private Purpose Trust	-	11,562	-	-	-	-	11,562
Total	$ 7,713	$ 70,668	$ 302	$ 18	$ 521	$ 1,240	$ 227,234

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

The $31.1 million due to the General Fund from Other Enterprises primarily consists of amounts owed from the State Lottery Fund as of June 30, 2023 for distributions related to the fourth quarter of Fiscal Year 2023 that were made in Fiscal Year 2024.

The balance of $29.9 million due from Other Governmental Funds to the General Fund consists primarily of $21.6 million in gaming distributions due from the Gaming Fund.

The Healthcare Affordability Fund had an internal payable to the General Fund of $29.2 million. This amount represents Medicaid payments to providers in Fiscal Year 2023 for which the State was reimbursed in Fiscal Year 2024 due to the timing of the receipt of federal monies into the Healthcare Affordability Fund.

Of the $22.4 million owed from the General Fund to Institutions of Higher Education, $16.2 million was due from the Department of Higher Education to Institutions of Higher Education for various purposes.

The $21.7 million owed from the Transportation Enterprise Fund to the Highway Users Tax Fund represents loans within the Colorado Department of Transportation and are not expected to be paid within one year.

Other Governmental Funds report an internal receivable of $15.2 million from Other Enterprises. This balance reflects outstanding loans payable from the Parks and Wildlife Fund to the Resource Extraction Fund, $14.2 million of which are not expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2023, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Transportation Enterprise
TRANSFER TO							
General	$ -	$ 3,956	$ 23,629	$ 460,086	$ 3,151	$ 16,059	$ 100
Federal Special Revenue	1,251	-	-	527	-	-	-
Highway Users Tax	91,136	-	-	399,706	-	-	-
Other Governmental Funds	1,356,875	34	59,338	331,532	-	-	-
Higher Education Institutions	404,074	117	-	157,670	-	-	-
Other Enterprises	4,512	-	-	5,096	325	-	-
Internal Service Funds	-	-	-	2,335	-	-	-
Pension and Other Employee Benefit Trust	-	-	-	1,102	-	-	-
Private Purpose Trust	-	-	-	-	-	-	-
Total	$ 1,857,848	$ 4,107	$ 82,967	$ 1,358,054	$ 3,476	$ 16,059	$ 100

(DOLLARS IN THOUSANDS)	TRANSFER FROM Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial	Total
TRANSFER TO						
General	$ 98,566	$ 7,210	$ 261	$ 8	$ -	$ 613,026
Federal Special Revenue	-	-	-	-	-	1,778
Highway Users Tax	-	-	-	-	-	490,842
Other Governmental Funds	5,539	108	-	-	69	1,753,495
Higher Education Institutions	1	-	-	-	-	561,862
Other Enterprises	27,872	-	-	-	-	37,805
Internal Service Funds	-	436	-	-	-	2,771
Pension and Other Employee Benefit Trust	-	-	-	-	-	1,102
Private Purpose Trust	2,000	-	-	-	-	2,000
Total	$ 133,978	$ 7,754	$ 261	$ 8	$ 69	$ 3,464,681

As a normal order of business, the General Assembly appropriates a large number of transfers between funds to allocate the State's resources to support programs across the State government.

The $1,356.9 million transferred from the General Fund to Other Governmental Funds includes $350.4 million to the Affordable Housing and Home Ownership Cash Fund, an Other Special Revenue Fund, as directed by Senate Bill 22-1340. In addition, $290.0 million was transferred to the State Education Fund as directed by Senate Bill 22-202.

Transfers from Other Governmental Funds to the General Fund totaled $460.1 million. The largest of these transfers was $152.5 million of investment income from the State Lands Fund, a Permanent Fund. An additional $83.3 million was transferred from the Resource Extraction Fund.

General Fund transfers to Higher Education Institutions totaled $404.1 million. The majority of these transfers, $206.9 million, were for student financial aid.

There were $399.7 million of transfers from Other Governmental Funds to the Highway Users Tax Fund. This primarily consists of $392.1 million of Rural Colorado Certificates of Participation withdrawals from the Capital Construction Fund to the Highways Fund.

$331.5 million is reported as transfers from Other Governmental Funds to Other Governmental Funds. This amount is comprised primarily of $174.3 million of tobacco tax transfers from the 2020 Tax Holding Fund, an Other Special Revenue Fund, to the State Education Fund.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education and the Department of Transportation have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2023, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $107.2 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2011 and has a final maturity date of Fiscal Year 2046. The pledged revenue represents 100 percent of the revenue stream, and $489.8 of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise pledged $12.1 million (gross) of C-470 Express Lanes Senior Revenue Bonds to meet the current year interest payments on debt issued for the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges. The debt was originally issued in Fiscal Year 2018 and has a final maturity date of Fiscal Year 2057. The pledged revenue represents 100 percent of the revenue stream, and $393.4 million of the pledge commitment remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1999 and furthest maturity date of Fiscal Year 2055. In some instances, the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $3.1 billion. Individually significant Higher Education Institution pledges include:

- $1.5 billion (net) pledged by the University of Colorado to secure $134.0 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2051. The pledged revenue represents approximately 76.6 percent of the revenue stream, and $2.2 billion of the pledge (principal and interest) remains outstanding.

- $671.1 million (net) pledged by Colorado State University to secure $17.3 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2011 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 81.7 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $32.1 million (net) pledged by Colorado State University Pueblo to secure $0.3 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents 75.8 percent of the total revenue stream, and $152.9 million of the pledge (principal and interest) remains outstanding.

- $49.0 million (gross) pledged by Arapahoe Community College to secure $1.3 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $34.2 million of the pledge (principal and interest) remains outstanding.

- $26.7 million (gross) pledged by Community College of Aurora. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream.

- $23.8 million (gross) pledged by Community College of Denver to secure $1.5 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $17.4 million of the pledge (principal and interest) remains outstanding.

- $75.3 million (gross) pledged by Front Range Community College to secure $1.6 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $18.4 million of the pledge (principal and interest) remains outstanding.

- $51.0 million (gross) pledged by Pikes Peak Community College to secure $0.5 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $1.4 million of the pledge (principal and interest) remains outstanding.

- $21.9 million (gross) pledged by Pueblo Community College to secure $0.7 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $11.3 million of the pledge (principal and interest) remains outstanding.

- $31.9 million (gross) pledged by Red Rocks Community College to secure $0.8 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $18.9 million of the pledge (principal and interest) remains outstanding.

- $8.1 million (net) pledged by the Auraria Higher Education Center to secure $6.8 million of current principal and interest on debt issued to finance the building of parking structures and taking advantage of savings by refinancing bonds. The debt issuances had an earliest origination date of Fiscal Year 2006 and furthest maturity date of Fiscal Year 2034. The pledged revenue represents approximately 48.0 percent of the revenue stream, and $49.7 million of the pledge (principal and interest) remains outstanding.

- $232.9 million (net) pledged by the Colorado School of Mines to secure $20.8 million of current principal and interest on debt issued to finance or refinance the construction, acquisition, improvement, renovation, and equipment for certain facilities and complete qualified conservation improvement projects. The debt issuances had an earliest origination date of Fiscal Year 1999 and furthest maturity date of Fiscal Year 2053. The pledged revenue represents approximately 91.2 percent of the revenue stream, and $582.4 million of the pledge (principal and interest) remains outstanding.

- $126.3 million (gross) pledged by Metropolitan State University of Denver to secure $11.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2047. The pledged revenue represents 100 percent of the revenue stream and $171.4 million of the pledge (principal and interest) remains outstanding.

- $97.4 million (net) pledged by Colorado Mesa University to secure $15.7 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2053. The pledged revenue represents approximately 79.5 percent of the revenue stream and $326.9 million of the pledge (principal and interest) remains outstanding.

- $88.3 million pledged by the University of Northern Colorado to secure $10.2 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2014 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 71,4 percent of the revenue stream and $167.3 million of the pledge (principal and interest) remains outstanding.

- $16.7 million (net) pledged by Fort Lewis College to secure $4.3 million of current principal and interest on debt issued to finance various energy conservation improvements and refunding bonds. The related debt was originally issued in Fiscal Year 2012 and has a final maturity date of Fiscal Year 2039. The pledged revenue represents approximately 48.3 percent of the revenue stream and $57.4 million of the pledge (principal and interest) remains outstanding.

- $26.3 million (net) pledged by the Western State Colorado University to secure $7.2 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2045. The pledged revenue represents 56.4 percent of the revenue stream, and $136.1 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Higher Education Institutions	$ 3,925,013	$ (772,306)	$ 3,152,706	$ 129,694	$ 109,452	$ 239,146
Statewide Bridge Enterprise	107,203	-	107,203	-	17,181	17,181
High Performance Transportation Enterprise	12,092	-	12,092	-	8,090	8,090
	$ 4,044,308	$ (772,306)	$ 3,272,001	$ 129,694	$ 134,723	$ 264,417

DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in its institutions of higher education. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor restricted endowment appreciation amounts that are available for expenditure reported by the State's institutions of higher education totaled $25.1 million.

The University of Colorado reported net appreciation on endowment investments of $21.7 million that was available for spending. The University reported the related net position in Restricted for Permanent Funds and Endowments - Expendable on the Statement of Net Position - Proprietary Funds. The University spends its investment income in accordance with the University of Colorado Foundation's established spending policy.

The Colorado School of Mines reported $1.7 million of net appreciation on endowment investments that was available for spending. The School reported the related net position in Restricted for Permanent Funds and Endowments - Expendable on the Statement of Net Position - Proprietary Funds. The School has an authorized spending rate of 4.25% of the rolling 36-month average fair value of the endowment investments.

Colorado State University reported net appreciation on endowment investments of $1.7 million. The University reported the related net position in Restricted for Permanent Funds and Endowments - Expendable on the Statement of Net Position - Proprietary Funds. The University spends its investment income as authorized by the University's President.

NOTE 18 – RELATED PARTIES

RELATED ORGANIZATIONS

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14, as amended by GASB Statements No. 39 and 61:

- Colorado Agricultural Development Authority
- Colorado Beef Council Authority
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Benefit Exchange
- Colorado Health Facilities Authority
- Colorado Housing and Finance Authority
- Colorado New Energy Improvement District
- Colorado Sheep and Wool Authority
- Middle-Income Housing Authority
- Fire and Police Pension Association
- Pinnacol Assurance
- The State Board of the Great Outdoors Colorado Trust Fund
- Venture Capital Authority

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the State cannot impose its will upon these entities and it does not have a financial benefit or burden relationship with them. Detailed financial information may be obtained directly from these organizations.

RELATED PARTY TRANSACTIONS

The Colorado Housing & Finance Authority (CHFA) provides administrative services while serving as a fiscal agent for small business programs to provide relief to business that are affected by COVID-19, helps businesses that typically struggle to get access to a bank loan, and programs that promote energy efficiency and renewable energy in Colorado. The State paid a total of $12.7 million to CHFA for the administration of these programs during Fiscal Year 2023.

The University of Colorado Health (UCH) is a legal entity separate from the University of Colorado. Faculty members of the University's School of Medicine perform a majority of their clinical practice and clinical training at UCH. The clinical revenue for these clinical services provided by the University's faculty is collected by University Physicians Inc., d/b/a CU Medicine, a blended component unit of the State. The University enters into contracts with UCH to support the University's educational mission. During Fiscal Year 2023, UCH paid the University $92.6 million, and the University paid UCH $11.7 million. At June 30, 2023, the University had accounts receivable from UCH of $4.4 million.

The State Board of the Great Outdoors Colorado (GOCO) Trust Fund is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2023, the Board awarded $79.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2023, the amount the Division spent on GOCO grants was $38.7 million, and GOCO owed the Department of Natural Resources $12.4 million. Additionally, the GOCO Trust Fund is reported as a fiduciary fund in the State's financial statements. The Department of Treasury recorded deposits of $89.0 million and disbursements of $77.7 million in the GOCO Trust Fund, and the Trust Fund had an ending cash balance of $95.9 million as of June 30, 2023.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2023, the Colorado Health Benefit Exchange received $12.2 million in payments from the State for eligibility determinations and system changes.

The Colorado Beef Council Authority oversees the sale of cattle in Colorado and imported beef and beef products. Statute requires the Brand Board within the Department of Agriculture to collect a fee up to $1 on each head of cattle inspected and remit it to the Colorado Beef Council Authority. In return for collecting and administering the fee, 3 percent is paid back to the Brand Board. During Fiscal Year 2023, the Brand Board paid $3.2 million to the Colorado Beef Council Authority, and the Colorado Beef Council Authority paid $0.1 million to the Brand Board.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The State does not have any significant commitments at June 30, 2023.

SERVICE CONCESSION ARRANGEMENTS

The financial close of the 50 year concession agreement between HPTE and Plenary was completed on February 24, 2014. The concession agreement transferred the operations and revenues from the existing I-25 HOT lanes on March 7, 2014. Plenary financed, designed, and constructed Phase II of the U.S. 36 project and assumed the liability of the $54 million TIFIA loan. Phase I of the U.S. 36 project is not part of the concession agreement, which was placed into service on July 22, 2015. Phase II of the U.S.36 project was placed into service on March 31, 2016.

On March 7, 2014 HPTE granted Plenary the right to toll the existing I-25 HOT lanes and to also toll U.S.36. Plenary also has the right to raise toll rates with permission from the HPTE Board of Directors. If the HPTE Board of Directors denies Plenary's request to raise the toll rates, HPTE must compensate Plenary for the lost toll revenue. The TIFIA liability of $54 million and concession revenue will be amortized over the 50 year life of the agreement. Additionally, the Phase II asset ($88 million) was initially recognized in Fiscal Year 2016 in accordance with the requirements of Statement No. 94 of the Governmental Accounting Standards Board – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and will also be amortized over the life of the 50 year agreement. Phase I of the U.S.36 project was placed into service on July 22, 2015. On this date, Plenary assumed the responsibility of the $54 million TIFIA loan.

HPTE reported deferred inflow of resources related to the arrangement of $122.0 million, which is included on the Statement of Net Position. The table below shows the carrying amount of HPTE's capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description	Carrying Amount
U.S. 36 Phase II	Tolling Equipment and Software	$ -
U.S. 36 Phase II	Managed Lanes	87,097,828
U.S. 36 Phase II	36 Tolling Stations	42,138

AVAILABILITY PAYMENT ARRANGEMENTS

In 2017, to partially finance the Central 70 Project the Colorado Bridge and Tunnel Enterprise (BTE) issued $120.8 million of Private Activity Bonds (PABs) and Kiewit Meridiam Partners (KMP) obtained a Transportation Infrastructure Finance Innovation Act (TIFIA) loan totaling $416 million. In September 2021, BTE and KMP refinanced the PAB and TIFIA loans with the issuance of $51.7 million Series 2021A and $465 million 2021B PABs and $465 million of a 2021 TIFIA loan. BTE issued the Series 2021A, 2021B, and the TIFIA loan as a conduit issuer and as a result, the bonds and TIFIA loan are not obligations of BTE and are payable solely by KMP. Within the terms of the agreement with KMP, there is also capital performance payments.

The capital performance payments are related to the Central 70 project started in March 2022 and are paid to the developer monthly and continue for a period of 30 years. The performance payments have a base operation, maintenance, and repair (OMR) component and a base capital performance payment (CPP) component. The OMR component is the responsibility of CDOT, and HPTE for operations and maintenance of the general purpose lanes and the express lanes through an Inter-Agency Agreement. OMR payments are delayed until substantial completion, which was delayed to February 2023 due to the settlement agreement that was entered into in May 2019.

The CPP component is designed to repay KMP for its total capital investment in the Central 70 project including debt in the form of PABs, and TIFIA loan, and KMP's equity contributions. BTE determined the present value of CPP by applying an implied interest rate of 3.91 percent, which was derived from the total KMP capital, which resulted in a finance purchase liability of $699.3 million in Fiscal Year 2021-22.

The CPP is a base amount that escalates at 2% every year. The monthly payment is based on the annual CPP amount, divided by twelve months. The monthly payment can vary slightly due to the number of days in a month. The monthly payment is divided between principal and interest, as shown in the table below.

Total future debt service payments over the remaining life of the Central 70 Capital Performance Payments bonds as follows:

Central 70 Capital Performance Payments:

Fiscal Year	Interest Due	Principal Due	Net Debt Service Payment
2024	$ 26,642,513	$ 4,829,841	$ 31,472,354
2025	26,440,379	5,661,422	32,101,801
2026	26,205,677	6,538,161	32,743,838
2027	25,936,188	7,462,526	33,398,714
2028	25,630,501	8,436,188	34,066,689
2029 to 2033	122,132,377	58,697,726	180,830,103
2034 to 2038	107,738,203	91,912,843	199,651,046
2039 to 2043	86,066,221	134,364,666	220,430,887
2044 to 2048	55,127,281	188,246,230	243,373,511
2049 to 2052	14,091,229	184,200,837	198,292,066
Total payments	**$ 516,010,569**	**$ 690,350,440**	**$ 1,206,361,009**

ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Funds, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $63.3 million, $171.9 million, and $1.9 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

Colorado statutes (Section 22-41-110, C.R.S.) hold the State liable for defaults on school district bonds and other obligations unless a school district board of education adopts a resolution stating it will not accept payment on their behalf. The State Treasurer shall recover the amount forwarded on behalf of the school districts by withholding amounts from the school district's payments of the state share of the district's total program received and from property tax and specific ownership tax revenues collected by the county treasurer on behalf of the school district; except that the State Treasurer may not recover amounts from property tax revenues that are pledged to pay notes and bonds issued by the school district. The guarantee will continue to be in effect as long as any bonds or other obligations of a school district remain outstanding. As of June 30, 2023, $11.2 billion of the school district bond is outstanding and no liability has been recorded, as the school districts have been deemed capable of meeting the debt service payments.

CONTINGENCIES

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

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

GRANTS

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

The federal Department of Health and Human Services, Centers for Medicare and Medicaid (CMS) demanded the State return approximately $38.4 million of performance bonus payments under the Children's Health Insurance Program Reauthorization Act of 2009, on the basis the State improperly included individuals in current enrollment counts. The State is vigorously defending against the recovery demand, but the likelihood of an unfavorable outcome is uncertain.

The Department of Health Care Policy & Financing may be responsible for repaying the Centers for Medicare and Medicaid Services approximately $5.5 million for Home and Community Services authorized by Case Management Agencies. The unallowable costs are due to the Department inappropriately claiming a financial match for services authorized at a higher level than the member's assessed need.

GENERAL LITIGATION

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

NOTE 20 – TAX ABATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The Affordable Housing Credit was created under Section 39-22-2102 C.R.S., which is an insurance premiums tax credit allowed by this Section to address the shortage of affordable housing in the state, and increase access to affordable housing by encouraging developers to (1) build units specifically restricted for residents with incomes below the area median income, and (2) encourage private sector investment into the development and preservation of affordable housing. The Colorado Housing and Finance Authority (the Authority) may allocate a credit to an owner of a qualified development by issuing to the owner an allocation certificate. The Authority may determine the time at which such allocation certificate is issued. The credit shall be in an amount determined by the Authority, subject to program guidelines.

  The allocated credit amount may be taken against the taxes imposed by this article for each taxable year of the credit period. Any amount of credit that exceeds the tax due for a taxable year may be carried forward as a tax credit against subsequent years' income tax liability up to eleven tax years following the tax year in which the allocation was made and must be applied first to the earliest years possible. Any amount of the credit that is not used shall not be refunded to the taxpayer. Any taxpayer who is subject to the tax on insurance premiums established by Sections 10-3-209, 10-5-111, and 10-6-128 C.R.S., and who is therefore exempt from the payment of income tax and who is otherwise eligible to claim a credit may claim such credit and carry such credit forward against such insurance premium tax on its calendar quarter estimated tax payments made in accordance with Section 10-3-209 C.R.S. to the same extent as the taxpayer would have been able to claim or carry forward such credit or refund against income tax. All other provisions with respect to the credit, including the amount, allocation, and recapture of the credit and the years for which the credit may be claimed shall apply to a credit claimed pursuant to Section 39-22-2102(1) C.R.S.

As of the last day of any taxable year during the compliance period, if the amount of the qualified basis of a qualified development with respect to a taxpayer is less than the amount of the qualified basis as of the last day of the prior taxable year, then the amount of the taxpayer's state income tax liability for that taxable year shall be increased by the credit recapture amount. The credit recapture amount is an amount equal to the aggregate decrease in the credit allowed to the taxpayer for all prior taxable years that would have resulted if the accelerated portion of the credit allowable by reason were not allowed for all prior taxable years with respect to the reduced amount of qualified basis described in subsection (1) Section 39-22-2103 C.R.S.

Information relevant to disclosure of these tax abatement programs for the fiscal year ended June 30, 2023 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 77,752.4
Colorado Enterprise Zone Contribution Tax Credits	14,274.5
Job Growth Incentive Tax Credits	36,037.7
Affordable Housing Tax Credit	22,199.7
Regional Tourism Act	14,559.7
Total	$164,824.0

NOTE 21 – SUBSEQUENT EVENTS

DEBT ISSUANCES AND BORROWINGS

Colorado State Treasury

On July 20, 2023, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2023A. The notes mature on June 28, 2024. The total due on that date includes $500 million in principal and $23,472,222 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $7,726,000, an average coupon rate of 5.00%, and a yield of 3.28%.

On January 17, 2024, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2023B. The notes mature on June 28, 2024. The total due on that date includes $670 million in principal and $13,528,472 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $3,771,300, an average coupon rate of 4.52%, and a yield of 3.24%.

Department of Transportation

In August 2020, the Colorado Department of Transportation (CDOT) began working with the Build America Bureau (BAB) Transportation Infrastructure Finance Innovation Act (TIFIA) program to secure toll revenue backed financing for the I-25 Segment 7 and 8 project. The TIFIA loan facility will rely on pledge revenues generated from express lanes on Segments 2 and 3, which are open and operational. Preliminary financial analysis indicates that revenues from both segments would be more than sufficient to support a TIFIA loan facility far exceeding standard debt service coverage ratios. The final amount to be financed is up to $501 million at an interest rate of two percent. CDOT closed on the TIFIA loan facility on August 3, 2023.

<u>Institutions of Higher Education</u>

University of Colorado

On July 18, 2023, the University of Colorado completed a tender process of $134.8 million and issued Series 2023A Tax-Exempt Enterprise Refunding Revenue Bonds for $117.4 million to fund the purchase of the qualified tenders. The bonds that were tendered included portions of Series 2015C, 2016A, 2017A1, 2017A2, 2018B, 2019A, 2019A2, 2019B, 2020B2, 2021C1, & 2021B. The simultaneous tender-refunding closed on August 1, 2023. Interest rates of the 2023A bonds are between 4.00% and 5.00%. The first interest payment is December 1, 2023, and the final maturity is June 1, 2048.

On December 21, 2023, the Board issued a total of $214,535,000 2023B Bonds comprised of the following bonds as parity obligations under the Master Resolution which were purchased by Toronto-Dominion Public Finance LLC.

- The Regents of the University of Colorado, University Enterprise Refunding Revenue Bonds, Taxable (5.03%) (Convertible to Tax-Exempt (3.97%) Series 2023B-1 (the "Series 2023B-1 Bonds") in the aggregate principal amount of $96,035,000; maturing October 15, 2008, and

- The Regents of the University of Colorado, University Enterprise Refunding Revenue Bonds, Taxable (4.87%) Convertible to Tax-Exempt (3.85%) Series 2023B-2 (the "Series 2023B-2 Bonds") in the aggregate principal amount of $118,500,000, maturing October 15, 2030.

These bonds refund the previously issued Series 2019C ("Refunded Bonds"). The proceeds are being held by Zions Bank as Escrow Agent to pay all interest and principal to the respective call dates of the Refunded Bonds. The issuance of the refunding bonds will result in minimized interest rate risk and more budget certainty for the campuses.

Colorado State University System

On November 14, 2023, Colorado State University System issued $60.7 million in System Enterprise Revenue and Revenue Refunding Bonds Series 2023 A-1 and $60.0 million in System Enterprise Revenue Bonds Series 2023 A-2 (Series 2023 A Bonds). A portion of the proceeds from the sale of the Series 2023 A-1 Bonds will be used to finance certain improvements to the Veterinary Health and Education Campus and the Andrew G. Clark Building in Fort

Collins. A portion of the proceeds from the sale of the Series 2023 A-1 Bonds will also be used to refund a portion of the Series 2017 B Bonds, refund a portion of the Series 2021 C Bonds, and defray in part the cost of paying, discharging, and cancelling certain Invited Bonds of the Board tendered to the Board in response to a Tender Offer. The 2023 A-1 Tendered Bonds were purchased and cancelled by the Board on the date of issuance of the Series 2023 A Bonds. A portion of the proceeds from the sale of the Series 2023 A-2 Bonds will be used to finance certain improvements to the Veterinary Health and Education Campus in Fort Collins. A portion of the proceeds from the sale of the Series 2023 A Bonds will be used to finance any other improvements to any of the campuses for which the Board has spending authority, other capital projects as may be designated by the Board, and pay the costs of issuing the Series 2023 A-2 Bonds.

Colorado Community College System

The series 2023 System wide Revenue Bonds for $17,120,000 were issued on July 14, 2023. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2037. The 2023 principal will be used for the purposes of financing the acquisition, construction and equipping of a STEM academic facility to the Community College of Aurora’s CentreTech Campus and any other improvements to the CentreTech campus.

The Board has adopted a resolution statement that it will not participate in the State Intercept Program for the 2023 bonds.

Colorado School of Mines

On November 7, 2023 Mines issued $132,485,000 of Institutional Enterprise bonds with a $2,938,703 net premium, to fund Phase II of Mines Park Redevelopment project which provides new and updated on campus housing to upperclassmen and graduate students.

OTHER SUBSEQUENT EVENTS

Colorado Judicial Branch and Department of Law

On January 2, 2024, the Ralph L. Carr Colorado Judicial Center building and contents were vandalized. The Judicial Branch and Department of Law are managing insurance claims estimated at $35 million by State Risk Management.

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNITS

As described in Note 1, the State's discretely presented component units (DPCUs) are entities that are legally separate from the State, but included in the reporting entity due to their relationships with the State. This note discusses the significant balances reported in the financial statements for DPCUs and financial items directly related to the State's financial accountability for the DPCUs.

Basis of Accounting

The financial statements for the Colorado Water Resources and Power Development Authority (the Authority), a major DPCU, as well as the nonmajor DPCUs, the Denver Metropolitan Baseball Stadium District (the District) and the Statewide Internet Portal Authority (SIPA), are prepared on the accrual basis of accounting using the economic resources measurement focus and follow GASB standards for governments. The financial information for the Authority and the District is presented for the fiscal year ended December 31, 2022 and the financial information for SIPA is presented for the fiscal year ended June 30, 2023.

The financial information for the University of Colorado Foundation (the Foundation), a major DPCU, is presented for the fiscal year ended June 30, 2023. The Foundation follows standards for not-for-profit accounting promulgated by the Financial Accounting Standards Board (FASB), which recommends preparing financial statements using the accrual basis of accounting.

During 2022, the fiscal year presented, the District implemented GASB Statement No. 87 – Leases. The implementation of this statement had no net impact on the District's beginning net position.

During Fiscal Year 2023, SIPA implemented GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The implementation of this statement had no net impact on SIPA's beginning net position.

Cash and Cash Equivalents

The Authority reported cash and cash equivalents with a fair market value of $366.7 million. This amount comprises $355.1 million held by COLOTRUST (Colorado Local Government Liquid Asset Trust), $2.6 million held in the State Treasurer's Investment Pool, $8.4 million in a Federated Government Obligations Fund, and $0.6 million in bank cash deposits. The COLOTRUST and Federated deposits had nationally recognized statistical rating organization (NRSRO) credit ratings of AAAm. The COLOTRUST deposits were measured at net asset value per share (NAV) and the Federated deposits were measured using quoted market prices. The fair market value disclosures for the Treasurer's Investment Pool are disclosed in Note 4.

Investments

The Foundation holds resources for the benefit of the State and the amount of those resources, the vast majority of which are investments, are significant to the State.

Since the Foundation's financial statements are prepared according to FASB not-for-profit standards, the investment risk disclosures typical of government financial statements are not disclosed. For its endowments, the Foundation has adopted an investment policy that seeks to provide a steady and increasing stream of funding while maintaining the purchasing power of the assets. The Foundation's investments are reported, to the extent possible, at fair market value. The FASB fair market value reporting requirements provide for a valuation method hierarchy similar to GASB's. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

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

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

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

The following table summarizes the Foundation's investments by type within the fair value hierarchy as of June 30, 2023 In addition to the investments reported at fair value below, the Foundation reports investment assets at cost or present value of $85.8 million.

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

Investment Type	Fair Value as of 6/30/2023	Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value Per Share
Mutual Funds - Domestic Equities	$ 85,994	$ 85,994	$ -	$ -	$ -
Mutual Funds - International Equities	183,779	183,779	-	-	-
Mutual Funds - Fixed Income	1,925	1,925	-	-	-
Equity Securities	338,711	300,199	-	38,512	-
Exchange-Traded Fund	41,791	41,791	-	-	-
Fixed-Income Securities	226,937	-	226,937	-	-
Real Estate	106,271	-	-	-	106,271
Private Equity	551,211	-	-	-	551,211
Commingled Equity Securities	571,741	-	-	-	571,741
Absolute Return	276,516	-	-	-	276,516
Venture Capital	305,396	-	-	634	304,762
Commodities	41,707	-	-	-	41,707
Other	1,210	-	628	582	-
Assets Held Under Split-Interest Agreements	28,241	28,241	-	-	-
Beneficial Interest in Charitable Trusts Held by Others	12,886	-	-	12,886	-
Total	$ 2,774,316	$ 641,929	$ 227,565	$ 52,614	$ 1,852,208

Receivables

The Authority loans funds to finance local government water resources projects, wastewater treatment projects, and drinking water projects. The Authority reported loans receivable of $1,083.4 million as of December 31, 2022. The scheduled maturities of the loans receivable are below.

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

Year	Principal	Interest	Total
2023	$ 75,470	$ 8,722	$ 84,192
2024	75,279	8,048	83,327
2025	74,600	7,184	81,784
2026	64,699	6,453	71,152
2027	65,216	5,799	71,015
2028 to 2032	283,116	22,396	305,512
2033 to 2037	206,275	15,658	221,933
2038 to 2042	115,396	10,483	125,879
2043 to 2047	68,852	5,523	74,375
2048 to 2052	54,520	1,894	56,414
2053	8	-	8
Total	**$ 1,083,431**	**$ 92,160**	**$ 1,175,591**

The Foundation reported contributions receivable of $162.9 million. This amount is net of allowances for uncollectible contributions and net present value discount. Of this amount, $45.7 million is due within one year, $115.3 million is due within one to five years, and $1.9 million is due in more than five years.

Debt Service Requirements

The Authority has issued several bonds to finance local government water projects, which do not constitute debt of the State. During 2022, the Authority issued 2022 Series A (SRF) Clean Water Revenue Bonds for $37.2 million.

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

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

Year	Principal	Interest	Total
2023	$ 29,035	$ 10,633	$ 39,668
2024	29,540	9,411	38,951
2025	26,280	8,310	34,590
2026	18,360	7,319	25,679
2027	17,750	6,477	24,227
2028 to 2032	69,940	22,866	92,806
2033 to 2037	38,865	11,929	50,794
2038 to 2042	19,375	6,418	25,793
2043 to 2047	11,415	3,326	14,741
2048 to 2052	8,455	1,151	9,606
Total	**$ 269,015**	**$ 87,840**	**$ 356,855**

Capital Assets

The District owns and operates a major league baseball stadium and other related capital assets. The District depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from three to 50 years. Changes in capital assets for the District for 2022 are below.

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

	Beginning Balance, 1/1/2022	Additions	Transfers	Retirements	Ending Balance, 12/31/2022
Historical Costs					
Land	$ 20,664	$ -	$ -	$ -	$ 20,664
Land Improvements	13,214	-	-	-	13,214
Buildings	218,942	1,951	146	-	221,039
Construction in Progress	148	11,122	(146)	-	11,124
Other Property and Equipment	36,634	420	-	-	37,054
Total Historical Costs	289,602	13,493	-	-	303,095
Accumulated Depreciation					
Land Improvements	(7,136)	(214)	-	-	(7,350)
Buildings	(88,146)	(6,038)	-	-	(94,184)
Other Property and Equipment	(27,450)	(1,101)	-	-	(28,551)
Total Accumulated Depreciation	(122,732)	(7,353)	-	-	(130,085)
Net Capital Assets	**$ 166,870**	**$ 6,140**	**$ -**	**$ -**	**$ 173,010**

Transactions with the Primary Government

Pursuant to statutes, with the written consent of the Department of Public Health and Environment, the Authority is authorized, on behalf of the State, to execute operating agreements with the United States Environmental Protection

Agency. The Authority entered into a memorandum of agreement with the Department of Public Health and Environment and the Department of Local Affairs, under which each has agreed to assume specified responsibilities. The Authority incurred expenses for the two state agencies totaling $12.1 million in the fiscal year ending December 31, 2022.

The Foundation reported custodial funds of $582.8 million, held for investment for the University of Colorado. In Fiscal Year 2023, the Foundation assessed 1.5 percent on the University's custodial endowments and 1.0 percent on the University's treasury funds, totaling $7.9 million, to support advancement operations. $222.0 million of distributions were transferred to the University and $35.7 million of advancement support was paid to the University.

Pension Information

The Authority participates in the PERA defined benefit pension plan disclosed in Note 6. Disclosures in Note 6 for the PERA State Division Trust Fund (SDTF) regarding general information about the plan, contributions, and actuarial assumptions are also applicable to the Authority. The pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions specific to the Authority are provided below.

At December 31, 2022, the Authority reported a liability of $2,433,615 for its proportionate share of the collective net pension liability.

The Authority recognized reduction of pension expense of $150,602 and revenue of $1,132 for support from the State as a nonemployer contributing entity for the fiscal year ended December 31, 2022. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 16,559	$ 3,386
Changes of assumptions or other inputs	86,768	-
Net difference between projected and actual earnings on pension plan investments	-	837,472
Changes in proportion	1,348	135,844
Contributions subsequent to the measurement date	250,355	-
Total	$ 355,030	$ 976,702

At December 31, 2022, the Authority reported $250,355 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2023	$ (194,977)
2024	(373,980)
2025	(201,730)
2026	(101,340)
	$ (872,027)

Other Post-Employment Benefits (OPEB)

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

At December 31, 2022, the Authority reported a liability of $110,038 for its proportionate share of the collective net OPEB liability.

The Authority recognized a reduction of OPEB expense of $3,404 for the fiscal year ended December 31, 2022. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 168	$ 26,091
Changes of assumptions or other inputs	2,278	5,969
Net difference between projected and actual earnings on OPEB plan investments	-	6,811
Changes in proportion	3,508	15,740
Contributions subsequent to the measurement date	12,623	-
Total	**$ 18,577**	**$ 54,611**

At December 31, 2022, the Authority reported $12,623 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2023	$ (13,059)
2024	(14,153)
2025	(13,490)
2026	(7,371)
2027	(560)
Thereafter	(24)
	$ (48,657)

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, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 4,297,419	
Income Taxes			7,650,934	
Other Taxes			455,576	
Federal Grants and Contracts			159	
Sales and Services			870	
Interest Earnings			173,539	
Other Revenues			36,085	
Transfers-In			79,551	
TOTAL REVENUES AND TRANSFERS-IN			12,694,133	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 14,763	$ 17,209	$ 17,052	$ 157
Corrections	899,838	922,495	911,854	10,641
Education	4,500,296	4,501,259	4,495,014	6,245
Governor	57,025	57,299	56,428	871
Health Care Policy and Financing	4,084,846	3,642,494	3,607,112	35,382
Higher Education	1,362,604	1,363,548	1,360,951	2,597
Human Services	1,060,374	1,098,905	1,083,204	15,701
Judicial Branch	668,834	670,252	657,516	12,736
Labor and Employment	31,963	25,953	21,728	4,225
Law	20,624	20,758	20,414	344
Legislative Branch	66,740	66,750	66,719	31
Local Affairs	50,652	49,576	47,247	2,329
Military and Veterans Affairs	12,654	12,660	12,044	616
Natural Resources	38,689	39,073	37,502	1,571
Early Childhood	112,404	119,014	113,531	5,483
Personnel & Administration	27,058	27,263	23,951	3,312
Public Health and Environment	203,418	192,219	185,623	6,596
Public Safety	241,688	224,830	212,240	12,590
Regulatory Agencies	3,016	3,716	3,696	20
Revenue	102,233	103,971	99,021	4,950
State	1,152	1,152	1,081	71
Treasury	318,607	318,621	315,571	3,050
SUB-TOTAL OPERATING BUDGETS	13,879,478	13,479,017	13,349,499	129,518
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 2,677	$ 5,208	$ 2,519	$ 2,689
Corrections	72,498	25,485	7,277	18,208
Education	5,670	4,955	706	4,249
Governor	15,104	67,075	23,248	43,827
Health Care Policy and Financing	6,044	6,588	412	6,176
Higher Education	152,156	202,711	72,021	130,690
Human Services	25,836	44,450	11,079	33,371
Judicial Branch	-	4,111	54	4,057
Labor and Employment	-	5,250	702	4,548
Local Affairs	3,534	1,303	191	1,112
Military and Veterans Affairs	2,053	6,370	336	6,034
Natural Resources	-	16,863	6,276	10,587
Early Childhood	-	3,459	3,075	384
Personnel & Administration	25,450	21,892	9,013	12,879
Public Health and Environment	2,763	4,902	514	4,388
Public Safety	4,067	3,969	3,549	420
Revenue	1,000	-	-	-
State	-	1,610	-	1,610
Transportation	500	1,300	500	800
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	319,352	427,501	141,472	286,029
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 14,198,830	$ 13,906,518	$ 13,490,971	$ 415,547
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (796,838)	

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

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 6,779	
Income Taxes			1,066,400	
Other Taxes			125,824	
Tuition and Fees			3,387,580	
Sales and Services			1,880,888	
Interest Earnings			98,666	
Health Care Provider Fees			270	
Other Revenues			935,101	
Transfers-In			2,566,507	
Capital Contributions			713	
TOTAL REVENUES AND TRANSFERS-IN			10,068,728	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 43,349	$ 54,714	$ 48,475	$ 6,239
Corrections	68,205	67,972	34,153	33,819
Education	1,612,902	1,537,050	1,454,656	82,394
Governor	362,121	360,006	322,626	37,380
Health Care Policy and Financing	1,879,639	1,842,761	1,808,756	34,005
Higher Education	3,564,634	3,572,346	3,407,182	165,164
Human Services	358,064	356,101	292,812	63,289
Judicial Branch	188,272	185,634	145,543	40,091
Labor and Employment	107,990	88,595	73,157	15,438
Law	86,895	87,241	79,997	7,244
Legislative Branch	1,625	1,625	1,514	111
Local Affairs	169,003	107,792	97,400	10,392
Military and Veterans Affairs	3,684	3,684	3,054	630
Natural Resources	382,443	380,076	270,113	109,963
Early Childhood	42,360	42,591	26,992	15,599
Personnel & Administration	141,212	146,210	134,626	11,584
Public Health and Environment	296,684	276,013	204,818	71,195
Public Safety	289,762	291,356	268,458	22,898
Regulatory Agencies	115,424	114,044	103,235	10,809
Revenue	285,980	286,532	241,696	44,836
State	30,876	31,368	28,990	2,378
Transportation	169,588	184,412	59,437	124,975
Treasury	55,732	55,794	54,789	1,005
SUB-TOTAL OPERATING BUDGETS	10,256,444	10,073,917	9,162,479	911,438
Capital and Multi-Year Budgets:				
Departmental:				
Governor	-	144	144	-
Higher Education	42,014	137,066	34,325	102,741
Human Services	-	4,881	2,467	2,414
Labor and Employment	1,689	28,414	13,939	14,475
Military and Veterans Affairs	1,800	5,700	-	5,700
Natural Resources	115,722	214,590	25,728	188,862
Personnel & Administration	14,760	49,191	5,052	44,139
Public Health and Environment	4,531	3,061	1,497	1,564
Public Safety	-	1,538	1,371	167
Transportation	-	1,900	-	1,900
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	180,516	446,485	84,523	361,962
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 10,436,960	$ 10,520,402	$ 9,247,002	1,273,400
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 821,726	

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

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 8,834,313	
TOTAL REVENUES AND TRANSFERS-IN			8,834,313	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 7,777,037	$ 8,574,688	$ 8,361,065	$ 213,623
Human Services	217,598	225,792	218,661	7,131
Labor and Employment	14,330	14,330	14,279	51
Early Childhood	291,587	285,644	203,769	81,875
Personnel & Administration	-	221	192	29
Public Health and Environment	19,749	19,511	13,509	6,002
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	8,320,301	9,120,186	8,811,475	308,711
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,320,301	$ 9,120,186	$ 8,811,475	$ 308,711
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 22,838	

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, 2023

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS			
	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 12,667,402	$ -	$ -	$ 26,731
Cash	1,359,392	-	324,486	2,928,884
Federal	5,097,785	192	-	5,270
Sub-Total Revenues and Transfers-In Appropriated	19,124,579	192	324,486	2,960,885
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	1,707,786	-	-	-
Cash	6,231,387	32,785	2,231,492	5,276,981
Federal	5,463,930	500,114	733,152	491,027
Sub-Total Revenues and Transfers-In Non-Appropriated	13,403,103	532,899	2,964,644	5,768,008
Total Revenues and Transfers-In Appropriated and Non-Appropriated	32,527,682	533,091	3,289,130	8,728,893
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	13,348,440	-	-	142,531
Cash Funded	1,079,580	-	317,709	2,396,461
Federally Funded	5,080,100	192	-	-
Expenditures/Expenses and Transfers-Out Appropriated	19,508,120	192	317,709	2,538,992
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	1,650,692	-	-	88
Cash Funded	5,710,301	3,017	2,410,139	3,509,201
Federally Funded	5,530,745	520,351	681,238	395,003
Expenditures/Expenses and Transfers-Out Non-Appropriated	12,891,738	523,368	3,091,377	3,904,292
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	32,399,858	523,560	3,409,086	6,443,284
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	(383,541)	-	6,777	421,893
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	511,365	9,531	(126,733)	1,863,716
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	(219,689)	101,574	(6,732)	(105,046)
Increase/(Decrease) for GAAP Expenditures Not Budgeted	694,007	14,082	730,018	1,397,339
Increase/(Decrease) for GAAP Revenue Adjustments	(1,719,153)	(9,793)	(742,476)	(2,027,590)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(1,117,011)	115,394	(139,146)	1,550,312
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	4,202,275	(122,266)	708,316	8,671,096
Prior Period Adjustments (See Note 15A)	17,002	-	-	(530)
Accounting Changes (See Note 15B)	-	-	-	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	4,219,277	(122,266)	708,316	8,670,566
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 3,102,266	$ (6,872)	$ 569,170	$ 10,220,878

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

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ -	$ -	$ 12,694,133	$ -
3,416,240	9,449	14,228	1,204,332	303,961	505,006	10,065,978	2,750
-	-	-	3,731,066	-	-	8,834,313	-
3,416,240	9,449	14,228	4,935,398	303,961	505,006	31,594,424	2,750
-	-	-	-	-	-	1,707,786	-
681,866	(487,636)	821,366	8,078	1,414,359	30,181	16,240,859	6,081,713
6,547	18,476	121,668	175,963	450,531	-	7,961,408	-
688,413	(469,160)	943,034	184,041	1,864,890	30,181	25,910,053	6,081,713
4,104,653	(459,711)	957,262	5,119,439	2,168,851	535,187	57,504,477	6,084,463
-	-	-	-	-	-	13,490,971	-
3,344,382	92	18,148	1,235,293	390,305	462,312	9,244,282	2,720
-	-	-	3,731,183	-	-	8,811,475	-
3,344,382	92	18,148	4,966,476	390,305	462,312	31,546,728	2,720
-	-	-	-	-	-	1,650,780	-
820,805	20,158	328,974	7,837	1,157,092	50,920	14,018,444	5,116,384
44,017	-	96,590	175,964	474,016	-	7,917,924	-
864,822	20,158	425,564	183,801	1,631,108	50,920	23,587,148	5,116,384
4,209,204	20,250	443,712	5,150,277	2,021,413	513,232	55,133,876	5,119,104
71,858	9,357	(3,920)	(31,078)	(86,344)	42,694	47,696	30
(176,409)	(489,318)	517,470	240	233,782	(20,739)	2,322,905	965,329
(46)	(3,093)	(18)	635	(18,268)	(1,368)	(252,051)	(9,514)
42,835	(89,571)	(44,296)	3,856	168,108	(24,986)	2,891,392	(395,696)
(12,806)	(150)	(60)	(4,253)	(146,837)	4,410	(4,658,708)	397,487
531,459	-	-	-	-	-	531,459	-
456,891	(572,775)	469,176	(30,600)	150,441	11	882,693	957,636
5,776,858	1,436,506	(617,632)	175,307	1,044,806	(303,322)	20,971,944	11,489,450
-	-	-	-	-	-	16,472	-
2,201	-	-	-		-	2,201	-
5,779,059	1,436,506	(617,632)	175,307	1,044,806	(303,322)	20,990,617	11,489,450
$ 6,235,950	$ 863,731	$ (148,456)	$ 144,707	$ 1,195,247	$ (303,311)	21,873,310	$ 12,447,086

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

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

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

Budgetary fund types differ from fund types proscribed by generally accepted accounting principles. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds include financial resources designated to support specific expenditures. Federal funds primarily include revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in significant duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.

- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.

- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to non-administrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.

- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.

- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the State into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure and institution of higher education capital projects.

The Governor has line item veto authority over the Long Appropriations Act, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 19 - Encumbrances. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Annual Comprehensive Financial Report.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as noted above. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 2. Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments."

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure relate to the change in fund balances/net position for the funds presented in the fund-level financial statements.

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as "GAAP Expenditures Not Budgeted." Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments."

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual schedules is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

Proportionate Share – Public Employees Retirement Association (PERA) Trust Funds:

The State, Judicial, Denver Public Schools, and Schools Divisions Trust Funds – which are defined benefit cost-sharing multiple-employer pension plans – are administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government) proportionate share of the net pension liability for its retirement Trusts. The amounts presented for each Division were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to Calendar Year 2018 for the Denver Public Schools, Schools, and State and Judicial NCE Divisions.

State Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.45%	95.53%	95.60%	95.49%	95.40%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$10,377,874	$ 7,045,081	$ 9,066,999	$ 9,265,778	$ 10,855,754	$19,091,149	$17,539,728	$10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 4,369,392	$ 3,362,986	$ 3,132,159	$ 3,376,294	$ 3,262,962	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	237.51%	209.49%	289.48%	274.44%	332.70%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	60.63%	73.05%	65.34%	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	93.10%	92.75%	93.49%	94.28%	94.06%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 89,574	$ 8,507	$ 57,929	$ 85,727	$ 132,873	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 67,626	$ 59,688	$ 52,027	$ 55,934	$ 55,706	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	132.46%	14.25%	111.34%	153.27%	238.52%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	80.98%	98.11%	87.06%	80.02%	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	41.57%	22.70%	0.00%	30.71%	34.13%
State's proportionate share of Net Pension liability	$ 360,715	$ 1,355	$ -	$ 202,321	$ 349,095
Plan fiduciary net position as a percentage of the total pension liability	81.93%	99.87%	90.48%	84.73%	75.69%

Schools Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	22.57%	10.28%	0.00%	11.26%	12.03%
State's proportionate share of Net Pension liability	$ 4,109,876	$ 1,196,870	$ -	$ 1,681,628	$ 2,129,952
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%

State Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	1.00%	0.47%	0.00%	0.51%	0.55%
State's proportionate share of Net Pension liability	$ 108,726	$ 34,307	$ -	$ 49,203	$ 62,292

Judicial Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	1.55%	0.88%	0.00%	0.64%	0.85%
State's proportionate share of Net Pension liability	$ 1,491	$ 81	$ -	$ 582	$ 1,199

*The General Assembly passed House Bill 20-1379 which suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic; therefore, no liability was recognized. See Note 6 for additional information.

Contributions – Public Employees Retirement Association (PERA) Trust Funds:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions for each fiscal year ending June 30. For the Fiscal Years 2019-2022, State and Judicial Trust Divisions, figures reported for the contributions as a percentage of covered payroll differs from the actual employer contribution rate specified in statute due to additional contractually required contributions directly distributed to PERA in accordance with Senate Bill 18-200. In addition, the State made statutorily required non-employer contributions for Fiscal Years 2019-2023 to the State and Judicial Trust Divisions not reflected in the table below (see Note 6 for additional information).

State Division

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contributions	905,452	709,639	625,966	673,795	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694
Contributions in relation to the contractually required contributions	(905,452)	(709,639)	(625,966)	(673,795)	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	4,414,989	3,556,253	3,144,787	3,455,535	3,320,884	2,829,559	2,767,479	2,725,417	2,645,149	2,590,401
Contributions as a percentage of covered payroll	20.51%	19.95%	19.90%	19.50%	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%

Judicial Division

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contributions	$ 15,874	$ 10,312	$ 8,488	$ 11,601	$ 10,031	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218
Contributions in relation to the contractually required contributions	(15,874)	(10,312)	(8,488)	(11,601)	(10,031)	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	67,832	60,170	51,796	57,548	56,296	47,454	46,181	46,332	42,088	38,057
Contributions as a percentage of covered payroll	23.40%	17.14%	16.39%	20.16%	17.82%	16.34%	16.34%	16.34%	16.34%	16.34%

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

Denver Public Schools Division

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	52,784	19,153	-	$ 19,201	$ 18,622
Contributions in relation to the contractually required contributions	(52,784)	(19,153)	-	(19,201)	(18,622)
Contribution deficiency(excess)		-	-	-	

Schools Division

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	350,393	127,781	-	$ 127,367	$ 126,505
Contributions in relation to the contractually required contributions	(350,393)	(127,781)	-	(127,367)	(126,505)
Contribution deficiency(excess)	-	-	-	-	

State Division as a Non-Employer Contributing Entity

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	9,030	$ 3,432	-	$ 3,480	$ 3,607
Contributions in relation to the contractually required contributions	(9,030)	(3,432)	-	(3,480)	(3,607)
Contribution deficiency(excess)	-	-	-	-	

Judicial Division as a Non-Employer Contributing Entity

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	247	$ 99	-	$ 77	$ 82
Contributions in relation to the contractually required contributions	(247)	(99)	-	(77)	(82)
Contribution deficiency(excess)	-	-	-	-	

*The General Assembly passed House Bill 20-1379 which suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic;

therefore, no liability was recognized. See Note 6 for additional information.

Changes in Total Pension Liability and Related Ratios – University of Colorado Alternate Medicare Payments Plan:

The following schedule presents a six-year history (data not available prior to Fiscal Year 2017) of the University of Colorado's changes in total pension liability and related ratios for the Alternate Medicare Payments pension plan for each fiscal year ending June 30. No assets are held in trust to pay for plan benefits; therefore, the plan is not funded.

UNIVERSITY OF COLORADO SCHEDULE OF CHANGES IN ALTERNATE MEDICARE PAYMENT'S (AMP) TOTAL PENSION LIABILITY AND RELATED RATIOS

				Fiscal Year Ending June 30:				
University of Colorado AMP Pension Plan (Amounts in Thousands)		**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$	7,551	7,048	4,854	4,360	3,985	4,262	3,194
Interest on total pension liability		2,821	2,771	3,295	3,339	2,751	2,231	2,391
Differences between expected and actual experience		(420)	(5,842)	(124)	(3,865)	(109)	(3,377)	(101)
Changes of assumptions		(28,775)	2,700	23,408	4,845	4,940	(3,180)	10,999
Benefit payments		(2,029)	(1,819)	(1,828)	(1,692)	(1,566)	(1,448)	(1,349)
Net change in total pension liability		(20,852)	4,858	29,605	6,987	10,001	(1,512)	15,134
Total pension liability (beginning)		124,662	119,804	90,199	83,212	73,211	74,723	59,589
Total pension liability (ending)		103,810	124,662	119,804	90,199	83,212	73,211	74,723
Covered-employee payroll	$	1,744,237	1,583,766	1,692,641	1,436,909	1,369,276	1,187,065	943,644
Total Pension liability as a % of payroll		5.95%	7.87%	7.08%	6.28%	6.08%	6.17%	7.92%

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

PERA State and Judicial Trust Funds

Changes in assumptions or other inputs affecting trends in actuarial information for the PERA State and Judicial Trust Funds are presented on a calendar year basis, which is based on the actuarial valuation measurement date of December 31.

2022 Changes in Assumptions or Other Inputs Since 2021

- There were no changes made to the actuarial methods or assumptions.

2021 Changes in Assumptions or Other Inputs Since 2020

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

<u>2019 Changes in Assumptions or Other Inputs Since 2018</u>

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

<u>2018 Changes in Assumptions or Other Inputs Since 2017</u>

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

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

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

<u>2017 Changes in Assumptions or Other Inputs Since 2016</u>

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

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

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

2016 Changes in Assumptions or Other Inputs Since 2015

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

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

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

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

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

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

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

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

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

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

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

2015 Changes in Assumptions or Other Inputs Since 2014

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

- The following programming changes were made:

  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.

- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month AI timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:

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

2014 Changes in Assumptions or Other Inputs Since 2013

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

2013 Changes in Assumptions or Other Inputs Since 2012

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

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

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

University of Colorado Alternate Medicare Payments Plan

Changes in assumptions or other inputs affecting trends in actuarial information for the University of Colorado Alternate Medicare Payments pension plan are presented on a fiscal year basis, which is based on the actuarial valuation measurement date of June 30.

2022 Changes in Assumptions or Other Inputs Since 2021

- Discount rate changed from 2.15 percent to 3.54 percent.

2021 Changes in Assumptions or Other Inputs Since 2020

- Discount rate changed from 2.20 percent to 2.15 percent.

- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.

- Termination rates and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

2020 Changes in Assumptions or Other Inputs Since 2019

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

2019 Changes in Assumptions or Other Inputs Since 2018

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

2018 Changes in Assumptions or Other Inputs Since 2017

- Discount rate changed from 3.60 percent to 3.85 percent.
- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used the PUB- 2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total Pension Liability of about 10 percent.

2017 Changes in Assumptions or Other Inputs Since 2016

- Discount rate changed from 2.85 percent to 3.60 percent.
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females.
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
    - Mortality rates
    - Withdrawal rates

2016 Changes in Assumptions or Other Inputs

- A decrease in the discount rate from 3.85 percent to 2.85 percent.

NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) INFORMATION

A. PROPORTIONATE SHARE OF PERA HEALTH CARE TRUST FUNDS OPEB LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State's Health Care Trust Fund (HFTC) – a defined benefit cost-sharing multiple-employer other post-employment benefit plan – is administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net OPEB liability for its OPEB plan. The amounts presented were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to Calendar Year 2016.

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	31.56%	32.11%	32.96%	32.75%	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 257,641	$ 276,863	$ 313,213	$ 368,098	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 3,346,821	$ 2,918,834	$ 3,102,215	$ 3,023,000	$ 2,923,641	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	7.70%	9.49%	10.10%	12.18%	15.54%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contributions	$ 34,333	$ 31,592	$ 31,408	$ 31,659	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810
Contributions in relation to the contractually required contributions	(34,333)	(31,592)	(31,408)	(31,659)	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,366,034	3,097,234	3,079,159	3,103,809	2,957,937	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

B. CHANGES IN THE TOTAL UNIVERSITY OPEB LIABILITIES AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

The following schedule presents a five-year history (data not available prior to Fiscal Year 2018) of the University of Colorado's changes in total OPEB liabilities and related ratios for each fiscal year ending June 30. No assets are held in trust to pay for plan benefits; therefore, the plan is not funded.

SCHEDULE OF CHANGES IN TOTAL UNIVERSITY OPEB LIABILITY AND RELATED RATIOS

	Fiscal Year Ending June 30:					
University OPEB Plan (Amounts in Thousands)	2023	2022	2021	2020	2019	2018
Service cost	$ 111,208	68,640	49,138	53,400	49,754	53,099
Interest cost	29,892	22,068	26,392	34,254	28,404	24,648
Differences between expected and actual experience	(4,126)	201,889	287	(206,938)	(1,728)	(87,654)
Changes of assumptions	(288,497)	67,418	168,948	3,678	35,919	(46,406)
Benefit payments	(16,226)	(14,407)	(16,062)	(15,461)	(15,163)	(17,211)
Net change in total OPEB liability	(167,749)	345,608	228,703	(131,067)	97,186	(73,524)
Total OPEB liability (beginning)	1,287,203	941,595	712,892	843,959	746,773	820,297
Total OPEB liability (ending)	1,119,454	1,287,203	941,595	712,892	843,959	746,773
Covered-employee payroll	$ 2,100,077	1,896,938	2,053,724	1,719,840	1,663,010	1,475,177
Total OPEB liability as a % of payroll	53.31%	67.86%	45.85%	41.45%	50.75%	50.62%

C. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY, SCHEDULE OF OPEB CONTRIBUTIONS, AND RELATED RATIOS – COLORADO STATE UNIVERSITY SYSTEM OTHER POSTEMPLOYMENT BENEFIT HEALTH PLAN TRUST

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

		CY2022
Total OPEB liability:		
Service cost	$	1,364
Interest		2,265
Changes of benefit terms		70,682
Differences between expected and actual experience		(405)
Changes of assumptions		(14,035)
Benefit payments		(1,944)
Net change in total OPEB liability		57,927
Total OPEB liability - beginning		52,893
Total OPEB liability - ending (a)	**$**	**110,820**
Plan fiduciary net position:		
Contributions-employer	$	677
Net investment income		(4,573)
Benefit payments		(1,944)
Administrative expense		(269)
Net change in plan fiduciary net position		(6,109)
Plan fiduciary net position - beginning		82,997
Plan fiduciary net position - ending (b)	**$**	**76,888**
Net OPEB asset - ending (a)-(b)	**$**	**33,932**
Plan fiduciary net position as a percentage of the total OPEB liability		69.4%
Covered-employee payroll	$	485,660
Net OPEB asset as a percentage of covered-employee payroll		7.0%

The amounts presented are the contributions and payroll for each fiscal year.

Fiscal Year End	Actuarially Determined Contributions (A)	Contributions in Relation to the Actuarially Determined Contributions (B)	Contribution Deficiency (Excess) (A-B)	Covered-Employee Payroll (C)	Contributions as a Percentage of Covered-Employee Payroll (B/C)
FY2023	$ 3,682	3,682	-	508,586	0.7%

Valuation date	The valuation dates are biennial dates as of January 1. As of fiscal year ended June 30, 2023, the valuation date was January 1, 2023.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Investment rate of return	6.35%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	6.50 percent in 2023, 6.25 percent in 2024, 5.75 percent in 2025 and then decreasing 0.25 percent per year to 4.75 percent in 2029 and later.
Mortality	Separate mortality rates for non-annuitants (based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale MP-2021) and annuitants (based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale MP-2021).

D. SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

PERA Health Care Trust Fund

<u>2022 Changes in Assumptions or Other Inputs Since 2021</u>

- The timing of the retirement decrement was adjusted to middle-of-year.

<u>2021 Changes in Assumptions or Other Inputs Since 2020</u>

- There were no changes made to the actuarial methods or assumptions.

<u>2020 Changes in Assumptions or Other Inputs Since 2019</u>

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018

- There were no changes made to the actuarial methods or assumptions.

2018 Changes in Assumptions or Other Inputs Since 2017

- There were no changes made to the actuarial methods or assumptions.

2017 Changes in Assumptions or Other Inputs Since 2016

- There were no changes made to the actuarial methods or assumptions.

2016 Changes in Assumptions or Other Inputs Since 2015

- The Entry Age actuarial cost method allocation basis was changed from a level dollar amount to a level percentage of pay.

- The investment rate of return assumption decreased, the price inflation assumption decreased, and the wage inflation assumption decreased by 0.25 percent, 0.40 percent, and 0.4 percent, respectively.

- Mortality tables related to the mortality assumption for active members, post-retirement mortality assumption for healthy lives, mortality assumption for disabled retirees were changed.

- Various other assumptions related to assumed rates, wage inflation, PERACare, initial per capita health care costs, health care cost trends, election rates, assumed age differences between future retirees and their participating spouses, and utilization rates changed.

2015 Changes in Assumptions or Other Inputs Since 2014

- Methodology changes included rates of morbidity and the timing of the normal cost and unfunded actuarial accrued liability payment calculations.

- Changes to actuarial assumptions included PERACare enrollee percentages, initial per capita health care costs, and health care cost trend rates for Medicare Part A premiums.

University of Colorado OPEB

2022 Changes in Assumptions or Other Inputs Since 2021

- Discount rate changed from 2.15 percent to 3.54 percent.

2021 Changes in Assumptions or Other Inputs Since 2020

- Discount rate changed from 2.20 percent to 2.15 percent.

- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.

- Retirement rates for PERA employees, termination rates, and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

- Claims and trend rates were updated to better reflect expected future plan experience.

2020 Changes in Assumptions or Other Inputs Since 2019

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

2019 Changes in Assumptions or Other Inputs Since 2018

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

- Health care trend rates were updated.

- Health care claim costs and retiree contributions were updated based upon recent expenditures.

2018 Changes in Assumptions or Other Inputs Since 2017

- Discount rate changed from 3.60 percent to 3.85 percent.

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

2017 Changes in Assumptions or Other Inputs Since 2016

- Discount rate changed from 2.85 percent to 3.60 percent.

- Health care trend rates were updated.

- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females for PERA participants.

- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:

    - Mortality Rates

    - Withdrawal Rates

    - Retirement rates (apply to PERA participants only)

CSU OPEB Health Plan Trust

2022 Changes in Assumptions or Other Inputs Effective for the Measurement Period

- The discount rate assumption was updated from 4.25 percent to 5.60 percent.

- The investment return assumption was updated from 4.25 percent to 6.35 percent.

- The medical cost inflation assumption was updated from 6.00 percent through 2024 then decreasing 0.25 percent per year to 4.75 percent in 2029 and later to 6.50 percent in 2023, 6.25 percent in 2024, 5.75 percent in 2025 and then decreasing 0.25 percent per year to 4.75 percent in 2029 and later.

- The mortality improvement scale assumption was updated from Scale BB with generational projections to Scale MP-2021 with generational projections.

- Expected claim costs were updated.

NOTE RSI-4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND – GENERAL PURPOSE REVENUE COMPONENT

The State of Colorado reports components of the General Fund segregated by revenues being either general purpose or special purpose. Special purpose revenues are fund component revenues which are not of a sufficient original source to qualify for reporting as a special revenue fund. The special purpose components of the General Fund are: State Public Schools, Risk Management, and Other Special Purpose. General purpose revenues are not designated for a specific purpose and are reported in the General Purpose Revenue component of the General Fund. The General Purpose Revenue component of the General Fund is the primary operating fund of the state and is used to account for all financial resources and activity not required to be accounted for in another fund. Refer to the Supplementary Information section for additional information on the General Fund components and combining statements for the General Fund.

This schedule is presented primarily to report the change in budgetary fund balance from the prior fiscal year. The change in budgetary fund balance, as reconciled to the state's financial statements, supports the state's budgetary process. Ending budgetary fund balance on this schedule combined with relevant revenue forecasts are used to determine the total amount to be appropriated for the following fiscal year.

Beginning budgetary fund balances, resources (inflows), and amounts available for appropriation for the original budget and final budget are based on quarterly economic forecasts prepared by the Governor's Office of State Planning and Budgeting. Beginning budgetary fund balance and resources (inflows) in the actual amounts column reconcile to the state's accounting system. The March 2022 forecast is used for the original budget and the December 2022 forecast is used for the final budget. Charges to appropriations (outflows) for original and final budget are derived from budgeted expenditures recorded in the state's accounting system and agree to appropriations made by the General Assembly.

The original and final budget does not include budgeted amounts for federal grants and contracts, fees and other funding sources/uses, and revenues/expenditures not budgeted because they are currently not forecasted by the Office of State Planning and Budget. Amounts are included in the actual column because the activity is accounted for in this component of the General Fund.

Certain state laws result in budget-to-GAAP differences. Section 24-75-201(2)(a)(II), C.R.S. excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. Section 24-75-201(2)(a)(III), C.R.S. excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Refer to the Budget-to-GAAP Reconciliation for amounts related to these statutorily-based budget-to-GAAP differences as well as for information on other budget-to-GAAP differences.

State law (Section 24-75-201.1, C.R.S.) restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The statutory reserve for the fiscal year ended June 30, 2023 is $2.0 billion and is the Committed portion of fund balance for the General Purpose Revenue component of the General Fund. The reserve is included in this schedule and therefore beginning and ending budgetary fund balance are net of the required reserve. A positive ending budgetary fund balance in the actual column indicates a reserve maintained in compliance with state law.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2023
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Budgetary fund balance, July 1, 2022	$ 1,589,682	$ 1,589,682	$ 1,589,682	
Resources (Inflows):				
Sales and use tax	4,650,900	4,846,200	4,815,433	$ (30,767)
Other excise taxes	342,000	323,300	104,054	(219,246)
Individual income tax, net	10,159,460	10,019,180	6,515,803	(3,503,377)
Corporate income tax, net	979,940	1,049,820	2,166,610	1,116,790
Insurance tax	437,000	464,400	516,659	52,259
Pari-mutuel, courts, and other	33,700	52,200	56,911	4,711
Investment income	36,800	89,600	188,421	98,821
Transfers-in from other funds	34,700	23,997	21,899	(2,098)
Amounts available for appropriation	18,264,182	18,458,379	15,975,472	(2,482,907)
Charges to appropriations (outflows):				
Agriculture	17,480	17,209	17,052	157
Corrections	900,318	922,975	912,373	10,602
Early Childhood	120,648	119,014	113,531	5,483
Education	4,502,726	4,501,259	4,495,002	6,257
Governor	67,785	66,591	65,720	871
Health Care Policy and Financing	4,107,286	3,664,934	3,624,659	40,275
Higher Education	1,380,583	1,378,748	1,360,951	17,797
Human Services	1,074,459	1,097,847	1,082,147	15,700
Judicial Branch	669,828	670,252	657,516	12,736
Labor and Employment	31,963	25,953	21,728	4,225
Law	20,759	20,758	20,414	344
Legislative Branch	66,757	66,750	66,719	31
Local Affairs	60,947	54,266	51,553	2,713
Military and Veterans Affairs	12,654	12,660	12,044	616
Natural Resources	38,689	39,073	37,502	1,571
Personnel and Administration	28,166	28,335	24,397	3,938
Public Health and Environment	204,418	192,219	185,623	6,596
Public Safety	247,145	230,288	216,849	13,439
Regulatory Agencies	3,016	5,761	5,741	20
Revenue	222,501	460,990	420,111	40,879
State	1,423	1,152	1,081	71
Treasury	1,458,963	1,657,522	1,488,515	169,007
Nondepartmental:				
Transfers-out to capital projects fund	117,894	117,894	117,894	-
Total charges to appropriations	15,356,408	15,352,450	14,999,122	353,328
Budgetary reserves and amounts not forecasted or budgeted:				
Increase in Contingency reserve - C.R.S. 24-75-201.1	(384,900)	(384,900)	(384,900)	
Release of prior year State Controller approved rollforwards	-	-	83,302	
State Controller approved rollforwards	-	-	(87,068)	
Net of revenues not forecasted and expenditures not budgeted	-	-	(156,497)	
Total budgetary reserves and amounts not forecasted or budgeted	(384,900)	(384,900)	(545,163)	
Budgetary fund balance, June 30, 2023	$ 2,522,874	$ 2,721,029	$ 431,187	

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

Budgetary Comparison Schedule
General Fund- General Purpose Revenue Component
Budget-to-GAAP Reconciliation
For the Year Ended June 30, 2023
(Dollars in Thousands)

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources:	
Actual amounts (budgetary basis) “available for appropriation” from the budgetary comparison schedule.	$ 15,975,472
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year	(1,589,682)
Federal revenues not forecasted	10,544,498
Fee revenues and other funding sources not forecasted	866,094
Other revenues not forecasted	(11,406)
Deferred Medicaid revenues are excluded from inflows of budgetary resources but are revenues for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	15,565
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	(97,808)
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(734,960)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(201,032)
Capital asset related proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(18,959)
Insurance recoveries are not revenues for financial reporting purposes.	(876)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 24,746,906
Uses/outflows of resources and reserves:	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule.	14,999,122
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	10,592,939
Fee revenue and other funding uses not budgeted	816,573
Other expenditures not budgeted	146,171
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(6,679,810)
Deferred Medicaid expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	38,566
Deferred payroll expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (III).	7,598
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(734,960)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 19,186,199

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE

This fund is the general operating fund for state operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.

SPECIAL PURPOSE FUNDS

The State Public School fund is a statutory fund that distributes substantially all of its resources to school districts each year; most of the resources of the fund are transfers from the General Purpose Revenue component of the General Fund.

The Risk Management fund accounts for the State's liability, property, and worker's compensation insurance activities; its revenues are primarily from charges to State agencies.

The Other Special Purpose Fund comprises all other funds without sufficient original source revenues to qualify as Special Revenue Funds. Included in this category is the Building Excellent Schools Tomorrow (BEST) program that provides grants and funds for public school construction, Lottery proceeds held by the Division of Parks and Wildlife for parks and outdoor recreation projects, the Charter School Institute, PERA payment, housing development, intellectual and developmental disability services, as well as over fifty smaller funds.

EMERGENCY RESERVE

The Emergency Reserve is part of the State's budgetary stabilization arrangements. The Emergency Reserve shall not be expended or appropriated for any purpose other than for an emergency declared by the Governor pursuant to Section 24-33.5-704(4). Refer to the Stabilization Arrangements section in Note 15 for additional information.

COMBINING BALANCE SHEET
GENERAL FUND COMPONENTS
JUNE 30, 2023

		SPECIAL PURPOSE FUNDS						
(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	STATE PUBLIC SCHOOL	RISK MANAGEMENT	OTHER SPECIAL PURPOSE	EMERGENCY RESERVE	TOTAL	INTRA-FUND RECEIVABLE ELIMINATIONS	TOTAL
ASSETS:								
Cash and Pooled Cash	$ 3,653,525	$ 1,027	$ 16,101	$ 422,565	$ 46,572	$ 4,139,790	$ -	$ 4,139,790
Taxes Receivable, net	2,428,977	-	-	-	-	2,428,977	-	2,428,977
Other Receivables, net	614,303	7,362	3,870	17,122	-	642,657	-	642,657
Due From Other Governments	1,621,660	3,332	-	18	-	1,625,010	-	1,625,010
Due From Other Funds	108,091	-	-	49,349	385	157,825	(58,011)	99,814
Inventories	44,954	-	-	-	-	44,954	-	44,954
Prepaids, Advances and Deposits	47,201	-	-	14	-	47,215	-	47,215
Restricted Cash and Pooled Cash	4	254,750	-	675,465	70,067	1,000,286	-	1,000,286
Restricted Receivables	-	-	-	12,993	-	12,993	-	12,993
Investments	16,532	-	-	-	-	16,532	-	16,532
Other Long-Term Assets	1,526	-	-	56,681	-	58,207	-	58,207
TOTAL ASSETS	$ 8,536,773	$ 266,471	$ 19,971	$ 1,234,207	$ 117,024	$ 10,174,446	$ (58,011)	$ 10,116,435
LIABILITIES:								
Tax Refunds Payable	$ 1,197,924	$ -	$ -	$ -	$ -	$ 1,197,924	$ -	$ 1,197,924
Accounts Payable and Accrued Liabilities	1,303,298	-	702	47,024	-	1,351,024	-	1,351,024
TABOR Refund Liability (Note 2B)	3,678,327	-	-	-	-	3,678,327	-	3,678,327
Due To Other Governments	341,806	-	-	48,206	-	390,012	-	390,012
Due To Other Funds	52,718	-	-	15	42,611	95,344	(58,011)	37,333
Unearned Revenue	104,579	-	1,956	666	-	107,201	-	107,201
Claims and Judgments Payable	242	-	-	-	-	242	-	242
Other Current Liabilities	66,709	-	-	-	-	66,709	-	66,709
Deposits Held In Custody For Others	39	-	-	51	-	90	-	90
TOTAL LIABILITIES	6,745,642	-	2,658	95,962	42,611	6,886,873	(58,011)	6,828,862
DEFERRED INFLOW OF RESOURCES:	179,926	5,381	-	-	-	185,307	-	185,307
FUND BALANCES:								
Nonspendable:								
Inventories	44,954	-	-	-	-	44,954	-	44,954
Prepaids	47,074	-	-	14	-	47,088	-	47,088
Restricted	-	260,063	-	621,424	-	881,487	-	881,487
Committed	1,997,100	1,027	17,313	516,807	74,413	2,606,660	-	2,606,660
Assigned	87,068	-	-	-	-	87,068	-	87,068
Unassigned	(564,991)	-	-	-	-	(564,991)	-	(564,991)
TOTAL FUND BALANCES	1,611,205	261,090	17,313	1,138,245	74,413	3,102,266	-	3,102,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,536,773	$ 266,471	$ 19,971	$ 1,234,207	$ 117,024	$ 10,174,446	$ (58,011)	$ 10,116,435

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS RISK MANAGEMENT	SPECIAL PURPOSE FUNDS OTHER SPECIAL PURPOSE	EMERGENCY RESERVE	TOTAL	INTRA-FUND TRANSFER ELIMINATIONS	TOTAL
REVENUES:								
Taxes:								
Individual and Fiduciary Income	$ 6,515,803	$ -	$ -	$ -	$ -	$ 6,515,803	$ -	$ 6,515,803
Corporate Income	2,166,610	-	-	-	-	2,166,610	-	2,166,610
Sales and Use	4,815,433	-	-	-	-	4,815,433	-	4,815,433
Excise	104,054	-	-	-	-	104,054	-	104,054
Other Taxes	516,996	-	-	-	-	516,996	-	516,996
Licenses, Permits, and Fines	16,679	-	22	72,840	-	89,541	-	89,541
Charges for Goods and Services	20,554	-	69,521	360	-	90,435	-	90,435
Rents	129	-	-	1	-	130	-	130
Investment Income (Loss)	93,695	-	1,579	26,721	(64,682)	57,313	-	57,313
Federal Grants and Contracts	10,209,709	-	-	18,753	-	10,228,462	-	10,228,462
Other	287,244	3,376	68	37,075	-	327,763	-	327,763
TOTAL REVENUES	24,746,906	3,376	71,190	155,750	(64,682)	24,912,540	-	24,912,540
EXPENDITURES:								
Current:								
General Government	266,596	-	80,948	5,760	-	353,304	-	353,304
Business, Community, and Consumer Affairs	242,656	-	-	45,091	-	287,747	-	287,747
Education	1,121,976	6,382	-	7,953	-	1,136,311	-	1,136,311
Health and Rehabilitation	1,233,772	-	-	252	-	1,234,024	-	1,234,024
Justice	1,868,307	-	-	32	-	1,868,339	-	1,868,339
Natural Resources	45,219	-	-	-	-	45,219	-	45,219
Social Assistance	11,159,756	-	-	12,276	-	11,172,032	-	11,172,032
Capital Outlay	44,867	-	-	155,946	-	200,813	-	200,813
Intergovernmental:								
Cities	59,077	-	-	55,833	-	114,910	-	114,910
Counties	1,643,984	-	-	16,942	-	1,660,926	-	1,660,926
School Districts	1,348,715	4,197,744	-	333,460	-	5,879,919	-	5,879,919
Special Districts	70,245	-	-	22,824	-	93,069	-	93,069
Federal	579	-	-	2,364	-	2,943	-	2,943
Other	40,927	-	-	580,225	-	621,152	-	621,152
Debt Service	39,523	-	-	95,028	-	134,551	-	134,551
TOTAL EXPENDITURES	19,186,199	4,204,126	80,948	1,333,986	-	24,805,259	-	24,805,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,560,707	(4,200,750)	(9,758)	(1,178,236)	(64,682)	107,281	-	107,281
OTHER FINANCING SOURCES (USES):								
Transfers-In	201,032	4,577,838	-	859,130	35,994	5,673,994	(5,060,968)	613,026
Transfers-Out	(6,679,810)	(174,788)	(2,452)	(52,188)	(9,578)	(6,918,816)	5,060,968	(1,857,848)
Issuance of Leases	18,460	-	-	131	-	18,591	-	18,591
Sale of Capital Assets	499	-	-	130	-	629	-	629
Insurance Recoveries	876	-	434	-	-	1,310	-	1,310
TOTAL OTHER FINANCING SOURCES (USES)	(6,458,943)	4,403,050	(2,018)	807,203	26,416	(1,224,292)	-	(1,224,292)
NET CHANGE IN FUND BALANCES	(898,236)	202,300	(11,776)	(371,033)	(38,266)	(1,117,011)	-	(1,117,011)
FUND BALANCE, FISCAL YEAR BEGINNING	2,492,439	58,790	29,089	1,509,278	112,679	4,202,275	-	4,202,275
Prior Period Adjustment (See Note 15A)	17,002	-	-	-	-	17,002	-	17,002
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	2,509,441	58,790	29,089	1,509,278	112,679	4,219,277	-	4,219,277
FUND BALANCE, FISCAL YEAR END	$ 1,611,205	$ 261,090	$ 17,313	$ 1,138,245	$ 74,413	$ 3,102,266	$ -	$ 3,102,266

OTHER GOVERNMENTAL FUNDS

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

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

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

Capital Project Funds - These funds are used to account for acquisition, construction, or improvement of State-owned facilities and certain equipment.

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

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
ASSETS:					
Cash and Pooled Cash	$ 4,721,771	$ -	$ 470,150	$ -	$ 5,191,921
Taxes Receivable, net	78,017	-	-	-	78,017
Other Receivables, net	260,641	-	4,705	18,167	283,513
Due From Other Governments	77,070	341	8,847	-	86,258
Due From Other Funds	39,541	-	481	-	40,022
Inventories	163,554	-	-	-	163,554
Prepaids, Advances and Deposits	84,498	-	-	7	84,505
Restricted Cash and Pooled Cash	1,594,825	158,095	150	88,979	1,842,049
Restricted Investments	5,000	-	-	1,408,529	1,413,529
Restricted Receivables	69,519	-	-	-	69,519
Investments	145,509	-	1,044,846	-	1,190,355
Other Long-Term Assets	581,088	-	-	22,426	603,514
TOTAL ASSETS	$ 7,821,033	$ 158,436	$ 1,529,179	$ 1,538,108	$ 11,046,756
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	7,127	7,127
LIABILITIES:					
Tax Refunds Payable	$ 13,113	$ -	$ -	$ -	$ 13,113
Accounts Payable and Accrued Liabilities	173,646	3,289	13,628	5,650	196,213
Due To Other Governments	122,705	-	-	5	122,710
Due To Other Funds	40,665	-	1,614	282	42,561
Unearned Revenue	366,904	-	607	-	367,511
Claims and Judgments Payable	90	-	-	-	90
Other Current Liabilities	31,763	-	-	3	31,766
Deposits Held In Custody For Others	217	-	-	-	217
TOTAL LIABILITIES	749,103	3,289	15,849	5,940	774,181
DEFERRED INFLOW OF RESOURCES:	58,824	-	-	-	58,824
FUND BALANCES:					
Nonspendable:					
Long-term Portion of Interfund Loans Receivable	-	-	85	-	85
Inventories	163,554	-	-	-	163,554
Permanent Fund Principal	-	-	-	1,516,090	1,516,090
Prepaids	84,495	-	-	7	84,502
Restricted	1,626,169	155,147	5	-	1,781,321
Committed	5,138,888	-	1,513,240	23,198	6,675,326
TOTAL FUND BALANCES	7,013,106	155,147	1,513,330	1,539,295	10,220,878
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,821,033	$ 158,436	$ 1,529,179	$ 1,545,235	$ 11,053,883

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 1,026,309	$ -	$ -	$ -	$ 1,026,309
Corporate Income	200,091	-	-	-	200,091
Sales and Use	62,613	-	-	-	62,613
Excise	365,281	-	-	-	365,281
Other Taxes	972,384	-	-	-	972,384
Licenses, Permits, and Fines	478,513	-	-	-	478,513
Charges for Goods and Services	206,629	-	-	-	206,629
Rents	5,059	-	-	259,950	265,009
Investment Income (Loss)	(35,786)	530	93,122	64,328	122,194
Federal Grants and Contracts	553,228	-	16,291	-	569,519
Additions to Permanent Funds	348,581	-	-	2,304	350,885
Unclaimed Property Receipts	128,772	-	-	-	128,772
Other	63,444	601	784	6	64,835
TOTAL REVENUES	4,375,118	1,131	110,197	326,588	4,813,034
EXPENDITURES:					
Current:					
General Government	40,449	-	20,135	1,175	61,759
Business, Community, and Consumer Affairs	507,724	-	5	-	507,729
Education	443,966	-	835	-	444,801
Health and Rehabilitation	163,539	-	164	-	163,703
Justice	268,917	-	9,307	-	278,224
Natural Resources	85,892	-	157	15,393	101,442
Social Assistance	292,377	-	7,123	-	299,500
Transportation	6,200	-	-	-	6,200
Capital Outlay	21,132	-	53,742	1,385	76,259
Intergovernmental:					
Cities	140,817	-	-	-	140,817
Counties	187,406	-	35	510	187,951
School Districts	1,037,227	-	-	-	1,037,227
Special Districts	44,793	-	-	-	44,793
Federal	1,043	-	-	-	1,043
Other	109,935	-	-	-	109,935
Debt Service	11,031	210,922	4,746	-	226,699
TOTAL EXPENDITURES	3,362,448	210,922	96,249	18,463	3,688,082
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,012,670	(209,791)	13,948	308,125	1,124,952
OTHER FINANCING SOURCES (USES):					
Transfers-In	1,380,676	220,138	152,681	-	1,753,495
Transfers-Out	(675,074)	-	(507,583)	(175,397)	(1,358,054)
Issuance of Leases	11,789	-	-	-	11,789
Sale of Capital Assets	2,490	-	462	10,489	13,441
Insurance Recoveries	5	-	4,684	-	4,689
TOTAL OTHER FINANCING SOURCES (USES)	719,886	220,138	(349,756)	(164,908)	425,360
NET CHANGE IN FUND BALANCES	1,732,556	10,347	(335,808)	143,217	1,550,312
FUND BALANCE, FISCAL YEAR BEGINNING	5,280,550	144,800	1,849,668	1,396,078	8,671,096
Prior Period Adjustment (See Note 15A)	-	-	(530)	-	(530)
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	5,280,550	144,800	1,849,138	1,396,078	8,670,566
FUND BALANCE, FISCAL YEAR END	$ 7,013,106	$ 155,147	$ 1,513,330	$ 1,539,295	$ 10,220,878

CAPITAL PROJECTS FUND COMPONENTS

Transactions related to resources obtained and used for acquisition, construction, or improvement of State owned facilities and certain equipment are accounted for in the Capital Projects Fund, unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund. For legal compliance purposes, the Capital Projects Fund is is segregated into the following components:

REGULAR CAPITAL PROJECTS	This fund accounts for projects that are either fully or partially funded with general-purpose revenue that is transferred from the General Purpose Revenue Fund. It also includes cash-funded or mixed funded projects.
SPECIAL CAPITAL PROJECTS	This fund accounts for certain projects that are not funded with any general-purpose revenue. This includes projects funded with the proceeds of certificates of participation such as the Colorado History Center and the Ralph L. Carr Justice Center, federal projects in the Department of Military Affairs, Lottery-funded projects in the Department of Natural Resources, and several smaller projects.

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND COMPONENTS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 444,827	$ 25,323	$ 470,150
Other Receivables, net	4,670	35	4,705
Due From Other Governments	2,488	6,359	8,847
Due From Other Funds	111	370	481
Restricted Cash and Pooled Cash	-	150	150
Investments	1,044,520	326	1,044,846
TOTAL ASSETS	$ 1,496,616	$ 32,563	$ 1,529,179
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 11,611	$ 2,017	$ 13,628
Due To Other Funds	1,614	-	1,614
Unearned Revenue	-	607	607
TOTAL LIABILITIES	13,225	2,624	15,849
FUND BALANCES:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	85	85
Restricted	-	5	5
Committed	1,483,391	29,849	1,513,240
TOTAL FUND BALANCES	1,483,391	29,939	1,513,330
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,496,616	$ 32,563	$ 1,529,179

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Taxes:			
Investment Income (Loss)	$ 93,416	$ (294)	$ 93,122
Federal Grants and Contracts	4,089	12,202	16,291
Other	784	-	784
TOTAL REVENUES	98,289	11,908	110,197
EXPENDITURES:			
Current:			
General Government	16,123	4,012	20,135
Business, Community, and Consumer Affairs	5	-	5
Education	835	-	835
Health and Rehabilitation	164	-	164
Justice	7,534	1,773	9,307
Natural Resources	157	-	157
Social Assistance	6,986	137	7,123
Capital Outlay	44,843	8,899	53,742
Intergovernmental:			
Counties	35	-	35
Debt Service	4,746	-	4,746
TOTAL EXPENDITURES	81,428	14,821	96,249
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,861	(2,913)	13,948
OTHER FINANCING SOURCES (USES):			
Transfers-In	141,487	11,194	152,681
Transfers-Out	(501,302)	(6,281)	(507,583)
Sale of Capital Assets	-	462	462
Insurance Recoveries	-	4,684	4,684
TOTAL OTHER FINANCING SOURCES (USES)	(359,815)	10,059	(349,756)
NET CHANGE IN FUND BALANCES	(342,954)	7,146	(335,808)
FUND BALANCE, FISCAL YEAR BEGINNING	1,826,345	23,323	1,849,668
Prior Period Adjustment (See Note 15A)	-	(530)	(530)
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	1,826,345	22,793	1,849,138
FUND BALANCE, FISCAL YEAR END	$ 1,483,391	$ 29,939	$ 1,513,330

SPECIAL REVENUE FUNDS

LABOR

This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.

RESOURCE EXTRACTION

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

STATE EDUCATION

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

GAMING

This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the State. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.

TOBACCO IMPACT MITIGATION

This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional State tax on cigarettes and tobacco products approved by State voters in the 2004 general election and the expenditure of those tax revenues.

RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas resources of the State. Most of the related programs are managed by the Colorado Department of Natural Resources.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Position Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)

	LABOR	RESOURCE EXTRACTION	STATE EDUCATION	GAMING
ASSETS:				
Cash and Pooled Cash	$ 221,824	$ 1,154,661	$ -	$ 257,429
Taxes Receivable, net	26,204	1,445	-	18,981
Other Receivables, net	12,940	51,421	1	110
Due From Other Governments	4,401	10,206	-	14
Due From Other Funds	7,832	14,877	-	35
Inventories	101,080	60,896	-	34
Prepaids, Advances and Deposits	993	15,168	-	2,130
Restricted Cash and Pooled Cash	91,000	33,000	1,357,229	6,411
Restricted Investments	-	-	-	-
Restricted Receivables	-	-	-	-
Investments	1,002	-	-	-
Other Long-Term Assets	-	517,178	-	-
TOTAL ASSETS	$ 467,276	$ 1,858,852	$ 1,357,230	$ 285,144
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	8,728	23,587	5,123	12,441
Due To Other Governments	-	95,891	-	24,552
Due To Other Funds	349	1,190	-	29,364
Unearned Revenue	18,144	1,460	-	1,269
Claims and Judgments Payable	78	-	-	-
Other Current Liabilities	571	-	-	-
Deposits Held In Custody For Others	-	-	-	5
TOTAL LIABILITIES	27,870	122,128	5,123	67,631
DEFERRED INFLOW OF RESOURCES:	-	1,445	-	-
FUND BALANCES:				
Nonspendable:				
Inventories	101,080	60,896	-	34
Prepaids	993	15,168	-	2,130
Restricted	91,000	45,830	1,352,107	96,529
Committed	246,333	1,613,385	-	118,820
TOTAL FUND BALANCES	439,406	1,735,279	1,352,107	217,513
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 467,276	$ 1,858,852	$ 1,357,230	$ 285,144

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 124,635	$ 45,617	$ 807,663	$ 466,248	$ 1,643,694	$ 4,721,771
43	-	-	-	31,344	78,017
68,431	50	50,081	1,193	76,414	260,641
1,048	-	37,693	-	23,708	77,070
-	5	-	-	16,792	39,541
-	-	1,544	-	-	163,554
4	1,878	2,164	26	62,135	84,498
-	-	-	-	107,185	1,594,825
-	-	-	5,000	-	5,000
-	-	-	-	69,519	69,519
-	-	-	128,668	15,839	145,509
-	-	-	-	63,910	581,088
$ 194,161	$ 47,550	$ 899,145	$ 601,135	$ 2,110,540	$ 7,821,033
$ -	$ -	$ -	$ -	$ 13,113	$ 13,113
21,298	1,562	25,551	409	74,947	173,646
64	-	153	116	1,929	122,705
3,256	63	1,633	116	4,694	40,665
-	12	69,065	-	276,954	366,904
-	-	-	-	12	90
-	34	27,042	-	4,116	31,763
-	-	-	-	212	217
24,618	1,671	123,444	641	375,977	749,103
43	-	-	-	57,336	58,824
-	-	1,544	-	-	163,554
4	1,878	2,164	26	62,132	84,495
32,405	6,666	1,632	-	-	1,626,169
137,091	37,335	770,361	600,468	1,615,095	5,138,888
169,500	45,879	775,701	600,494	1,677,227	7,013,106
$ 194,161	$ 47,550	$ 899,145	$ 601,135	$ 2,110,540	$ 7,821,033

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)

	LABOR	RESOURCE EXTRACTION	STATE EDUCATION	GAMING
REVENUES:				
Taxes:				
Individual and Fiduciary Income	$ -	$ -	$ 945,338	$ -
Corporate Income	-	-	121,062	-
Sales and Use	-	-	-	-
Excise	-	-	-	-
Other Taxes	72,215	351,977	-	193,368
Licenses, Permits, and Fines	1,679	2,149	-	3,081
Charges for Goods and Services	101	33,925	-	203
Rents	6	-	-	-
Investment Income (Loss)	(752)	7,569	(19,615)	(2,100)
Federal Grants and Contracts	76,575	195,270	-	-
Additions to Permanent Funds	-	-	-	-
Unclaimed Property Receipts	-	-	-	-
Other	2,320	13,163	31	2,787
TOTAL REVENUES	152,144	604,053	1,046,816	197,339
EXPENDITURES:				
Current:				
General Government	49	-	-	222
Business, Community, and Consumer Affairs	52,556	15,064	-	40,970
Education	-	-	39,263	21,097
Health and Rehabilitation	671	598	-	130
Justice	12,258	-	-	-
Natural Resources	-	78,292	-	2,159
Social Assistance	-	-	-	1
Transportation	-	-	-	-
Capital Outlay	76	4,328	-	122
Intergovernmental:				
Cities	1,147	64,156	-	22,930
Counties	10,254	48,921	-	24,419
School Districts	23	3,157	968,769	11
Special Districts	148	27,110	-	2,535
Federal	-	12	-	-
Other	(2,059)	3,964	-	4,983
Debt Service	1,301	800	81	180
TOTAL EXPENDITURES	76,424	246,402	1,008,113	119,759
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	75,720	357,651	38,703	77,580
OTHER FINANCING SOURCES (USES):				
Transfers-In	25,805	9,638	464,337	15,600
Transfers-Out	(4,069)	(127,261)	(58,059)	(62,806)
Issuance of Leases	-	114	-	-
Sale of Capital Assets	2,490	-	-	-
Insurance Recoveries	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	24,226	(117,509)	406,278	(47,206)
NET CHANGE IN FUND BALANCES	99,946	240,142	444,981	30,374
FUND BALANCE, FISCAL YEAR BEGINNING	339,460	1,495,137	907,126	187,139
FUND BALANCE, FISCAL YEAR END	$ 439,406	$ 1,735,279	$ 1,352,107	$ 217,513

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ 80,971	$ 1,026,309
-	-	-	-	79,029	200,091
-	-	-	-	62,613	62,613
101,433	-	-	-	263,848	365,281
-	-	350,209	-	4,615	972,384
94,183	70	47,615	67	329,669	478,513
1	1,746	85,580	-	85,073	206,629
-	-	-	-	5,053	5,059
3,123	(504)	(11,206)	(3,113)	(9,188)	(35,786)
2,054	-	90,747	-	188,582	553,228
-	-	-	-	348,581	348,581
-	-	-	128,772	-	128,772
485	1,347	16,759	6	26,546	63,444
201,279	2,659	579,704	125,732	1,465,392	4,375,118
408	-	165	4,967	34,638	40,449
-	131	46,635	1,657	350,711	507,724
3,696	-	44	-	379,866	443,966
24,772	-	76,762	-	60,606	163,539
311	-	73,732	-	182,616	268,917
-	5,109	75	-	257	85,892
106,727	-	55,364	-	130,285	292,377
-	-	1	-	6,199	6,200
-	343	8,000	45	8,218	21,132
831	18	1,635	-	50,100	140,817
25,338	563	2,680	10	75,221	187,406
26,764	70	68	2	38,363	1,037,227
2,881	-	2,999	100	9,020	44,793
-	-	892	55	84	1,043
9,705	1,321	22,649	124	69,248	109,935
68	-	669	532	7,400	11,031
201,501	7,555	292,370	7,492	1,402,832	3,362,448
(222)	(4,896)	287,334	118,240	62,560	1,012,670
45,220	16,301	132,948	16	670,811	1,380,676
(28,681)	(83)	(12,158)	(26,796)	(355,161)	(675,074)
-	-	2,761	1,885	7,029	11,789
-	-	-	-	-	2,490
-	5	-	-	-	5
16,539	16,223	123,551	(24,895)	322,679	719,886
16,317	11,327	410,885	93,345	385,239	1,732,556
153,183	34,552	364,816	507,149	1,291,988	5,280,550
$ 169,500	$ 45,879	$ 775,701	$ 600,494	$ 1,677,227	$ 7,013,106

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, 2023

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 18,167	$ -	$ 18,167
Prepaids, Advances and Deposits	7	-	7
Restricted Cash and Pooled Cash	65,781	23,198	88,979
Restricted Investments	1,408,529	-	1,408,529
Other Long-Term Assets	22,426	-	22,426
TOTAL ASSETS	$ 1,514,910	$ 23,198	$ 1,538,108
DEFERRED OUTFLOW OF RESOURCES:	7,127	-	7,127
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 5,650	$ -	$ 5,650
Due To Other Governments	5	-	5
Due To Other Funds	282	-	282
Other Current Liabilities	3	-	3
TOTAL LIABILITIES	5,940	-	5,940
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	1,516,090	-	1,516,090
Prepaids	7	-	7
Committed	-	23,198	23,198
TOTAL FUND BALANCES	1,516,097	23,198	1,539,295
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,522,037	$ 23,198	$ 1,545,235

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Taxes:			
Rents	$ 257,866	$ 2,084	$ 259,950
Investment Income (Loss)	64,312	16	64,328
Additions to Permanent Funds	2,304	-	2,304
Other	-	6	6
TOTAL REVENUES	324,482	2,106	326,588
EXPENDITURES:			
Current:			
General Government	1,175	-	1,175
Natural Resources	15,393	-	15,393
Capital Outlay	1,385	-	1,385
Intergovernmental:			
Counties	510	-	510
TOTAL EXPENDITURES	18,463	-	18,463
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	306,019	2,106	308,125
OTHER FINANCING SOURCES (USES):			
Transfers-Out	(175,397)	-	(175,397)
Sale of Capital Assets	10,489	-	10,489
TOTAL OTHER FINANCING SOURCES (USES)	(164,908)	-	(164,908)
NET CHANGE IN FUND BALANCES	141,111	2,106	143,217
FUND BALANCE, FISCAL YEAR BEGINNING	1,374,986	21,092	1,396,078
FUND BALANCE, FISCAL YEAR END	$ 1,516,097	$ 23,198	$ 1,539,295

OTHER ENTERPRISE FUNDS

These funds account for operations of State agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

PARKS AND WILDLIFE	Expenses of this fund are to preserve the State's parks, wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
LOTTERY	The State Lottery encompasses the various lottery and lotto games run under Colorado Revised Statutes. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Purpose Revenue Fund. The funds are used primarily for open space purchases and recreational facilities throughout the State.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.
PRISON CANTEENS	This activity accounts for the various canteen operations in the State's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.

OTHER ENTERPRISE ACTIVITIES

The other enterprise activities includes the State and CollegeInvest. The State includes the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in State buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at State museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 372,766	$ 167,283	$ 72,918	$ 5,593
Premiums/Taxes Receivable, net	-	-	-	-
Student and Other Receivables, net	16,039	-	38,217	166
Due From Other Governments	22,715	489	-	-
Due From Other Funds	12,218	-	-	-
Due From Component Units	-	-	-	-
Inventories	1,965	-	533	-
Prepaids, Advances and Deposits	4,727	146	5,323	23
Total Current Assets	430,430	167,918	116,991	5,782
Noncurrent Assets:				
Restricted Cash and Pooled Cash	-	3,504	-	-
Restricted Receivables	-	25,302	-	-
Other Long-Term Assets	791	-	-	591
Depreciable/Amortizable Capital Assets, net	247,179	2,176	3,626	15,513
Land and Nondepreciable Capital Assets	464,440	-	-	10,378
Total Noncurrent Assets	712,410	30,982	3,626	26,482
TOTAL ASSETS	1,142,840	198,900	120,617	32,264
DEFERRED OUTFLOW OF RESOURCES:	42,392	766	3,378	2,003
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	29,495	1	9,683	1,075
Due To Other Governments	-	20,238	90	-
Due To Other Funds	1,348	-	38,743	370
Unearned Revenue	58,379	-	-	1,235
Compensated Absences Payable	1,488	85	18	17
Lease & Subscriptions Payable	218	229	918	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	307	2,817	69,891	11
Total Current Liabilities	91,235	23,370	119,343	2,708
Noncurrent Liabilities:				
Due to Other Funds	14,211	-	-	-
Deposits Held In Custody For Others	25	-	-	-
Accrued Compensated Absences	10,302	139	861	113
Lease & Subscriptions Payable	3,171	1,160	2,321	-
Notes, Bonds, and COPs Payable	-	-	-	-
Net Pension Liability	231,091	3,805	20,433	7,162
Other Postemployment Benefits	5,603	76	519	166
Other Long-Term Liabilities	-	-	5	-
Total Noncurrent Liabilities	264,403	5,180	24,139	7,441
TOTAL LIABILITIES	355,638	28,550	143,482	10,149
DEFERRED INFLOW OF RESOURCES:	11,217	143	877	867
NET POSITION:				
Net investment in Capital Assets:	708,231	-	387	-
Restricted for:				
Other Purposes	31,961	8,568	3,168	-
Unrestricted	78,185	162,405	(23,919)	23,251
TOTAL NET POSITION	$ 818,377	$ 170,973	$ (20,364)	$ 23,251

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTAL
$ -	$ 8,815	$ 6,463	$ 10,290	$ 356,171	$ 1,000,299
-	-	-	74	233	307
865	8	-	3,591	19,183	78,069
973	5,251	-	-	197,006	226,434
178	1,935	-	-	567	14,898
-	135	-	-	-	135
6,149	126	1,413	-	277	10,463
-	-	-	-	313	10,532
8,165	16,270	7,876	13,955	573,750	1,341,137
-	-	-	-	-	3,504
-	-	-	-	-	25,302
-	-	-	-	-	1,382
4,530	23,284	1,555	11	10,012	307,886
977	5,284	-	-	4,806	485,885
5,507	28,568	1,555	11	14,818	823,959
13,672	44,838	9,431	13,966	588,568	2,165,096
2,468	14,080	1,391	1,159	7,337	74,974
2,701	9,707	768	3,703	276,857	333,990
-	564	-	-	-	20,892
4,434	-	-	-	11,562	56,457
25	663	-	-	8,749	69,051
152	260	-	5	29	2,054
63	301	-	-	271	2,000
-	17	-	-	-	17
60	379	-	14	-	73,479
7,435	11,891	768	3,722	297,468	557,940
-	-	-	-	-	14,211
-	-	-	-	-	25
431	2,292	262	941	1,024	16,365
1,149	409	-	-	1,324	9,534
-	941	-	-	(4)	937
15,385	81,975	7,034	6,661	27,577	401,123
398	2,057	178	164	594	9,755
-	-	-	-	-	5
17,363	87,674	7,474	7,766	30,515	451,955
24,798	99,565	8,242	11,488	327,983	1,009,895
6,650	11,070	489	753	2,862	34,928
4,295	-	1,555	11	12,202	726,681
-	-	-	-	-	43,697
(19,603)	(51,717)	536	2,873	252,858	424,869
$ (15,308)	$ (51,717)	$ 2,091	$ 2,884	$ 265,060	$ 1,195,247

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
OPERATING REVENUES:				
License and Permits	$ 184,731	$ -	$ 59	$ -
Tuition and Fees	10	-	-	-
Sales of Goods and Services	12,398	-	889,778	7,738
Investment Income (Loss)	-	(4,124)	-	-
Rental Income	-	-	-	611
Federal Grants and Contracts	42,679	176,328	-	-
Intergovernmental Revenue	38,425	-	-	-
Other	2,379	2	1,241	-
TOTAL OPERATING REVENUES	280,622	172,206	891,078	8,349
OPERATING EXPENSES:				
Salaries and Fringe Benefits	120,388	15,925	9,761	5,825
Operating and Travel	135,380	145,191	84,104	4,315
Cost of Goods Sold	1,222	-	25,957	-
Depreciation and Amortization	19,332	469	974	994
Intergovernmental Distributions	11,164	-	-	-
Debt Service	-	8,468	-	-
Prizes and Awards	10	7,995	575,473	892
TOTAL OPERATING EXPENSES	287,496	178,048	696,269	12,026
OPERATING INCOME (LOSS)	(6,874)	(5,842)	194,809	(3,677)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	2,129	-	-	-
Investment Income (Loss)	531	6,657	1,507	39
Rental Income	18,984	-	-	-
Gifts and Donations	1,628	-	-	439
Intergovernmental Distributions	-	-	(75,707)	-
Gain/(Loss) on Sale or Impairment of Capital Assets	52	-	-	-
Insurance Recoveries from Prior Year Impairments	74	-	-	-
Debt Service	(65)	-	(36)	-
Other Revenues	10	-	-	1,907
TOTAL NONOPERATING REVENUES (EXPENSES)	23,343	6,657	(74,236)	2,385
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	16,469	815	120,573	(1,292)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Grants and Contributions	-	-	-	2,519
Additions to Permanent Endowments	-	-	-	-
Transfers-In	32,608	-	5	1,300
Transfers-Out	(6,835)	(91)	(120,335)	(1,287)
TOTAL CONTRIBUTIONS AND TRANSFERS	25,773	(91)	(120,330)	2,532
CHANGE IN NET POSITION	42,242	724	243	1,240
NET POSITION - FISCAL YEAR BEGINNING	776,135	170,249	(20,607)	22,011
NET POSITION - FISCAL YEAR ENDING	$ 818,377	$ 170,973	$ (20,364)	$ 23,251

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 473	$ 26,117	$ 211,380
-	-	-	10	1,396	1,416
26,242	19,520	22,365	-	173,342	1,151,383
-	-	-	-	190	(3,934)
-	-	-	-	1,487	2,098
-	34,162	-	-	197,362	450,531
-	219	-	-	71	38,715
103	447	879	541	23,025	28,617
26,345	54,348	23,244	1,024	422,990	1,880,206
803	42,028	3,572	10,237	15,905	224,444
8,039	10,416	3,858	23,262	312,517	727,082
10,903	-	15,194	-	253	53,529
590	1,757	217	3	1,724	26,060
-	7,026	-	-	562	18,752
-	-	-	-	-	8,468
-	-	10	-	1	584,381
20,335	61,227	22,851	33,502	330,962	1,642,716
6,010	(6,879)	393	(32,478)	92,028	237,490
-	-	-	37,091	13,084	50,175
-	-	-	10	72	2,211
138	451	42	(137)	(1,618)	7,610
113	-	-	-	-	19,097
5	-	-	-	2	2,074
-	-	-	-	-	(75,707)
-	-	-	-	(1)	51
-	-	-	-	-	74
(276)	(234)	-	(262)	(34)	(907)
-	-	-	-	-	1,917
(20)	217	42	36,702	11,505	6,595
5,990	(6,662)	435	4,224	103,533	244,085
-	-	-	-	-	2519
-	-	-	-	10	10
60	3,507	-	-	325	37805
(353)	(2,098)	(87)	-	(2,892)	-133978
(293)	1,409	(87)	-	(2,557)	(93,644)
5,697	(5,253)	348	4,224	100,976	150,441
(21,005)	(46,464)	1,743	(1,340)	164,084	1,044,806
$ (15,308)	$ (51,717)	$ 2,091	$ 2,884	$ 265,060	$ 1,195,247

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -
Fees for Service	190,267	-	-	6,622
Receipts for Interfund Services	60	-	-	170
Sales of Products	-	-	885,809	179
Gifts, Grants, and Contracts	39,399	181,662	-	-
Income from Property	18,984	-	-	611
Other Sources	38,847	-	1,355	1,383
Cash Payments to or for:				
Employees	(120,258)	(15,770)	(10,719)	(5,483)
Suppliers	(73,318)	(1,751)	(37,345)	(4,493)
Payments for Interfund Services	(3,056)	(97)	(281)	-
Sales Commissions and Lottery Prizes	(9,477)	-	(645,834)	-
Other Governments	(11,164)	-	-	-
Other	(17,816)	(164,843)	(68)	(1,085)
NET CASH PROVIDED BY OPERATING ACTIVITIES	52,468	(799)	192,917	(2,096)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	32,608	-	5	3,819
Transfers-Out	(6,835)	(91)	(120,335)	(1,287)
Receipt of Deposits Held in Custody	1,239	-	-	-
Release of Deposits Held in Custody	(1,243)	-	-	-
Gifts and Grants for Other Than Capital Purposes	1,628	-	-	439
Intergovernmental Distributions	-	-	(79,442)	-
Unclaimed Property Fund Interest	-	-	-	1,896
NonCapital Debt Proceeds	-	-	-	-
NonCapital Debt Service Payments	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	27,397	(91)	(199,772)	4,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(79,722)	(1,143)	(1,177)	(23,951)
Proceeds from Sale of Capital Assets	28,115	644	901	13,976
Capital Debt Service Payments	-	-	-	-
Lease Payments	(6,431)	(32)	(874)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(58,038)	(531)	(1,150)	(9,975)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ 1,419	$ 1,419
276	18,813	-	-	129,191	345,169
8,827	2	15	-	37,748	46,822
18,025	12	22,350	-	972	927,347
-	32,465	-	-	182,165	435,691
113	-	-	-	1,513	21,221
128	304	877	38,165	83,626	164,685
(6,565)	(47,487)	(3,147)	(10,660)	(15,715)	(235,804)
(19,552)	(5,437)	(19,978)	(389)	-	(162,263)
(142)	(82)	(114)	(89)	(28)	(3,889)
-	-	(11)	-	(69)	(655,391)
-	(6,897)	-	-	(562)	(18,623)
(75)	(103)	(16)	(21,977)	(302,241)	(508,224)
1,035	(8,410)	(24)	5,050	118,019	358,160
60	3,507	-	-	325	40,324
(353)	(2,098)	(87)	-	(2,892)	(133,978)
-	-	-	-	-	1,239
-	-	-	-	-	(1,243)
5	-	-	-	2	2,074
-	-	-	-	-	(79,442)
-	-	-	-	-	1,896
-	1	-	-	1	2
-	(1)	-	-	(1)	(2)
(288)	1,409	(87)	-	(2,565)	(169,130)
(1,350)	(2,051)	(24)	-	(1,566)	(110,984)
741	911	12	-	-	45,300
(175)	-	-	-	(103)	(278)
(101)	(202)	-	(262)	(7)	(7,909)
(885)	(1,342)	(12)	(262)	(1,676)	(73,871)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	9,290	6,657	2,733	11
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(8,759)	-	(1,225)	39
NET CASH FROM INVESTING ACTIVITIES	531	6,657	1,508	50
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	22,358	5,236	(6,497)	(7,154)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	350,408	165,551	79,415	12,747
CASH AND POOLED CASH, FISCAL YEAR END	$ 372,766	$ 170,787	$ 72,918	$ 5,593
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (6,874)	$ (5,842)	$ 194,809	$ (3,677)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation/Amortization	19,332	469	974	994
Investment/Rental Income and Other Revenue in Operating Income	-	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	21,256	-	-	-
Compensated Absences Expense	1,589	(1)	95	(9)
Interest and Other Expense in Operating Income	34,028	32	-	46
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(18,017)	6,839	(3,929)	29
(Increase) Decrease in Inventories	(46)	-	1,228	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(1,284)	(29)	(173)	90
(Increase) Decrease in Pension Deferred Outflow	(15,997)	(111)	(2,083)	(173)
(Increase) Decrease in OPEB Deferred Outflow	(134)	2	(25)	(4)
Increase (Decrease) in Accounts Payable	5,129	(110)	4,810	(472)
Increase (Decrease) in Pension Liability	71,496	1,149	6,315	2,633
Increase (Decrease) in OPEB Liability	(534)	(2)	(48)	(4)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(829)	(2,377)	(3,919)	603
Increase (Decrease) in Pension Deferred Inflow	(56,414)	(813)	(5,107)	(2,134)
Increase (Decrease) in OPEB Deferred Inflow	(233)	(5)	(30)	(18)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 52,468	$ (799)	$ 192,917	$ (2,096)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	-	-	-	2,519
Capital Assets Acquired by Grants or Donations and Payable Increases	21	-	-	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	-	-	1,225	-
Loss on Disposal of Capital and Other Assets	-	-	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	1	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
14	289	216	288	2,457	21,955
124	162	(174)	(425)	(3,885)	(14,143)
138	451	42	(137)	(1,428)	7,812
-	(7,892)	(81)	4,651	112,350	122,971
-	16,707	6,544	5,639	243,821	880,832
$ -	$ 8,815	$ 6,463	$ 10,290	$ 356,171	$ 1,003,803
$ 6,010	$ (6,879)	$ 393	$ (32,478)	$ 92,028	$ 237,490
590	1,757	217	3	1,724	26,060
-	-	-	-	(190)	(190)
113	-	-	37,101	13,157	71,627
(201)	(330)	33	243	(205)	1,214
(190)	(71)	-	-	359	34,204
885	(2,429)	-	40	(20,627)	(37,209)
(1,796)	(58)	(491)	-	(31)	(1,194)
-	24	-	-	10	(1,362)
(1,081)	(4,180)	(17)	(672)	(3,837)	(28,151)
1	(2)	6	(3)	(100)	(259)
558	3,373	(635)	845	33,970	47,468
(614)	19,316	1,885	1,575	9,542	113,297
(237)	(434)	(26)	(34)	13	(1,306)
504	284	-	-	(2,411)	(8,145)
(3,577)	(18,867)	(1,396)	(1,570)	(5,404)	(95,282)
70	86	7	-	21	(102)
$ 1,035	$ (8,410)	$ (24)	$ 5,050	$ 118,019	$ 358,160
-	-	-	-	-	2,519
-	-	-	-	-	21
-	-	-	-	-	1,225
-	-	-	-	1	1
-	32	-	-	(6)	27

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, 2023

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 18,331	$ 5,345	$ 22,587	$ 7,921
Other Receivables, net	2,129	147	10	2
Due From Other Governments	-	-	42	-
Due From Other Funds	-	-	15	-
Inventories	2,863	-	-	78
Prepaids, Advances and Deposits	35	-	9,881	-
Total Current Assets	23,358	5,492	32,535	8,001
Noncurrent Assets:				
Restricted Cash and Pooled Cash	-	6,398	-	-
Depreciable/Amortizable Capital Assets, net	83,440	4,257	37,437	5,975
Land and Nondepreciable Capital Assets	459	3,389	145	428
Total Noncurrent Assets	83,899	14,044	37,582	6,403
TOTAL ASSETS	107,257	19,536	70,117	14,404
DEFERRED OUTFLOW OF RESOURCES:	3,644	1,006	47,427	1,540
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	3,558	206	23,486	961
Due To Other Governments	4	-	-	-
Due To Other Funds	-	-	88	-
Unearned Revenue	-	-	1,350	-
Compensated Absences Payable	-	-	1,087	-
Lease & Subscriptions Payable	468	-	9,652	-
Notes, Bonds, and COPs Payable	20,416	775	-	1,670
Other Current Liabilities	1,397	-	-	-
Total Current Liabilities	25,843	981	35,663	2,631
Noncurrent Liabilities:				
Accrued Compensated Absences	702	151	8,345	260
Lease & Subscriptions Payable	462	-	21,291	-
Notes, Bonds, and COPs Payable	59,153	9,085	-	4,020
Net Pension Liability	20,789	5,433	265,158	9,308
Other Postemployment Benefits	506	134	6,344	232
Total Noncurrent Liabilities	81,612	14,803	301,138	13,820
TOTAL LIABILITIES	107,455	15,784	336,801	16,451
DEFERRED INFLOW OF RESOURCES:	695	300	6,247	510
NET POSITION:				
Net investment in Capital Assets:	3,400	-	6,638	713
Unrestricted	(649)	4,458	(232,142)	(1,730)
TOTAL NET POSITION	$ 2,751	$ 4,458	$ (225,504)	$ (1,017)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 522	$ 2,871	$ 8,334	$ 251	$ 66,162
17	12	26	5	3	2,351
-	-	-	-	-	42
-	-	-	-	-	15
169	-	-	-	-	3,110
-	-	-	338	-	10,254
186	534	2,897	8,677	254	81,934
-	-	-	-	-	6,398
59	491	200	501	-	132,360
-	-	-	85	-	4,506
59	491	200	586	-	143,264
245	1,025	3,097	9,263	254	225,198
78	-	1,919	21,403	131	77,148
24	-	378	4,585	-	33,198
-	-	-	-	-	4
214	-	-	-	-	302
-	-	-	-	-	1,350
-	-	-	356	-	1,443
-	-	80	-	-	10,200
-	-	-	-	-	22,861
-	-	-	-	-	1,397
238	-	458	4,941	-	70,755
-	-	479	2,819	-	12,756
-	-	97	-	-	21,850
-	-	-	-	-	72,258
394	-	11,083	95,326	-	407,491
12	-	277	2,197	-	9,702
406	-	11,936	100,342	-	524,057
644	-	12,394	105,283	-	594,812
435	-	386	2,192	80	10,845
59	491	23	586	-	11,910
(815)	534	(7,787)	(77,395)	305	(315,221)
$ (756)	$ 1,025	$ (7,764)	$ (76,809)	$ 305	$ (303,311)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 93,427	$ 10,952	$ 340,796	$ 140
Rental Income	-	-	-	16,132
Intergovernmental Revenue	-	104	-	-
Other	-	73	5,658	-
TOTAL OPERATING REVENUES	93,427	11,129	346,454	16,272
OPERATING EXPENSES:				
Salaries and Fringe Benefits	10,364	2,366	202,792	3,989
Operating and Travel	55,170	6,925	125,777	8,075
Depreciation and Amortization	21,679	4,246	16,457	1,453
Prizes and Awards	1	-	6	-
TOTAL OPERATING EXPENSES	87,214	13,537	345,032	13,517
OPERATING INCOME (LOSS)	6,213	(2,408)	1,422	2,755
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	-	(210)	(877)	-
Gain/(Loss) on Sale or Impairment of Capital Assets	2,877	-	(140)	124
Insurance Recoveries from Prior Year Impairments	22	-	-	-
Debt Service	(1,801)	(7)	(1,838)	(374)
Other Expenses	-	(73)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	1,098	(290)	(2,855)	(250)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	7,311	(2,698)	(1,433)	2,505
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Grants and Contributions	713	-	-	-
Transfers-In	517	2,223	1	30
Transfers-Out	(678)	(390)	(975)	(1,361)
TOTAL CONTRIBUTIONS AND TRANSFERS	552	1,833	(974)	(1,331)
CHANGE IN NET POSITION	7,863	(865)	(2,407)	1,174
NET POSITION - FISCAL YEAR BEGINNING	(5,112)	5,323	(223,097)	(2,191)
NET POSITION - FISCAL YEAR ENDING	$ 2,751	$ 4,458	$ (225,504)	$ (1,017)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,064	$ 132	$ 6,961	$ 57,250	$ -	$ 510,722
-	-	-	-	-	16,132
-	-	-	-	-	104
-	-	-	144	-	5,875
1,064	132	6,961	57,394	-	532,833
-	1	4,516	56,313	(516)	279,825
558	10	1,160	4,260	-	201,935
12	374	85	276	-	44,582
-	-	-	-	-	7
570	385	5,761	60,849	(516)	526,349
494	(253)	1,200	(3,455)	516	6,484
(17)	-	(30)	161	1	(972)
-	-	-	-	-	2,861
-	-	-	-	-	22
(15)	-	-	(6)	-	(4,041)
-	-	-	-	-	(73)
(32)	-	(30)	155	1	(2,203)
462	(253)	1,170	(3,300)	517	4,281
-	-	-	-	-	713
-	-	-	-	-	2,771
-	-	(99)	(4,251)	-	(7,754)
-	-	(99)	(4,251)	-	(4,270)
462	(253)	1,071	(7,551)	517	11
(1,218)	1,278	(8,835)	(69,258)	(212)	(303,322)
$ (756)	1,025	$ (7,764)	$ (76,809)	$ 305	$ (303,311)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Fees for Service	$ 2,820	$ -	$ 614	$ 8
Receipts for Interfund Services	91,072	10,952	340,323	133
Sales of Products	12	-	-	-
Gifts, Grants, and Contracts	-	-	50	-
Income from Property	-	-	-	16,132
Other Sources	83	177	-	126
Cash Payments to or for:				
Employees	(10,681)	(2,515)	(200,820)	(4,604)
Suppliers	(53,543)	(145)	(45,340)	(6,572)
Payments for Interfund Services	(3,708)	(6,759)	(75,478)	(868)
Other	(38)	(221)	(736)	(1)
NET CASH PROVIDED BY OPERATING ACTIVITIES	26,017	1,489	18,613	4,354
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	761	2,223	1	30
Transfers-Out	(678)	(390)	(975)	(1,361)
Receipt of Deposits Held in Custody	1,386	-	-	-
Release of Deposits Held in Custody	(135)	-	-	-
NonCapital Debt Proceeds	3	-	-	-
NonCapital Debt Service Payments	(3)	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	1,334	1,833	(974)	(1,331)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(47,657)	(6,778)	(9,904)	(3,062)
Proceeds from Sale of Capital Assets	27,482	3,389	1,232	281
Capital Debt Proceeds	-	9,860	-	-
Capital Debt Service Payments	4	(7)	(1,309)	(88)
Lease Payments	(1,801)	-	(529)	(286.00)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(21,972)	6,464	(10,510)	(3,155)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1	$ 46	$ 39	$ 42	$ 2	$ 3,572
4	74	6,915	57,208	-	506,681
1,058	3	-	-	-	1,073
-	-	-	-	-	50
-	-	-	-	-	16,132
-	-	-	144	-	530
(9)	-	(4,901)	(50,777)	(1)	(274,308)
(774)	(18)	(510)	(3,692)	-	(110,594)
(235)	-	(672)	(661)	-	(88,381)
-	-	-	(2)	-	(998)
45	105	871	2,262	1	53,757
-	-	-	-	-	3,015
-	-	(99)	(4,251)	-	(7,754)
-	-	-	-	-	1,386
-	-	-	-	-	(135)
-	-	-	-	-	3
-	-	-	-	-	(3)
-	-	(99)	(4,251)	-	(3,488)
(13)	-	(78)	(82)	-	(67,574)
-	-	-	28	-	32,412
-	-	-	-	-	9,860
(15)	-	-	(6)	-	(1,421)
-	-	-	-	-	(2,616)
(28)	-	(78)	(60)	-	(29,339)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
Interest and Dividends on Investments	-	77	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	(287)	(877)	-
NET CASH FROM INVESTING ACTIVITIES	-	(210)	(877)	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	5,379	9,576	6,252	(132)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	12,952	2,167	16,335	8,053
CASH AND POOLED CASH, FISCAL YEAR END	$ 18,331	$ 11,743	$ 22,587	$ 7,921
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 6,213	$ (2,408)	$ 1,422	$ 2,755
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation/Amortization	21,679	4,246	16,457	1,453
Investment/Rental Income and Other Revenue in Operating Income	1,117	-	(5,637)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	22	(73)	-	124
Compensated Absences Expense	(185)	(69)	(940)	(103)
Interest and Other Expense in Operating Income	(18)	-	12	664
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(597)	(147)	128	1
(Increase) Decrease in Inventories	(1,048)	-	-	8
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(8)	18	(1,036)	-
(Increase) Decrease in Pension Deferred Outflow	(2,045)	(387)	(25,029)	(921)
(Increase) Decrease in OPEB Deferred Outflow	(24)	(2)	(291)	(10)
Increase (Decrease) in Accounts Payable	(995)	24	5,957	(19)
Increase (Decrease) in Pension Liability	6,662	1,576	87,201	2,816
Increase (Decrease) in OPEB Liability	(24)	(17)	(368)	(21)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	18	-	(596)	(1)
Increase (Decrease) in Pension Deferred Inflow	(4,713)	(1,269)	(58,504)	(2,381)
Increase (Decrease) in OPEB Deferred Inflow	(37)	(3)	(163)	(11)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 26,017	$ 1,489	$ 18,613	$ 4,354
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	470	-	-	-
Loss on Disposal of Capital and Other Assets	(2,877)	-	140	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	4	-	66	-

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	67	248	3	395
(17)	-	(98)	(88)	(2)	(1,369)
(17)	-	(31)	160	1	(974)
-	105	663	(1,889)	2	19,956
-	417	2,208	10,223	249	52,604
$ -	$ 522	$ 2,871	$ 8,334	$ 251	$ 72,560
$ 494	$ (253)	$ 1,200	$ (3,455)	$ 516	$ 6,484
12	374	85	276	-	44,582
-	-	-	-	-	(4,520)
-	-	-	-	-	73
-	-	6	246	-	(1,045)
13	-	-	26	-	697
1	(9)	(7)	1	2	(627)
(21)	-	-	-	-	(1,061)
-	-	-	(52)	-	(1,078)
49	-	(1,184)	(10,556)	180	(39,893)
2	1	(17)	(203)	8	(536)
7	(8)	(21)	230	(1)	5,174
(363)	-	3,712	35,410	(3)	137,011
(17)	-	(9)	(16)	-	(472)
(235)	-	-	-	-	(814)
102	-	(2,874)	(19,628)	(667)	(89,934)
1	-	(20)	(17)	(34)	(284)
$ 45	$ 105	$ 871	$ 2,262	$ 1	$ 53,757
-	-	-	-	-	470
-	-	-	-	-	(2,737)
-	-	-	-	-	70

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, Private Purpose Trust Funds and Custodial Funds are included in this category. The major components of the fiduciary funds are:

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

STATE EMPLOYEE BENEFIT PLANS	This fund was established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care and wellness activity. The State uses a self-funded approach for certain employee and state-official medical claims.
INSTITUTIONS OF HIGHER EDUCATION OTHER POST-EMPLOYMENT BENEFITS TRUST	This fund consists of Colorado State University and University of Colorado. Colorado State University administers four employee defined benefit healthcare plans as part of a single qualifying trust. The plans provide post-employment subsidies for medical premiums, supplemental subscription benefits and income replacement benefits for long-term disability. University of Colorado participates in two types of OPEB plans – a single-employer plan administered by the University and a cost-sharing plan administered by PERA.

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S	This fund comprises a portion of the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity. The fund reports Net Position Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections.
COLLEGE SAVINGS PLAN	The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the State.
OTHER	This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

CUSTODIAL FUNDS

These funds are held in custody for others. Major items include sales taxes collected for cities and counties; litigation settlement escrow accounts; contractor's performance escrow accounts; deposits held to ensure land restoration by mining and oil exploration companies; amounts held for the trustee related to Certificates of Participation or revenue Bonds for Higher Education Institutions, Building Excellent Schools Today (BEST), the Bridge Enterprise program; and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	STATE EMPLOYMENT BENEFIT PLANS	INSTITUTIONS OF HIGHER EDUCATION OTHER POST-EMPLOYMENT BENEFITS TRUST
ASSETS:		
Cash and Pooled Cash	$ 81,231	$ 1,281
Other Receivables, net	7,695	39,305
Due From Other Funds	1,874	-
Prepaids, Advances and Deposits	-	164
Investments:		
Government Securities	-	3,380
Corporate Bonds	-	8,236
Municipal Bonds	-	1,022
Private Equities	-	7,430
Asset Backed Securities	-	797
Mortgages	-	7,997
Mutual Funds	-	115,689
Other Investments	-	23,785
TOTAL ASSETS	90,800	209,086
LIABILITIES:		
Accounts Payable and Accrued Liabilities	23,186	4,048
Due To Other Funds	18	-
Claims and Judgments Payable	34,752	-
Other Current Liabilities	-	38,697
Accrued Compensated Absences	72	-
TOTAL LIABILITIES	58,028	42,745
NET POSITION:		
Restricted for:		
OPEB	-	166,341
Held in Trust for:		
Pension/Benefit Plan Participants	32,772	-
TOTAL NET POSITION	$ 32,772	$ 166,341

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	STATE EMPLOYMENT BENEFIT PLANS	INSTITUTIONS OF HIGHER EDUCATION OTHER POST-EMPLOYMENT BENEFITS TRUST
ADDITIONS:		
Member Contributions	$ 73,963	$ 2,120
Employer Contributions	443,978	3,682
Investment Income/(Loss)	1,125	7,495
Other Additions	13,111	399,099
Transfers-In	1,102	-
TOTAL ADDITIONS	533,279	412,396
DEDUCTIONS:		
Distributions to Participants	-	4,296
Health Insurance Premiums Paid	361,552	-
Health Insurance Claims Paid	147,033	-
Other Benefits Plan Expense	30,752	-
Administrative Expense	17,193	-
Other Deductions	388	385,711
Transfers-Out	261	-
TOTAL DEDUCTIONS	557,179	390,007
CHANGE IN NET POSITION	(23,900)	22,389
NET POSITION - FISCAL YEAR BEGINNING	56,672	143,952
NET POSITION - FISCAL YEAR ENDING	$ 32,772	$ 166,341

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	OTHER
ASSETS:			
Cash and Pooled Cash	$ 278,887	$ 93,953	$ 14,570
Other Receivables, net	4	12,976	1,127
Due From Other Funds	-	11,562	-
Investments:			
Government Securities	-	-	5,421
Corporate Bonds	-	-	7,395
Asset Backed Securities	4,746	-	-
Mortgages	15,866	-	-
Mutual Funds	-	10,287,165	350
Guaranteed Investment Contracts	-	159,109	-
Other Investments	-	502,239	-
TOTAL ASSETS	299,503	11,067,004	28,863
LIABILITIES:			
Accounts Payable and Accrued Liabilities	-	11,317	5,950
Due To Other Funds	-	521	-
Unearned Revenue	-	12,289	6,122
Other Long-Term Liabilities	-	11,770	-
TOTAL LIABILITIES	-	35,897	12,072
NET POSITION:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	299,503	11,031,107	16,791
TOTAL NET POSITION	$ 299,503	$ 11,031,107	$ 16,791

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	OTHER
ADDITIONS:			
Investment Income/(Loss)	$ (680)	$ 931,836	$ 705
Gifts and Bequests	804	-	-
Permanent and Trust Additions	-	1,113,054	11,616
Unclaimed Property Receipts	87,035	-	-
Other Additions	-	104	3,103
Transfers-In	-	2,000	-
TOTAL ADDITIONS	87,159	2,046,994	15,424
DEDUCTIONS:			
Distributions to Participants	55,754	1,135,314	7,467
Distributions - Intergovernmental Entities	812	-	-
Administrative Expense	-	-	321
Other Deductions	-	39,985	5,387
Transfers-Out	-	-	8
TOTAL DEDUCTIONS	56,566	1,175,299	13,183
CHANGE IN NET POSITION	30,593	871,695	2,241
NET POSITION - FISCAL YEAR BEGINNING	268,910	10,159,412	14,550
NET POSITION - FISCAL YEAR ENDING	$ 299,503	$ 11,031,107	$ 16,791

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	EXTERNAL INVESTMENT POOL	TAX COLLECTIONS AND DISBURSEMENTS	OTHER
ASSETS:			
Cash and Pooled Cash	$ 42,604	$ 258,669	$ 284,205
Taxes Receivable, net	-	253,694	-
Other Receivables, net	-	65	2,195
Prepaids, Advances and Deposits	-	-	8
Other Long-Term Assets	-	-	65,442
TOTAL ASSETS	42,604	512,428	351,850
LIABILITIES:			
Tax Refunds Payable	-	1,850	-
Accounts Payable and Accrued Liabilities	-	-	608
Due To Other Governments	-	378	198
Due To Other Funds	-	122	1,118
Unearned Revenue	-	-	293
Other Current Liabilities	-	-	1,060
Other Long-Term Liabilities	-	683	-
TOTAL LIABILITIES	-	3,033	3,277
NET POSITION:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	42,604	509,395	348,573
TOTAL NET POSITION	$ 42,604	$ 509,395	$ 348,573

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	EXTERNAL INVESTMENT POOL	TAX COLLECTIONS AND DISBURSEMENTS	OTHER
ADDITIONS:			
Investment Income/(Loss)	$ (3,208)	$ (382)	$ (346)
Gifts and Bequests	-	-	2
Court Awards and Restitution Receipts	-	-	192,817
Collections of Sales Tax for Other Governments	-	2,864,831	227,498
Collections of Investment Funds	21,683	-	-
Other Additions	-	-	74,291
TOTAL ADDITIONS	18,475	2,864,449	494,262
DEDUCTIONS:			
Distributions of Investment Funds	6,085	-	-
Payments of Sales Tax to Other Governments	-	2,858,566	222,600
Administrative Expense	-	1,490	5,750
Other Deductions	-	-	228,008
Transfers-Out	-	-	69
TOTAL DEDUCTIONS	6,085	2,860,056	456,427
CHANGE IN NET POSITION	12,390	4,393	37,835
NET POSITION - FISCAL YEAR BEGINNING	30,214	505,002	310,738
NET POSITION - FISCAL YEAR ENDING	$ 42,604	$ 509,395	$ 348,573

COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements. Descriptions of each of the component units presented can be found in Note 1.

COMBINING STATEMENT OF NET POSITION
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 1,230	$ 6,276	$ 7,506
Restricted Cash and Pooled Cash	6,302	5,000	11,302
Other Receivables, net	8,000	8,638	16,638
Prepaids, Advances and Deposits	-	422	422
Other Current Assets	-	6,819	6,819
Total Current Assets	15,532	27,155	42,687
Noncurrent Assets:			
Other Long-Term Assets	113,282	-	113,282
Depreciable/Amortizable Capital Assets, net	141,224	19	141,243
Land and Nondepreciable Capital Assets	32,004	-	32,004
Total Noncurrent Assets	286,510	19	286,529
TOTAL ASSETS	302,042	27,174	329,216
DEFERRED OUTFLOW OF RESOURCES:	-	846	846
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	3,374	5,601	8,975
Unearned Revenue	-	10,798	10,798
Other Current Liabilities	-	127	127
Total Current Liabilities	3,374	16,526	19,900
Noncurrent Liabilities:			
Net Pension Liability	-	1,458	1,458
Other Postemployment Benefits	-	91	91
Total Noncurrent Liabilities	-	1,556	1,556
TOTAL LIABILITIES	3,374	18,082	21,456
DEFERRED INFLOW OF RESOURCES:	120,782	59	120,841
NET POSITION:			
Net investment in Capital Assets:	173,228	19	173,247
Restricted for:			
Other Purposes	6,622	-	6,622
Unrestricted	(1,964)	9,860	7,896
TOTAL NET POSITION	$ 177,886	$ 9,879	$ 187,765

COMBINING STATEMENT OF ACTIVITIES
OTHER COMPONENT UNITS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
EXPENSES	$ 8,250	$ 45,368	$ 53,618
PROGRAM REVENUES:			
Charges for Services	6,253	45,143	51,396
Capital Grants and Contributions	5,093	-	5,093
TOTAL PROGRAM REVENUES:	11,346	45,143	56,489
NET (EXPENSE) REVENUE	3,096	(225)	2,871
GENERAL REVENUES:			
Unrestricted Investment Earnings (Losses)	25	381	406
TOTAL GENERAL REVENUES	25	381	406
CHANGE IN NET POSITION	3,121	156	3,277
NET POSITION - FISCAL YEAR BEGINNING	174,765	9,723	184,488
NET POSITION - FISCAL YEAR ENDING	$ 177,886	$ 9,879	$ 187,765

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, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 579,367	
Income Taxes			1,031,479	
Other Taxes			61,420	
Federal Grants and Contracts			21	
Sales and Services			117	
Interest Earnings			22,384	
Other Revenues			4,865	
Transfers-In			8,133	
TOTAL REVENUES AND TRANSFERS-IN			1,707,786	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Corrections	$ -	$ 524	519	$ 5
Governor	-	9,292	9,292	-
Health Care Policy and Financing	-	22,440	17,547	4,893
Higher Education	15,200	15,200	-	15,200
Local Affairs	4,690	4,690	4,306	384
Personnel & Administration	526	1,072	446	626
Public Safety	-	5,457	4,608	849
Regulatory Agencies	2,045	2,045	2,045	-
Revenue	272,096	357,019	321,090	35,929
Treasury	1,338,901	1,338,901	1,172,945	165,956
Transfers Not Appropriated by Department	117,894	117,894	117,894	-
SUB-TOTAL OPERATING BUDGETS	1,751,352	1,874,534	1,650,692	223,842
Capital and Multi-Year Budgets:				
Departmental:				
Higher Education	1,898	307	88	219
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	1,898	307	88	219
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 1,753,250	$ 1,874,841	$ 1,650,780	$ 224,061
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 57,006	

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

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - NON-APPROPRIATED CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 1,116,098	
Income Taxes			160,000	
Other Taxes			1,800,255	
Tuition and Fees			326,178	
Sales and Services			2,264,079	
Interest Earnings			1,236,371	
Other Revenues			7,068,962	
Transfers-In			8,350,629	
TOTAL REVENUES AND TRANSFERS-IN			22,322,572	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 27,649	$ 29,107	$ 22,081	$ 7,026
Corrections	34,662	104,078	95,261	8,817
Education	4,546,447	4,529,047	4,492,357	36,690
Governor	735,135	1,021,450	356,963	664,487
Health Care Policy and Financing	52,681	118,797	72,748	46,049
Higher Education	2,001,584	2,430,049	2,384,492	45,557
Human Services	311,734	180,654	142,805	37,849
Judicial Branch	46,838	218,056	210,919	7,137
Labor and Employment	2,926,276	2,930,399	410,855	2,519,544
Law	31,755	32,465	17,079	15,386
Legislative Branch	21,617	21,617	6,574	15,043
Local Affairs	528,858	718,621	297,896	420,725
Military and Veterans Affairs	2,493	2,631	1,720	911
Natural Resources	1,045,324	1,224,990	516,866	708,124
Early Childhood	28,172	12,129	11,791	338
Personnel & Administration	656,850	667,287	648,240	19,047
Public Health and Environment	215,256	288,396	70,687	217,709
Public Safety	233,780	235,424	21,279	214,145
Regulatory Agencies	190,076	190,076	189,014	1,062
Revenue	1,295,460	4,332,615	4,237,582	95,033
State	6,620	6,656	1,113	5,543
Transportation	4,639,907	4,638,286	1,381,150	3,257,136
Treasury	4,584,890	4,872,747	3,505,138	1,367,609
Budgets/Transfers Not Recorded by Department	7,108	8,496	8,563	(67)
SUB-TOTAL OPERATING BUDGETS	24,171,172	28,814,073	19,103,173	9,710,900
Capital and Multi-Year Budgets:				
Departmental:				
Higher Education	997	32,688	31,480	1,208
Human Services	-	175	175	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	997	32,863	31,655	1,208
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 24,172,169	$ 28,846,936	$ 19,134,828	$ 9,712,108
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 3,187,744	

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

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 7,961,408	
TOTAL REVENUES AND TRANSFERS-IN			7,961,408	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,947	$ 64,291	$ 7,735	$ 56,556
Corrections	2,932	53,967	7,386	46,581
Education	1,048,450	2,425,351	1,259,355	1,165,996
Governor	357,181	3,559,045	141,953	3,417,092
Health Care Policy and Financing	470,746	738,084	492,638	245,446
Higher Education	39,621	1,459,280	322,264	1,137,016
Human Services	339,538	3,487,674	2,502,622	985,052
Judicial Branch	9,474	49,117	25,418	23,699
Labor and Employment	183,078	7,859,821	292,221	7,567,600
Law	3,228	3,228	2,264	964
Local Affairs	82,575	1,030,692	354,637	676,055
Military and Veterans Affairs	131,103	50,503	27,948	22,555
Natural Resources	86,027	296,577	69,617	226,960
Early Childhood	32,035	272,841	176,492	96,349
Personnel & Administration	144	20,631	4,263	16,368
Public Health and Environment	304,694	1,862,962	741,087	1,121,875
Public Safety	68,999	2,044,104	411,346	1,632,758
Regulatory Agencies	1,596	210,395	202,254	8,141
Revenue	1,160	10,549	4,124	6,425
State	-	14,205	1,937	12,268
Transportation	829,242	2,259,963	685,426	1,574,537
Treasury	178,972	184,937	184,937	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	4,174,742	27,958,217	7,917,924	20,040,293
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 4,174,742	$ 27,958,217	$ 7,917,924	$ 20,040,293
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 43,484	

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

SCHEDULE OF TABOR REVENUE AND COMPUTATIONS

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 9,841,679,815	$ 10,558,698,416	$ (717,018,601)	-6.8%
Sales and Use Tax, Net	4,552,829,698	4,321,563,924	231,265,774	5.4%
Corporate Income Tax, Net	2,166,610,057	1,469,314,785	697,295,272	47.5%
Insurance Taxes	516,658,785	390,176,232	126,482,553	32.4%
Interest and Investment Income	178,122,124	65,385,157	112,736,967	172.4%
Fiduciary Income Tax, Net	84,763,875	146,666,016	(61,902,141)	-42.2%
Alcoholic Beverages Tax, Net	56,306,424	56,340,487	(34,063)	-0.1%
Tobacco Products Tax, Net	47,637,923	52,613,504	(4,975,581)	-9.5%
Court and Other Fines	9,461,719	6,130,218	3,331,501	54.3%
Business Licenses and Permits	6,031,839	6,273,319	(241,480)	-3.8%
Miscellaneous Revenue	2,146,090	1,644,108	501,982	30.5%
General Government Service Fees	951,104	177,069	774,035	437.1%
Gaming and Other Taxes	337,574	414,131	(76,557)	-18.5%
Welfare Service Fees	27,876	21,404	6,472	30.2%
Other Charges For Services	6,413	9,535	(3,122)	-32.7%
TOTAL GENERAL-FUNDED REVENUES	17,463,571,316	17,075,428,305	388,143,011	2.3%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	656,816,500	636,262,629	20,553,871	3.2%
Severance Taxes	352,161,843	314,626,168	37,535,675	11.9%
Motor Vehicle Registrations	275,752,258	291,688,617	(15,936,359)	-5.5%
Court and Other Fines	187,824,545	173,284,723	14,539,822	8.4%
Business Licenses and Permits	185,462,167	201,313,247	(15,851,080)	-7.9%
General Government Service Fees	175,288,293	163,908,926	11,379,367	6.9%
Gaming and Other Taxes	123,452,004	114,973,451	8,478,553	7.4%
Interest and Investment Income	122,960,648	60,853,831	62,106,817	102.1%
Other Charges For Services	118,419,895	162,262,162	(43,842,267)	-27.0%
Health Service Fees	76,237,271	81,587,682	(5,350,411)	-6.6%
Rents and Royalties	66,931,592	67,964,883	(1,033,291)	-1.5%
Miscellaneous Revenue	63,036,027	58,716,677	4,319,350	7.4%
Sales and Use Tax, Net	62,613,254	54,978,007	7,635,247	13.9%
Employment Taxes	49,519,165	48,729,715	789,450	1.6%
Driver's Licenses	47,439,887	48,100,964	(661,077)	-1.4%
Public Safety Service Fees	39,789,913	41,532,302	(1,742,389)	-4.2%
Transportation Fees	38,964,737	-	38,964,737	N/A
Nonbusiness Licenses and Permits	31,887,932	34,073,120	(2,185,188)	-6.4%
Insurance Taxes	26,257,903	43,955,565	(17,697,662)	-40.3%
Certifications and Inspections	25,779,633	25,196,168	583,465	2.3%
Local Governments and Authorities	12,826,024	7,819,851	5,006,173	64.0%
Educational Fees	7,267,741	5,954,811	1,312,930	22.0%
Higher Education Auxiliary Sales and Services	3,638,302	3,156,553	481,749	15.3%
Welfare Service Fees	3,077,548	2,965,173	112,375	3.8%
Sales of Products	2,382,016	1,409,742	972,274	69.0%
Alcoholic Beverages Tax, Net	780,682	814,146	(33,464)	-4.1%
Other Excise Taxes, Net	279,843	404,176	(124,333)	-30.8%
Other Revenue	270,716	-	270,716	N/A
Tobacco Products Tax, Net	95	170	(75)	-44.1%
TOTAL PROGRAM REVENUES	2,757,118,434	2,646,533,459	110,584,975	4.2%
Prior Year Errors		(162,341)	162,341	
Qualification of Enterprises		19,491,581	(19,491,581)	
TOTAL NONEXEMPT REVENUE	$ 20,220,689,750	$ 19,741,291,004	$ 479,398,746	2.4%

STATE OF COLORADO
SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2023

	FISCAL YEAR 2022	FISCAL YEAR 2023
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 66,984,948,853	$ 69,947,368,354
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	12,811,522,707	13,937,749,908
Colorado Healthcare Affordability and Sustainability Enterprise	4,580,819,378	5,148,694,666
CollegeInvest	1,142,879,307	1,178,278,868
State Lottery	825,307,675	892,346,392
College Assist	519,777,136	550,536,971
Unemployment Compensation Section	1,612,340,983	488,067,809
Health Insurance Affordability Enterprise	330,940,802	386,189,018
Parks and Wildlife	262,572,906	329,841,605
State Nursing Homes	56,650,036	64,972,665
Statewide Bridge Enterprise	37,431,166	118,892,323
Statewide Transportation Enterprise	40,950,347	49,848,148
Correctional Industries	52,630,462	43,901,395
Family and Medical Leave Insurance	-	41,969,927
Petroleum Storage Tank Fund	37,309,341	33,791,358
988 Crisis Hotline	4,029,394	10,134,849
Brand Board	4,910,918	6,508,013
Front Range Waste Diversion Enterprise	2,828,540	5,010,029
Clean Screen Authority	3,177,471	4,040,845
Capitol Parking Authority	1,102,777	1,424,895
Community Access Enterprise	124,041	1,203,745
Clean Motor Vehicle Fleet Enterprise	-	968,549
Electronic Recording Technology Fund	2,921,397	534,830
Orphaned Wells Enterprise	-	390,592
Air Quality Enterprise	240,002	167,620
Air Pollution Mitigation Enterprise	20,695	106,150
Clean Transit Enterprise	13,735	95,414
Natural Disaster Mitigation	-	16,275
Subtotal Enterprise Expenses	22,330,501,216	23,295,682,859
Total District Expenditures	44,654,447,637	46,651,685,494
Less Exempt District Revenues:		
Federal Funds	12,603,746,611	12,031,958,955
Interfund Transfers	10,376,276,030	10,939,784,857
Amounts Held for Others (Note 11)	3,199,901,869	3,367,442,101
Voter Approved Revenue Changes (Note 8)	2,000,075,890	2,355,160,146
Other Sources and Additions (Note 7)	2,024,295,200	1,041,709,676
Property Sales	194,302,273	240,418,802
Damage Awards	106,311,821	140,468,228
Gifts	60,329,075	62,824,777
Exempt Investment Income	(1,100,084,841)	27,335,380
Subtotal Exempt District Revenues	29,465,153,928	30,207,102,922
Nonexempt District Expenditures	15,189,293,709	16,444,582,573
District Reserve/Fund Balance Increase (Decrease)	823,570,679	212,708,297
Excess TABOR Revenues	3,728,426,616	3,563,398,880
Total Nonexempt District Revenues	$ 19,741,291,004	$ 20,220,689,750

COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 13,823,736,938	$ 18,411,410,685
Prior Period District Fund Balance Adjustments (Note 11)	8,978,490	16,472,413
(Qualification)/Disqualification of Enterprises (Note 14)	26,697,962	(47,075,071)
District Reserve/Fund Balance Increase (Decrease)	823,570,679	212,708,297
Excesss TABOR Revenues	3,728,426,616	3,563,398,880
Ending District Fund Balance	$ 18,411,410,685	$ 22,156,915,204

FISCAL YEAR 2023 COMPUTATION OF SPENDING LIMITATIONS	**FISCAL YEAR SPENDING**	**EXCESS STATE REVENUES CAP**
FY 2022 Limit	$ 12,930,251,512	$ 16,012,864,388
Fiscal Year 2022 Base Adjustment for Disqualification of Enterprises (Note 14)	(8,195,233)	(8,195,233)
Other Agency Revenues From Qualification of Enterprises (Note 14)	706,178	706,178
Qualification of Enterprises (Note 14)	(19,491,581)	(19,491,581)
FY 2022 Adjusted Limit	$ 12,903,270,876	$ 15,985,883,752
Allowable TABOR Growth Rate (Note 12)	4.2%	4.2%
FY 2023 Adjusted Limit	$ 13,445,208,253	$ 16,657,290,870
Less Fiscal Year 2023 Nonexempt District Revenues	(20,220,689,750)	(20,220,689,750)
Amount (Over)Under Adjusted Limit FY 2023	$ (6,775,481,497)	$ (3,563,398,880)

Amounts remaining in excess of the limit to be refunded in future years	
Total amount to be refunded in future years	$ 3,678,327,061
FY 2023 retention of approved revenues in excess of the limit (not refundable) C.R.S. 24-77-103.6(1)(b)	$ 3,212,082,617

NOTES TO THE TABOR SCHEDULE OF REQUIRED COMPUTATIONS

NOTE 1. PURPOSE OF THE SCHEDULE OF REQUIRED COMPUTATIONS

The purpose of the Schedule of Required Computations is to determine and document compliance with Title 24 Article 77 of the Colorado Revised Statutes, which is the implementing statute for Article X Section 20 of the State Constitution (TABOR). The report is required to include at a minimum State fiscal year spending, reserves, revenues, and debt. The schedule also includes a calculation of the limit on fiscal year spending, a calculation of the Excess State Revenues Cap under Referendum C (see Note 9), and the amount required to be refunded or the amount of excess revenue retained by law, as well as all related adjustments.

TABOR has many provisions including a requirement for a vote of the people for new taxes or tax rate increases and a limit on the amount of fiscal year spending. Fiscal year spending is defined as District expenditures and reserve increases except those expended from exempt sources, such as gifts, federal funds, damage awards, property sales, reserves, and other items. This definition, while focused on spending is essentially a limitation on revenue retention because reserve increases are unspent revenues. Therefore, the terms fiscal year spending and nonexempt revenue are used interchangeably throughout these notes.

The limit on revenue retention is based on an allowable growth percentage (see Note 12) applied to the lesser of the prior year's revenues or the prior year's limit. Revenues in excess of the limit are required to be refunded to taxpayers unless voters approve retention of the excess. In the 2005 general election, voters approved Referendum C, which allowed the State to retain revenues in excess of the limit for a five-year period. Beginning in Fiscal Year 2011, under Referendum C provisions, revenues are refunded only when they exceed the Excess State Revenues Cap (see Note 9).

NOTE 2. BASIS OF ACCOUNTING

Pursuant to Article 77 of Title 24, Colorado Revised Statutes, this report is prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities except where an irreconcilable difference exists between GAAP, and State statute or the provisions of Article X Section 20 of the State Constitution (TABOR). The accounting principles used by the State are more fully described in Note 1 to the Financial Statements.

NOTE 3. DEFINITION OF THE DISTRICT

TABOR defines the District as "the State or any local government, excluding enterprises." It further defines an enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10 percent of annual revenue in grants from all Colorado State and local governments combined."

The General Assembly, for the purpose of implementing TABOR, stated in Section 24-77-102(16) C.R.S.:

(a) that "State" means the central civil government of the State of Colorado, which consists of the following:

(I) the legislative, executive, and judicial branches of government established by Article III of the State Constitution;

(II) all organs of the branches of government specified in subparagraph (I) of paragraph (a) of this subsection (16), including the departments of the executive branch; the legislative houses and agencies; and the appellate and trial courts and court personnel; and

(III) State institutions of higher education.

(b) "State" does not include:

(I) any enterprise [including an institution or group of institutions of higher education that has been designated as an enterprise];

(II) any special purpose authority;

(III) any organization declared to be a joint governmental entity.

The General Assembly has designated the following as enterprises excluded from the District:

- State Lottery,
- College Assist,
- CollegeInvest,
- Division of Parks and Wildlife,
- State Nursing Homes,
- Division of Correctional Industries,
- Petroleum Storage Tank Fund,
- State Fair Authority,
- Division of Brand Inspection,
- Clean Screen Authority,
- Capitol Parking Authority,
- Statewide Transportation Enterprise,
- Statewide Bridge Enterprise,
- Unemployment Insurance Enterprise,
- Electronic Recording Technology Fund,
- Colorado Healthcare Affordability and Sustainability Enterprise,
- Front Range Waste Diversion Enterprise,
- Health Insurance Affordability Enterprise,

- Clean Motor Vehicle Fleet Enterprise,
- Clean Transit Enterprise,
- Air Pollution Mitigation Enterprise,
- Air Quality Enterprise,
- Community Access Enterprise,
- Natural Disaster Mitigation Enterprise,
- 988 Crisis Hotline Enterprise,
- Orphaned Wells Mitigation Enterprise,
- Family and Medical Leave Insurance Enterprise,
- Fuels Impact Enterprise.

It further established a statutory mechanism that allows the governing boards of institutions of higher education to designate certain auxiliary operations as enterprises, which are also exempt from TABOR. Senate Bill 04-189 expanded the authority for each governing board of State institutions of higher education to designate the entire institution as a TABOR exempt enterprise. The Board of Regents of the University of Colorado designated the entire University of Colorado as an enterprise during Fiscal Year 2005, and the remaining boards designated their institutions as enterprises in Fiscal Year 2006. The Auraria Higher Education Center Board of Directors did not designate all of its activities as a TABOR enterprise, but it continues to have selected activities designated as a TABOR enterprise.

Although the General Assembly and governing boards have designated certain enterprises as exempt from TABOR, those enterprises must continue to meet the criteria of a government-owned business authorized to issue its own revenue bonds and to receive less than 10 percent of its revenue in grants from all Colorado State and local governments combined. The State Fair Authority remained disqualified as an enterprise for Fiscal Year 2023.

NOTE 4. DEBT

Certificates of Participation, which are used by the State for long-term lease purchases, are not considered debt of the State for purposes of this report as provided by Section 24-30-202(5.5) C.R.S.

In interrogatories submitted by the General Assembly regarding House Bill 99-1325, the Colorado Supreme Court ruled that Transportation Revenue Anticipation Notes (TRANS) issued by the Colorado Department of Transportation do not constitute debt of the State as defined in Article XI Section 3 of the State Constitution. However, the Supreme Court ruled that the TRANS are a multiple-fiscal year obligation as defined by Article X Section 20 of the State Constitution, thus requiring an approving election before issuance.

NOTE 5. EMERGENCY RESERVES

TABOR requires the reservation, for declared emergencies, of three percent or more of fiscal year spending, excluding bonded debt service payments. This requirement for Fiscal Year 2023 totals $606.6 million.

At June 30, 2023, the net assets of the following funds were designated as the reserve, up to the limits set in House Bill 22-1329:

- Major Medical Insurance Fund - $25.0 million.
- State Emergency Reserve Cash Fund - $232.2 million.
- Colorado Water Conservation Board Construction Fund - $33.0 million.
- Disaster Emergency Fund - $66.0 million
- Unclaimed Property Tourism Promotion Trust Fund - $5.0 million.
- Marijuana Tax Cash Fund - $100.0 million.
- Controlled Maintenance Trust Fund - $38.8 million.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2023, the required reserve was $606.6 million. Because the actual reserve requirement was more than the amount set in House Bill 22-1329, the total amount restricted for the reserve was $106.6 million less than the combined maximums allowable in the designated funds detailed above. There is no process by which the General Assembly can adjust the designated reserve after the end of the legislative session when the total TABOR revenues are finally known.

During Fiscal Year 2023, two executive orders called for $0.46 million to be transferred from the State Emergency Cash Fund to the Disaster Emergency Fund. Executive Order D 2023 002 called for $0.12 million to be transferred for extreme winter weather in 2023, and Executive Order D 2023 010 called for $0.34 million to be transferred for the Gageby Creek Fire in Bent County.

NOTE 6. STATUS OF REFUNDING

In Fiscal Year 2023 there are four TABOR refund mechanisms in State law – the property tax exemption reimbursement, the reimbursement to local governments for a reduction in property values used to assess property taxes, the one-time equal distribution of excess State revenues to qualified individuals (which replaces the six-tier sales tax refund), and an increase to the earned income tax credit. A summary of each is noted below:

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

2. Reimbursement to local governments for lower property valuations used in property tax assessments – with the enactment of Senate Bill 22-238, local governments will be reimbursed for losses in revenue due to lower property valuations used to assess property taxes in 2023 and 2024.

3. Identical refund distribution to qualified individuals – with enactment of Senate Bill 23B-003 in the November special session, the State created a temporary refund mechanism for tax year 2023 that replaces the six-tier sales tax refund mechanism. After refunds are made through the property tax exemption reimbursement mechanism, each qualified individual is eligible to an identical reimbursement of a portion of the State's Fiscal Year 2023 excess TABOR revenue. Individuals filing a joint return are eligible for two refunds.

4. Increase in the earned income tax credit for the 2023 tax year – with the enactment of House Bill 23B-1002 in the November special session, the State increased the earned income tax credit rate for resident individuals from 25 percent to 50 percent of the federal credit. The reduction in 2024 revenue to the State (when tax returns are filed) resulting from the larger tax credits, will be a one-time mechanism for refunding a portion of the State's excess Fiscal Year 2023 TABOR revenue.

Regardless of the refund mechanism, Section 24-77-103.8 C.R.S. requires that under-distributions of refunds be carried forward to subsequent years and added to the required refund in a future year when revenue is over the spending limit. Over-distributions of refunds, pursuant to Section 24-77-103.7 C.R.S., are also carried forward to subsequent years and are used to offset any future refund liability. The amount of the over/under carry forward is to be applied in the year following the year in which the refund is required to be made, which results in a two-year lag between the recording of the excess revenue and the adjustment for over or under refunds of those excess revenues.

At the beginning of Fiscal Year 2023, the State had an outstanding TABOR refund liability of $3,848.1 million. During the year the following amounts were refunded: $9.7 thousand from the Fiscal Year 2015 liability, $0.5 million from the Fiscal Year 2019 liability, $77.1 million from the Fiscal Year 2021 liability, and $3,664.0 million from the Fiscal Year 2022 liability. Refund liabilities for Fiscal Years 2019, 2021, and 2022 were increased (in net) by $8.4 million to adjust for prior-year revenue recording errors and a Fiscal Year 2022 base calculation error. Excess revenue over the ESRC in Fiscal Year 2023 added $3,563.4 million to the total liability. At June 30, 2023, the amount of refunds payable is $3,678.3 million. (See Note 15 for more detail).

NOTE 7. OTHER SOURCES AND ADDITIONS

The $1,041.7 million reported in this line item primarily comprises: $517.2 million of pension and other employee benefit trust fund investment earnings and additions by the State and participants; $51.8 million related to future leases; $229.7 million of revenue to permanent funds and trusts; $49.6 million of local government expenditures recorded by the State as revenues and expenditures to meet grant matching-funds requirements; $12.0 million of proceeds from insurance; and $172.5 million of other miscellaneous revenue.

NOTE 8. VOTER APPROVED REVENUE CHANGES

When State voters approve a revenue change, the resulting revenues are exempt from the TABOR limit on fiscal year spending. The following revenue changes were approved by voters:

- In the 1998 general election, voters approved a citizen-initiated law, Section 25-8-501.1 C.R.S. – Regulation of Commercial Hog Facilities – which instituted a permit fee. The State collected $55,499 and $103,700 from this exempt source in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 14 to Article XVIII of the State Constitution. This amendment allowed the use of marijuana for medical purposes and authorized the Department of Public Health and Environment to charge a fee for the issuance of a permit for such purpose. The State recorded $2.0 million and $2.1 million including interest and unrealized gains/losses from this revenue source in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 17 to Article IX of the State Constitution. This amendment created the State Education Fund and diverted the revenues from a tax of one-third of one percent on taxable income of individuals, corporations, estates, and trusts from the General Fund to the State Education Fund. It also exempted the revenue from TABOR. The amendment was effective January 1, 2001, and resulted in $1,476.4 million and $1,224.6 million of tax revenues, interest, operating transfers and unrealized gains/losses, as exclusions from fiscal year spending in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2004 general election, voters approved a citizen-initiated amendment that added Section 21 to Article X of the State Constitution. The amendment authorized additional cigarette and tobacco taxes (3.2 cents per cigarette and 20 percent of manufacturer's list price for other tobacco products) effective January 1, 2005. The amendment specified the use of the tax revenue generated for specific health related programs, and it exempted the revenue from the TABOR limitations. The State recorded $116.0 million and $126.7 million of tax revenues, interest, transfers, and unrealized gains/losses from this exempt source in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2005 general election, Colorado voters approved Referendum C – a measure referred to the voters by the Legislature. The referendum allowed the State to retain revenues in excess of the TABOR limit for a period of five years, and it stated that the excess revenue retained qualified as a voter approved revenue change. However, in order to determine the amount retained, the Schedule of Required Computations includes the retained amount as nonexempt revenue.

Therefore, the retained amount is not reported in this note as a voter approved revenue change (see Note 9).

- In the 2008 general election, voters approved an amendment required to implement locally approved changes to the parameters for Limited Gaming under Section 9(7) of Article XVIII of the Colorado Constitution. This amendment allowed the residents of Central City, Black Hawk, and Cripple Creek to vote to extend casino hours, approve additional games and increase the maximum single bet limit. It required distribution of most of the gaming tax revenue that resulted from the new gaming limits to Colorado community colleges and to gaming cities and counties, and it exempted the new revenue from State and local revenue and spending limits. The State collected $48.8 million and $48.0 million of extended limited gaming revenue in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2013 general election, Colorado voters approved Proposition AA, a measure referred to the voters by the Legislature. The proposition authorized a 15 percent State excise tax on the average wholesale price of retail marijuana, and, in addition to the existing 2.9 percent State sales tax, an additional 10 percent State sales tax on retail marijuana and retail marijuana products, effective January 1, 2014. The amendment specified the use of the excise tax revenue generated for public school construction (for the first $40.0 million collected) with any additional excise revenue generated to be used for marijuana regulation.

  With the enactment of Senate Bill 267 in the 2017 legislative session, the retail marijuana sales tax rate increased from 10 percent to 15 percent and exempted the 2.9 percent sales tax. The State's share of the retail tax increased from 85 percent to 90 percent. These changes took effect on July 1, 2017. The 15 percent excise tax on the wholesale price of retail marijuana still applies.

  The State recorded $57.8 million of State excise tax and $219.9 million of retail marijuana State sales tax revenues from these exempt sources in Fiscal Year 2023. In the prior fiscal year, the State recorded $99.4 million and $258.7 million respectively, from these two sources.

- In Fiscal Year 2022, it was determined that retail marijuana fees are exempt from the provisions of Article X, Section 20 of the Colorado Constitution, as a voter approved revenue under Amendment 64, which passed in 2012. The State recorded $5.0 million and $5.8 million of retail marijuana fees in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2019 Statewide election, Colorado voters approved Proposition DD – a measure referred to voters by the Legislature in House Bill 19-1327. The proposition allowed the State to tax the proceeds of sports betting activity and to use the revenue for implementing the State water plan and for other purposes. The State recorded $25.6 million and $12.4 million from this revenue source in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2020 Statewide election, voters approved Proposition EE – a measure referred to voters by the Legislature in House Bill 20-1427. The "yes" vote on the proposition allowed the State to impose a tax on nicotine liquids and other vaping products, and to increase existing cigarette and tobacco taxes. The revenue is to provide funding for schools, housing development and rental assistance, health care programs, tobacco education programs and other State and local general spending. The State recorded $200.8 million and $222.2 million from this revenue source in Fiscal Year 2023 and Fiscal Year 2022, respectively.

- In the 2022 Statewide election, voters approved Proposition 123, creating the State Housing Fund. The measure allows the State to provide grants for affordable housing and rental assistance through the diversion of 0.1 percent of income tax revenue. In FY 2023 the State recorded $160 million of revenue in the State Housing Fund.

- In the 2022 Statewide election, voters also approved Proposition FF which established the Healthy School Meals for All Program and allowed the State to give grants to schools that purchase locally produced food. The program is funded by limiting the amount that taxpayers earning more than a certain threshold can deduct from their income taxes. In FY 2023 the State recorded $42.7 million in the Healthy School Meals for All Fund.

NOTE 9. REFERENDUM C

Referendum C was placed on the ballot by the General Assembly and was approved by voters in the November 2005 election. It contained the following provisions:

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

- After July 1, 2010, the State is allowed to retain revenues in excess of the limit on fiscal year spending up to a newly defined Excess State Revenues Cap (ESRC). The ESRC is the highest population and inflation-adjusted nonexempt revenue amount in the period from July 1, 2005, to June 30, 2010, also adjusted for qualification and disqualification of enterprises. This provision effectively disabled the ratchet down provision of TABOR during the five-year period. (The term "ratchet down" is used to describe the TABOR provision that requires each year's base for calculating the limit to be the lesser of the prior year's revenues or the prior year's limit.)

- In the 2017 legislative session, enactment of Senate Bill 17-267 lowered the ESRC base by $200.0 million. This one-time change took effect in Fiscal Year 2018 and permanently modified future year calculations of the amount over or under the ESRC. The revised ESRC in Fiscal Year 2018 set a new base, which will continue to increase (or decrease) in future years by the combined percentage change in population and inflation.

- In the 2021 legislative session, enactment of Senate Bill 21-260 restored the ESRC base that had been lowered three years earlier by Senate Bill 17-267. The increase to the base was $225.0 million, which includes adjustments for population growth and inflation. The revised base will continue to increase (or decrease) in future years by the combined percentage change in population and inflation.

- A General Fund Exempt Account was created within the General Fund to consist of the retained revenues for each fiscal year of the retention period. The Legislature appropriates money in the account for health care, education (including related capital projects), firefighter and police pension funding (for local governments), and strategic transportation projects.

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

- The State Controller's annual report demonstrating compliance with the statutes implementing TABOR is required to include the amount of revenues that the State is authorized to retain and expend.

With the end of the Referendum C five-year excess revenue retention period, the State was subject to an ESRC starting in Fiscal Year 2011. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds.

Since the inception of Referendum C in Fiscal Year 2006, the State has retained $33,751.7 million - $3.6 million during the initial five-year revenue retention period, and an additional $30,158.1 million due to the ESRC exceeding the Fiscal Year Spending Limit (FYSL) in Fiscal Year 2011 through Fiscal Year 2023.

NOTE 10. DISTRICT RESERVES

District reserves are the cumulative fund balances of the State reported in the State's Annual Comprehensive Financial Report at the fund level rather than the government-wide level. District reserves therefore exclude capital assets, liabilities that are not recorded in governmental funds at the fund level (primarily long-term liabilities), as well as net assets of the TABOR enterprises. The majority of these funds include balances not available for general appropriation due to legal and contractual restrictions.

NOTE 11. PRIOR PERIOD DISTRICT FUND BALANCE ADJUSTMENTS AND ACCOUNTING CHANGES

In Fiscal Year 2023, the State increased the District's fund balance by $16.5 million (net). A $17.0 million increase was recorded to adjust the accounting of a contract between the Office of Economic Development and Trade and the Colorado Housing and Finance Authority; and a second adjustment was recorded to decrease the balance $0.5 million in the reclass of a loss involving the disposal of a land asset.

NOTE 12. SOURCES OF TABOR GROWTH LIMIT

The allowable percentage increase in State fiscal year spending equals the sum of inflation and the percentage change in State population in the calendar year ending six months prior to the start of the fiscal year. Inflation is defined in Section C.R.S. 24-77-102(8) C.R.S. as "the percentage change in the consumer price index for the Denver-Boulder Consolidated Metropolitan Statistical Area For All Urban Consumers, All Goods, as published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor index." The Bureau of Labor Statistics' successor index beginning with the Fiscal Year 2018 Schedule of Computations is the index for the Denver-Aurora-Lakewood area.

The 4.2 percent allowable growth rate comprises a 0.07 percent increase for population growth (census population for 2021 compared to 2020) and a 3.5 percent increase for inflation.

NOTE 13.   SPENDING LIMIT ADJUSTMENTS FOR PRIOR YEAR ERRORS

With the addition of the ESRC, spending limit adjustments only impact the calculation of the Fiscal Year Spending Limit (FYSL). In Fiscal Year 2023 there were no prior year revenue recognition errors that were large enough to impact the prior year base, therefore there were no adjustments to the Fiscal Year 2023 FYSL.

NOTE 14.   ENTERPRISE QUALIFICATION AND DISQUALIFICATION

The TABOR amendment to the State Constitution specifies that qualification and disqualification of enterprises shall change the District base. In order to ensure comparability between the base and current year nonexempt revenue, when an activity qualifies as an enterprise the base is reduced by the activity's prior year nonexempt revenue offset by revenue that would have been counted as nonexempt due to the activity's interaction with other State agencies. When a TABOR enterprise becomes disqualified, its current year nonexempt revenue is added to the base after application of the population and inflation growth adjustment and its prior year payments to other State agencies are removed from the base (before application of the allowable growth rate).

In Fiscal Year 2023, the Auraria Higher Education Center's (AHEC) Tivoli Center operation regained its TABOR enterprise status resulting in a $0.5 million reduction to the ESRC and the FYSL, before application of the 4.2 percent allowable growth rate. The requalification also increased the District's fund balance by $0.7 million. In Fiscal Year 2023, Adams State University also regained its TABOR enterprise status, resulting in a $19.0 million reduction to the ESRC and the FYSL before application of the allowable growth rate. Adam State's requalification decreased the District's fund balance by $47.8 million.

An adjustment totaling $0.7 million was made to increase the two bases before application of the 4.2 percent growth rate, to offset the dollar amount of transactions between the State on one side, and AHEC and Adams State University on the other side, which were affected by regaining enterprise status.

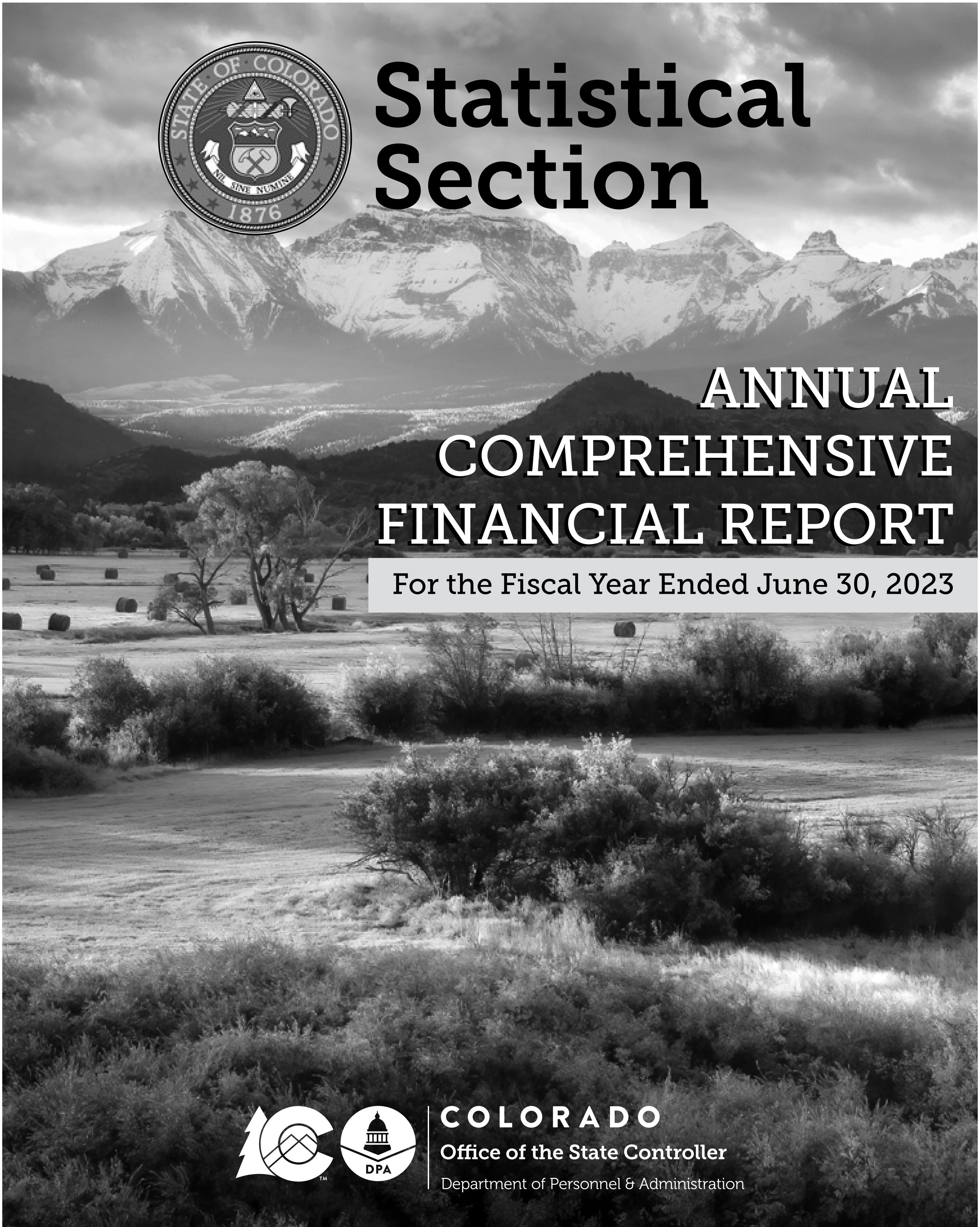
An $8.2 million reduction was made to the two bases before application of the allowable growth rate, to adjust the beginning balances for an error made the previous year. The effect of the error on Fiscal Year 2022 refunds payable was also made and is part of the $8.4 million refund liability adjustment referenced in Note 6.

NOTE 15. TREATMENT OF AMOUNTS HELD FOR FUTURE REFUND

Section 24-77-103.5 C.R.S. requires that errors in the amount to be refunded be corrected in the year they are discovered. During Fiscal Year 2023, various departments in the State discovered $136.1 thousand of net revenue from the prior years that had been incorrectly recognized exempt from the provisions of TABOR.

NOTE 16. FUTURE REFUNDS

During the fiscal year, $3,741.6 million was refunded to tax payers from excess revenue in Fiscal Year 2022, and any prior years where excess revenue was still left to be paid. Since Fiscal Year 2023 nonexempt District revenues were above the ESRC by $3,563.8 million. This amount is added to the total refund liability making the balance at June 30, 2023 equal to $3,678.3 million. For a description of the refund mechanisms in place for the Fiscal Year 2023 excess revenue, see Note 6.



Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

COLORADO
Office of the State Controller
Department of Personnel & Administration

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

(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 11,973,905	$ 13,920,593	$ 11,224,875	$ 2,521,649	$ 3,658,234	$ 3,107,217	$ 2,567,219	$ 2,703,416	$ 2,696,950	$ 2,302,356
Restricted Cash and Pooled Cash	2,630,952	3,067,114	122,403	611,626	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	8,460
Taxes Receivable, net	2,246,561	1,557,088	1,739,314	2,746,658	1,722,496	1,476,297	1,325,689	1,251,185	1,252,907	1,224,629
Other Receivables, net	960,863	803,926	663,412	609,665	708,209	654,761	717,660	572,655	450,805	210,062
Due From Other Governments	1,741,951	2,309,326	1,638,331	803,219	468,940	754,910	524,240	440,053	787,269	570,721
Internal Balances	75,085	59,557	48,657	179,643	43,557	38,459	26,262	28,967	28,022	19,336
Due From Component Units	-	-	-	-	19	18	154	347	135	54
Inventories	231,261	249,611	269,427	142,367	101,161	52,102	54,152	53,261	54,194	53,125
Prepaids, Advances and Deposits	201,257	149,493	122,230	544,537	90,371	84,277	72,047	67,468	67,917	73,025
Total Current Assets	20,061,835	22,116,708	15,828,649	8,159,364	6,792,987	6,168,041	5,287,423	5,117,352	5,338,199	4,461,768
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	844,539	405,850	2,971,240	1,810,813	1,742,791	1,589,926	1,493,996	1,923,920	2,140,729	2,554,938
Restricted Investments	1,413,529	1,237,772	1,324,475	1,212,311	1,098,543	847,587	867,572	732,662	761,140	657,772
Restricted Receivables	414,152	346,150	323,485	453,551	445,384	633,173	587,580	510,028	363,300	258,107
Investments	1,206,887	151,960	158,487	1,564,800	1,177,035	449,308	255,069	219,369	280,100	428,321
Other Long-Term Assets	950,428	776,847	763,849	771,885	758,544	613,249	614,932	675,809	636,260	686,349
Depreciable/Amortizable Capital Assets, net	11,030,703	10,313,213	10,063,683	9,856,574	10,101,317	10,242,384	9,994,890	9,976,023	9,772,651	9,600,423
Land and Nondepreciable Capital Assets	3,648,283	3,362,892	3,005,913	2,739,690	2,121,606	1,914,285	2,041,812	1,851,910	1,968,227	1,931,832
Capital Assets Held as Investments	-	-	-	-	-	42,896	42,899	33,055	-	-
Total Noncurrent Assets	19,508,521	16,594,684	18,611,132	18,409,624	17,445,220	16,332,808	15,898,750	15,922,776	15,922,407	16,117,742
TOTAL ASSETS	39,570,356	38,711,392	34,439,781	26,568,988	24,238,207	22,500,849	21,186,173	21,040,128	21,260,606	20,579,510
DEFERRED OUTFLOW OF RESOURCES:	4,441,520	2,379,265	1,654,895	2,348,666	4,421,051	2,563,034	3,503,643	818,761	350,796	18,289
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	1,211,037	1,153,949	1,154,442	951,302	927,857	918,688	886,992	856,076	669,992	718,211
Accounts Payable and Accrued Liabilities	1,961,289	2,031,900	1,756,431	1,428,804	1,318,548	1,369,262	1,165,137	1,166,681	1,367,263	1,043,961
TABOR Refund Liability (Note 2B)	3,678,327	3,848,101	547,872	143,993	431,685	39,837	21,807	31,358	173,346	706
Due To Other Governments	555,136	487,922	379,075	375,757	283,432	306,883	395,627	232,724	233,087	245,300
Due To Component Units	-	-	-	-	-	-	-	-	-	15
Unearned Revenue	3,157,667	3,801,840	4,513,916	1,291,503	150,512	185,677	126,307	123,769	100,467	92,674
Accrued Compensated Absences	18,534	21,087	15,331	15,719	14,097	12,758	11,865	11,522	12,185	10,470
Claims and Judgments Payable	42,147	46,036	45,135	46,660	42,298	42,812	46,369	46,343	47,682	61,623
Leases Payable	68,739	44,761	30,538	27,212	26,162	25,789	28,254	28,261	27,760	26,941
Notes, Bonds, and COPs Payable	238,123	144,466	110,285	70,565	50,865	55,515	46,990	171,835	200,975	187,910
Other Current Liabilities	107,688	31,332	24,245	23,647	31,020	22,837	27,678	29,525	19,052	19,979
Total Current Liabilities	11,038,687	11,611,394	8,577,270	4,375,162	3,276,476	2,980,058	2,757,026	2,698,094	2,851,809	2,407,790
Noncurrent Liabilities:										
Deposits Held In Custody For Others	1,481	1,482	1,779	598	584	136	116	90	139	139
Accrued Compensated Absences	222,577	203,695	214,870	197,457	166,680	162,645	158,435	154,510	149,817	145,992
Claims and Judgments Payable	116,812	126,846	141,339	151,757	168,190	180,865	260,535	276,010	299,785	301,591
Leases Payable	216,966	217,666	87,460	92,610	97,438	106,084	113,899	122,404	144,569	148,055
Notes, Bonds, and COPs Payable	4,367,514	4,609,947	3,881,964	2,837,608	2,108,495	1,379,778	1,266,507	1,174,467	1,331,892	1,541,225
Net Pension Liability	11,446,317	5,828,306	5,874,655	7,804,791	9,377,357	11,933,852	10,919,603	6,295,004	5,565,526	-
Other Postemployment Benefits	170,741	182,721	203,724	233,180	284,264	272,038	-	-	-	-
Other Long-Term Liabilities	381,942	235,415	228,926	229,134	267,983	457,567	407,912	415,669	423,809	402,954
Total Noncurrent Liabilities	16,924,350	11,406,078	10,634,717	11,547,135	12,470,991	14,492,965	13,127,007	8,438,154	7,915,537	2,539,956
TOTAL LIABILITIES	27,963,037	23,017,472	19,211,987	15,922,297	15,747,467	17,473,023	15,884,033	11,136,248	10,767,346	4,947,746
DEFERRED INFLOW OF RESOURCES:	771,227	3,689,509	3,531,733	3,704,384	4,997,905	560,903	98,746	133,375	47,262	338
Net investment in Capital Assets:	10,063,658	8,901,296	9,172,398	9,648,006	10,327,956	10,879,491	14,071,021	11,330,474	10,654,690	10,125,644
Restricted for:										
Construction and Highway Maintenance	510,993	656,022	671,488	874,840	954,461	885,775	915,033	966,743	936,535	1,080,201
Education	1,612,022	964,741	724,957	194,060	203,648	295,468	107,012	309,957	766,688	1,110,180
Debt Service	155,147	144,800	148,326	115,664	104,011	91,950	79,966	68,105	56,534	44,752
Emergencies	337,867	349,981	244,000	208,095	191,245	201,166	194,369	217,328	217,328	153,150
Permanent Funds and Endowments:										
Expendable	11,570	12,954	8,886	8,936	10,651	8,267	7,643	5,801	7,301	7,271
Nonexpendable	1,539,295	1,396,078	1,457,856	1,419,630	1,291,071	1,087,000	1,020,225	950,976	896,872	800,132
Other Purposes	1,069,918	1,144,759	839,781	1,079,316	1,042,422	831,995	671,306	717,185	626,649	358,694
Unrestricted	(22,858)	813,045	83,264	(4,257,574)	(6,211,579)	(7,251,155)	(8,359,538)	(3,977,303)	(3,365,803)	1,969,691
TOTAL NET POSITION	$ 15,277,612	$ 14,383,676	$ 13,350,956	$ 9,290,973	$ 7,913,886	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794	$ 15,649,715

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

(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 3,179,952	$ 3,125,906	$ 2,662,612	$ 2,023,015	$ 1,841,335	$ 3,093,539	$ 2,846,015	$ 2,525,453	$ 2,454,684	$ 2,246,115
Restricted Cash and Pooled Cash	-	-	-	391,766	-	-	-	-	-	-
Investments	3,299,384	2,861,839	2,261,237	1,926,752	344,755	1,827,559	549,079	392,188	378,115	254,744
Restricted Investments	-	-	-	123,303	-	-	-	-	-	-
Taxes Receivable, net	158,455	149,003	125,713	87,301	115,535	111,099	125,258	123,638	142,241	135,207
Other Receivables, net	1,229,726	1,072,292	827,965	783,784	770,415	601,666	490,427	640,664	430,306	408,364
Due From Other Governments	1,126,518	1,004,537	2,550,350	970,990	172,251	145,051	136,231	94,860	134,455	150,697
Internal Balances	(75,085)	(59,557)	(48,657)	(179,643)	(43,557)	(38,459)	(26,262)	(28,967)	(28,022)	(19,336)
Due From Component Units	14,489	22,131	24,857	26,385	28,175	16,174	23,041	18,188	11,370	23,716
Inventories	42,096	49,356	50,406	57,124	58,481	54,944	59,196	54,748	57,950	54,015
Prepaids, Advances and Deposits	56,119	41,143	37,461	37,686	41,567	29,020	31,679	28,756	28,186	37,433
Total Current Assets	9,031,654	8,266,650	8,491,944	6,248,463	3,328,957	5,840,593	4,234,664	3,849,528	3,609,285	3,290,955
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	542,690	217,265	353,797	511,559	1,562,065	284,025	241,268	457,926	499,742	429,965
Restricted Investments	46,838	55,762	131,547	172,683	72,895	106,798	95,280	167,540	246,783	303,678
Restricted Receivables	25,302	32,006	20,808	22,651	39,570	35,362	38,605	40,009	31,609	45,477
Investments	1,455,552	1,374,316	2,109,357	1,441,901	2,900,742	995,987	2,097,484	1,941,040	1,969,155	1,896,811
Other Long-Term Assets	198,316	220,812	114,217	123,685	109,831	130,529	129,350	129,425	129,850	99,380
Depreciable/Amortizable Capital Assets, net	9,783,960	9,635,331	9,042,147	8,471,869	8,341,557	8,028,339	7,502,858	7,050,226	6,190,355	5,876,698
Land and Nondepreciable Capital Assets	2,081,470	2,701,291	2,195,349	2,349,747	1,952,976	1,843,135	1,921,788	1,652,441	1,788,595	1,370,142
Total Noncurrent Assets	14,134,128	14,236,783	13,967,222	13,094,095	14,979,636	11,424,175	12,026,633	11,438,607	10,856,089	10,022,151
TOTAL ASSETS	23,165,782	22,503,433	22,459,166	19,342,558	18,308,593	17,264,768	16,261,297	15,288,135	14,465,374	13,313,106
DEFERRED OUTFLOW OF RESOURCES:	1,115,118	871,551	909,377	534,121	931,725	1,750,279	2,332,443	649,853	348,635	118,103
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	5,754	-	-	-	-	-	-	-	-	-
Accounts Payable and Accrued Liabilities	1,124,313	1,018,688	955,419	705,641	697,916	592,545	786,944	771,248	751,169	659,085
Due To Other Governments	1,348,881	1,497,932	1,693,848	375,140	73,297	64,474	46,765	38,615	22,048	30,805
Due To Component Units	12,603	330	240	151	206	44	1,249	645	623	528
Unearned Revenue	598,384	455,854	421,714	770,398	351,010	345,734	328,261	306,222	407,108	346,264
Accrued Compensated Absences	38,385	38,223	31,583	28,747	27,340	26,203	25,381	22,761	20,960	18,117
Claims and Judgments Payable	1,310	1,014	819	1,273	1,581	-	-	-	-	-
Leases Payable	54,460	21,276	5,984	5,832	5,474	6,529	7,292	9,132	8,618	6,610
Notes, Bonds, and COPs Payable	420,298	158,167	104,291	179,765	196,235	154,053	146,604	267,134	251,947	244,366
Other Postemployment Benefits	20,305	16,560	14,753	16,448	-	-	-	-	-	14,076
Other Current Liabilities	368,252	391,334	2,813,580	813,537	323,850	191,660	134,584	139,765	125,054	127,033
Total Current Liabilities	3,992,945	3,599,378	6,042,231	2,896,932	1,676,909	1,381,242	1,477,080	1,555,522	1,587,527	1,446,884
Noncurrent Liabilities:										
Deposits Held In Custody For Others	25	25	25	25	25	20	20	20	-	-
Accrued Compensated Absences	477,181	441,545	433,340	397,622	350,352	339,007	317,070	293,365	268,600	250,148
Claims and Judgments Payable	59,071	54,933	52,714	45,168	42,390	35,505	37,361	39,657	41,460	40,982
Leases Payable	181,984	137,846	68,240	29,813	31,928	41,623	42,599	47,994	45,663	35,582
Derivative Instrument Liability	4,836	5,041	25,602	46,864	14,193	6,837	9,251	13,222	9,515	8,566
Notes, Bonds, and COPs Payable	5,372,816	5,753,609	5,082,716	4,917,042	4,757,334	4,970,288	4,638,363	4,480,091	4,418,327	4,131,227
Due to Component Units	1,334	1,364	1,458	1,704	1,798	1,692	1,678	1,631	1,661	1,743
Net Pension Liability	3,702,857	2,582,558	3,370,077	3,570,647	4,237,019	7,448,575	6,934,505	3,957,073	3,579,748	-
Other Postemployment Benefits	1,219,983	1,368,070	1,041,543	835,859	1,015,792	938,450	343,570	289,133	241,779	181,511
Other Long-Term Liabilities	146,094	141,674	138,497	102,896	110,482	59,956	15,863	28,569	83,521	44,768
Total Noncurrent Liabilities	11,166,181	10,486,665	10,214,212	9,947,640	10,561,313	13,841,953	12,340,280	9,150,755	8,690,274	4,694,527
TOTAL LIABILITIES	15,159,126	14,086,043	16,256,443	12,844,572	12,238,222	15,223,195	13,817,360	10,706,277	10,277,801	6,141,411
DEFERRED INFLOW OF RESOURCES:	830,595	1,473,096	1,260,085	1,918,407	2,482,076	620,945	206,047	250,058	38,380	-
Net investment in Capital Assets:	5,679,176	6,151,070	5,973,861	5,923,907	5,618,074	5,108,898	6,982,288	5,051,345	4,417,947	3,653,265
Restricted for:										
Education	639,644	738,283	632,230	978,486	870,941	470,363	504,096	462,636	439,535	642,611
Unemployment Insurance	-	-	-	(18,877)	1,258,552	1,070,082	911,183	740,049	620,575	402,770
Debt Service	30,175	33,648	36,346	16,081	80,693	219,248	28,429	85,617	75,666	39,862
Emergencies	-	-	-	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Permanent Funds and Endowments:										
Expendable	212,155	200,814	232,960	173,493	173,553	173,406	165,637	157,611	150,270	7,901
Nonexpendable	89,955	88,147	89,102	83,909	83,198	84,480	91,878	83,274	87,679	64,712
Other Purposes	43,697	34,778	34,494	34,528	118,895	65,961	65,961	101,209	88,686	56,296
Unrestricted	1,596,377	569,105	(1,146,978)	(2,111,827)	(3,717,886)	(4,055,531)	(4,213,139)	(1,734,088)	(1,416,530)	2,388,381
TOTAL NET POSITION	$ 8,291,179	$ 7,815,845	$ 5,852,015	$ 5,113,700	$ 4,520,020	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798

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

(DOLLARS IN THOUSANDS)

	2023	2021	2020	2019	2018	2017	2016	2015	2014
ASSETS:									
Current Assets:									
Cash and Pooled Cash	$ 15,153,857	$ 13,887,487	$ 4,544,664	$ 5,499,569	$ 6,200,756	$ 5,413,234	$ 5,228,869	$ 5,151,634	$ 4,548,471
Restricted Cash and Pooled Cash	2,630,952	122,403	1,003,392	-	-	-	-	-	-
Investments	3,299,384	2,261,237	1,926,752	344,755	1,827,559	549,079	392,188	378,115	263,204
Restricted Investments	-	-	123,303	-	-	-	-	-	-
Taxes Receivable, net	2,405,016	1,865,027	2,833,959	1,838,031	1,587,396	1,450,947	1,374,823	1,395,148	1,359,836
Other Receivables, net	2,190,589	1,491,377	1,393,449	1,478,624	1,256,427	1,208,087	1,213,319	881,111	618,426
Due From Other Governments	2,868,469	4,188,681	1,774,209	641,191	899,961	660,471	534,913	921,724	721,418
Due From Component Units	14,489	24,857	26,385	28,194	16,192	23,195	18,535	11,505	23,770
Inventories	273,357	319,833	199,491	159,642	107,046	113,348	108,009	112,144	107,140
Prepaids, Advances and Deposits	257,376	159,691	582,223	131,938	113,297	103,726	96,224	96,103	110,458
Total Current Assets	29,093,489	24,320,593	14,407,827	10,121,944	12,008,634	9,522,087	8,966,880	8,947,484	7,752,723
Noncurrent Assets:									
Restricted Assets:									
Restricted Cash and Pooled Cash	1,387,229	3,325,037	2,322,372	3,304,856	1,873,951	1,735,264	2,381,846	2,640,471	2,984,903
Restricted Investments	1,460,367	1,456,022	1,384,994	1,171,438	954,385	962,852	900,202	1,007,923	961,450
Restricted Receivables	439,454	344,293	476,202	484,954	668,535	626,185	550,037	394,909	303,584
Investments	2,662,439	2,267,844	3,006,701	4,077,777	1,445,295	2,352,553	2,160,409	2,249,255	2,325,132
Other Long-Term Assets	1,148,744	878,066	895,570	868,375	743,778	744,282	805,234	766,110	785,729
Depreciable/Amortizable Capital Assets, net	20,814,663	19,105,830	18,328,443	18,442,874	18,270,723	17,497,748	17,026,249	15,963,006	15,477,121
Land and Nondepreciable Capital Assets	5,729,753	5,201,262	5,089,437	4,074,582	3,757,420	3,963,600	3,504,351	3,756,822	3,301,974
Capital Assets Held as Investments	-	-	-	-	42,896	42,899	33,055	-	-
Total Noncurrent Assets	33,642,649	32,578,354	31,503,719	32,424,856	27,756,983	27,925,383	27,361,383	26,778,496	26,139,893
TOTAL ASSETS	62,736,138	56,898,947	45,911,546	42,546,800	39,765,617	37,447,470	36,328,263	35,725,980	33,892,616
DEFERRED OUTFLOW OF RESOURCES:	5,556,638	2,564,272	2,882,787	5,352,776	4,313,313	5,836,086	1,468,614	699,431	136,392
LIABILITIES:									
Current Liabilities:									
Tax Refunds Payable	1,216,791	1,154,442	951,302	927,857	918,688	886,992	856,076	669,992	718,211
Accounts Payable and Accrued Liabilities	3,085,602	2,711,850	2,134,445	2,016,464	1,961,807	1,952,081	1,937,929	2,118,432	1,703,046
TABOR Refund Liability (Note 2B)	3,678,327	547,872	143,993	431,685	39,837	21,807	31,358	173,346	706
Due To Other Governments	1,904,017	2,072,923	750,897	356,729	371,357	442,392	271,339	255,135	276,105
Due To Component Units	12,603	240	151	206	44	1,249	645	623	543
Unearned Revenue	3,756,051	4,935,630	2,061,901	501,522	531,411	454,568	429,991	507,575	438,938
Accrued Compensated Absences	56,919	46,914	44,466	41,437	38,961	37,246	34,283	33,145	28,587
Claims and Judgments Payable	43,457	45,954	47,933	43,879	42,812	46,369	46,343	47,682	61,623
Leases Payable	123,199	36,522	33,044	31,636	32,318	35,546	37,393	36,378	33,551
Notes, Bonds, and COPs Payable	658,421	214,576	250,330	247,100	209,568	193,594	438,969	452,922	432,276
Other Postemployment Benefits	20,305	14,753	16,448	-	-	-	-	-	14,076
Other Current Liabilities	475,940	2,837,825	837,184	354,870	214,497	162,262	169,290	144,106	147,012
Total Current Liabilities	15,031,632	14,619,501	7,272,094	4,953,385	4,361,300	4,234,106	4,253,616	4,439,336	3,854,674
Noncurrent Liabilities:									
Due to Other Funds	-	-	-	-					
Deposits Held In Custody For Others	1,506	1,804	623	609	156	136	110	139	139
Accrued Compensated Absences	699,758	648,210	595,079	517,032	501,652	475,505	447,875	418,417	396,140
Claims and Judgments Payable	175,883	194,053	196,925	210,580	216,370	297,896	315,667	341,245	342,573
Leases Payable	398,950	155,700	122,423	129,366	147,707	156,498	170,398	190,232	183,637
Derivative Instrument Liability	4,836	25,602	46,864	14,193	6,837	9,251	13,222	9,515	8,566
Notes, Bonds, and COPs Payable	9,740,330	8,964,680	7,754,650	6,865,829	6,350,066	5,904,870	5,654,558	5,750,219	5,672,452
Due to Component Units	1,334	1,458	1,704	1,798	1,692	1,678	1,631	1,661	1,743
Net Pension Liability	15,149,174	9,244,732	11,375,438	13,614,376	19,382,427	17,854,108	10,252,077	9,145,274	-
Other Postemployment Benefits	1,390,724	1,245,267	1,069,039	1,300,056	1,210,488	343,570	289,133	241,779	181,511
Other Long-Term Liabilities	528,036	367,423	332,030	378,465	517,523	423,775	444,238	507,330	447,722
Total Noncurrent Liabilities	28,090,531	20,848,929	21,494,775	23,032,304	28,334,918	25,467,287	17,588,909	16,605,811	7,234,483
TOTAL LIABILITIES	43,122,163	35,468,430	28,766,869	27,985,689	32,696,218	29,701,393	21,842,525	21,045,147	11,089,157
DEFERRED INFLOW OF RESOURCES:	1,601,822	4,791,818	5,622,791	7,479,981	1,181,848	304,793	383,433	85,642	338
Net investment in Capital Assets:	15,742,834	15,146,259	15,571,913	15,946,030	15,988,389	21,053,309	16,381,819	15,072,637	13,778,909
Restricted for:									
Construction and Highway Maintenance	510,993	671,488	874,840	954,461	885,775	915,033	966,743	936,535	1,080,201
Education	2,251,666	1,357,187	1,172,546	1,074,589	765,831	611,108	772,593	1,206,223	1,752,791
Unemployment Insurance	-	-	(18,877)	1,258,552	1,070,082	911,183	740,049	620,575	402,770
Debt Service	185,322	184,672	131,745	184,704	311,198	108,395	153,722	132,200	84,614
Emergencies	337,867	244,000	242,095	225,245	235,166	228,369	251,328	251,328	187,150
Permanent Funds and Endowments:									
Expendable	223,725	241,846	182,429	184,204	181,673	173,280	163,412	157,571	15,172
Nonexpendable	1,629,250	1,546,958	1,503,539	1,374,269	1,171,480	1,112,103	1,034,250	984,551	864,844
Other Purposes	1,113,615	874,275	1,113,844	1,161,317	897,956	737,267	818,394	715,335	414,990
Unrestricted	1,573,519	(1,063,714)	(6,369,401)	(9,929,465)	(11,306,686)	(12,572,677)	(5,711,391)	(4,782,333)	4,358,072
TOTAL NET POSITION	$ 23,568,791	$ 19,202,971	$ 14,404,673	$ 12,433,906	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 644,321	$ 673,509	$ 598,900	$ 559,579	$ 559,093	$ 564,076	$ 541,936	$ 518,820	$ 501,319	$ 472,215
Service Fees	460,047	385,121	379,086	406,363	390,589	358,109	1,006,976	1,139,226	879,139	901,839
Fines and Forfeits	292,171	187,272	210,963	190,399	225,878	190,733	206,662	195,256	201,021	181,098
Rents and Royalties	269,809	228,547	131,454	156,296	175,085	147,310	132,310	142,752	199,067	182,893
Sales of Products	2,842	3,783	4,964	16,763	10,042	3,218	3,205	3,303	3,390	2,141
Unemployment Surcharge	49,519	48,730	40,154	38,076	34,091	34,245	32,507	30,768	29,381	28,635
Other	322,055	385,954	369,431	187,856	211,706	152,285	138,928	143,251	131,151	144,949
Operating Grants and Contributions	11,739,867	11,040,507	10,495,268	7,788,096	6,822,479	6,627,757	8,149,334	8,578,146	7,726,668	6,782,914
Capital Grants and Contributions	651,505	604,090	544,553	617,224	428,332	745,497	814,739	819,321	817,469	728,544
TOTAL PROGRAM REVENUES	14,432,136	13,557,513	12,774,773	9,960,652	8,857,295	8,823,230	11,026,597	11,570,843	10,488,605	9,425,228
EXPENSES:										
General Government	1,874,530	653,468	822,391	1,214,677	1,493,871	739,872	653,247	485,611	449,261	447,359
Business, Community, and Consumer Affairs	1,503,579	1,602,867	1,368,553	713,827	734,786	912,495	919,676	777,458	711,558	641,182
Education	8,497,292	8,127,798	6,656,947	6,875,955	6,469,072	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563
Health and Rehabilitation	1,941,186	2,230,242	1,660,656	836,872	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997
Justice	2,657,026	2,303,604	1,691,958	1,734,902	1,970,515	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989
Natural Resources	177,343	161,976	99,053	90,248	123,036	219,659	169,528	135,491	120,374	92,383
Social Assistance	12,843,160	11,812,410	10,157,280	9,430,179	8,589,168	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560
Transportation	2,117,396	1,941,505	1,632,855	1,884,872	1,875,438	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441
Total Governmental Activities										
Interest on Debt	187,327	117,938	135,332	103,339	109,075	60,778	58,764	62,021	59,078	53,094
TOTAL EXPENSES	31,798,839	28,951,808	24,225,025	22,884,871	22,300,005	23,521,991	24,586,855	23,084,511	21,449,942	19,230,568
NET (EXPENSE) REVENUE	(17,366,703)	(15,394,295)	(11,450,252)	(12,924,219)	(13,442,710)	(14,698,761)	(13,560,258)	(11,513,668)	(10,961,337)	(9,805,340)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	4,866,608	4,632,361	3,954,846	3,703,217	3,632,282	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977
Excise Taxes	482,359	547,853	433,686	330,600	301,292	311,625	321,419	290,276	267,858	236,761
Individual Income Tax	6,609,219	7,157,507	8,292,319	8,037,272	7,505,245	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634
Corporate Income Tax	2,265,237	1,471,691	1,090,209	638,303	963,380	714,313	432,802	643,761	613,316	600,002
Other Taxes	1,441,205	924,118	517,762	562,124	705,986	577,961	452,042	410,277	673,275	617,612
Restricted Taxes	1,718,955	1,627,154	1,468,337	1,271,553	1,348,050	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692
Unrestricted Investment Earnings (Losses)	194,952	70,997	50,931	37,599	30,196	21,798	16,987	15,705	11,992	17,312
Other General Revenues	125,003	114,568	104,683	95,460	95,051	199,934	103,476	107,005	96,613	112,958
(Transfers-Out) / Transfers-In	189,744	(443,435)	(366,962)	(395,097)	(279,131)	(254,324)	(353,647)	(352,733)	(256,738)	(172,442)
Internal Capital Contributions	-	-	-	-	-	44	-	(1,583)	-	-
Permanent Fund Additions	350,885	315,002	141,128	580	1,062	277	766	80	401	397
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	18,244,167	16,417,816	15,686,939	14,281,611	14,303,413	13,273,787	11,586,357	11,247,993	11,202,595	10,505,903
TOTAL CHANGES IN NET POSITION	877,464	1,023,521	4,236,687	1,357,392	860,703	(1,424,974)	(1,973,901)	(265,675)	241,258	700,563
NET POSITION - BEGINNING	14,383,676	13,350,956	9,290,973	7,913,886	7,029,957	8,707,037	10,589,266	10,796,794	15,649,715	14,958,731
Prior Period Adjustment	16,472	8,978	(196,566)	19,695	23,226	8,583	91,672	58,147	(6,626)	1,718
Accounting Changes	-	221	19,862	-	-	(260,689)	-	-	(5,087,553)	(11,297)
NET POSITION, FISCAL YEAR BEGINNING (as restated)	14,400,148	13,360,155	9,114,269	7,933,581	7,053,183	8,454,931	10,680,938	10,854,941	10,555,536	14,949,152
NET POSITION - ENDING	$ 15,277,612	$ 14,383,676	$ 13,350,956	$ 9,290,973	$ 7,913,886	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794	$ 15,649,715

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 269,743	$ 224,091	$ 219,820	$ 205,044	$ 179,382	$ 168,045	$ 165,182	$ 159,704	$ 157,971	$ 141,770
Service Fees	3,748,988	3,408,111	2,932,454	2,766,551	2,712,042	2,449,817	1,404,677	1,297,576	1,145,897	1,068,966
Education - Tuition, Fees, and Sales	3,707,977	3,504,334	3,055,836	3,483,570	3,484,740	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136
Fines and Forfeits	6,392	3,090	3,336	3,648	3,493	4,630	5,769	4,101	3,968	15,470
Rents and Royalties	88,028	83,401	67,981	69,154	52,866	74,482	45,177	40,077	41,944	39,675
Sales of Products	944,631	889,172	847,369	722,152	747,732	686,196	622,179	661,084	605,101	607,744
Unemployment Surcharge	828,946	741,627	602,104	546,038	546,650	562,095	646,336	603,708	698,609	736,985
Other	265,369	270,765	202,739	243,765	207,087	164,008	188,112	165,237	155,707	154,424
Operating Grants and Contributions	7,511,633	7,371,360	14,095,372	8,374,699	5,119,323	5,082,655	2,556,915	2,449,163	2,281,931	2,569,038
Capital Grants and Contributions	127,011	153,514	183,207	123,273	62,609	89,542	43,873	42,996	78,304	56,899
TOTAL PROGRAM REVENUES	17,498,718	16,649,465	22,210,218	16,537,894	13,115,924	12,686,439	8,918,107	8,429,613	8,050,672	8,063,107
EXPENSES:										
Higher Education	9,350,370	8,339,105	6,900,408	6,993,311	7,111,041	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507
Healthcare Affordability	5,130,361	4,550,548	4,198,822	3,515,207	3,414,018	3,294,611	-	-	-	-
Unemployment Insurance	488,008	1,607,811	9,465,001	4,765,139	385,192	444,181	518,891	531,607	530,130	756,484
Lottery	772,292	717,699	691,944	582,721	580,808	547,805	494,110	517,847	474,578	477,434
Parks and Wildlife	287,308	225,095	170,705	166,782	184,870	294,065	257,959	203,794	191,426	170,898
College Assist	178,136	171,430	79,637	201,200	222,726	247,361	315,478	320,774	338,631	341,684
Other Business-Type Activities	642,460	496,569	523,885	128,606	212,190	301,094	219,844	282,471	217,838	209,871
TOTAL EXPENSES	16,848,935	16,108,257	22,030,402	16,352,966	12,110,845	13,741,313	9,636,171	8,303,395	7,757,087	7,574,878
NET (EXPENSE) REVENUE	649,783	541,208	179,816	184,928	1,005,079	(1,054,874)	(718,064)	126,218	293,585	488,229
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Other Taxes	13,084	11,556	9,238	-	-	-	-	-	7	-
Special and/or Extraordinary Items	-	-	-	-	-	-	(808)	-	-	(22,186)
(Transfers-Out) / Transfers-In	(189,744)	443,435	366,962	395,097	279,131	254,324	353,647	352,733	256,738	172,442
Internal Capital Contributions	-	-	-	-	57,541	51,439	-	10,183	-	-
Permanent Fund Additions	10	8	5	-	-	-	-	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	(176,650)	454,999	376,205	395,097	336,672	305,763	352,839	362,916	256,745	150,256
TOTAL CHANGES IN NET POSITION	473,133	996,207	556,021	580,025	1,341,751	(749,111)	(365,225)	489,134	550,330	638,485
NET POSITION - BEGINNING	7,815,845	5,852,015	5,113,700	4,520,020	3,170,907	4,570,333	4,981,653	4,497,828	7,289,798	6,688,706
Prior Period Adjustment	-	978,053	181,689	11,209	7,362	-	545	(5,309)	-	(6,922)
Accounting Changes	2,201	(10,430)	605	2,446	-	(650,315)	(46,640)	-	(3,342,300)	(30,471)
NET POSITION, FISCAL YEAR BEGINNING (as restated)	7,818,046	6,819,638	5,295,994	4,533,675	3,178,269	3,920,018	4,935,558	4,492,519	3,947,498	6,651,313
NET POSITION - ENDING	$ 8,291,179	$ 7,815,845	$ 5,852,015	$ 5,113,700	$ 4,520,020	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 914,064	$ 897,600	$ 818,720	$ 764,623	$ 738,475	$ 732,121	$ 707,118	$ 678,524	$ 659,290	$ 613,985
Service Fees	4,209,035	3,793,232	3,311,540	3,172,914	3,102,631	2,807,926	2,411,653	2,436,802	2,025,036	1,970,805
Education - Tuition, Fees, and Sales	3,707,977	3,504,334	3,055,836	3,483,570	3,484,740	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136
Fines and Forfeits	298,563	190,362	214,299	194,047	229,371	195,363	212,431	199,357	204,989	196,568
Rents and Royalties	357,837	311,948	199,435	225,450	227,951	221,792	177,487	182,829	241,011	222,568
Sales of Products	947,473	892,955	852,333	738,915	757,774	689,414	625,384	664,387	608,491	609,885
Unemployment Surcharge	878,465	790,357	642,258	584,114	580,741	596,340	678,843	634,476	727,990	765,620
Other	587,424	656,719	572,170	431,621	418,793	316,293	327,040	308,488	286,858	299,373
Operating Grants and Contributions	19,251,500	18,411,867	24,590,640	16,162,795	11,941,802	11,710,412	10,706,249	11,027,309	10,008,599	9,351,952
Capital Grants and Contributions	778,516	757,604	727,760	740,497	490,941	835,039	858,612	862,317	895,773	785,443
TOTAL PROGRAM REVENUES	31,930,854	30,206,978	34,984,991	26,498,546	21,973,219	21,509,669	19,944,704	20,000,456	18,539,277	17,488,335
EXPENSES:										
General Government	1,874,530	653,468	822,391	1,214,677	1,493,871	739,872	653,247	485,611	449,261	447,359
Business, Community, and Consumer Affairs	1,503,579	1,602,867	1,368,553	713,827	734,786	912,495	919,676	777,458	711,558	641,182
Education	8,497,292	8,127,798	6,656,947	6,875,955	6,469,072	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563
Health and Rehabilitation	1,941,186	2,230,242	1,660,656	836,872	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997
Justice	2,657,026	2,303,604	1,691,958	1,734,902	1,970,515	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989
Natural Resources	177,343	161,976	99,053	90,248	123,036	219,659	169,528	135,491	120,374	92,383
Social Assistance	12,843,160	11,812,410	10,157,280	9,430,179	8,589,168	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560
Transportation	2,117,396	1,941,505	1,632,855	1,884,872	1,875,438	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441
Interest on Debt	187,327	117,938	135,332	103,339	109,075	60,778	58,764	62,021	59,078	53,094
Higher Education	9,350,370	8,339,105	6,900,408	6,993,311	7,111,041	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507
Healthcare Affordability	5,130,361	4,550,548	4,198,822	3,515,207	3,414,018	3,294,611	-	-	-	-
Unemployment Insurance	488,008	1,607,811	9,465,001	4,765,139	385,192	444,181	518,891	531,607	530,130	756,484
Lottery	772,292	717,699	691,944	582,721	580,808	547,805	494,110	517,847	474,578	477,434
Parks and Wildlife	287,308	225,095	170,705	166,782	184,870	294,065	257,959	203,794	191,426	170,898
College Assist	178,136	171,430	79,637	201,200	222,726	247,361	315,478	320,774	338,631	341,684
Other Business-Type Activities	642,460	496,569	523,885	128,606	212,190	301,094	219,844	282,471	217,838	209,871
TOTAL EXPENSES	48,647,774	45,060,065	46,255,427	39,237,837	34,410,850	37,263,304	34,223,026	31,387,906	29,207,029	26,805,446
NET (EXPENSE) REVENUE	(16,716,920)	(14,853,087)	(11,270,436)	(12,739,291)	(12,437,631)	(15,753,635)	(14,278,322)	(11,387,450)	(10,667,752)	(9,317,111)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	4,866,608	4,632,361	3,954,846	3,703,217	3,632,282	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977
Excise Taxes	482,359	547,853	433,686	330,600	301,292	311,625	321,419	290,276	267,858	236,761
Individual Income Tax	6,609,219	7,157,507	8,292,319	8,037,272	7,505,245	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634
Corporate Income Tax	2,265,237	1,471,691	1,090,209	638,303	963,380	714,313	432,802	643,761	613,316	600,002
Other Taxes	1,454,289	935,674	527,000	562,124	705,986	577,961	452,042	410,277	673,282	617,612
Restricted Taxes	1,718,955	1,627,154	1,468,337	1,271,553	1,348,050	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692
Unrestricted Investment Earnings (Losses)	194,952	70,997	50,931	37,599	30,196	21,798	16,987	15,705	11,992	17,312
Other General Revenues	125,003	114,568	104,683	95,460	95,051	199,934	103,476	107,005	96,613	112,958
Special and/or Extraordinary Items	-	-	-	-	-	-	(808)	-	-	(22,186)
Internal Capital Contributions	-	-	-	-	57,541	51,483	-	8,600	-	-
Permanent Fund Additions	350,895	315,010	141,133	580	1,062	277	766	80	401	397
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	18,067,517	16,872,815	16,063,144	14,676,708	14,640,085	13,579,550	11,939,196	11,610,909	11,459,340	10,656,159
TOTAL CHANGES IN NET POSITION	1,350,597	2,019,728	4,792,708	1,937,417	2,202,454	(2,174,085)	(2,339,126)	223,459	791,588	1,339,048
NET POSITION - BEGINNING	22,199,521	19,202,971	14,404,673	12,433,906	10,200,864	13,277,370	15,570,919	15,294,622	22,939,513	21,647,437
Prior Period Adjustment	16,472	987,031	(14,877)	30,904	30,588	8,583	92,217	52,838	(6,626)	(5,204)
Accounting Changes	2,201	(10,209)	20,467	2,446	-	(911,004)	(46,640)	-	(8,429,853)	(41,768)
NET POSITION, FISCAL YEAR BEGINNING (as restated)	22,218,194	20,179,793	14,410,263	12,467,256	10,231,452	12,374,949	15,616,496	15,347,460	14,503,034	21,600,465
NET POSITION - ENDING	$ 23,568,791	$ 22,199,521	$ 19,202,971	$ 14,404,673	$ 12,433,906	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513

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

(DOLLARS IN MILLIONS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES:										
Taxes	$ 17,398	$ 16,414	$ 15,837	$ 14,616	$ 14,199	$ 13,389	$ 11,835	$ 11,471	$ 11,205	$ 10,596
Less: Excess TABOR Revenues	-	-	-	-	-	-	-	-	170	-
Licenses, Permits, and Fines	978	961	895	832	869	940	838	810	801	758
Charges for Goods and Services	469	389	386	426	403	363	1,012	1,144	885	905
Rents	270	228	131	156	175	147	132	143	199	183
Investment Income	309	(1,009)	164	397	352	41	46	139	99	115
Federal Grants and Contracts	12,031	12,588	10,847	7,837	6,680	7,047	8,685	9,047	8,283	7,183
Unclaimed Property Receipts	129	110	143	55	47	78	64	65	61	53
Other	798	750	472	354	426	397	338	321	329	365
TOTAL REVENUES	32,382	30,431	28,875	24,673	23,151	22,402	22,950	23,140	22,032	20,158
EXPENDITURES:										
Current:										
General Government	505	412	467	401	377	381	344	324	305	331
Business, Community and Consumer Affairs	1,050	1,122	880	526	493	480	453	474	469	395
Education	1,587	1,432	698	982	911	832	869	852	785	730
Health and Rehabilitation	1,522	2,029	1,623	911	846	778	770	1,784	699	658
Justice	2,324	2,237	2,108	2,103	1,971	1,808	1,705	1,741	1,648	1,605
Natural Resources	147	146	120	131	129	128	113	107	103	107
Social Assistance	11,492	10,543	9,072	8,345	7,539	7,572	9,358	8,726	8,627	7,416
Transportation	1,691	1,529	1,485	1,555	1,298	1,348	1,364	1,331	1,282	1,203
Capital Outlay	356	593	393	418	265	272	189	191	325	298
Intergovernmental:										
Cities	507	637	587	523	503	471	491	425	421	412
Counties	2,121	2,107	2,205	1,751	1,916	1,759	1,740	1,656	1,627	1,573
School Districts	6,919	6,754	6,033	5,961	5,594	5,171	5,122	4,995	4,909	4,475
Other	1,006	539	393	451	410	244	255	227	205	202
Debt Service	369	318	229	163	179	128	239	280	270	261
TOTAL EXPENDITURES	31,596	30,398	26,293	24,221	22,431	21,372	23,012	23,113	21,675	19,666
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	786	33	2,582	452	720	1,030	(62)	27	357	492
OTHER FINANCING SOURCES (USES)										
Transfers-In	2,860	3,076	2,737	1,702	1,813	5,447	5,851	4,915	4,535	5,405
Transfers-Out:										
Higher Education	(284)	(284)	(284)	(284)	(376)	(230)	(230)	(181)	(181)	(143)
Other	(3,019)	(3,226)	(2,812)	(1,811)	(1,711)	(5,458)	(5,966)	(5,079)	(4,607)	(5,390)
Face Amount of Debt Issued	0	650	775	666	740	156	129	11	-	97
Bond Premium/Discount	0	155	178	137	57	21	14	-	-	6
Capital Lease Debt Issuance	47	288	5	1	1	4	1	-	-	25
Sale of Capital Assets	14	11	7	55	24	10	15	7	3	27
Insurance Recoveries	6	2	6	3	2	7	8	5	13	2
Debt Refunding Issuance	-	-	19	-	-	-	-	-	-	112
Debt Refunding Premium Proceeds	-	-	4	-	-	-	-	-	-	-
Debt Refunding Payments	-	-	(23)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(376)	672	612	469	550	(43)	(178)	(322)	(237)	141
NET CHANGE IN FUND BALANCE	410	705	3,194	921	1,270	987	(240)	(295)	120	633
FUND BALANCE - BEGINNING	13,459	12,746	9,492	8,579	7,349	6,364	6,609	6,847	6,734	6,100
Prior Period Adjustments	16	9	40	(8)	(40)	(2)	(5)	58	(7)	-
Accounting Changes	-	-	20	-	-	-	-	-	-	1
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	13,475	12,755	9,552	8,571	7,309	6,362	6,604	6,905	6,727	6,101
FUND BALANCE - ENDING	$ 13,885	$ 13,460	$ 12,746	$ 9,492	$ 8,579	$ 7,349	$ 6,364	$ 6,609	$ 6,847	$ 6,734

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

(DOLLARS IN MILLIONS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Income Tax:										
Individual	$ 6,516	$ 7,163	$ 8,306	$ 8,056	$ 7,328	$ 7,006	$ 6,209	$ 5,993	$ 5,888	$ 5,273
Corporate	2,167	1,469	1,118	670	856	736	467	606	635	665
(Refunds)										
Net Income Tax	$ 8,683	$ 8,632	$ 9,424	8,726	8,184	7,742	$ 6,676	6,599	6,523	5,938
Sales, Use, and Excise Taxes	4,919	4,689	4,033	3,759	3,695	3,501	3,188	2,996	2,990	2,763
Less: Excess TABOR Revenues	-	-	-	-	-	-	-	-	(170)	-
Net Sales, Use, and Excise Taxes	4,919	4,689	4,033	3,759	3,695	3,501	3,188	2,996	2,820	2,763
Insurance Tax	517	390	336	337	315	304	291	280	257	239
Gaming and Other Taxes	57	39	45	40	53	156	-	16	14	12
Investment Income	188	69	50	31	27	20	15	13	9	15
Severence Taxes to be Refunded	-	-	-	-	-	-	54	-	-	-
Other	-	-	-	-	-	-	40	26	19	25
TOTAL GENERAL REVENUES	$ 14,364	$ 13,819	$ 13,888	$ 12,893	$ 12,274	$ 11,723	$ 10,264	$ 9,930	$ 9,642	$ 8,992
Percent Change From Previous Year	3.9%	-0.5%	7.7%	5.0%	4.7%	14.2%	3.4%	3.0%	7.2%	5.1%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)										
Net Income Tax	60.4%	62.5%	67.9%	67.7%	66.7%	66.0%	65.0%	66.5%	66.5%	66.0%
Sales, Use, and Excise Taxes	34.3	33.9	29.0	29.2	30.1	29.9	31.2	30.1	30.5	30.7
Insurance Tax	3.6	2.8	2.4	2.6	2.6	2.6	2.8	2.8	2.6	2.7
Other Taxes	0.4	0.3	0.3	0.3	0.4	1.3	0.0	0.2	0.1	0.1
Interest	1.3	0.5	0.4	0.2	0.2	0.2	0.1	0.1	0.1	0.2
Severence Taxes to be Refunded	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.2	0.3
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS
FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Department:[1]										
Agriculture	$ 17,082	$ 41,887	$ (17)	$ 12,018	$ 11,346	$ 10,428	$ 10,639	$ 10,050	$ 8,633	$ 7,697
Corrections	908,691	856,220	2,841	876,905	837,497	773,788	748,559	758,545	717,579	675,706
Education	4,495,205	4,283,225	14,771	4,412,459	4,114,576	4,070,889	3,764,298	3,477,785	3,357,324	3,153,609
Governor	65,882	85,577	827,832	45,321	42,375	36,283	39,615	34,609	30,267	22,819
Health Care Policy and Financing	3,607,140	3,012,391	4,079,836	3,021,536	2,923,196	2,727,717	2,468,392	2,446,338	2,274,875	2,100,771
Higher Education	1,360,951	1,224,482	84,070	1,110,841	1,001,121	894,450	870,664	856,849	761,306	658,901
Human Services	1,085,027	1,095,826	3,179,655	1,088,434	1,055,818	984,291	918,130	936,071	877,162	812,603
Judicial Branch	659,901	609,860	611,554	597,673	561,799	514,874	487,636	481,550	441,700	386,870
Labor and Employment	21,904	20,152	1,003,256	24,341	20,539	21,302	21,579	7,754	660	50
Law	20,452	15,069	558,991	17,553	16,396	15,722	14,774	14,525	13,457	12,127
Legislative Branch	66,900	59,410	18,334	54,052	51,082	48,202	44,880	43,410	41,132	38,712
Local Affairs	51,661	51,338	13,694	46,290	37,125	29,184	25,235	25,481	22,244	17,540
Military and Veterans Affairs	12,053	11,216	53,583	10,924	10,983	30,814	8,253	7,907	7,792	7,094
Natural Resources	37,386	41,140	114,198	34,282	32,307	30,882	28,711	27,519	26,216	25,141
Personnel & Administration	24,355	20,072	9,917	16,229	13,971	12,088	12,273	11,034	7,601	31,407
Public Health and Environment	185,700	83,264	33,469	60,841	53,492	46,506	48,448	49,964	59,383	53,588
Public Safety	217,194	156,970	30,679	163,721	185,018	124,204	122,404	113,976	126,747	165,240
Regulatory Agencies	5,762	2,869	63,890	2,334	6,224	5,964	5,742	6,073	6,007	1,730
Revenue	327,583	336,448	39,138	327,633	260,583	250,438	90,957	149,361	97,249	73,626
Transportation	-	-	-	-	-	-	392	102	-	-
Treasury	1,323,593	1,401,545	(10,375)	660,126	774,821	190,457	15,908	12,522	5,684	108,870
Transfer to Capital Construction Fund	117,894	227,003	1,286,711	112,692	90,382	92,084	84,484	271,130	248,502	186,715
Transfer to Various Cash Funds	1,997,100	1,612,200	361,300	361,300	814,200	674,900	194,735	90,196	67,555	260,272
Transfer to the Highway Users Tax Fund	-	-	-	-	-	-	79,000	199,200	-	-
Other Transfers and Nonoperating Disbursements	249,023	249,023	25,125	25,125	278,999	181,151	153,379	143,492	127,795	126,263
TOTALS	$ 16,858,439	$ 15,497,187	$ 12,402,452	$ 13,082,630	$ 13,193,850	$ 11,766,618	$ 10,259,087	$ 10,175,443	$ 9,326,870	$ 8,927,351
Percent Change	8.8%	25.0%	-5.2%	-0.8%	12.1%	14.7%	0.8%	9.1%	4.5%	-0.4%
(AS PERCENT OF TOTAL)										
Education	26.7%	27.6%	0.1%	33.7%	31.2%	34.6%	36.7%	34.2%	36.0%	35.3%
Health Care Policy and Financing	21.4	19.4	32.9	23.1	22.2	23.2	24.1	24.0	24.4	23.5
Higher Education	8.1	7.9	0.7	8.5	7.6	7.6	8.5	8.4	8.2	7.4
Human Services	6.4	7.1	25.6	8.3	8.0	8.4	8.9	9.2	9.4	9.1
Corrections	5.4	5.5	0.0	6.7	6.3	6.6	7.3	7.5	7.7	7.6
Transfer to Capital Construction Fund	0.7	1.5	10.4	0.9	0.7	0.8	0.8	2.7	2.7	2.1
Transfer to Various Cash Funds	11.8	10.4	2.9	2.8	6.2	5.7	1.9	0.9	0.7	2.9
Transfers to the Highway Users Tax Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.8	2.0	0.0	0.0
Judicial	3.9	3.9	4.9	4.6	4.3	4.4	4.8	4.7	4.7	4.3
Revenue	1.9	2.2	0.3	2.5	2.0	2.1	0.9	1.5	1.0	0.8
All Others	13.7	14.5	22.2	8.9	11.5	6.6	5.3	4.9	5.2	7.0
TOTALS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

FUND BALANCE
GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL:										
Nonspendable:										
Inventories	$ 44,954	$ 47,144	$ 70,664	$ 14,343	$ 9,944	$ 7,975	$ 8,503	$ 7,522	$ 8,894	$ 8,721
Prepaids	47,088	49,094	50,702	69,432	38,547	38,173	39,348	37,977	40,971	38,535
Restricted	881,487	735,951	609,779	823,528	814,658	626,068	442,249	497,814	398,948	468,758
Committed	2,606,660	2,584,838	1,287,662	616,483	1,114,406	970,235	646,700	513,986	705,844	411,362
Assigned	87,068	83,302	123,036	35,241	33,264	29,641	17,218	19,283	20,731	7,651
Unassigned	(564,991)	701,946	2,403,821	842,567	52,088	334,660	-	-	-	-
TOTAL FUND BALANCE	3,102,266	4,202,275	4,545,664	2,401,594	2,062,907	2,006,752	1,154,018	1,076,582	1,175,388	935,027
FEDERAL SPECIAL REVENUE:										
Nonspendable:										
Inventories	116	-	-	-	-	-	-	-	-	-
Prepaids	36,405	14,137	-	-	-	-	-	-	-	-
Restricted	-	-	11,373	21,350	-	-	-	-	-	-
Unassigned	(43,393)	(136,403)	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	(6,872)	(122,266)	11,373	21,350	-	-	-	-	-	-
HIGHWAY USERS TAX:										
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	-	-	-	-	-	-	-	30	-	-
Inventories	19,527	18,793	17,908	20,946	18,012	8,281	9,334	8,860	8,377	7,673
Prepaids	2,553	295	6,077	5,032	3,717	3,729	679	1,252	1,908	1,481
Restricted	484,151	630,718	679,412	900,962	961,284	882,113	917,778	975,001	942,510	1,080,201
Committed	62,939	58,510	49,045	51,413	59,641	58,076	52,929	46,278	35,765	41,017
TOTAL FUND BALANCE	569,170	708,316	752,442	978,353	1,042,654	952,199	980,720	1,031,421	988,560	1,130,372
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	85	-	-	-	13	12	-	19,141	-	-
Inventories	163,554	181,625	179,646	105,795	72,311	35,171	35,445	36,166	36,059	36,008
Permanent Fund Principal	1,516,090	1,374,975	1,438,292	1,398,247	1,274,846	1,186,138	1,122,480	1,043,619	971,676	868,383
Prepaids	84,502	62,106	46,242	35,781	39,324	38,387	27,007	24,046	23,941	27,884
Restricted	1,781,321	1,332,860	986,088	558,485	503,018	516,128	418,847	607,618	1,000,463	1,466,516
Committed	6,675,326	5,719,530	4,785,759	3,992,116	3,583,836	2,614,577	2,624,986	2,770,832	2,650,703	2,269,885
TOTAL FUND BALANCE	10,220,878	8,671,096	7,436,027	6,090,424	5,473,348	4,390,413	4,228,765	4,501,422	4,682,842	4,668,676
TOTAL FUND BALANCE	$ 13,885,442	$ 13,459,421	$ 12,745,506	$ 9,491,721	$ 8,578,909	$ 7,349,364	$ 6,363,503	$ 6,609,425	$ 6,846,790	$ 6,734,075

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
DISTRICT REVENUES:										
Exempt District Revenues	$ 30,207,103	$ 29,465,154	$ 27,782,645	$ 20,523,556	$ 18,613,345	$ 17,388,665	$ 17,784,588	$ 18,170,415	$ 16,980,420	$ 17,076,305
Nonexempt District Revenues	20,220,690	19,741,291	16,169,779	14,873,754	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905
TOTAL DISTRICT REVENUES	50,427,793	49,206,445	43,952,424	35,397,310	33,401,765	31,109,546	30,676,245	30,994,823	29,511,192	28,768,210
Percent Change In Nonexempt District Revenues	2.4%	22.1%	8.7%	0.6%	7.8%	6.4%	0.5%	2.3%	7.2%	5.3%
DISTRICT EXPENDITURES:										
Exempt District Expenditures	30,207,102	29,465,154	27,782,645	20,523,556	18,613,345	17,388,666	17,784,588	18,170,415	16,980,420	17,076,305
Nonexempt District Expenditures	16,444,583	15,189,294	12,287,617	13,759,681	13,001,752	12,852,870	13,251,437	13,076,457	12,237,753	11,016,588
TOTAL DISTRICT EXPENDITURES	46,651,685	44,654,448	40,070,262	34,283,237	31,615,097	30,241,536	31,036,025	31,246,872	29,218,173	28,092,893
Percent Change In Nonexempt District Expenditures	8.3%	23.6%	-10.7%	5.8%	1.2%	-3.0%	1.3%	6.9%	11.1%	7.3%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ 3,776,108	$ 4,551,997	$ 3,882,162	$ 1,114,073	$ 1,786,668	$ 868,010	$ (359,780)	$ (252,049)	$ 293,019	$ 675,317
FISCAL YEAR SPENDING LIMIT										
Prior Fiscal Year Spending Limitation	$ 12,930,252	$ 12,628,068	$ 12,249,004	$ 11,759,345	$ 11,220,749	$ 10,761,667	$ 10,427,606	$ 9,976,946	$ 9,566,586	$ 9,247,466
Adjustments To Prior Year Limit[1]	(26,981)	(3,037)	(3,315)	-	-	(24,108)	10,480	(45,595)	(962)	(152)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	12,903,271	12,625,031	12,245,689	11,759,345	11,220,749	10,737,559	10,438,086	9,931,351	9,565,624	9,247,314
Allowable Growth Rate (Population Plus Inflation)	4.2%	2.2%	3.1%	4.1%	4.8%	4.5%	3.1%	4.4%	4.3%	3.3%
Current Fiscal Year Spending Limitation	13,445,208	12,902,782	12,625,305	12,241,478	11,759,345	11,220,749	10,761,667	10,368,330	9,976,946	9,552,475
Adjustments To Current Year Limit	-	27,470	2,763	7,525	-	-	-	59,276	0	14,111
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	13,445,208	12,930,252	12,628,068	12,249,003	11,759,345	11,220,749	10,761,667	10,427,606	9,976,946	9,566,586
EXCESS STATE REVENUE CAP (ESRC)[2]	16,657,291	16,012,864	15,644,324	14,956,372	14,360,084	13,702,371	13,327,811	12,946,499	12,361,032	11,852,383
NONEXEMPT DISTRICT REVENUES	20,220,690	19,741,291	16,169,779	14,873,754	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	6,775,482	6,811,039	3,541,711	2,624,751	3,029,075	2,500,132	2,129,990	2,396,802	2,553,826	2,125,319
Amount Over(Under) Excess State Revenue Cap	3,563,399	3,728,427	525,455	(82,618)	428,336	18,510	(436,154)	(122,091)	169,740	(160,478)
Correction Of Prior Years' Refunds	-	-	-	575	3,207	-	(346)	(13,899)	-	-
FISCAL YEAR REFUND	$ 3,563,399	$ 3,728,427	$ 525,455	$ -	$ 431,685	$ 18,510	$ -	$ -	$ 173,346	$ -

[1] - Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activity's revenues and expenditures are no longer shown in the district amounts.
[2] - Beginning in Fiscal Year 2011, with the expiration of the Referendum C retention period, Fiscal Year Refunds are based on the Excess State Revenue Cap rather than the Fiscal Year Spending Limit.

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years
(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
DEBT SERVICE EXPENDITURES:										
Principal	$ 173,940	$ 158,908	$ 98,582	$ 61,201	$ 85,722	$ 62,203	$ 177,925	$ 210,390	$ 194,818	$ 184,106
Interest	194,944	159,250	130,554	102,291	94,654	65,566	60,781	69,729	74,689	77,005
TOTAL DEBT SERVICE EXPENDITURES	$ 368,884	$ 318,158	$ 229,136	$ 163,492	$ 180,376	$ 127,769	$ 238,706	$ 280,119	$ 269,507	$ 261,111
Percent Change Over Previous Year	15.9%	38.9%	40.2%	-9.4%	41.2%	-46.5%	-14.8%	3.9%	3.2%	5.9%
TOTAL NONCAPITAL EXPENDITURES	30,163,492	28,715,830	24,893,602	22,859,536	21,394,396	20,293,035	21,788,949	22,034,812	20,480,883	19,001,514
TOTAL CAPITAL EXPENDITURES	1,432,721	1,682,641	1,399,666	1,361,585	1,036,687	1,079,152	1,222,662	1,078,383	1,194,596	664,762
TOTAL GOVERNMENTAL EXPENDITURES	31,596,213	30,398,471	26,293,268	24,221,121	22,431,083	21,372,187	23,011,611	23,113,195	21,675,479	19,666,276
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:										
Principal	0.6%	0.6%	0.4%	0.3%	0.4%	0.3%	0.8%	1.0%	1.0%	1.0%
Interest	0.6%	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%
Total Debt Service Expenditures	1.2%	1.1%	0.9%	0.7%	0.8%	0.6%	1.1%	1.3%	1.3%	1.4%

TOTAL OUTSTANDING DEBT[1,2,3]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Revenue Backed Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 127,925	$ 289,789	$ 443,881
Certificates of Participation	4,507,849	4,651,185	3,989,933	2,903,588	2,152,555	1,426,314	1,302,382	1,205,172	1,227,828	1,267,869
Leases	285,705	262,426	117,998	119,822	123,600	131,873	142,153	150,665	172,329	174,996
Notes and Mortgages	97,788	103,228	2,315	4,585	6,805	8,979	11,115	13,205	15,250	17,385
TOTAL GOVERNMENTAL OUTSTANDING DEBT	4,891,342	5,016,839	4,110,246	3,027,995	2,282,960	1,567,166	1,455,650	1,496,967	1,705,196	1,904,131
Business-Type Activities:										
Revenue Backed Debt	4,854,712	4,903,124	4,938,280	4,637,188	4,452,563	4,602,833	4,391,057	4,320,596	4,242,726	3,967,023
Certificates of Participation	93,066	112,878	132,403	393,248	433,021	461,461	346,769	372,661	399,231	403,761
Leases	236,445	159,124	74,224	35,645	37,402	48,152	49,891	57,126	54,281	42,192
Notes and Mortgages	845,335	895,774	116,325	66,371	67,985	60,047	61,396	53,968	28,317	4,810
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	6,029,558	6,070,900	5,261,232	5,132,452	4,990,971	5,172,493	4,849,113	4,804,351	4,724,555	4,417,786
Total Primary Government:										
Revenue Backed Debt	4,854,712	4,903,124	4,938,280	4,637,188	4,452,563	4,602,833	4,391,057	4,448,521	4,532,515	4,410,904
Certificates of Participation	4,600,915	4,764,063	4,122,336	3,296,836	2,585,576	1,887,775	1,649,151	1,577,833	1,627,059	1,671,630
Leases	522,150	421,550	192,222	155,467	161,002	180,025	192,044	207,791	226,610	217,188
Notes and Mortgages	943,123	999,002	118,640	70,956	74,790	69,026	72,511	67,173	43,567	22,195
TOTAL OUTSTANDING DEBT[1]	$ 10,920,900	$ 11,087,739	$ 9,371,478	$ 8,160,447	$ 7,273,931	$ 6,739,659	$ 6,304,763	$ 6,301,318	$ 6,429,751	$ 6,321,917
Percent Change Over Previous Year	-1.5%	18.3%	14.8%	12.2%	7.9%	6.9%	0.1%	-2.0%	1.7%	3.5%
Colorado Population (In Thousands) Restated for Census	5,735	5,736	5,736	5,759	5,772	5,677	5,600	5,530	5,438	5,350
Per Capita Debt (Dollars Per Person) Restated for Census	$1,904	$1,933	$1,634	$1,417	$1,260	$1,187	$1,126	$1,140	$1,182	$1,182
Per Capita Income (Thousands Per Person)	$62.1	$61.4	$61.4	$61.3	$59.0	$58.5	$55.3	$52.4	$52.4	$50.7
Per Capita Debt as a Percent of Per Capita Income	3.1%	3.1%	2.7%	2.3%	2.1%	2.0%	2.0%	2.2%	2.3%	2.3%

[1] - General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforseen revenue deficiencies.

[2] - Colorado State Constitution requires multi-years obligations to be approved by voters therefore there is no specific legal debt limitation.

[3] - Beginning in Fiscal Year 2014 debt liabilities are not offset by unamortized refunding gains or losses. With GASB Statement No. 65, these balances became deferred inflows and or outflows.

REVENUE BOND COVERAGE
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)							
2023	$ -	$ -	$ -	$ -	$ -	$ -	0.00
2022	-	-	-	-	-	-	0.00
2021	-	-	-	-	-	-	0.00
2020	-	-	-	-	-	-	0.00
2019	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	0.00
2016	1,566,285	1,437,505	128,780	126,100	2,680	128,780	1.00
2015	1,358,950	1,191,461	167,489	157,220	10,269	167,489	1.00
2014	1,240,588	1,073,259	167,329	147,225	20,104	167,329	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance							
2023	$ 119,295	$ -	$ 119,295	$ -	$ 25,271	$ 25,271	4.72
2022	123,525	-	123,525	-	25,271	25,271	4.89
2021	114,451	-	114,451	-	25,271	25,271	4.53
2020	112,362	-	112,362	-	17,699	17,699	6.35
2019	111,674	-	111,674	-	18,234	18,234	6.12
2018	106,022	-	106,022	-	18,234	18,234	5.81
2017	109,927	-	109,927	-	18,234	18,234	6.03
2016	231,775	-	231,775	124,965	20,546	145,511	1.59
2015	363,612	-	363,612	249,925	24,857	274,782	1.32
2014	486,250	-	486,250	374,885	30,620	405,505	1.20
Higher Education Institutions							
2023	$ 3,925,013	$ 772,306	$ 3,152,706	$ 129,694	$ 109,452	$ 239,146	13.18
2022	2,696,365	682,283	2,014,082	111,448	107,051	218,499	9.22
2021	2,210,602	586,621	1,623,981	84,250	80,160	164,410	9.88
2020	2,425,323	673,165	1,752,158	186,477	155,530	342,007	5.12
2019	2,419,403	685,793	1,733,610	132,929	159,090	292,019	5.94
2018	2,290,836	643,503	1,647,333	127,378	161,525	288,903	5.70
2017	2,170,616	618,649	1,551,967	117,118	160,835	277,953	5.58
2016	1,984,082	455,553	1,528,529	103,957	157,999	261,956	5.84
2015	1,250,735	579,200	671,535	107,878	152,923	260,801	2.57
2014	1,170,939	557,627	613,312	94,581	138,121	232,702	2.64

COLORADO DEMOGRAPHIC DATA
Last Ten Fiscal Years

Year	Population (000)	Percentage Share of U.S. Population	Total Personal Income (Billions)	Per Capita Personal Income (Dollars)	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
2023 est	5,913	1.77%	$ 457.8	$ 77,419	113.8%	3,148	3.2%
Revised 2022	5,858	1.76%	$ 433.5	$ 74,001	113.3%	3,159	3.2%
Revised 2021	5,815	1.75%	$ 410.9	$ 70,670	110.2%	3,024	5.4%
Revised 2020	5,784	1.74	378.1	65,362	109.25	2,895	7.3
Revised 2019	5,735	1.74	356.3	62,134	110.08	3,062	2.7
Revised 2018	5,677	1.74	331.9	58,455	108.1	2,983	3.0
Revised 2017	5,600	1.72	309.4	55,253	106.6	2,903	2.6
Revised 2016	5,530	1.71	289.7	52,386	105.0	2,797	3.1
Revised 2015	5,438	1.70	284.8	52,372	107.1	2,715	3.8
Revised 2014	5,350	1.68	271.3	50,711	107.7	2,662	5.0

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment

COLORADO EMPLOYMENT[1,2]
BY INDUSTRY
Last Ten Fiscal Years
(AMOUNTS IN THOUSANDS)

Industry	2023 est	Revised 2022	Revised 2021	Revised 2020	Revised 2019	Revised 2018	Revised 2017	Revised 2016	Revised 2015	Revised 2014
Natural Resources and Mining	23.7	20.7	19.8	21.8	28.8	28.6	25.8	23.7	30.7	34.1
Construction	181.0	183.0	176.8	174.9	179.1	173.2	163.7	155.3	148.8	142.2
Manufacturing	153.5	152.9	148.7	146.8	150.5	147.5	144.3	142.7	141.0	136.6
Transportation, Trade, and Utilities	507.6	501.2	485.7	469.2	477.9	470.4	461.3	453.9	445.7	432.7
Information	79.8	78.4	76.3	75.0	77.1	75.6	72.3	72.2	70.7	70.3
Financial Activities	174.7	178.7	177.7	172.8	174.6	171.6	168.1	163.9	159.0	153.9
Professional and Business Services	506.1	485.8	452.8	430.4	439.2	423.5	412.4	405.4	398.1	386.6
Educational and Health Services	359.6	353.8	347.9	339.2	347.6	340.7	334.1	325.8	313.3	298.0
Leisure and Hospitality	350.1	339.1	306.4	272.0	345.4	339.7	333.2	323.6	312.8	300.4
Other Services	123.0	118.9	113.6	108.9	114.8	110.9	108.6	107.3	104.2	100.9
Government	462.8	452.2	438.3	440.2	455.1	445.6	436.7	428.1	416.5	407.9
Total	2,921.9	2,864.7	2,744.0	2,651.2	2,790.1	2,727.3	2,660.5	2,601.9	2,540.8	2,463.6

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
2023 est	$ 12,969	$ 5,500	$ 4,400	22,869
Revised 2022	14,019	5,700	4,000	23,719
Revised 2021	15,071	5,594	2,800	23,465
Revised 2020	12,153	5,482	3,410	21,045
Revised 2019	10,853	5,113	3,141	19,107
Revised 2018	11,773	8,155	4,523	24,451
Revised 2017	10,362	6,155	2,976	19,493
Revised 2016	10,161	5,988	2,706	18,855
Revised 2015	8,659	4,991	3,036	16,686
Revised 2014	7,566	4,351	2,439	14,356

Source: Department of Census, F.W. Dodge Company, Division of McGraw-Hill, the Colorado Contractors Assoc., and Colorado Business Economic Outlook Committee.

COLORADO SALES AND GROSS FARMING REVENUES Last Ten Years

(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2023 est	$ 142.00	$ 9.77
Revised 2022	137.00	10.10
Revised 2021	125.00	9.95
Revised 2020	109.00	9.11
Revised 2019	100.00	8.58
Revised 2018	95.00	8.30
Revised 2017	91.00	8.26
Revised 2016	88.00	7.62
Revised 2015	83.00	8.92
Revised 2014	79.00	9.18

Includes only those sales reported on sales tax reports.

Source: Colorado Business Economic Outlook Agricultural Committee

DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]
BY FUNCTIONS/PROGRAMS
Last Ten Years[2]

	2023	2022	2021	2020	2019
GOVERNMENTAL ACTIVITIES:					
General Government:					
Funds	1,118	1,096	1,020	901	883
Employees (calculated Average Employment)	82,577	79,964	78,990	79,974	78,213
Balance in Treasury Pool (in millions)	$20,381.9	$22,299.5	$17,704.8	$9,358.1	$9,055.2
Business, Community, and Consumer Affairs:					
Professional Licenses at Regulatory Agencies	Not Available	1,048,156	972,910	949,632	865,914
Unemployment Rate (percent) [4]	3.2	3.2	5.4	6.7	2.8
Employment Level [4]	3,148,239	3,159,057	3,024,476	2,880,890	3,101,412
Education:					
Public Schools	1,890	1,885	1,875	1,864	1,861
Primary School Students		883,264	886,517	883,199	913,223
Health and Rehabilitation:					
Average Daily Population of Mental Health Institutes [3]	Not Available	Not Available	Not Available	709	595
Average Daily Population of Regional Centers [3]	165	186	215	231	238
Justice:					
District Court Cases Filed [3]	Not Available	Not Available	Not Available	233,682	216,437
County Court Cases Filed [3]	Not Available	Not Available	Not Available	413,894	Not available
Inmate Admissions	Not Available	Not Available	Not Available	7,982	9,691
Inmate Releases	Not Available	Not Available	Not Available	10,523	9,897
Average Daily Inmate Population	Not Available	Not Available	Not Available	19,466	20,223
Citations Issued by the State Patrol	95,326	101,898	113,777	128,806	136,086
Crashes Covered by the State Patrol	29,368	26,125	24,947	26,300	29,767
Natural Resources:					
Active Oil and Gas Wells [3]	Not Available	Not Available	Not Available	52,500	55,000
Oil and Gas Drilling Permits [3]	Not Available	Not Available	Not Available	7,000	6,200
Annual State Park Visitors [3]	Not Available	Not Available	Not Available	16,100,000	14,300,000
Water Loans				328	326
Social Assistance:					
Medicaid Recipients [3]	Not Available	Not Available	Not Available	1,292,797	1,350,445
Monthly Cases for Cash Assistance & Subsidy Payments [3]	Not available	Not available	Not available	Not available	Not available
Transportation:					
Lane Miles	Not Available	23,275,689	23,117,096	23,111,433	23,054,349
Bridges	3,479	3,388	3,464	3,467	3,462
BUSINESS-TYPE ACTIVITIES:					
Higher-Education:					
Resident Students [3]	Not Available	Not Available	Not Available	143,856	147,705
Nonresident Students [3]	Not Available	Not Available	Not Available	38,218	37,952
Unemployment Insurance:					
Individuals Served - Employment and Training [3]	331,510	657,374	202,869	493,731	366,130
Initial Unemployment Claims [3]	Not Available	Not Available	Not Available	504,839	101,599
CollegeInvest:[7]					
Loans Issued or Purchased					-
Average Balance per Loan					-
Lottery:					
Scratch Tickets Sold	79,498,559	82,024,371	94,634,346	89,295,642	85,738,142
Lotto Tickets Sold	17,614,092	27,201,416	19,159,180	16,791,434	28,034,842
Powerball Tickets Sold	41,516,617	31,474,738	26,960,528	20,647,247	35,073,981
Other Lottery Tickets Sold	74,064,101	52,336,943	61,337,174	50,733,691	67,466,124
Wildlife:					
Hunting & Fishing Licenses Sold [3]	Not Available	Not Available	1,800,000	1,800,000	1,700,000
College Assist:					
Guaranteed Loans - In State	-	-	-	-	-
Guaranteed Loans - Out of State	-	-	-	-	-

*Data not available.
[1]All amounts are counts except where dollars or percentages are indicated.
[2]Data presented by either fiscal year or calendar year based on availability of information.
[3]Data represents estimates from budgetary documents and is not adjusted to actuals.
[4]Data represents annual averages of monthly estimates from Department of Labor and Employment statistical information and is not adjusted to actuals
Source: JBC Budget in Brief and Various State Agencies' Self-Reported Statistical Information.

2018	2017	2016	2015	2014
874	848	815	719	638
76,578	74,252	72,483	72,369	70,823
$7,763.2	$6,852.0	$7,413.7	$7,683.2	$7,047.8
853,163	829,350	813,639	789,643	750,306
3.3	2.7	3.2	3.9	5.0
2,994,752	2,911,079	2,803,436	2,719,500	2,662,404
1,889	1,833	1,853	1,836	1,824
911,536	910,280	905,018	899,112	889,006
581	543	545	545	486
248	257	255	263	273
218,413	225,438	216,970	231,188	289,965
412,714	425,947	430,398	446,255	493,341
9,972	8,851	9,912	9,912	9,620
9,947	9,844	10,269	10,269	10,506
20,003	20,000	20,179	20,678	20,478
138,772	141,949	145,181	140,943	138,661
28,964	30,264	30,542	29,572	28,292
54,400	54,600	52,600	52,300	50,350
4,460	4,620	3,725	4,333	4,300
14,400,000	14,800,000	12,300,000	11,699,543	11,556,388
318	328	312	294	289
1,420,267	1,385,945	1,289,795	1,003,612	809,452
Not available	Not available	Not available	63,646	65,208
23,026,130	23,053,073	22,984,731	23,018,184	23,018,184
3,451	3,455	3,427	3,439	3,443
146,138	142,180	145,769	150,073	155,748
32,884	32,884	30,869	29,305	28,580
360,911	425,253	469,274	553,258	552,303
107,471	129,887	152,658	157,161	199,007
-	-	-	-	-
-	-	-	-	-
83,746,578	84,041,528	87,433,955	89,637,387	89,961,317
28,462,945	30,609,106	27,422,320	29,837,628	33,809,181
36,013,750	29,860,519	47,427,269	29,581,783	35,134,907
56,312,662	54,533,766	29,682,863	50,521,072	56,956,625
1,700,000	1,700,000	1,600,000	2,300,000	2,300,000
-	-	-	-	-
-	-	-	-	-

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AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION
AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	3,708	3,503	3,486	3,437	3,340	3,320	3,238	3,102	3,005	3,092
Business, Community, and Consumer Affairs	3,170	2,958	2,859	2,696	2,723	2,741	2,756	2,451	2,441	2,482
Education	50,664	48,576	47,046	48,469	47,297	45,884	43,762	42,494	42,767	41,501
Health and Rehabilitation	4,130	4,200	4,376	4,232	4,117	4,147	4,122	4,023	4,007	3,990
Justice	14,026	14,124	14,576	14,601	14,380	14,192	14,076	13,974	13,760	13,416
Natural Resources	1,742	1,657	1,650	1,678	1,626	1,611	1,619	1,623	1,599	1,579
Social Assistance	2,172	1,938	1,871	1,794	1,711	1,672	1,661	1,810	1,766	1,731
Transportation	2,965	3,008	3,126	3,067	3,019	3,011	3,018	3,006	3,024	3,032
TOTAL AVERAGE EMPLOYMENT	82,577	79,964	78,990	79,974	78,213	76,578	74,252	72,483	72,369	70,823
TOTAL CLASSIFIED	29,340	29,375	30,586	30,777	30,999	31,133	31,159	31,102	31,246	31,284
AVERAGE MONTHLY SALARY	$ 5,468	$ 5,234	$ 5,056	$ 5,049	$ 4,826	$ 4,650	$ 4,554	$ 4,539	$ 4,502	$ 4,391
TOTAL NON-CLASSIFIED	53,237	50,589	48,404	49,197	47,214	45,445	43,093	41,381	41,123	39,539
AVERAGE MONTHLY SALARY	$ 8,051	$ 7,818	$ 7,466	$ 7,384	$ 7,181	$ 6,980	$ 6,872	$ 6,691	$ 6,306	$ 6,140

- Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor's cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty in the Department of Higher Education.

- For each State agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the average employee count. Average salary was computed as total classified or nonclassified salary divided by related average employee count.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
LAST TEN FISCAL YEARS

Mileage Type	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
CenterLine Miles[1]										
Urban	1,498	1,500	1,500	1,500	1,502	1,510	1,510	1,523	1,523	1,385
Rural	7,574	7,574	7,574	7,575	7,575	7,578	7,578	7,580	7,580	7,718
TOTAL CENTERLINE MILES	9,072	9,074	9,074	9,075	9,077	9,088	9,088	9,103	9,103	9,103
Percent Change	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.2%	0.0%	0.0%	0.0%
Lane Miles[2]										
Urban	5,982	5,868	5,860	5,803	5,789	5,808	5,742	5,771	5,771	5,326
Rural	17,293	17,249	17,250	17,251	17,237	17,245	17,242	17,247	17,247	17,688
TOTAL LANE MILES	23,275	23,117	23,110	23,054	23,026	23,053	22,984	23,018	23,018	23,014
Percent Change	0.7%	0.0%	0.2%	0.1%	-0.1%	0.3%	-0.1%	0.0%	0.0%	0.0%
Roadways[3]										
Percent Rated Good/Fair					80	79	79	79	79	79
Percent Rated Poor					20	21	21	21	21	21
TOTAL PERCENTAGE	0	0	0	0	100	100	100	100	100	100

[1]Centerline miles measure roadway miles without accounting for the number of lanes.
[2]Lane miles measure the total distance of all roadway lanes, and are therfore a better indicator of actual maintentance requirements.
[3]In 2013 CDOT changed the overall metric by which pavement condition is measured. The new measure is based on Driveability Life, which identifies how long a pavement will last until the user experience becomes unacceptable.
Source: Department of Transportation

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
LAST TEN FISCAL YEARS

Functional Classification	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Principal Arterial[1]	1,380	1,321	1,404	1,408	1,404	1,387	1,390	1,372	1,377	1,114
Other Principal Arterial	931	925	926	927	925	932	931	930	930	1,199
Minor Arterial	664	663	673	669	668	670	670	666	667	667
Collector	381	374	375	375	377	383	387	383	390	391
Local	123	105	88	88	88	79	77	76	75	72
TOTAL BRIDGES	3,479	3,388	3,466	3,467	3,462	3,451	3,455	3,427	3,439	3,443
Percent Change	2.7%	-2.3%	0.0%	0.1%	0.3%	-0.1%	0.8%	-0.3%	-0.1%	0.1%
Percent Rated Poor[2]	4.43	4.17	5.64	6.27	6.32	4.42	4.90	5.60	5.60	5.70

[1]Includes Interstate, Expressways, and Freeways.
[2]In 2013 CDOT changed the overall metric for assessing bridges due to Public Law 112-141. The focus is now on Structurally Deficient bridges.

Source: Department of Transportation

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS

Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES:										
General Government	3,876,500	4,258,458	4,184,192	4,221,513	3,732,465	3,975,641	4,110,351	4,091,577	3,630,949	3,898,443
Business, Community, and Consumer Affairs[1]	1,270,639	1,277,537	1,264,162	1,277,114	1,278,223	1,253,288	1,253,288	1,117,563	1,260,223	1,462,694
Education	322,302	322,302	322,302	322,484	322,484	322,484	322,484	322,484	322,484	327,394
Health and Rehabilitation	1,482,781	1,473,888	1,472,328	1,453,385	1,463,209	1,463,209	1,463,129	1,443,140	1,439,483	1,371,986
Justice	8,841,849	8,923,821	8,871,568	8,815,718	8,880,526	8,852,530	8,763,302	8,743,419	8,633,069	8,797,346
Natural Resources	Not yet available	Not yet available	812,177	865,529	915,362	788,919	775,567	754,116	677,422	454,150
Social Assistance	1,787,619	1,805,610	1,802,173	1,799,516	1,833,377	1,834,497	1,834,815	1,828,335	1,821,873	1,794,333
Transportation	Not yet available	3,707,653	3,699,793	3,681,410	4,445,286	4,057,721	3,450,675	3,652,382	3,589,835	3,373,967
BUSINESS-TYPE ACTIVITIES:										
Higher Education	59,356,806	59,055,745	57,627,649	56,459,587	56,142,470	55,616,419	55,858,696	54,075,080	52,070,593	50,215,173
Parks and Wildlife	2,150,186	2,132,308	1,932,631	1,998,305	1,926,202	2,887,423	2,811,609	2,811,609	2,811,609	2,811,609
TOTAL	79,088,682	82,957,322	81,988,974	80,894,561	80,939,604	81,052,131	80,643,916	78,839,705	76,257,540	74,507,095

Source: Colorado Office of the State Architect

1 - Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

BUILDING SQUARE FOOTAGE
LEASED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS

Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GOVERNMENTAL ACTIVITIES:										
General Government	Not yet available	124,555	125,391	164,104	162,801	175,427	153,470	153,470	161,533	169,970
Business, Community, and Consumer Affairs[1]	Not yet available	605,517	612,312	612,459	632,311	635,899	640,803	623,742	597,583	604,185
Education	Not yet available	54,037	54,037	54,037	56,831	54,765	58,819	53,827	51,749	47,926
Health and Rehabilitation	Not yet available	491,758	500,208	508,207	478,241	470,748	477,717	473,440	498,721	475,010
Justice	Not yet available	672,566	670,604	617,670	567,155	473,032	525,493	453,320	343,665	412,286
Natural Resources	Not yet available	83,276	83,037	80,107	77,831	79,055	78,909	74,016	75,134	91,162
Social Assistance	Not yet available	103,706	103,706	103,706	103,706	96,465	99,256	99,256	110,867	74,451
BUSINESS-TYPE ACTIVITIES:										
Higher Education	Not yet available	1,587,596	1,560,761	1,506,511	1,506,925	1,436,583	1,404,972	1,309,490	1,303,315	1,613,516
CollegeInvest	9,126	9,126	9,126	9,126	9,126	9,126	9,164	9,597	9,642	11,397
Lottery	Not yet available	55,598	67,560	67,327	67,327	67,327	67,327	67,327	71,104	71,104
Parks and Wildlife	23,042	19,154	19,415	22,969	23,635	70,058	83,036	76,448	76,448	76,448
College Assist	9,126	9,126	9,126	9,126	9,126	9,126	9,396	10,164	10,246	8,825
TOTAL	41,294	3,816,015	3,815,283	3,755,349	3,695,015	3,577,611	3,608,362	3,404,097	3,310,007	3,656,280

Source: Colorado Office of the State Architect

1 - Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

OTHER COLORADO FACTS

Important Dates

1803 The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.

1806 Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. However, they do reach the headwaters of the Arkansas River near Leadville.

1848 By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.

1858 Gold is discovered along Cherry Creek near present day Denver.

1861 Congress establishes the Colorado Territory with the boundaries of the present State and chooses its name from the Spanish word for "colored red." President Lincoln appoints William Gilpin as the first territorial governor. The State Supreme Court is organized. The first assembly meets and creates 17 counties, authorizes the University of Colorado, and selects Colorado City as the territorial capital.

1867 Denver is established as the permanent seat of the territorial government by the legislature meeting in Golden.

1870 The Denver Pacific Railroad is completed to Denver.

1876 Colorado is admitted to the Union as the 38th state. John L. Routt is elected the first governor.

1877 The University of Colorado opens classes at Boulder with two teachers and forty-four students.

1894 The State Capitol Building, designed by Elijah E. Meyers, is completed at a cost of $2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.

1906 The U.S. Mint at Denver issues its first coins.

1958 The U.S. Air Force Academy's permanent campus opens near Colorado Springs.

1992 TABOR amendment is added to the State Constitution.

Geography

Area: 103,718 square miles.

Highest Elevation: Mt Elbert – 14,433 feet above sea level.

Lowest Elevation: Along the Arikaree River in Yuma County – 3,315 feet above sea level.

Colorado has the highest average elevation of all fifty states – 6,800 feet above sea level.

State Symbols and Emblems

State Motto – Nil Sine Numine –
Nothing Without the Deity

State Nickname – Centennial State

State Animal – Rocky Mountain Bighorn Sheep

State Bird – Lark Bunting

State Fish – Greenback Cutthroat Trout

State Flower – White and Lavender Columbine

State Folk Dance – Square Dance

State Fossil – Stegosaurus

State Pet – Shelter and Rescue Dog and Cat

State Songs – "Where the Columbines Grow" and
"Rocky Mountain High"

State Gemstone – Aquamarine

State Grass – Blue Grama Grass

State Insect – Colorado Hairstreak Butterfly

State Mineral – Rhodochrosite

State Reptile – Western Painted Turtle

State Amphibian – Western Tiger Salamander

State Rock – Yule Marble

State Tree – Colorado Blue Spruce

State Cactus – Claret Cup

COLORADO

Office of the State Controller

Department of Personnel & Administration

APPENDIX D

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc., as of June 2023 to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated, and constitutes the most recent economic and demographic statistical information prepared for the State. However, see "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST."

The statistics in this Appendix have been obtained from the referenced sources and represent the most current information available as of the date of the report 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 information in this Appendix 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 "INTRODUCTION – State Economic and Demographic Information," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST."

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State's metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State's capital, is the economic center of the State and the Rocky Mountain region. About 56% of the State's population and 63% of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX A – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2024 REVENUE FORECAST."

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Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past 10 years.

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2012	5.2	1.4%	313.9	0.7%
2013	5.3	1.5%	316.1	0.7%
2014	5.3	1.5%	318.4	0.7%
2015	5.4	1.9%	320.7	0.7%
2016	5.5	1.5%	323.1	0.7%
2017	5.6	1.3%	325.1	0.6%
2018	5.7	1.4%	326.8	0.5%
2019	5.7	1.0%	328.3	0.5%
2020	5.8	0.9%	331.5	1.0%
2021	5.8	0.5%	332.0	0.2%
2022	5.9	0.7%	333.3	0.4%

Note: U.S. figures for 2012-2019 are estimates based on the 2010 Census. The U.S. figures for 2020-2022 are estimates based on the 2020 Census. The Colorado figures for 2012-2021 are estimates and the 2022 count is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

Age Distribution, July 1

	Colorado, 2022		United States, 2022	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.23	21.1%	72.45	21.7%
18 to 24	0.57	9.7%	31.33	9.4%
25 to 44	1.68	28.8%	89.20	26.8%
45 to 64	1.43	24.5%	82.52	24.8%
65+	0.94	16.0%	57.79	17.3%
Total	5.86	100.0%	333.29	100.0%
Median Age[1]	37.6		38.8	

[1] U.S. median age is from the American Community Survey, 2021 1-Year estimates.

Note: Totals may not add due to rounding. The U.S. 2022 count is an estimate, and the Colorado 2022 count is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following table provides annual per capita personal income figures for Colorado, the Rocky Mountain Region, and the United States.

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	% Change	Income	% Change	Income	% Change
2017	$55,251	5.5%	$49,455	4.6%	$51,550	3.9%
2018	$58,453	5.8%	$52,093	5.3%	$53,786	4.3%
2019	$62,124	6.3%	$55,312	6.2%	$56,250	4.6%
2020	$65,352	5.2%	$58,623	6.0%	$59,763	6.2%
2021	$70,715	8.2%	$62,847	7.2%	$64,117	7.3%
2022	$74,167	4.9%	$65,376	4.0%	$65,423	2.0%

[1] Per capita personal income is total personal income divided by the July 1 population estimate.

[2] The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.

Source: U.S. Bureau of Economic Analysis.

Employment

The following table provides labor force, total employment, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates, Not Seasonally Adjusted

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2017	2,963.8		2,886.0		2.6%	4.4%
2018	3,054.3	3.1%	2,961.4	2.6%	3.0%	3.9%
2019	3,105.6	1.7%	3,022.8	2.1%	2.7%	3.7%
2020	3,089.0	-0.5%	2,880.2	-4.7%	6.8%	8.1%
2021	3,158.1	2.2%	2,986.2	3.7%	5.4%	5.3%
2022	3,200.6	1.3%	3,103.5	3.9%	3.0%	3.6%
Year-to-date averages through April:						
2022	3,191.0		3,075.2		3.7%	3.9%
2023	3,227.1	1.1%	3,135.4	2.0%	2.8%	3.6%

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

Industry	2018	2019	2020	2021	2022	Most Recent Quarter: 2021Q4	Most Recent Quarter: 2022Q4	Most Recent Quarter: % Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	18,131	19,743	20,067	20,134	19,046	19,536	18,107	-7.3%
Mining	28,200	28,635	21,594	19,648	20,672	20,031	21,177	5.7%
Utilities	8,030	8,168	8,307	8,466	8,723	8,500	9,019	6.1%
Construction	173,063	178,867	174,811	177,410	183,068	180,585	185,071	2.5%
Manufacturing	147,270	150,109	146,451	148,599	152,994	150,573	152,938	1.6%
Wholesale Trade	108,257	110,218	107,838	109,892	115,932	112,111	118,024	5.3%
Retail Trade	272,644	272,176	262,468	272,160	273,412	277,107	277,565	0.2%
Transportation and Warehousing	77,469	83,417	86,649	92,872	100,731	101,161	104,505	3.3%
Information	74,992	76,296	74,894	76,303	79,306	77,961	79,564	2.1%
Finance and Insurance	112,624	112,761	113,185	116,002	116,898	117,145	116,395	-0.6%
Real Estate and Rental and Leasing	52,152	54,474	52,185	54,905	56,886	57,048	57,361	0.5%
Professional and Technical Services	224,620	235,424	239,350	255,149	279,049	264,286	285,872	8.2%
Management of Companies and Enterprises	40,839	42,317	41,970	43,341	44,901	44,145	45,412	2.9%
Administrative and Waste Services	158,512	161,846	149,437	155,289	159,843	159,533	159,755	0.1%
Educational Services	36,694	37,674	34,474	36,426	39,044	38,001	40,085	5.5%
Health Care and Social Assistance	298,559	303,803	297,467	305,070	307,846	305,886	313,028	2.3%
Arts, Entertainment, and Recreation	56,848	58,975	44,406	50,296	56,769	50,722	56,210	10.8%
Accommodation and Food Services	282,491	285,929	227,884	254,892	281,186	268,707	281,313	4.7%
Other Services	82,029	84,557	77,271	81,065	85,566	83,204	86,327	3.8%
Unclassified	1,886	2,636	2,255	1,290	1,257	526	1,572	198.9%
Government	418,297	427,979	420,659	420,941	430,713	426,682	438,430	2.8%
Total*	**2,673,605**	**2,736,002**	**2,603,620**	**2,700,148**	**2,813,841**	**2,763,451**	**2,847,730**	**3.0%**

* Industry employment levels may not add to total due to rounding.

Sources: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2023. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	29,100
UCHealth	Healthcare, Research	29,000
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,700
Amazon	Warehousing & Distribution Services	20,000
Centura Health	Healthcare	13,000
Intermountain Healthcare	Healthcare	12,400
HealthONE Corporation	Healthcare	12,200
Lockheed Martin Corporation	Aerospace & Defense Related Systems	11,100
Comcast	Telecommunications	9,000
United Airlines	Airline	8,500
Children's Hospital Colorado	Healthcare	8,100
Home Depot	Building Materials Retailer	8,000
Target Corporation	General Merchandise	7,900
Safeway Inc.	Supermarkets	7,300
Kaiser Permanente	Health Maintenance Organization	7,200
DISH Network	Satellite TV & Equipment	6,300
Ball Corporation	Aerospace, Containers	6,300
United Parcel Service	Logistics	6,100
Lumen Technologies	Telecommunications	6,100
Vail Resorts	Leisure & Hospitality	6,100
JBS Swift & Company	Beef Processing/Corporate Office	5,600
FedEx Corp.	Transportation, E-commerce	5,400
Banner Health	Healthcare	5,200
Southwest Airlines	Airline	5,200
Wells Fargo	Banking/Financial Services	4,900

[1] Figures include both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2023.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2023.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	63,500
Federal Government (except USPS)	43,800
University of Colorado System	34,600
Denver Public Schools	15,000
City & County of Denver	13,600
Jefferson County Public Schools	11,100
U.S. Postal Service	9,700
Colorado State University System	9,000
Douglas County School District RE-1	8,200
Cherry Creek School District 5	7,400
Denver Health	6,200
Aurora Public Schools	5,500
Adams 12 Five Star Schools	4,900
City of Colorado Springs	4,600
Poudre School District R-1	4,400
Boulder Valley School District RE-2	4,300
St. Vrain Valley School District RE-1J	4,200
U.S. Department of Veterans Affairs	3,900
Colorado Springs School District 11	3,600
Academy Schools District 20	3,600
Jefferson County	3,400
City of Aurora	3,100
Mesa County Valley School District 51	3,000
School District 49	2,900
Regional Transportation District (RTD)	2,900

[1] Includes both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2023.

Retail Sales

The following table provides the most recent annual sales figures as reported for state sales tax purposes.

Colorado Sales and Use Tax Net Collections
Fiscal Years 2017 to 2022

	Sales Tax		Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change
2017	$2,719,778	4.8%	$258,604	6.1%
2018	$2,906,717	6.9%	$305,192	18.0%
2019	$3,031,974	4.3%	$343,489	12.5%
2020	$3,186,143	5.1%	$226,116	-34.2%
2021	$3,450,454	8.3%	$210,754	-6.8%
2022	$4,051,571	17.4%	$233,298	10.7%

Source: Colorado Department of Revenue.

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The following table provides retail sales totals by industry for the State for the most recent five years.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year

											Year-to-date totals through February		
Industry	**2018**	**% Change**	**2019**	**% Change**	**2020**	**% Change**	**2021**	**% Change**	**2022**	**% Change**	**2022**	**2023**	**% Change**
Agriculture/Forestry/Fishing	587.2	40.5%	521.1	-11.3%	491.8	-5.6%	NR	--	616.9	--	44.3	45.5	2.7%
Mining	4,411.7	20.3%	3,938.3	-10.7%	3,065.7	-22.2%	5,172.2	68.7%	4,295.8	-16.9%	550.8	440.3	-20.1%
Utilities	7,665.8	1.3%	8,031.0	4.8%	7,512.2	-6.5%	8,489.0	13.0%	10,019.6	18.0%	1,762.6	2,157.2	22.4%
Construction	5,758.0	12.2%	6,124.0	6.4%	6,148.5	0.4%	6,650.1	8.2%	8,092.5	21.7%	872.9	977.1	11.9%
Manufacturing	17,360.8	7.0%	15,992.7	-7.9%	16,906.4	5.7%	18,036.2	6.7%	20,271.2	12.4%	2,534.5	2,495.9	-1.5%
Wholesale Trade	15,407.4	6.0%	18,109.6	17.5%	20,374.5	12.5%	22,736.5	11.6%	24,888.4	9.5%	3,498.2	2,956.3	-15.5%
Retail Trade[1]													
Motor Vehicle and Parts Dealers	21,190.4	2.8%	21,986.4	3.8%	21,918.4	-0.3%	26,480.5	20.8%	27,751.4	4.8%	3,973.6	4,085.6	2.8%
Building Materials/Garden Equip/Supplies Dealers	7,465.8	2.5%	7,413.9	-0.7%	8,891.0	19.9%	10,429.3	17.3%	11,248.0	7.9%	1,408.1	1,294.9	-8.0%
Food/Beverage Retailers	18,794.5	6.5%	18,927.9	0.7%	20,189.0	6.7%	21,466.7	6.3%	23,719.2	10.5%	3,340.7	3,619.8	8.4%
Furniture/Home Furnishings/Electronics/Appliance	6,096.2	6.1%	6,328.4	3.8%	6,183.4	-2.3%	7,289.6	17.9%	7,739.7	6.2%	1,142.8	1,081.9	-5.3%
General Merchandise Retailers	14,387.6	4.6%	14,788.7	2.8%	16,068.0	8.7%	17,976.8	11.9%	33,275.4	85.1%	4,560.2	5,071.8	11.2%
Health and Personal Care Retailers	5,672.5	5.9%	6,015.3	6.0%	6,734.3	12.0%	7,312.8	8.6%	6,993.2	-4.4%	973.9	954.4	-2.0%
Gas Stations and Fuel Dealers	4,863.8	7.4%	4,556.7	-6.3%	3,957.2	-13.2%	5,057.7	27.8%	6,355.6	25.7%	905.7	973.5	7.5%
Clothing/Accessories/Shoes/ Jewelry Retailers	3,999.7	3.9%	4,413.8	10.4%	3,623.6	-17.9%	5,116.4	41.2%	5,560.7	8.7%	679.8	904.0	33.0%
Sporting/Hobby/Music/Books/ Misc Retailers	9,605.7	2.1%	10,289.8	7.1%	10,266.0	-0.2%	12,101.2	17.9%	13,751.6	13.6%	1,764.5	1,903.1	7.9%
Non-Store Retailers[1]	3,279.3	12.3%	5,054.7	54.1%	10,776.8	113.2%	12,153.8	12.8%	--	--	--	--	
Total Retail Trade	**95,355.7**	4.7%	**99,775.5**	4.6%	**108,607.7**	8.9%	**125,384.8**	15.4%	**136,394.9**	**8.8%**	**18,749.3**	**19,888.9**	**6.1%**
Transportation/Warehouse	1,292.4	36.8%	1,096.3	-15.2%	1,222.5	11.5%	1,455.4	19.0%	1,918.5	31.8%	250.1	294.4	17.7%
Information	4,971.1	-7.6%	5,819.5	17.1%	4,250.2	-27.0%	5,140.8	21.0%	6,135.8	19.4%	901.3	1,042.8	15.7%
Finance/Insurance	2,469.4	17.2%	2,761.9	11.8%	3,340.1	20.9%	NR	--	NR	--	NR	322.4	--
Real Estate/Rental/Lease	5,423.2	11.2%	5,907.9	8.9%	5,140.4	-13.0%	5,859.7	14.0%	6,879.4	17.4%	1,022.3	1,154.4	12.9%
Professional/Scientific/Technical	7,753.2	14.1%	7,859.6	1.4%	8,634.4	9.9%	9,478.6	9.8%	10,426.8	10.0%	1,091.7	1,152.4	5.6%
Admin/Support/Waste/Remediation	2,384.4	1.1%	2,813.2	18.0%	3,237.8	15.1%	4,470.0	38.1%	5,328.8	19.2%	712.2	757.9	6.4%
Education	500.3	2.9%	434.8	-13.1%	349.9	-19.5%	546.1	56.1%	591.3	8.3%	64.6	87.4	35.2%
Health Care/Social Assistance	7,044.5	-1.3%	16,093.3	128.5%	16,236.4	0.9%	17,823.9	9.8%	19,233.1	7.9%	2,845.6	3,120.5	9.7%
Arts/Entertainment/Recreation	1,650.0	5.5%	1,781.7	8.0%	1,342.6	-24.6%	1,840.4	37.1%	2,264.3	23.0%	333.9	365.8	9.6%
Accommodation	5,147.4	7.8%	5,771.3	12.1%	3,823.6	-33.7%	6,143.1	60.7%	7,750.6	26.2%	1,178.6	1,338.7	13.6%
Food/Drinking Services	13,798.6	6.0%	14,511.8	5.2%	11,308.6	-22.1%	14,929.5	32.0%	17,119.2	14.7%	2,487.4	2,792.7	12.3%
Other Services	6,751.4	9.2%	6,924.2	2.6%	6,438.5	-7.0%	8,096.2	25.7%	12,810.1	58.2%	1,074.0	1,274.1	18.6%
Government	388.6	6.8%	351.2	-9.6%	380.3	8.3%	NR	--	NR	--	NR	49.7	--
Total All Industries	**206,121.0**	**5.9%**	**224,618.9**	**9.0%**	**228,812.2**	**1.9%**	**268,328.8**	**17.3%**	**299,923.8**	**11.8%**	**41,196.3**	**42,714.4**	**3.7%**

Source: Colorado Department of Revenue.

NR = Not Reportable.

Year-to-date totals through February.

Note from DOR on destination sourcing (2019 & future): Sales that were previously reported in one location may be reported in different locations from 2019 onward because the Colorado General Assembly adopted new sourcing rules in House Bill 19-1240. Prior to 2019, the location for which a return was filed by a retailer generally reflected the location the retailer's business had in common with the delivery point. Beginning in June 2019, most in-state retailers started filing returns based on the location in which the purchaser received the goods; however, some small retailers filed returns for all sales based on the retailer's business location. Additional out-of-state retailers were also required to collect and remit sales tax for goods delivered into Colorado based on the location in which the purchaser received the goods. These changes may cause variations in the data reported from previous years.

[1] The North American Industry Classification System (NAICS) codes are reviewed and revised every five years to keep the classification system current with changes in economic activities. The 2022 revisions to NAICS reflect a de-emphasis on the delivery method as an industry function used in NAICS classification, resulting in all sales previously categorized as 'Non-Store Retailers' being reallocated to specific retail trade categories starting in 2022. As a result, retail trade sales by category are not comparable between 2022 and prior years.

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Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures, and visitor counts for Colorado ski areas.

Colorado Tourism Statistics

	National Parks Visits[1]		**Conventions**[2] *Conventions*		*Delegates*		*Spending*		**Skier Visits**[3]	
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
2017	7.62	2.1%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%
2018	7.57	-0.7%	67	-20.2%	269.4	14.4%	$560.6	8.1%	12.81	-2.4%
2019	7.76	2.6%	80	19.4%	254.1	-5.7%	$555.3	-0.9%	13.80	7.7%
2020	6.03	-22.2%	12	-85.0%	65.0	-74.4%	$131.0	-76.4%	11.15	-19.2%
2021	7.82	29.6%	26	116.7%	78.1	20.2%	$193.0	47.3%	12.00	7.6%
2022	7.43	-4.9%	60	130.8%	154.6	97.9%	$392.0	103.1%	14.00	16.7%

[1] Count of recreational visitors for the State's National Parks Service territories, which include national parks, monuments, historic sites and recreation areas.

[2] Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.

[3,4] Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

The following table provides a history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	**2 Units**	**3 & 4 Units**	**5+ Units**	**Total Building Permits**	**% Change**
2017	24,338	344	415	15,576	40,673	4.4%
2018	26,134	374	414	15,705	42,627	4.8%
2019	24,756	352	370	13,155	38,633	-9.4%
2020	26,636	728	397	12,708	40,469	4.8%
2021	30,246	1,260	736	24,282	56,524	39.7%
2022	23,728	992	539	23,580	48,839	-13.6%
Year-to-date totals through April:						
2022	10,092	334	110	8,432	18,968	
2023	5,837	180	168	7,803	13,988	
% change	*-42.2%*	*-46.1%*	*52.7%*	*-7.5%*	*-26.3%*	

Source: U.S. Census Bureau.

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Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The first quarter 2021 data is the most recent available as compiled by the Colorado Division of Housing.

The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2016	7,666	-7.0%	3,128	-25.7%
2017	6,680	-12.9%	2,100	-32.9%
2018	5,884	-11.9%	1,461	-30.4%
2019	5,610	-4.7%	1,316	-9.9%
2020	2,130	-62.0%	628	-52.3%
2021[2]	226	--	103	--

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

[2] Filings and Sales through first quarter 2021.

Source: Colorado Division of Housing.

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APPENDIX E

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Annual Comprehensive Financial Report for the Plan Year ended December 31, 2023 (the "PERA 2023 ACFR"). The PERA 2023 ACFR was prepared by PERA staff employees and Segal, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward-looking information as described in the preliminary 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 2023 ACFR is not incorporated in this Official Statement by reference or otherwise, and the State makes no representations regarding the accuracy of the information in the PERA 2023 ACFR.

The information regarding PERA in the State Fiscal Year 2022-23 ACFR is derived from PERA's Annual Comprehensive Financial Report for the Plan Year ended December 31, 2022 (the "PERA 2022 ACFR"), while the information regarding PERA in this Official Statement is derived from the PERA 2023 ACFR.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund, which is for most State employees (the "State Division"), the Judicial Division Trust Fund (for judges in the State), the School Division Trust Fund (for employees of school districts other than Denver County School District No. 1, commonly known as Denver Public Schools and previously defined herein as "DPS"), the Denver Public Schools Division (for employees of DPS) and the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities). The defined benefit plan for the State Division is referred to herein as the "State Division Plan."

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee in amounts 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 elect, in lieu of participating in the State Division Plan, to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. Except to the extent provided in SB 18-200 discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" hereafter in this Appendix, the State has no obligation to make contributions or fund benefits for Divisions other than the State Division and the Judicial Division of PERA. See Notes 1 and 8 to the financial statements in the PERA 2023 ACFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis and Notes 6-8 to the financial statements in the State Fiscal Year 2022-23 ACFR appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the State pension benefits disclosure in this Official Statement generally 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 Judicial Division, the School Division, the Denver Public Schools Division and the Local Government 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 postemployment 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 the changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 6-8 to the financial statements in the State Fiscal Year 2022-23 ACFR appended to this Official Statement, the PERA 2023 ACFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2023 ACFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which established revised standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. GASB 67 is effective for accounting periods beginning after June 15, 2013.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A companion statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), which applies to governmental employers, was effective for fiscal years beginning after June 15, 2014, and therefore was first implemented by the State with its Fiscal Year 2014-15 ACFR. See "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75" hereafter.

GASB 67 established a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. It requires the preparation of two actuarial valuations, one for funding purposes and one for accounting and financial disclosure purposes. The purpose of the funding valuation is to guide the PERA Board's actions necessary to ensure the long-term sustainability of PERA's trust funds. The funding valuation aids this action by allowing PERA to assess the sufficiency of the current statutory contribution rates and analyze the sufficiency of future contributions to meet current and future benefit obligations. The actuarial valuation for accounting and financial reporting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process and is intended to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability across U.S. pension plans complying with the revised reporting standard. To accomplish this, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed unfunded actuarial accrued liability[1] ("UAAL"). Net pension liability is to be measured as the total pension liability[2] of the plan less the amount of the plan's fiduciary net position[3].

Another major change in the GASB 67 standard is the rate used to discount projected benefit payments. The revised standard states the long-term expected rate of return on the investments of the plan should be applied only to available plan assets that are expected to be invested using a strategy to achieve that return. If there comes a point in the projections when plan fiduciary net position and contributions related to active and inactive employees are no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses (crossover point), then an effective single discount rate must be determined. The single discount rate is "solved for" to reflect the period of discounting of the projected benefit payments using (i) the plan's long-term expected rate of return up to the crossover point (point of asset depletion), and (ii) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), following the crossover point.

GASB 67 also enhances the standards for footnote disclosure and required supplementary information for pension plans, including, among other things, disclosing the plan's net pension liability, ratio of fiduciary net position to total pension liability and actuarial methods and assumptions.

Actuarial Valuations

Many of the measures used to determine and evaluate the financial condition and funding status of the State Division Plan are based on actuarial valuations. An actuarial valuation is the determination, as of the actuarial valuation date, of the service cost, total pension liability and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past demographic and economic expectations about the future.

The actuarial valuations for each of PERA's defined benefit plans, including the State Division Plan, are prepared by PERA's actuaries based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the State Division Plan compared to actuarial liabilities, compare past and future trends and determine the net pension liability of the State Division Plan.

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[1] Unfunded actuarial accrued liability, or "UAAL," is the difference between the actuarial accrued liability, or "AAL" (present value of a pension fund's total of future benefits and fund administration expenses less the present value of the future normal cost of those benefits), and the actuarial valuation of assets of the fund.

[2] Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. **For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.**

[3] Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan's reporting period.

The standard promulgated by GASB 67 results in the preparation of two actuarial valuations – one for funding purposes and the other for accounting and financial reporting purposes. The actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed fair value[1] of assets (*i.e.*, the differences between actual and expected investment experience for each year are recognized in equal amounts over a four-year period) for purposes of determining the UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets to determine the net pension liability. The actuarial valuation for funding purposes is prepared in accordance with Actuarial Standards of Practice and the PERA Board's pension funding policy. The actuarial valuation performed for accounting and financial reporting purposes is prepared in accordance with GASB requirements. A comprehensive discussion of the methods and assumptions used in the actuarial valuations of the State Division Plan is provided in the PERA 2023 ACFR.

The PERA 2023 ACFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. The PERA Board last completed an experience study in 2020, for the period January 1, 2016, to December 31, 2019, and on November 20, 2020, adopted various revisions to its economic and demographic assumptions effective for the December 31, 2020, actuarial valuations and measurement date.

No assurance can be given that any of the assumptions underlying the actuarial valuations of the State Division Plan will reflect the actual results experienced by the State Division Plan. Variances in actuarial metrics related to the State Division Plan between the assumptions and actual results may cause an increase or decrease in the UAAL, the net pension liability and other valuation and performance measures determined on the basis of such actuarial valuations.

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the State Division Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State. State Division Plan participants are also required to contribute a portion of their wages to the State Division Plan. SB 18-200 (discussed hereafter) increased the employer contribution rates effective July 1, 2019, and increased the member contribution rates effective July 1, 2019, July 1, 2020, and July 1, 2021. The bill also provides for automatic adjustments to such rates based on specified parameters so as to stay within the legislation's 30-year funding goal as discussed in "Funding Status of the State Division Plan" below (the "automatic adjustment provision" or "AAP"). An adjustment (increase or decrease) to either the employer contribution rates or the member contribution rates cannot exceed 0.50% in any one year, nor can they exceed an aggregate of 2.00% above the base amount effective July 1, 2021, pursuant to SB 18-200, or fall below the contribution rates in effect prior the enactment of SB 18-200.

SB 18-200 also provides that effective January 1, 2021, and every year thereafter, employer contribution rates for the State Division Plan are to be adjusted to include a defined contribution supplement. See also Note 6 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement, as well as Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2023 ACFR.

As the result of the application of these provisions (considering the required 2018 and 2020 AAP adjustments, effective July 1, 2020, and July 1, 2022, respectively), for calendar year 2023, (i) the baseline

[1] Investments in the State Division Plan are measured at "fair value" in accordance with GASB Statement No. 72. Fair value is defined as the amount for which an investment could be sold in an orderly transaction between market participants as the measurement date in the principal or most advantageous market of the investment. The term "fair value" used in the PERA 2023 ACFR is synonymous with the term "market value" used in the PERA Board's pension funding policy regarding the description of the determination of the asset valuation method applied for funding purposes.

SRC that is required to be made by the State for State Division Plan members other than "Safety Officers"[1] is 11.40% (11.57% considering the 0.17% DC Supplement discussed below) of includable compensation, and the baseline SRC that is required to be made by the State for Safety Officers is 14.10% (14.27% considering the 0.17% DC Supplement) of includable compensation, and (ii) the member contribution rate for State Division Plan members other than Safety Officers is 11.00% of includable compensation, and the member contribution rate for Safety Officers is 13.00% of includable compensation. See the PERA 2023 ACFR for additional information, as well as historical SRC and participant contribution rates.

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement ("AED") and the Supplemental Amortization Equalization Disbursement ("SAED") in order to shorten the amount of time over which the unfunded liability of the State Division Plan is amortized. Both the AED and the SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. The AED and the SAED applicable to the State Division Plan were effective as of January 1, 2006, and January 1, 2008, respectively, and were each initially payable at the rate of 0.5% of total covered payroll with annual increases in the contribution rate through 2017. The AED and SAED rates applicable to the State Division Plan for 2023 and 2024 are each currently 5.00%, and the SRC applicable to the State Division Plan for 2023 is 21.57% of employee wages for members other than Safety Officers and 23.25% of employee wages for Safety Officers. In accordance with the PERA Act, PERA transfers a portion of these contributions, equal to 1.02% of the reported salaries, to the Health Care Trust Fund for health care benefits.

As discussed above, SB 18-200 includes an automatic adjustment provision so as to stay within the legislation's 30-year funding goal as discussed in "Funding Status of the State Division Plan" below. Previously, such adjustments required action by the General Assembly. In addition, the State Division employers are required to pay a defined contribution supplemental amount (the "DC Supplement") to the State Division Plan on behalf of all employees of the State Division, calculated pursuant to employees hired on or after January 1, 2019, who chose to participate in the State Division DC Plan in lieu of participating in the State Division Plan. The AAP assessment commenced with the December 31, 2018, actuarial funding valuation and is performed annually. AAP adjustments to member and employer contributions and the maximum annual increase were triggered based on the 2018 and 2020 AAP assessments, effective as of July 1, 2020, and July 1, 2022, respectively. The PERA 2023 ACFR states that based on the results of the AAP assessment which utilized the December 31, 2022, actuarial valuation performed for funding purposes, effective July 1, 2024, no adjustments to member or employer contribution rates are required, with no adjustment to the $225,000 direct distribution; and that based on the results of the AAP assessment which utilized the December 31, 2023, actuarial valuation performed for funding purposes, effective July 1, 2025, no adjustments to member or employer contribution rates are required, with no adjustment to the $225,000 direct distribution. A complete history of the results of the annual AAP assessment and any applicable adjustments are available in the Actuarial Section of the PERA 2023 ACFR.

SB 18-200 also requires the State to make an annual direct distribution to PERA of $225 million (actual dollars) on July 1 of each year, commencing in 2018, until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the direct distribution to the State Division Trust Fund, the Judicial Division Trust Fund, the School Division Trust Fund and the Denver Public Schools Division Trust Fund based upon the covered payroll of each such

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[1] For PERA purposes, "Safety Officers" includes (i) employees of the Colorado State Patrol or Colorado Bureau of Investigation vested with the powers of peace officers, (ii) beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII, (iii) new members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff or detention officer by a Local Government Division employer, (iv) new members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer, and (v) beginning July 1, 2023, wildlife officers or parks and recreation officers hired on or after January 1, 2011, by the Division of Parks and Wildlife in the Department of Natural Resources.

Division. Under certain circumstances adjustments may be made to this direct distribution pursuant to the automatic adjustment provision provided in SB 18-200. The July 1, 2020, direct distribution was suspended per HB 20-1379 due to the actual and forecast impact of COVID-19 on the State's revenues. In order to fully recompense PERA for this suspended direct distribution, HB 22-1029 directed the State Treasurer to make a restorative distribution to PERA upon enactment (June 7, 2022) of $380 million in addition to the scheduled July 1, 2022, direct distribution, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024, based upon the actual investment returns reported by PERA for 2021 and 2022, respectively. Per HB 22-1029, the July 1, 2023, direct distribution was reduced by $190 million, from $225 million to $35 million, based on PERA's total fund investment return for 2021. However, the July 1, 2024, direct distribution was not required to be reduced based on PERA's negative total fund investment return in 2022. Lastly, SB 23-056 requires an additional restorative payment to PERA by the State of approximately $14.5 million which was required to be made on the effective date of such legislation (June 2, 2023) or as soon as possible thereafter in order to recompense PERA for the suspension of the July 1, 2020, direct distribution.

Changes to the statutorily required contributions to the State Division Plan by the State and its employees, or to other provisions of the State Division Plan, could be triggered by future AAP assessments or enacted by the General Assembly, which could impact the SRC, the funding status and/or the financial condition of the State Division Plan as described herein. The State cannot predict if or when any such events could occur or the impact that any resulting changes might have on the State Division Plan or the State's funding obligations with respect to the State Division Plan.

The SRC is paid from the General Fund as well as from certain federal funds and State cash funds and is typically paid from the same funding source as the employee's salary and other benefits. Although the rate of the SRC is set by statute, payment of the SRC nevertheless is subject to annual appropriation through the State budgeting process as described in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" in the body of this Official Statement. The State has consistently contributed the full amount of the SRC to the State Division Plan.

Actuarially Determined Contribution. As a result of the shift in financial disclosure requirements under GASB 67 from a funding-based approach to an accounting-based approach, the historical disclosure and use of the annual required contribution[1], or "ARC," as a funding benchmark by PERA was no longer required. Rather, this philosophical shift encouraged the development and use of a plan-specific actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with (i) Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted, and (ii) the PERA Board's funding policies. The ADC for each trust fund is developed annually and reported by management to be used as a benchmark for contributions two years in the future. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long-term rate of return. See "*Historical ADC and State Contributions*" below.

Change in PERA Funding Policy. In response to the revised standards required by GASB 67, the PERA Board adopted a revised pension funding policy in March 2015 (and last revised in January 2024) with regard to its defined benefit trust funds. This policy focuses on the determination of an

[1] Prior to 2014, PERA used the ARC, and starting in 2014, PERA has used the ADC as a funding benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC is the actuarially determined contribution amount that would be required if the State were to fund each year's normal cost (*i.e.*, the present value of the benefits that the State Division Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the State Division Plan plus an annual amortization of the UAAL assuming that the UAAL will be fully funded over a maximum 30-year period. The difference between the ARC/ADC and the SRC constitutes either a contribution deficiency or excess. For historical information regarding the ARC, see PERA's ACFR for calendar year 2013.

actuarially determined contribution reflecting closed and layered 30-year amortization periods. The purpose of the revised funding policy, as stated in the Letter of Transmittal of the PERA 2023 ACFR, is to (i) define the overall funding benchmarks of each of PERA's trust funds, (ii) assess the adequacy of the contribution rates set by the General Assembly by comparing each trust fund's statutorily set contribution rate to an actuarially determined contribution benchmark and (iii) define the annual actuarial metrics that will assist in assessing the sustainability of the plan. The results of these three items are intended to help the PERA Board when considering whether to pursue or support proposed legislation. See "*Statutorily Required Contributions*" above.

Historical ADC and State Contributions. The following table sets forth for each of the past ten years (i) the ADC for the State Division Plan, (ii) the annual contribution deficiency and (iii) the actual contribution as a percentage of covered employee payroll. The State annually contributes the full amount of the SRC to the State Division Plan; however, in prior years these amounts have been less than the applicable ARC or ADC. During this period the State has not made any contributions to the State Division Plan in excess of the SRC, other than the annual direct distribution as required pursuant to SB 18-200.

Employer Contributions
State Division
(Dollar Amounts in Thousands)

Calendar Year	ADC Rate[1]	Covered Employee Payroll	Annual Increase Reserve Contribution[2]	ADC Contribution[3]	Contributions in Relation to the ADC	Annual Contribution Deficiency/ (Excess)	Actual Contributions as a Percentage of Covered Employee Payroll
2014	20.45%	$2,564,670	$ 9,984	$534,459	$444,372	$ 90,087	17.33%
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2017	22.71	2,774,207	14,355	644,377	563,977	80,400	20.33
2018	26.30	2,898,827	15,919	778,311	661,653	116,658	22.82
2019	23.28	2,995,453	17,663	715,004	689,370	25,634	23.01
2020	23.69	3,089,161	19,442	751,264	646,386	104,878	20.92
2021	21.05	3,092,509	20,606	671,579	741,010	(69,431)	23.96
2022	23.45	3,183,955	22,441	769,078	903,044	(133,966)	28.36
2023	20.71	3,576,201	26,039	766,670	806,606	(39,936)	22.55

1 The ADC rates, as a percentage of covered payroll, used to determine the ADC amounts are calculated as of December 31 two years prior to the end of the year in which the ADC amounts are reported. The actuarial methods and assumptions from the December 31, 2021, actuarial valuation used to determine contribution rates for calendar year 2023 are set forth in Note 3 to the Required Supplementary Information for the Division trust funds in the Financial Section of the PERA 2023 ACFR. Other demographic assumptions include rates of assumed retirement, termination/withdrawal, disability, and mortality. See also the Actuarial Section of the PERA 2023 ACFR.

2 The Annual Increase Reserve ("AIR") was established in 2007 and is used to provide post-retirement benefit increases for members hired on or after January 1, 2007. The AIR is financed by an allocation from employer statutory contributions made on behalf of such members equal to 1.00% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2023 ACFR.

3 The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR contribution.

Source: PERA 2023 ACFR

For historical information regarding employer contributions based on the ARC, see PERA's Annual Comprehensive Financial Report for calendar year 2013 and Note 6 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the State Division Plan design by SB 10-001, all in an effort to improve the funding status of the State Division Plan. However, investment returns on State Division Plan assets declined following the global economic downturn that began in 2008. As a result, the assumed rate of investment return on State Division Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% as of December 31, 2009, from 8.00% to 7.50% as of December 31, 2013, and from 7.50% to 7.25% as of December 31, 2016, and other economic assumptions were changed over this period as well, all in order to better reflect actual plan experience regarding demographic and economic expectations about the future. Despite these changes, PERA reported that as of December 31, 2016, the State Division Plan had a UAAL of approximately $11.644 billion and a funded ratio (*i.e.*, the actuarial value of assets divided by the AAL, which represents the funded status of the Plan) of only 54.6%. Based on contribution rates as of the date of calculation, the UAAL would have been amortized over a 65-year period.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, in 2018 the General Assembly enacted SB 18-200, which act made changes to the defined benefit plans administered by PERA with the goal to eliminate the UAAL, and thereby reach a 100% funded ratio for each of such plans, within a 30-year period. Among other things, SB 18-200 (i) phased-in a 2.00% increase in contribution rates for most employees, (ii) increased employer contribution rates for most employers by 0.25%, required employers to pay a DC Supplement contribution beginning January 1, 2021, on behalf of all employees hired on or after January 1, 2019, participating in the State Division DC Plan in lieu of the State Division Plan, (iii) suspended the annual increase (cost of living adjustment) for retirees for 2018 and 2019, (iv) changed the definition of salary and highest average salary, (v) reduced the maximum annual increase (maximum cost of living adjustment), (vi) funded unfunded PERA liability from political subdivisions that terminate their affiliation with PERA and (vii) provided for an annual direct distribution to PERA from the General Fund of $225 million (actual dollars) beginning with Fiscal Year 2018-19. Due to the actual and forecast impact of COVID-19 on the State's revenues in Fiscal Years 2019-20 and 2020-21, this direct distribution was suspended for Fiscal Year 2020-21 per HB 20-1379, but subsequently and substantially restored per HB 22-1029, as discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above. SB 18-200 also provided for automatic adjustments to employee and employer contribution rates, annual increases (cost of living increases) and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding SB 18-200, see Note 6 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement, as well as the PERA 2023 ACFR.

The PERA 2023 ACFR reports that as of December 31, 2023, PERA had the following funding status for the State Division Plan:

Funded Status for the State Division Plan
as of December 31, 2023
(Dollar Amounts in Thousands)

	Actuarial Value of Assets[1]	**Fair Value of Assets**[1]
Actuarial Accrued Liability (UAAL)[2]	$28,460,815	$28,460,815
Assets Held to Pay Those Liabilities	18,851,972	17,958,261
Unfunded Actuarial Accrued Liability (UAAL)	$ 9,608,843	$10,502,554
Funded Ratio	66.2%	63.1%
Amortization Period[3]	18 Years	--

[1] See "Actuarial Valuations" above in this Appendix.

[2] Based upon an assumed rate of return on investments of 7.25% and an assumed rate of 7.25% to discount the liabilities to be paid in the future to a value as of December 31, 2023.

[3] The amortization period, which is the expected number of years until full funding is achieved, considers ongoing employer, member AED, SAED and DC Supplement contributions, and the direct distribution, where and when applicable, including any known future changes. The Management's Discussion and Analysis in the Financial Section of the PERA 2023 ACFR states that this amortization period does not include the full effect of legislation enacted in 2006, 2010 and 2018, which includes plan changes designed to lower the normal cost over time as new members are added, to allow a greater proportion of the State's contribution to the State Division Plan to be used to amortize the unfunded liability.

Source: PERA 2023 ACFR

For further information, see Management's Discussion and Analysis in the State Fiscal Year 2022-23 ACFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2023 ACFR.

The following tables set forth for each of the past ten years the UAAL, funded ratio and related information for the State Division Plan based on the actuarial value of assets and the fair value of assets, respectively.

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
2014	$13,523,488	$23,408,321	$ 9,884,833	57.8%	$2,564,670	385.4%
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2017	14,256,410	24,782,085	10,525,675	57.5	2,774,207	379.4
2018	14,303,726	25,509,852	11,206,126	56.1	2,898,827	386.6
2019	14,922,050	25,717,648	10,795,598	58.0	2,995,453	360.4
2020	16,039,287	27,116,805	11,077,518	59.1	3,089,161	358.6
2021	17,379,516	27,159,846	9,780,330	64.0	3,092,509	316.3
2022	18,371,697	27,647,371	9,275,674	66.5	3,183,955	291.3
2023	18,851,972	28,460,815	9,608,843	66.2	3,576,201	268.7

[1] The actuarial value of plan assets is based on gains and losses smoothed over a four-year period as allowed by the Actuarial Standards of Practice. See "Actuarial Valuations" above in this Appendix, as well as the Investment Section of the PERA 2023 ACFR.

Source: PERA 2023 ACFR

Historical Funding Progress of State Division Plan
Fair Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Fair Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2014	$13,956,630	$23,408,321	$ 9,451,691	59.6%	$2,564,670	368.5%
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2017	15,105,378	24,782,085	9,676,707	61.0	2,774,207	348.8
2018	13,837,863	25,509,852	11,671,989	54.2	2,898,827	402.6
2019	15,819,843	25,717,648	9,897,805	61.5	2,995,453	330.4
2020	17,660,157	27,116,805	9,456,648	65.1	3,089,161	306.1
2021	19,710,492	27,159,846	7,449,354	72.6	3,092,509	240.9
2022	16,490,174	27,647,371	11,157,197	59.6	3,183,955	350.4
2023	17,958,261	28,460,815	10,502,554	63.1	3,576,201	293.7

[1] The fair value of plan assets is the fair value of the assets determined in conformity with GASB standards. See "Actuarial Valuations" above in this Appendix, as well as the Investment Section of the PERA 2023 ACFR.

Source: PERA Annual Comprehensive Financial Reports for calendar years 2014-2023

Since contribution rates to the State Division Plan are fixed by statute, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on plan assets, changes in the actuarial assumptions used to determine the AAL or increases in contribution amounts through adjustments triggered via the annual AAP assessment.

Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2023, is included in PERA's basic financial statements in the Financial Section of the PERA 2023 ACFR. The following table sets forth for each of the past ten years the changes in fiduciary net position of the State Division Plan.

Changes in Fiduciary Net Position
State Division
(Cash Basis; Dollar Amounts in Thousands)

	For the Year Ended December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions										
Employer contributions	$ 444,372	$ 484,005	$ 521,804	$ 563,977	$ 583,164	$ 612,282	$ 646,386	$ 664,304	$ 704,797	$ 790,373
Nonemployer contributions	--	--	--	--	78,489	77,088	--	76,706	198,247	16,233
Member contributions	211,610	217,980	223,005	228,978	236,313	257,803	298,264	329,652	360,523	407,449
Purchased service	22,446	26,946	24,528	27,442	25,227	29,494	28,522	39,514	35,699	30,910
Net investment income (loss)	780,762	210,337	947,981	2,391,683	(497,562)	2,764,719	2,652,870	2,806,442	(2,657,031)	2,187,360
Other	3,289	5,023	8,708	15,860	7,888	22	9,390	6,038	171	8,314
Total additions	1,462,479	944,291	1,726,026	3,227,940	433,519	3,741,408	3,635,432	3,922,656	(1,357,594)	3,440,639
Deductions										
Benefit payments	1,352,293	1,417,862	1,483,828	1,554,290	1,608,534	1,637,168	1,675,048	1,726,503	1,778,067	1,820,823
Refunds	61,152	63,567	60,137	58,696	65,253	61,832	57,921	74,520	82,321	77,229
Disability insurance premiums	2,309	2,088	2,106	2,035	2,093	1,965	1,360	1,013	849	994
Administrative expenses	10,067	10,779	11,271	11,745	11,903	11,294	11,385	12,051	13,312	13,979
Other	3,171	3,406	3,040	3,652	3,017	2,707	2,634	2,950	9,139	2,250
Total deductions	1,428,992	1,497,702	1,560,382	1,630,418	1,690,800	1,714,966	1,748,348	1,817,037	1,883,688	1,915,275
Change in fiduciary net position	33,487	(553,411)	165,644	1,597,522	(1,257,281)	2,026,442	1,887,084	2,105,619	(3,241,282)	1,525,364
Fiduciary net position held at beginning of year	13,980,460	14,013,947	13,460,536	13,626,180	15,223,702	13,966,421	15,992,863	17,879,947	19,985,566	16,744,284
Fiduciary net position held at end of year	$14,013,947	$13,460,536	$13,626,180	$15,223,702	$13,966,421	$15,992,863	$17,879,947	$19,985,566	$16,744,284	$18,269,648

Source: PERA ACFRs for calendar years 2014-2023.

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

The following table sets forth the net pension liability and related information regarding the State Division Plan for the years 2014-2023. The required supplemental information in the PERA 2023 ACFR includes a schedule showing the sources of the changes in net pension liability for 2014-2023. See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75" hereafter.

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Net Pension Liability
State Division[1]
(Dollar Amounts in Thousands)

	For the Year Ended December 31,				
	2014	**2015**	**2016**	**2017**	**2018**
Total pension liability[2,3]	$23,420,461	$23,991,569	$31,994,311	$35,241,684	$25,345,094
Plan fiduciary net position	14,013,947	13,460,536	13,626,180	15,223,702	13,966,421
Net pension liability	$ 9,406,514	$10,531,033	$18,368,131	$20,017,982	$11,378,673
Net pension liability as a percentage of total pension liability	59.84%	56.11%	42.59%	43.20%	55.11%
Covered employee payroll	$ 2,564,670	$ 2,641,867	$ 2,710,651	$ 2,774,207	$ 2,898,827
Net pension liability as a percentage of covered employee payroll	366.77%	398.62%	677.63%	721.57%	392.53%

	For the Year Ended December 31,				
	2019	**2020**	**2021**	**2022**	**2023**
Total pension liability[2,4]	$25,696,667	$27,364,740	$27,360,605	$27,616,860	$28,382,741
Plan fiduciary net position	15,992,863	17,879,947	19,985,566	16,744,284	18,269,648
Net pension liability	$ 9,703,804	$ 9,484,793	$ 7,375,039	$10,872,576	$10,113,093
Net pension liability as a percentage of total pension liability	62.24%	65.34%	73.05%	60.63%	64.37%
Covered employee payroll	$ 2,995,453	$ 3,089,161	$ 3,092,509	$ 3,183,955	$ 3,576,201
Net pension liability as a percentage of covered employee payroll	323.95%	307.03%	238.48%	341.48%	282.79%

1 Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "Funding Status of the State Division Plan" above, the changes made by SB 18-200 are not reflected in this table for 2017.

2 Total pension liability is determined by actuarial valuations as of December 31 of the prior year, with generally accepted actuarial procedures applied to roll forward the total pension liability to the measurement date.

3 The decrease in the total pension liability as of December 31, 2018, is primarily due to changing from a blended discount rate to a discount rate equal to the long-term assumed rate of return in accordance with GASB 67.

4 The key actuarial methods, assumptions or other inputs used to determine the actuarial valuation of the State Division Fund as of December 31, 2022, which was then rolled forward to determine the total pension liability of the State Division Fund as of December 31, 2023, as noted in footnote 2, are set forth in Note 10 to the financial statements in the PERA 2023 ACFR.

Source: PERA 2023 ACFR

Investment of State Division Plan Assets

State law authorizes the investment of PERA's funds by the PERA Board, subject to the following limitations:

- The aggregate amount of moneys invested in corporate stocks or corporate bonds, notes or debentures, which are convertible into corporate stock or in investment trust shares, cannot exceed 65% of the book value of the fund.

- No investment of the fund in common or preferred stock, or both, of any single corporation can exceed 5% of the then book value of the fund.

- The fund cannot acquire more than 12% of the outstanding stock or bonds of any single corporation.

- The origination of mortgages or deeds of trust on real residential property is prohibited.

Additionally, Section 24-54.8-201, *et seq*., C.R.S., imposes targeted divestment from companies that have economic prohibitions against Israel.

See Note 5 to the financial statements and the Investment Section of the PERA 2023 ACFR for additional discussion of PERA's investment responsibilities and investment policies.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75

GASB 68. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," is a GASB pronouncement that is a companion to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 was effective for fiscal years beginning after June 15, 2014, and therefore was first implemented in the State's Fiscal Year 2014-15 ACFR. GASB 68 reviewed and established revised financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. See the table entitled "Historical Funding Progress of State Division Plan - Actuarial Value of Plan Assets" above for the UAAL of the State Division Plan for the past ten years as set forth in the PERA 2023 ACFR.

In the State Fiscal Year 2022-23 ACFR appended to this Official Statement, the State reported a total net pension liability at June 30, 2023, of approximately $15.15 billion, of which approximately $15.05 billion constitutes its proportionate share of the net pension liability with respect to the PERA administered defined benefit pension trusts determined as described in Note 6 to the financial statements in the State Fiscal Year 2022-23 ACFR. The balance constitutes the net pension liability associated with a defined benefit pension plan administered by the University of Colorado for certain of its employees. This compares to a net pension liability at June 30, 2022, reported in the State Fiscal Year 2021-22 ACFR of approximately $8.41 billion, of which approximately $8.29 billion constituted its proportionate share of the net pension liability with respect to the PERA administered defined benefit pension trusts determined as described in Note 6 to the financial statements in the State Fiscal Year 2021-22 ACFR, and the balance constituted the net pension liability associated with the University of Colorado administered a defined benefit pension plan. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year.

There is a difference between the net pension liability for the State reported by PERA and the State in their respective financial statements. The difference results from PERA's inclusion of employers in the State Division and the Judicial Division which are not included in the State's financial statement reporting entity. The PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's financial statement reporting entity as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Examples of these employers in the State Division include Pinnacol Insurance, Fire and Police Pension Association and District Attorneys. Denver County Courts is the only Judicial Division employer that is not part of the State's financial statement reporting entity. The State includes in its financial statements a percentage of the net pension liability reported by PERA in its financial statements for each Division to determine the State's proportionate share in accordance with requirements of GASB 68. Additional information concerning the State's reporting entity can found in Note 1 to the financial statements in the State Fiscal Year 2022-23 ACFR appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 to the financial statements in the State Fiscal Year 2022-23 ACFR.

Set forth in the following table is the State's proportionate share of the net pension liability at the end of calendar years 2013-2022 for the retirement trusts to which the State contributes presented in accordance with the requirements of GASB 68. Information for certain Divisions is not available prior to calendar year 2018.

State's (Primary Government's) Proportionate Share of the Net Pension Liability[1]

(Amounts in Thousands)

State Division

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability	95.86%	95.85%	95.71%	95.49%	95.37%	95.40%	95.49%	95.60%	95.53%	95.45%
State's proportionate share of net pension liability	$8,539,181	$9,016,144	$10,079,252	$17,539,728	$19,091,149	$10,855,754	$9,265,778	$9,066,999	$7,045,081	$10,377,874
State's covered payroll	$2,570,286	$2,586,800	$ 2,687,152	$ 2,751,094	$ 2,796,014	$ 3,262,962	$3,376,294	$3,132,159	$3,363,108	$ 4,369,392
State's proportionate share of the net pension liability as a percentage of its covered payroll	332.23%	348.54%	375.09%	637.55%	682.80%	332.70%	274.44%	289.48%	209.48%	237.51%
Plan fiduciary net position as a percentage of the total pension liability	61.00%	59.84%	56.11%	42.59%	43.20%	55.11%	62.24%	65.34%	73.05%	60.63%

Judicial Division

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability	93.44%	93.60%	93.98%	94.17%	93.99%	94.06%	94.28%	93.49%	92.75%	93.10%
State's proportionate share of net pension liability	$102,756	$129,499	$172,824	$239,423	$218,136	$132,873	$85,727	$57,929	$ 8,507	$89,574
State's covered payroll	$ 37,203	$ 40,114	$ 44,159	$ 46,320	$ 46,764	$ 55,706	$55,934	$52,027	$59,688	$67,626
State's proportionate share of the net pension liability as a percentage of its covered payroll	276.20%	322.83%	391.37%	516.89%	466.46%	238.52%	153.27%	111.34%	14.25%	132.46%
Plan fiduciary net position as a percentage of the total pension liability	77.41%	66.89%	60.13%	53.19%	58.70%	68.48%	80.02%	87.06%	98.11%	80.98%

Denver Public Schools Division

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	34.13%	30.71%	0.00%	22.70%	41.57%
State's proportionate share of net pension liability	$349,095	$202,321	--	$1,355	$360,715
Plan fiduciary net position as a percentage of the total pension liability	75.69%	84.73%	90.48%	99.87%	81.93%

Schools Division

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	12.03%	11.26%	0.00%	10.28%	22.57%
State's proportionate share of net pension liability	$2,129,952	$1,681,628	--	$1,196,870	$4,109,876
Plan fiduciary net position as a percentage of the total pension liability	57.01%	64.52%	66.99%	74.86%	61.79%

State Division as Non-Employer Contributing Entity

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	0.55%	0.51%	0.00%	0.47%	1.00%
State's proportionate share of net pension liability	$62,292	$49,203	--	$34,307	$108,726

Judicial Division as Non-Employer Contributing Entity

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	0.85%	0.64%	0.00%	0.88%	1.55%
State's proportionate share of net pension liability	$1,199	$582	--	$81	$1,491

[1] The amounts presented for each Division were determined as of the measurement date, which is the calendar year end that occurred within the State's Fiscal Year. See Note 6 to the financial statements and Note RSI-2 to the Required Supplementary Information in the State Fiscal Year 2022-23 ACFR appended to this Official Statement.

[2] HB 20-1379 suspended contributions for Fiscal Year 2020-21 due to the COVID-19 pandemic, and therefore no liability was recognized. See Note 6 to the State Fiscal Year 2022-23 ACFR appended to this Official Statement.

Source: State Fiscal Year 2022-23 ACFR

A ten year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State Fiscal Year 2022-23 ACFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, as well as Notes 1 and 6-8 to the financial statements, in the State Fiscal Year 2022-23 ACFR.

GASB 75. GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits ("OPEB") liability (of all employers for benefits provided through the OPEB plan), *i.e.*, the collective net OPEB liability. The State is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements. See "Overall Financial Position and Results of Operations" and "Conditions Expected to Affect Future Operations" in the Management's Discussion and Analysis, as well as Note 7 to the financial statements and Note RSI-3 to the Required Supplementary Information, in the State Fiscal Year 2022-23 ACFR appended to this Official Statement.

Effect of Pension Liability on the Series 2024A Notes

The Series 2024A Notes are short-term obligations maturing on June 30, 2025, 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, 2025, as repayment of their Program Loans and a portion of the proceeds of the Series 2024A Notes deposited to the ETRANS 2024-25 Repayment Account as discussed in "THE SERIES 2024A 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 2024A Notes. See also Management's Discussion and Analysis in the State Fiscal Year 2022-23 ACFR 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 Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller, the Paying Agent, the Registrar or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2024A 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 2024A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2024A Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2024A Notes. The Series 2024A 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 2024A Note certificate, in the aggregate principal amount of the Series 2024A Notes, will be issued and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org. The State undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned websites.

Purchases of Series 2024A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A 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 2024A 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 2024A Notes except in the event that use of the book-entry system for the Series 2024A Notes is discontinued.

To facilitate subsequent transfers, all Series 2024A 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 2024A 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 2024A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024A 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 2024A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024A Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2024A Notes may wish to ascertain that the nominee holding the Series 2024A 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 2024A 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 2024A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2024A 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 2024A 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 2024A 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 2024A Note certificates are required to be printed and delivered to the appropriate Owners of the Series 2024A Notes.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2024A Notes. In that event, Series 2024A Note certificates will be printed and delivered to DTC.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

July 18, 2024

The Honorable David L. Young
Treasurer of the State of Colorado

J.P. Morgan Securities LLC

$500,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2024A

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 2024A," in the aggregate principal amount of $500,000,000 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 11, 2024, authorizing the issuance of the Notes (the "Resolution"). Proceeds of the Notes will be used to, among other things, fund loans to participating State school districts (the "Participating Districts") pursuant to a loan program administered by the State Treasurer.

As to questions of fact material to our opinion, we have relied upon representations of the State and Participating Districts contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination and, for purposes of paragraph 3 below, assuming continuous compliance with the covenants and representations contained in such proceedings and other documents, it is our opinion as Bond Counsel that under existing laws, regulations, rulings and judicial decisions:

1. The State is duly created and validly existing as a body corporate and politic with the corporate power to issue the Notes and perform the agreements on its part contained therein.

2. The Notes have been duly authorized, executed and delivered by the State and are valid and binding obligations of the State, enforceable against the State in accordance with the terms of the Resolution. The "Series 2024-25 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account", to be established pursuant to the terms of the Resolution, and the Pledged Revenues, as defined in the Resolution, are irrevocably pledged to the payment of the principal of and interest on the Notes when due. The owners of the Notes are equally and ratably secured by a first lien,

but not an exclusive first lien, on the Series 2024-25 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account and the moneys credited thereto.

3. Interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions expressed in the preceding sentence assume the accuracy of certain representations and compliance by the State and Participating Districts with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Notes. Failure to comply with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations.

4. Interest on the Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under present Colorado income tax laws.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Note may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise of judicial discretion in appropriate cases in accordance with general principles of equity.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Our engagement as Bond Counsel with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. No one other than the addressees hereof shall be entitled to rely upon this opinion without our prior written consent.

Very truly yours,

* * *