

STATE OF COLORADO
DEPARTMENT OF THE TREASURY

Dave Young
State Treasurer



Eric Rothaus
Deputy Treasurer

To: State Board of Land Commissioners: Gary Butterworth, President; Bill Ryan, SLB Director
Office of State Planning and Budgeting: Lauren Larson, Executive Director
Joint Budget Committee: Dominick Moreno, Chair; Alfredo Kemm, Legislative Analyst
Senate Education Committee: Nancy Todd, Chair; Rachel Kurtz-Phelan, staff
House Education Committee: Barbara McLachlan, Chair; Megan MacKillop, staff
Senate Finance Committee: Lois Court, Chair; Matt Bishop, staff
House Finance Committee: Leslie Herod, Chair; Vanessa Reilly, staff

From: Public School Fund Investment Board

Date: November 1, 2019

RE: Public School Permanent Fund Financial Report FY 2018-2019

Please find enclosed the Public School Permanent Fund Financial Report for FY 2018-2019. Per C.R.S. 22-41-107, the Public School Fund Investment Board (PSFIB) shall submit financial statements on November 1 of each fiscal year to the State Treasurer, State Board of Land Commissioners, Office of State Planning and Budgeting, Joint Budget Committee, and the education and finance committees of the Senate and House of Representatives.

The Public School Fund Investment Board was created in 2016 under C.R.S. 22-41-104(2). The public purpose for the creation of the PSFIB is to facilitate reasonable growth in the Public School Permanent Fund through lawful investments authorized under C.R.S. 24-36-109 (time deposits under 2 years), C.R.S. 24-36-112 (deposits in savings and loan associations under 3 years), C.R.S. 24-36-113 (fixed income securities denominated in United States Dollars), C.R.S. 24-36-111.5 (real property owned by a school district), C.R.S. 22-41-104 (stock mutual funds, index funds, other instruments that are not a direct investment in a corporation, and bonds issued by school districts), and other lawful financial assets as specified in the PSFIB's Investment Policy.

The State Constitution, article IX, § 3, states that this fund shall forever remain inviolate and intact. Interest and income are expended in the maintenance of the schools of the State and distributed amongst the several counties and school districts of the State in accordance with CRS 22-41-102 and related statutory provisions. Except as otherwise provided by law, no part of the PSPF, either principal or interest and income, can be transferred to any other fund or used or appropriated.

During FY 2018-2019, the PSFIB fully funded its 20% allocation to equities, finalized a contract with Janus Henderson to manage its short duration bond portfolio, approved a revised Investment Policy Statement, and initiated the RFP Process to hire a core real estate fund manager.

Respectfully submitted on behalf of the Public School Fund Investment Board,

David L. Young
State Treasurer

**CO PUBLIC SCHOOL PERMANENT FUND
FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019**

Fund Activity	FY End June 30, 2019	FY End June 30, 2018	FY End June 30, 2017
Beginning Fund Value (Cash + Investments)	1,033,797,716	979,128,404	915,119,142
Transfers to PSPF:			
State Land Board Rents, Royalties, & NSE Funds	65,778,937	55,526,608	49,777,960
Marijuana Excise Tax allocation	5,849,826	27,752,967	31,558,384
Escheats Fund	83,705	78,794	109,209
Realized Gains / (Losses)	256,256	1,008	4,151,731
PSPF Investment Income AFTER all distributions			260,018
Change in unrealized Market Gain/ (Loss)	42,447,558	(28,690,065)	(21,848,040)
Ending Fund Value	1,148,213,997	1,033,797,716	979,128,404

Income / Expense Summary	FY End June 30, 2019	FY End June 30, 2018	FY End June 30, 2017
Total Portfolio Earned Income	29,792,092	26,430,429	21,260,018
Total Expenses	(428,146)	(199,166)	-
change in income receivable	(194,801)	(893,681)	-
Net Income Available for Distribution	29,169,145	25,337,582	21,260,018

Asset Allocation at June 30, 2019			Unrealized Gain / (Loss)
	Market Value	Cost	
Total Fixed Income	839,302,949	822,007,250	17,295,698
Total Equity	219,184,604	215,000,000	4,184,604
Cash (held in Treasury Pool)	89,726,444	89,726,444	-
Total Fund Value	1,148,213,997	1,126,733,695	21,480,302

Distribution and Transfer of State Funds by Statute	
Distribution of funds received from Dept. of Natural Resources:	
Forest Funds Paid & payable to Counties	41,247
Net SLB Revenues & NSE Funds transferred to PSPF corpus	65,778,937
SLB revenues transferred to BEST	74,237,625
Total Funds Rec'd from Dept. of Natural Resources	140,057,809
Distribution to Education:	
SLB revenues transferred to BEST	74,237,625
PSPF distribution to BEST	8,169,145
PSPF distribution to Public School Fund	21,000,000
Total transfer to Education	103,406,770