



COLORADO

Department of
Higher Education
History Colorado

Priority: HC-01
Sustainability From Recovery of OIT Costs
FY 2018-19 Change Request

Cost and FTE

- History Colorado requests \$112,207 General Fund (and a corresponding decrease in cash funds) for FY 2018-19 to recover escalating Office of Information Technology (OIT) cost increases in order to allow the organization to become more sustainable.

Current Program

- History Colorado is billed for the services that OIT provides to it. Any increase in OIT is currently paid for with History Colorado cash funds (limited gaming revenue or earned revenue).

Problem or Opportunity

- The Governor and General Assembly put a new Board of Directors and funding structure into place at History Colorado in 2015 to help the agency become fiscally sustainable. Prior to 2015, History Colorado was spending into its reserved fund balance after years of decreasing appropriations of limited gaming funds without either a corresponding increase to earned revenue or decrease in expenses. The new Board immediately took aggressive steps to stabilize the organization's finances.
- Thwarting the Board's efforts to stabilize and grow History Colorado, however, are the OIT common policy cost increases. These increases have been unpredictable and uncontrollable by the Board in the last few fiscal years. History Colorado's OIT common policy costs have increased an average of over 40% a year since FY 2014-15. Conservative forecasts show these costs will continue to grow. This growth in OIT means that the expenditure will increase from 3% of Gaming and Museum revenues in FY 2014-15 to over 7% in FY 2021-22. This growth will crowd out other uses of their limited museum dollars such as building exhibits and increasing visitation.

Consequences of Problem

- In FY 2021-22, History Colorado's Certificate of Participation will increase and the agency will have to cut almost \$400,000 in order to balance the budget, thus ending their ability to take the revenue-building path and entering a cost- and program-cutting path.

Proposed Solution

- History Colorado requests General Fund relief from paying for recent net OIT increases out of its museum directed cash funds. The time out is calculated from 2015, the time the new Board of Directors took control of the organization, in order to assist the Board in building prolonged financial sustainability.
- History Colorado projects the net benefit if they can instead expend their own museum cash revenues on greater revenue-building investments. Potential investments include: development and membership acquisition and expanding exhibit designers. The projection shows History Colorado would increase its earned revenues by \$240,508 in FY 2018-19 and by an additional \$200,052 in FY 2019-20 as a result of investing its money internally.


Schedule 13

Funding Request for the FY 2018-19 Budget Cycle


Department of Higher Education

Request Title

HC-01 Sustainability from Recovery of OIT Costs

Dept. Approval By: 

Supplemental FY 2017-18
 X Change Request FY 2018-19

OSPB Approval By: 

 Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$701,394	\$0	\$499,372	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$112,207	\$204,241
	CF	\$622,911	\$0	\$462,727	(\$112,207)	(\$204,241)
	RF	\$78,483	\$0	\$36,645	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$701,394	\$0	\$499,372	\$0	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
01. Department Administrative Office, (A)	GF	\$0	\$0	\$0	\$112,207	\$204,241
Administrative Office -- Payments to OIT	CF	\$622,911	\$0	\$462,727	(\$112,207)	(\$204,241)
	RF	\$78,483	\$0	\$36,645	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required? Yes X No **If Yes, see schedule 4 fund source detail.**

(1) Department Administrative Office

^a Of these amounts, \$2,407,977-\$2,295,770 shall be from the State Historical Fund created in Section 9 (5)(b)(II) of Article XVIII of the State Constitution and \$356,395 shall be from various sources of cash funds. Of the amount from the State Historical Fund, \$2,123,846-\$2,011,639 is estimated to be from the Museum and Preservation Operations Account created in Section 12-47.1-1201 (5)(c)(I)(B), C.R.S., and \$284,131 is estimated to be from the Preservation Grant Program Account created in Section 12-47.1-1201 (5)(c)(I)(A), C.R.S.

RF Letternote Text Revision Required? Yes No X

FF Letternote Text Revision Required? Yes No X

Requires Legislation? Yes No X

Type of Request? Department of Higher Education Prioritized Request

Interagency Approval or Related Schedule 13s: None



COLORADO
 Department of Higher Education
 History Colorado

John W. Hickenlooper
 Governor

Steve Turner
 Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: HC-1
Request Detail: Sustainability from Recovery of OIT Costs

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Funds
Sustainability from Recovery of OIT Costs	\$0	\$112,207

History Colorado requests \$112,207 General Fund (and a cash fund decrease of the same amount) in FY 2018-19 to recover escalating OIT cost increases from FY 2015-16 through FY 2018-19 to assist History Colorado in fulfilling its charge from the Governor, General Assembly and Board to build prolonged organizational financial sustainability.

Problem or Opportunity:

In the 2015 legislative session, the Governor and General Assembly took numerous steps to help History Colorado avert a fiscal crisis. History Colorado had begun spending into its reserve fund balance in FY 2012-13 and the forecast showed an increasingly precarious financial situation for History Colorado in out-years. While there were a variety of causes for the financial destabilization of the organization, the major factors were a decreasing appropriations of limited gaming funds without either a corresponding increase to earned revenue or decrease in expenses.

In 2015, legislative and administrative measures were implemented to increase the accountability of the organization and help it to change course. Senate Bill 15-225 changed the governance structure of History Colorado’s Board. Senate Bill 15-225 reorganized the Board so that all nine members are now appointed by the Governor and four of those nine are subject to confirmation from the Senate, creating a more direct reporting relationship to the Governor and General Assembly through the Department of Higher Education. Prior to Senate Bill 15-225, Board members were elected to serve by their fellow Historical Society members. In addition, the Joint Budget Committee changed the structure of History Colorado’s Long Bill section, adding greater specificity and transparency for the organization’s funds, while enabling the Board to more effectively manage its budget. With the implementation of these changes, the primary charge for the organization, as outlined by the Governor, General Assembly, and new History Colorado Board was to become a fiscally sound and self-sustaining organization.

History Colorado has taken several steps over the last two years to stabilize its finances without having to use its reserve funds to balance its budget. When the new Board of Directors took control of the organization in FY 2015-16, it was clear from a five-year financial forecast the Board’s focus would be on reducing expenses to align with revenue sources, and increasing its earned revenue through strategic spending to offset the reduction in the annual increase of limited gaming funds. The Board of Directors began utilizing History Colorado’s internal budget process as a planning and management tool for the organization to ensure the agency’s annual

expenditures do not exceed the revenue generated. The internal budget has informed many of the Board’s decisions since it took control of the organization. For example, in order to reduce expenditures, the Board asked staff for voluntary early retirements, lay-offs and furloughs, reducing History Colorado’s FTE from 131.4 to 105.3. In addition, non-classified History Colorado staff did not receive an on-going salary survey or merit pay increase in FY 2015-16 or FY 2017-18. The Board has also increased spending on strategic priorities to increase earned revenue, such as utilizing new, built in-house exhibits with History Colorado collections to refresh the Museums’ offerings and bring in visitors. Finally, the Board has adopted a policy of increasing its fund balance by capping expenditures on limited gaming revenue to ten million dollars in FY 2016-17 and FY 17-18. These steps have turned History Colorado’s finances around in a few short years, so that it is currently projecting to build its reserve fund balance over the next three fiscal years. For more details, please see Table 5 or Attachment A.

Despite these efforts, OIT common policy costs have been unpredictable and uncontrollable by the Board in the last few fiscal years. History Colorado’s OIT common policy costs have increased an average of 40% annually since FY 2012-13. Table 1 outlines a history of OIT common policy costs to the organization over the last five fiscal years. The annual changes in cost have also been wildly unpredictable, with swings from a 13.52% reduction in costs in FY 2016-17 to an increase of 91.22% in FY 2014-15.

Table 1: History Colorado’s OIT Appropriation FY 2013-14 through FY 2017-18

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
OIT Appropriation	\$ 181,968	\$ 347,961	\$ 395,445	\$ 341,974	\$ 622,124
Change in OIT costs from previous year	6.55%	91.22%	13.65%	-13.52%	81.92%

The impact of the unpredictable and uncontrollable nature of OIT common policy costs on History Colorado has been a diversion of earned revenue from revenue building programs and projects to common policies. In other words, despite the fact that History Colorado has budgeted for a 4.92% increase in total revenue in the current fiscal year, OIT costs as a percentage of total earned revenue have increased to 4.40% – up from 2.54% in FY 2017 – significantly reducing the amount of revenue the Board has to successfully complete its charge to become a fiscally sound and self-sustaining organization.

As illustrated in the tables below, History Colorado is forecasting OIT common policy costs will continue to increase as a percentage of limited gaming funds, earned revenue and total revenue, even as the Board aggressively invests in revenue earning activities. In FY 2021-22, the year History Colorado’s COP payment increases by about \$500,000, the forecast shows OIT common policy costs will make-up 7.21% of limited gaming revenue, 17.96% of earned revenue, and 5.14% of total revenue. For comparison, in FY 2015-16 – the year the new Board was appointed and imposed stringent fiscal measures to ensure the agency maintained a balanced budget – OIT costs made-up 3.88% of limited gaming revenue, 10.52% of limited gaming revenue, and 2.92% of total revenue.

Table 2: OIT Costs vs. Limited Gaming

	FY 2014	FY 2015 ¹	FY 2016	FY 2017	FY 2018	FY 2019 ²	FY 2020 ²	FY 2021 ²	FY 2022 ²
OIT Appropriation ³	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$552,202	\$662,642	\$795,170
Limited Gaming (49.9%)	\$9,434,371	\$9,371,341	\$10,185,860	\$10,133,879	\$10,139,680	\$10,578,800	\$10,818,320	\$10,926,503	\$11,035,768
OIT Costs as a Percentage of Museum Gaming Revenue	1.93%	3.71%	3.90%	3.37%	6.14%	4.35%	5.10%	6.06%	7.21%
Percent Change of OIT Increase/Decrease	6.55%	91.22%	13.65%	-13.52%	81.92%	-26.03%	20.00%	20.00%	20.00%
Dollar Amount Increase/Decrease to OIT Costs	\$11,193	\$165,993	\$47,484	-\$53,471	\$280,150	\$(161,956)	\$92,034	\$110,440	\$132,528
Percent Change State Gaming Revenue	2.19%	-0.67%	8.69%	-0.51%	0.66%	4.33%	2.26%	1.00%	1.00%

¹ FY 2014-15 does not match Table 5; calculations in tables 2 and 4 remove the majority-share balance that was transferred to the minority-share limited gaming fund as a result of SB 15-225. These funds were transferred out of the minority share fund balance in the same fiscal year.

² FY 2018-19 and beyond are a forecast for the minority share of limited gaming revenues and its associated earned interest. FY 2018-19 through FY 2019-20 estimates are based on the September 2017 OSPB limited gaming forecast. The forecast for FY 2020-21 and 2021-22 assume a 1% annual increase to limited gaming revenue, as per the historic average.

³ An annual increase rate of 20% is used to forecast FY 2019-2022 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.

Table 3: OIT Costs vs. Earned Revenue

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 ¹	FY 2019 ¹	FY 2020 ¹	FY 2021 ¹	FY 2022 ¹
OIT Appropriation ²	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$552,202	\$662,642	\$795,170
Earned Revenue from Museum Operations	\$3,683,118	\$3,751,974	\$3,757,736	\$3,352,026	\$4,009,975	\$4,110,224	\$4,212,980	\$4,318,304	\$4,426,262
OIT Costs as Percentage of Earned Revenue ³	4.94%	9.27%	10.52%	10.20%	15.51%	11.20%	13.11%	15.34%	17.96%
Percent Change of OIT Increase/Decrease	6.55%	91.22%	13.65%	-13.52%	81.92%	-26.03%	20.00%	20.00%	20.00%
Dollar Amount Increase/Decrease to OIT Costs	\$11,193	\$165,993	\$47,484	-\$53,471	\$280,150	\$(161,956)	\$92,034	\$110,440	\$132,528
Percent change Earned Revenue	2.73%	1.87%	0.15%	-10.80%	19.63%	2.50%	2.50%	2.50%	2.50%

¹ FY 2017-18 and beyond are a forecast for Earned Revenue. FY 2017-18 is based on the Board approved budget. The forecast for FY 2018-19 and beyond assume a 2.5% annual increase to earned revenue.

² An annual increase rate of 20% is used to forecast FY 2019-2022 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.

³ Earned Revenue from Museum Operations and Majority Cost Allocation

Table 4: OIT Costs vs. Total Revenue

	FY 2014	FY 2015 ¹	FY 2016	FY 2017	FY 2018 ²	FY 2019 ²	FY 2020 ²	FY 2021 ²	FY 2022 ²
OIT Appropriation ³	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$552,202	\$662,642	\$795,170
Total Revenue ⁴	\$13,117,489	\$13,123,315	\$13,943,596	\$13,485,905	\$14,149,655	\$14,689,024	\$15,031,300	\$15,244,807	\$15,462,030
OIT Costs as a Percentage of Total Revenue	1.39%	2.65%	2.92%	2.54%	4.40%	3.13%	3.67%	4.35%	5.14%
Percent Change of OIT Increase/Decrease	6.55%	91.22%	13.65%	-13.52%	81.92%	-26.03%	20.00%	20.00%	20.00%
Dollar Amount Increase/Decrease to OIT Costs	\$11,193	\$165,993	\$47,484	- \$53,471	\$280,150	\$(161,956)	\$92,034	\$110,440	\$132,528
Percent change Total Revenue	2.24%	0.04%	6.25%	-3.28%	4.92%	3.87%	2.33%	1.42%	1.42%

¹ FY 2014-15 does not match Table 5; calculations in tables 2 and 4 remove the majority-share balance that was transferred to the minority-share limited gaming fund as a result of SB 15-225. These funds were transferred out of the minority share fund balance in the same fiscal year.

² FY 2017-18 revenue and beyond is a forecast. For limited gaming revenue, the September 2017 OSPB forecast is used through FY 2019-20, and for FY 2020-21 and 2021-22, a 1% annual increase is used, as per the historical average. For earned revenue, FY 2017-18 includes the Board approved earned revenue number while FY 2018-19 and beyond assume a 2.5% annual increase to earned revenue.

³ An annual increase rate of 20% is used to forecast FY 2019-2022 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.

⁴ State Limited Gaming Revenue and Earned Revenue from Museum Operations

If the Board continues with a revenue-building expenditure track, assuming modest increases to earned revenue and limited gaming funds, and conservative estimates for OIT common policy increases, it will begin having to use reserved funds to balance the budget in FY 2021-22. In other words, the Board will be unable to continue on its path to build organizational fiscal sustainability through strategic, revenue-building expenditures (costs that are within its control) and pay for OIT common policies (costs that are outside of its control). Table 5 includes History Colorado’s five-year actuals and five-year forecast for limited gaming, earned revenue and expenditures. Based on this forecast, in FY 2021-22 the History Colorado Board will have to reduce expenditures by almost \$400,000 in order to balance the budget and not spend into its reserved fund balance, thus ending their ability to take the revenue-building path and entering a cost- and program-cutting path.

In FY 2021-22, the forecast projects OIT common policies will cost History Colorado \$795,170, an increase of 129% since the new Board was confirmed in FY 2015-16. These are funds the Board cannot reinvest into revenue earning programs and in turn, will miss out on earned revenue that it could have reinvested into the organization in future years. Instead of continuing on its path of climbing out of a figurative financial death spiral through strategic reinvestment and increasing earned revenue, the organization will stay financial sound for a few fiscal years, but will be unable to make the critical reinvestment of revenue it needs to ensure prolonged fiscal self-sustainability. Essentially, History Colorado’s Board of Directors has been charged with turning the organization into a self-sustaining, financial stable state-owned non-profit, but has financial roadblocks it cannot control, such as OIT common policy costs, which make it impossible to reinvest its funds in a way that will ensure long-term results.

Table 5: Combined Limited Gaming (Minority Share) and Earned Revenue Budget Forecast

Funding Source/Revenue	Actual				Forecast				
	FY-14	FY-15	FY-16 ⁽⁶⁾	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Federal Grant (Fund 100) Revenue ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Combined Earned Revenue from Operations ⁽¹⁾	\$3,683,118	\$3,751,974	\$3,757,736	\$3,302,771	\$4,009,975	\$4,110,224	\$4,212,980	\$4,318,304	\$4,426,262
Prior Year Revenue		\$12,319	\$2,018	\$890					
Operating Transfer from DPA	\$0	\$567,059							
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$0	\$382,778	\$382,778	\$382,778	\$382,778	\$392,347	\$402,156	\$412,210	\$422,515
Interest	\$235,294	\$230,040	\$292,397	\$81,378	\$132,219	\$125,072	\$127,211	\$131,183	\$136,284
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$23,475,304	\$24,455,998	\$9,803,082	\$10,185,860	\$10,339,280	\$10,578,800	\$10,818,320	\$10,926,503	\$11,035,768
Total Revenue	\$27,393,715	\$29,400,168	\$14,238,012	\$13,955,846	\$14,658,851	\$15,206,444	\$15,560,667	\$15,788,201	\$16,020,829
Expenses	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Combined Operational Budget ⁽¹⁾	\$11,065,560	\$12,083,288	\$10,147,363	\$9,749,027	\$10,075,022	\$10,462,475	\$10,723,287	\$10,990,619	\$11,264,635
OIT Common Policies ⁽⁴⁾	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$552,202	\$662,642	\$795,170
HCC MCF/COP ⁽⁵⁾	\$3,021,000	\$3,021,718	\$3,021,830	\$3,021,415	\$3,021,835	\$3,021,860	\$3,021,543	\$3,021,543	\$3,525,209
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$528,172	\$495,513	\$554,967	\$508,943	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000
Higher Education Indirect Costs		\$195,404	\$164,549	\$140,168	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772
Cash Expenditures State Historical Fund	\$7,483,277	\$8,555,094	\$27,380,187	\$738,669					
Cash Expenditures Gaming Cities	\$ 4,726,639	\$4,695,061	\$0						
Unemployment and Contingency Plan			\$121,478						
Internal Grants	\$129,689		\$123,262						
Federal Grant (Fund 100) Expense									
Total Expense	\$27,136,305	\$29,394,039	\$41,909,081	\$14,671,665	\$14,452,753	\$14,778,275	\$15,130,804	\$15,508,576	\$16,418,786
Annual Revenue to Expense Surplus/(Shortfall)	\$257,411	\$6,129	-\$27,671,069	-\$715,818	\$213,838	\$428,169	\$429,863	\$279,625	-\$397,957
Beginning Minority Cash Balance - Combined	\$39,652,001	\$39,320,460	\$39,326,589	\$12,038,298	\$11,322,479	\$11,536,317	\$11,964,486	\$12,394,349	\$12,673,974
Ending Minority Cash Balance - Combined ⁽⁵⁾	\$39,320,460	\$39,326,589	\$12,038,298	\$11,322,479	\$11,536,317	\$11,964,486	\$12,394,349	\$12,673,974	\$12,276,018

⁽¹⁾ Actual Expense and earned revenue growth through FY 2016-17. For earned revenue, FY 2017-18 includes the Board approved earned revenue number while FY 2018-19 and beyond assume a 2.5% annual increase to earned revenue and expenses.

⁽²⁾ Indirect Costs Transfer from Majority flat through FY 2017-18. For FY 2018-19 and beyond, a 2% annual increase is assumed.

⁽³⁾ Gaming Revenue included is OSPB's September 2017 forecast through FY 2019-20. For FY 2020-21 and 2021-22, a 1% annual increase is used.

⁽⁴⁾ An annual increase rate of 20% is used to forecast FY 2019-2022 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.

⁽⁵⁾ Ending Minority Cash Balance takes into account inventory ending balances.

⁽⁶⁾ FY 2015-16 includes the majority-share balance that was transferred to the minority-share limited gaming fund as a result of SB 15-236. These funds were transferred out of the minority share fund balance in the same fiscal year.

Proposed Solution:

To ensure the Board can continue to build prolonged organizational financial sustainability, History Colorado requests \$112,207 in General Fund in FY 2018-19 to recover OIT common policy cost increases, beginning in FY 2015-16, the year the new Board took control of the organization, to FY 2018-19 (see Table 6). As OIT common policy costs are projected to be one the fastest growing expenditures to History Colorado and these costs are not in the control of the Board, the organization believes this is the most appropriate place to request the recovery of costs in order to create a more business-like budget environment for the agency. In addition, History Colorado is requesting \$204,241 in funds for FY 2019-20 to sustain this environment and give the new Board the tools it need to fulfill its charge from the Governor and General Assembly, based on estimated FY 2019-20 OIT common policies costs. The request would give History Colorado a five-year timeout from OIT common policy costs so it can use those funds to reinvest in revenue building programs and projects.

Table 6: Request Amount

Baseline (FY 2014-15) OIT Costs	\$347,961
FY 2018-19 OIT Costs	\$460,168
Amount Requested FY 2018-19	\$112,207
Baseline(FY 2014-15) OIT Costs	\$347,961
Estimated FY 2019-20 OIT Costs	\$552,202
Estimated Request FY 2019-20 and on-going	\$204,241

If the request is not funded, the History Colorado Board will continue to cut costs, in the form of programs and personnel, to pay for OIT common policy increases, making it nearly impossible for it to complete its charge from the Governor and General Assembly to become a fiscally sound agency.

Anticipated Outcomes:

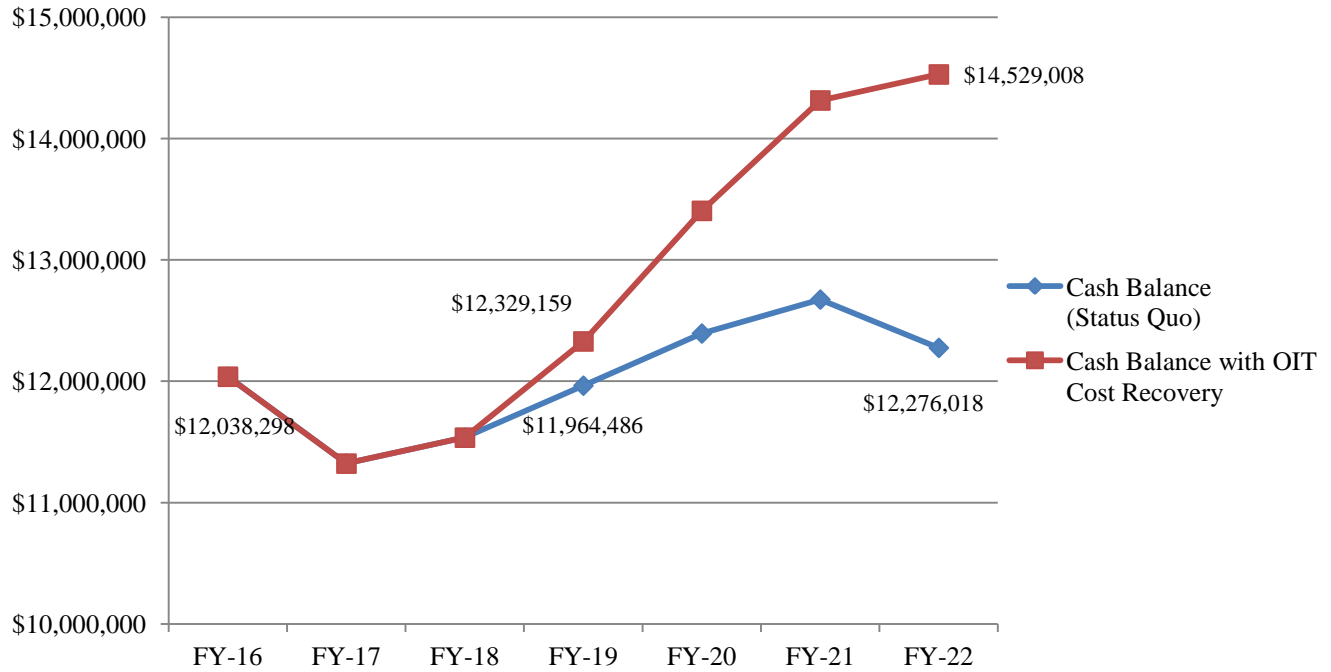
Based on an alternative forecast by History Colorado staff, had those dollars been reinvested into revenue earning programs in the current fiscal year, the Board would be able to meet its charge of becoming financial stable and self-sustainable. In order to complete the alternative forecast, History Colorado staff undertook a thought experiment in which they imagined how they would spend \$112,207 General Fund to increase earned revenue in FY 2018-19 and what the corresponding earned revenue increases associated with the new investments would be. If History Colorado recovers OIT common policy cost funds to invest in increasing earned revenue, the Board may invest in:

- Contract temporary staff to develop and process acquisition results to better analyze the data and drive the sale of additional memberships and target potential donations (\$47,000); and
- Restore a staff person for the Exhibits division for exhibit and graphic design to further enhance the division’s ability to refresh older exhibits in-house and bring in new and returning visitors to the Community Museums and History Colorado Center (\$65,000).

History Colorado estimates it will have a return on investment on the recovered OIT common policy cost increases of about 125%. As per the chart on the next page, estimates show History Colorado would increase its fund balance from \$12,276,018 without the investments to \$14,529,008 in FY 2022 with the decision item

investment. These estimates assume that History Colorado does not increase its expenditures by more than 2.5% annually, other than those expenditures described above.

Chart 1: History Colorado Minority Share Reserve Fund Balance Comparison:
With and Without Decision Item



The revised Combined Limited Gaming (Minority Share) and Earned Revenue Budget Forecast, Table 7, estimates History Colorado would increase its earned revenues by \$240,508 in FY 2018-19 and by an additional \$200,052 in FY 2019-20 as a result of the investments outlined in this decision item, significantly improving History Colorado’s long-term fiscal outlook. As opposed to needing to cut expenses by almost \$400,000 in FY 2022 to pay for the increased COP payment, the alternative forecast with the recovery of OIT common policy costs shows History Colorado would be adding \$214,600 to its fund balance.

This request is aligned with History Colorado’s Performance Plan SPI 3, “Increase earned revenue by \$2.5 million by FY 2021-22”. The five-year OIT common policies timeout would provide the Board the ability to reinvest a portion of its revenues into revenue building programs and projects, such as those mentioned above.

Table 7: Combined Limited Gaming (Minority Share) and Earned Revenue Budget Forecast with Decision Item Investment

Funding Source/Revenue	Actual				Forecast				
	FY-14	FY-15 ⁽⁶⁾	FY-16	FY-17	FY-18	FY-19 ⁽⁷⁾	FY-20	FY-21	FY-22
Federal Grant (Fund 100) Revenue ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Combined Earned Revenue from Operations ⁽¹⁾	\$3,683,118	\$3,751,974	\$3,757,736	\$3,352,026	\$4,009,975	\$4,250,483	\$4,450,535	\$4,539,546	\$4,630,337
Prior Year Revenue		\$12,319	\$2,018	\$890					
Operating Transfer from DPA	\$0	\$567,059							
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$0	\$382,778	\$382,778	\$382,778	\$382,778	\$392,347	\$402,156	\$412,210	\$422,515
Interest	\$235,294	\$230,040	\$292,397	\$86,273	\$134,158	\$125,072	\$127,211	\$131,183	\$136,284
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$9,434,371	\$24,455,998	\$9,803,082	\$10,133,879	\$10,139,680	\$10,578,800	\$10,818,320	\$10,926,503	\$11,035,768
FY 2018-19 Decision Item - Recovery of OIT Common Policy						\$112,207	\$204,241	\$204,241	\$204,241
Total Revenue	\$27,393,715	\$29,400,168	\$14,238,012	\$13,955,846	\$14,666,591	\$15,458,910	\$16,002,463	\$16,213,684	\$16,429,145

Expenses	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Combined Operational Budget ⁽¹⁾	\$11,065,560	\$12,083,288	\$10,147,363	\$9,852,897	\$10,075,022	\$10,462,475	\$10,723,287	\$10,990,619	\$11,264,635
OIT Common Policies ⁽⁴⁾	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$347,961	\$347,961	\$458,401	\$590,929
HCC MCF/COP	\$3,021,000	\$3,021,718	\$3,021,830	\$3,021,415	\$3,021,835	\$3,021,860	\$3,021,543	\$3,021,543	\$3,525,209
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$528,172	\$495,513	\$554,967	\$508,943	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000
Higher Education Indirect Costs		\$195,404	\$164,549	\$140,168	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772
Cash Expenditures State Historical Fund/Transfer Majority Share to New Fund	\$7,483,277	\$8,555,094	\$27,380,187	\$738,669					
Cash Expenditures Gaming Cities	\$4,726,639	\$4,695,061	\$0						
Unemployment and Contingency Plan			\$121,478	\$0					
Internal Grants	\$129,689		\$123,262						
Total Expense	\$27,136,305	\$29,394,039	\$41,909,081	\$14,761,665	\$14,452,753	\$14,666,068	\$14,926,563	\$15,304,335	\$16,214,545

Annual Revenue to Expense Surplus / (Shortfall)	\$257,411	\$6,129	-\$27,288,291	-\$715,888	\$213,838	\$792,842	\$1,075,900	\$909,349	\$214,600
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Funding Source/Revenue	Actual				Forecast				
	FY-14	FY-15 ⁽⁶⁾	FY-16	FY-17	FY-18	FY-19 ⁽⁷⁾	FY-20	FY-21	FY-22
Beginning Minority Cash Balance - Combined	\$39,652,001	\$39,320,460	\$39,326,589	\$12,038,298	\$11,322,479	\$11,536,317	\$12,329,159	\$13,405,059	\$14,314,407
Ending Minority Cash Balance - Combined ⁽⁵⁾	\$39,320,460	\$39,326,589	\$12,038,298	\$11,322,479	\$11,536,317	\$12,329,159	\$13,405,059	\$14,314,407	\$14,529,008

⁽¹⁾ Actual expense and earned revenue growth through FY 2016-17. An assumed 2.5% growth rate begins in FY 2017-18. FY 2018-19 and beyond also include the additional expenses associated with the investment of the decision item funds and associated earned revenue.

⁽²⁾ Indirect Costs Transfer from Majority flat through FY 2017-18. For FY 2018-19 and beyond, a 2% annual increase is assumed.

⁽³⁾ Gaming Revenue included is OSPB's September 2017 forecast through FY 2019-20. For FY 2020-21 and 2021-22, a 1% annual increase is used.

⁽⁴⁾ An annual increase rate of 20% is used to forecast FY 2019-2022 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.

⁽⁵⁾ Ending Minority Cash Balance takes into account inventory ending balances.

⁽⁶⁾ FY 2015-16 includes the majority-share balance that was transferred to the minority-share limited gaming fund as a result of SB 15-225. These funds were transferred out of the minority share fund balance in the same fiscal year.

⁽⁷⁾ Based on estimates from staff, the return on investment for the decision item funds is about 125%. Earned Revenue has been adjusted to reflect the estimated return on investment for the decision item funds. It is assumed all funds from the decision item will be spent in the year they are received.

Assumptions and Calculations:

Please see the Attachment A, “History Colorado Funding History and Forecast” and Attachment B, “History Colorado Funding Forecast with Additional Investments” for detailed calculations.

A1: HISTORY COLORADO -- Enterprise Revenue (Fund 5090) BUDGET FORECAST

Funding Source/Revenue					Forecast				
	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Earned Revenue from Operations ⁽¹⁾	\$ 1,642,663	\$ 1,956,765	\$ 3,374,958	\$ 3,352,026	\$ 4,009,975	\$ 4,110,224	\$ 4,212,980	\$ 4,318,304	\$ 4,426,262
Majority (SHF) Indirect Costs Transfer ⁽²⁾			\$ 382,778	\$ 382,778	\$ 382,778	\$ 392,347	\$ 402,156	\$ 412,210	\$ 422,515
Prior Year Revenue/Adjustments	\$ (1,359)	\$ 9,328	\$ 746	\$ 1,097					
Interest Income	\$ 5,254	\$ 2,601	\$ 4,476	\$ 7,443	\$ 7,500	\$ 5,128	\$ 5,128	\$ 5,128	\$ 5,128
Total Revenue	\$ 1,646,557	\$ 1,968,694	\$ 3,762,958	\$ 3,743,344	\$ 4,400,253	\$ 4,507,699	\$ 4,620,264	\$ 4,735,642	\$ 4,853,905

Expenses	FY-14	24455998	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Operational Budget ⁽¹⁾	\$ 1,757,535	\$ 1,944,827	\$ 3,767,624	\$ 3,786,759	\$ 4,400,253	\$ 4,507,699	\$ 4,620,264	\$ 4,735,642	\$ 4,853,905
Prior Year Adjustment		\$ -							
Total Expense	\$ 1,757,535	\$ 1,944,827	\$ 3,767,624	\$ 3,786,759	\$ 4,400,253	\$ 4,507,699	\$ 4,620,264	\$ 4,735,642	\$ 4,853,905

Annual Revenue to Expense Surplus /(Shortfall)	\$ (110,978)	\$ 23,867	\$ (4,666)	\$ (43,415)	\$ -	\$ -	\$ -	\$ -	\$ -
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⁽⁴⁾

Beginning Fund Balance	\$ 647,954	\$ 536,976	\$ 560,843	\$ 556,177	\$ 512,762	\$ 512,762	\$ 512,762	\$ 512,762	\$ 512,762
Ending Fund Balance	\$ 536,976	\$ 560,843	\$ 556,177	\$ 512,762	\$ 512,762	\$ 512,762	\$ 512,762	\$ 512,762	\$ 512,762
Inventory Ending Balance	\$ 217,763	\$ 187,503	\$ 152,799	\$ 210,194	\$ 210,194	\$ 210,194	\$ 210,194	\$ 210,194	\$ 210,194
Ending CASH Fund Balance	\$ 319,214	\$ 373,340	\$ 403,378	\$ 302,568	\$ 302,568	\$ 302,568	\$ 302,568	\$ 302,568	\$ 302,568

⁽¹⁾Actual Expense and earned revenue growth through FY17, period 13. An assumed 2.5% growth rate begins in FY 2018.

⁽²⁾Indirect Costs Transfer from Majority flat through FY 2018. For FY 2019 and beyond, a 2.5% annual increase is assumed.

A2: HISTORY COLORADO -- Gaming Revenue (Fund 4390) BUDGET FORECAST

Funding Source/Revenue	Actual				Forecast					
	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	
OAHP Federal Grant (Fund 100) Revenue ⁽¹⁾										
Earned Revenue from Operations ⁽¹⁾	\$ 2,040,455	\$ 1,795,209								
Prior Year Revenue		\$ 2,991	\$ 1,272	\$ 890						
Operating Transfer from DPA		\$ 567,059								
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$ -	\$ 382,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gaming Fund Interest - Minority	\$ 230,040	\$ 280,897	\$ 287,922	\$ 78,830	\$ 126,658	\$ 119,945	\$ 122,083	\$ 126,056	\$ 131,156	
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$ 23,475,304	\$ 24,455,998	\$ 10,185,860	\$ 10,133,879	\$ 10,139,680	\$ 10,578,800	\$ 10,818,320	\$ 10,926,503	\$ 11,035,768	
Total Revenue	\$ 25,745,799	\$ 27,484,932	\$ 10,475,054	\$ 10,213,599	\$ 10,266,338	\$ 10,698,745	\$ 10,940,403	\$ 11,052,559	\$ 11,166,924	

Expenses	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Operational Budget ⁽¹⁾	\$ 9,308,025	\$ 10,138,461	\$ 6,419,665	\$ 6,408,112	\$ 6,296,893	\$ 6,445,862	\$ 6,574,779	\$ 6,706,275	\$ 6,840,400
Higher Education Indirect Costs		\$ 195,404	\$ 164,549	\$ 140,168	\$ 233,772	\$ 233,772	\$ 233,772	\$ 233,772	\$ 233,772
HCC MCF/COP	\$ 3,021,000	\$ 3,021,718	\$ 3,021,830	\$ 3,021,415	\$ 3,021,835	\$ 3,021,830	\$ 3,021,830	\$ 3,021,543	\$ 3,525,209
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$ 528,172	\$ 495,513	\$ 515,041	\$ 508,943	\$ 500,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Unemployment and Contingency Plan			\$ 121,478	\$ 67,599					
Cash Expenditures State Historical Fund/Transfer Majority Share to New Fund 2008	\$ 7,483,277	\$ 8,555,094	\$ 27,380,187	\$ 738,669					
Cash Expenditures Gaming Cities	\$ 4,726,639	\$ 4,695,061							
Common Policies									
Internal Grants	\$ 129,689		\$ 123,262						
OAHP Federal Grant (Fund 100) Expense				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expense	\$ 25,196,802	\$ 27,101,251	\$ 37,746,012	\$ 10,884,905	\$ 10,052,500	\$ 10,301,464	\$ 10,430,381	\$ 10,561,590	\$ 11,199,381

Annual Revenue to Expense Surplus /(Shortfall)	\$ 548,997	\$ 383,681	\$ (27,270,958)	\$ (671,306)	\$ 213,838	\$ 397,281	\$ 510,022	\$ 490,969	\$ (32,457)
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Beginning Minority Fund Balance	\$ 39,004,047	\$ 39,553,044	\$ 39,936,725	\$ 12,665,767	\$ 11,994,461	\$ 12,208,299	\$ 12,605,579	\$ 13,115,601	\$ 13,606,570
Ending Minority Fund Balance	\$ 39,553,044	\$ 39,936,725	\$ 12,665,767	\$ 11,994,461	\$ 12,208,299	\$ 12,605,579	\$ 13,115,601	\$ 13,606,570	\$ 13,574,113

⁽¹⁾Actual Expense and earned revenue growth through FY17, period 13. An assumed 2.5% growth rate begins in FY 2018.

⁽²⁾Indirect Costs Transfer from Majority flat through FY 2018. For FY 2019 and beyond, a 2% annual increase is assumed.

⁽³⁾Gaming Revenue included is OSPB's September 2017 forecast through FY 2020. For FY 2021 and 2022, a 1% annual increase is used.

A3: HISTORY COLORADO -- Gaming Revenue (Fund 4390) BUDGET FORECAST

Funding Source/Revenue	Forecast				
	FY-18	FY-19	FY-20	FY-21	FY-22
OAHP Federal Grant (Fund 100) Revenue ⁽¹⁾					
NSF STEM UTE Grant					
Admission	\$ 570,000	\$ 584,250	\$ 598,856	\$ 613,828	\$ 629,173
Group Sales	\$ 45,850	\$ 46,996	\$ 48,171	\$ 49,375	\$ 50,610
Room Rental	\$ 360,000	\$ 369,000	\$ 378,225	\$ 387,681	\$ 397,373
Food and Liquor Catering Commission	\$ 321,000	\$ 329,025	\$ 337,251	\$ 345,682	\$ 354,324
Restaurant & Retail Commission	\$ 24,000	\$ 24,600	\$ 25,215	\$ 25,845	\$ 26,492
Publications	\$ 12,000	\$ 12,300	\$ 12,608	\$ 12,923	\$ 13,246
Education	\$ 476,875	\$ 488,797	\$ 501,017	\$ 513,542	\$ 526,381
Annual Fund	\$ 275,250	\$ 282,131	\$ 289,185	\$ 296,414	\$ 303,824
Membership	\$ 600,000	\$ 615,000	\$ 630,375	\$ 646,134	\$ 662,288
Community Museums	\$ 800,000	\$ 820,000	\$ 840,500	\$ 861,513	\$ 883,050
Facilities	\$ 225,000	\$ 230,625	\$ 236,391	\$ 242,300	\$ 248,358
Collections and Library	\$ 55,000	\$ 56,375	\$ 57,784	\$ 59,229	\$ 60,710
OAHP Earned Revenue	\$ 85,000	\$ 87,125	\$ 89,303	\$ 91,536	\$ 93,824
Actual Earned Revenue					
Georgetown Loop and Prior Year Revenue	\$ 160,000				
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$ 382,778	\$ 392,347	\$ 402,156	\$ 412,210	\$ 422,515
Gaming Fund Interest - Minority	\$ 60,000	\$ 125,072	\$ 127,211	\$ 131,183	\$ 136,284
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Gaming Revenue - Minority Retained by B.O.D.	\$ 133,879	\$ 578,800	\$ 858,240	\$ 966,822	\$ 1,076,491
Total Revenue	\$ 14,586,632	\$ 15,042,444	\$ 15,432,487	\$ 15,656,218	\$ 15,884,942

Expenses	FY-18	FY-19	FY-20	FY-21	FY-22
Operational Budget ⁽¹⁾	\$ 9,741,375	\$ 10,139,482	\$ 10,392,969	\$ 10,652,793	\$ 10,919,113
Higher Education Indirect Costs	\$ 233,772	\$ 233,772	\$ 233,772	\$ 233,772	\$ 233,772
HCC MCF/COP	\$ 3,021,835	\$ 3,021,860	\$ 3,021,543	\$ 3,021,543	\$ 3,525,209
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$ 500,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Unemployment and Contingency Plan					
Workers Compensation	\$ 46,816	\$ 43,562	\$ 44,651	\$ 45,767	\$ 46,912
Legal Services	\$ 9,675	\$ 9,917	\$ 10,165	\$ 10,419	\$ 10,679
Risk Management	\$ 168,196	\$ 158,975	\$ 162,949	\$ 167,023	\$ 171,199
OIT	\$ 622,124	\$ 460,168	\$ 552,202	\$ 662,642	\$ 795,170
CORE Operations	\$ 78,960	\$ 80,539	\$ 82,553	\$ 84,616	\$ 86,732
RTD	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
NSF Grant					
OAHP Federal Grant (Fund 100) Expense					
Total Expense	\$ 14,452,753	\$ 14,778,275	\$ 15,130,804	\$ 15,508,576	\$ 16,418,786

(1) Actual Expense and earned revenue growth through FY17, period 13. An assumed 2.5% growth rate begins in FY 2019.

2.5%

(2) Indirect Costs Transfer from Majority flat through FY 2018. For FY 2019 and beyond, a 2% annual increase is assumed.

(3) Gaming Revenue to Stay at \$10m per Board's Approval

**A4: HISTORY COLORADO -- Combined Gaming + Enterprise Revenue (Fund 4390+5090) BUDGET FORECAST
Museum Operations (Minority 49.9%)**

Funding Source/Revenue	Approp/Actual				Forecast					
	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	
Federal Grant (Fund 100) Revenue ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Combined Earned Revenue from Operations ⁽¹⁾	\$3,683,118	\$3,751,974	\$3,757,736	\$3,352,026	\$4,009,975	\$4,110,224	\$4,212,980	\$4,318,304	\$4,426,262	
Prior Year Revenue		\$12,319	\$2,018							
Operating Transfer from DPA	\$0	\$567,059								
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$0	\$382,778	\$382,778	\$382,778	\$382,778	\$392,347	\$402,156	\$412,210	\$422,515	
Interest	\$235,294	\$230,040	\$292,397	\$86,273	\$134,158	\$125,072	\$127,211	\$131,183	\$136,284	
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$23,475,304	\$24,455,998	\$10,185,860	\$10,133,879	\$10,139,680	\$10,578,800	\$10,818,320	\$10,926,503	\$11,035,768	
Total Revenue	\$ 27,393,715	\$ 29,400,168	\$ 14,620,790	\$ 13,954,956	\$ 14,666,591	\$ 15,206,444	\$ 15,560,667	\$ 15,788,201	\$ 16,020,829	
Expenses	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	
Combined Operational Budget ⁽¹⁾	\$11,065,560	\$12,083,288	\$10,187,289	\$9,852,897	\$10,075,022	\$10,462,475	\$10,723,287	\$10,990,619	\$11,264,635	
OIT Common Policies ⁽⁴⁾	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$552,202	\$662,642	\$795,170	
HCC MCF/COP⁽⁵⁾	\$3,021,000	\$3,021,718	\$3,021,830	\$3,021,415	\$3,021,835	\$3,021,860	\$3,021,543	\$3,021,543	\$3,525,209	
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$528,172	\$495,513	\$515,041	\$508,943	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000	
Higher Education Indirect Costs		\$195,404	\$164,549	\$140,168	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772	
Cash Expenditures State Historical Fund/Transfer Majority Share to New Fund 2008	\$7,483,277	\$8,555,094	\$27,380,187							
Cash Expenditures Gaming Cities	\$4,726,639	\$4,695,061	\$0							
Unemployment and Contingency Plan			\$121,478	\$67,599						
Internal Grants	\$129,689		\$123,262							
Federal Grant (Fund 100) Expense	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Expense	\$27,136,305	\$29,394,039	\$41,909,081	\$13,932,996	\$14,452,753	\$14,778,275	\$15,130,804	\$15,508,576	\$16,418,786	
Annual Revenue to Expense Surplus /(Shortfall)	\$257,411	\$6,129	-\$27,288,291	\$21,960	\$213,838	\$428,169	\$429,863	\$279,625	-\$397,957	
Beginning Minority Cash Balance - Combined	\$39,652,001	\$39,320,460	\$39,326,589	\$12,038,298	\$12,060,258	\$12,274,096	\$12,702,265	\$13,132,128	\$13,411,753	
Ending Minority Cash Balance - Combined	\$39,320,460	\$39,326,589	\$12,038,298	\$12,060,258	\$12,274,096	\$12,702,265	\$13,132,128	\$13,411,753	\$13,013,796	

⁽¹⁾ Actual Expense and earned revenue growth through FY17, period 13. An assumed 2.5% growth rate begins in FY 2018.

⁽²⁾ Indirect Costs Transfer from Majority flat through FY 2018. For FY 2019 and beyond, a 2% annual increase is assumed.

⁽³⁾ Gaming Revenue included is OSPB's September 2017 forecast through FY 2020. For FY 2021 and 2022, a 1% annual increase is used.

⁽⁴⁾ An annual increase rate of 20% is used to forecast FY 2019-2024 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.

**B: HISTORY COLORADO -- Combined Gaming + Enterprise Revenue (Fund 4390+5090) BUDGET FORECAST WITH Decision Item
Museum Operations (Minority 49.9%)**

Funding Source/Revenue					Forecast				
	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Federal Grant (Fund 100) Revenue ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Combined Earned Revenue from Operations ⁽¹⁾	\$3,683,118	\$3,751,974	\$3,757,736	\$3,352,026	\$4,009,975	\$4,250,483	\$4,450,535	\$4,539,546	\$4,630,337
Prior Year Revenue		\$12,319	\$2,018						
Operating Transfer from DPA	\$0	\$567,059							
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$0	\$382,778	\$382,778	\$382,778	\$382,778	\$392,347	\$402,156	\$412,210	\$422,515
Interest	\$235,294	\$230,040	\$292,397	\$86,273	\$134,158	\$125,072	\$127,211	\$131,183	\$136,284
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$23,475,304	\$24,455,998	\$10,185,860	\$10,133,879	\$10,139,680	\$10,578,800	\$10,818,320	\$10,926,503	\$11,035,768
FY 2018-19 Decision Item - Recovery of OIT Common Policy						\$112,207	\$204,241	\$204,241	\$204,241
Total Revenue	\$27,393,715	\$29,400,168	\$14,620,790	\$13,954,956	\$14,666,591	\$15,458,910	\$16,002,463	\$16,213,684	\$16,429,145

Expenses	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Combined Operational Budget ⁽¹⁾	\$11,065,560	\$12,083,288	\$10,187,289	\$9,852,897	\$10,075,022	\$10,462,475	\$10,723,287	\$10,990,619	\$11,264,635
OIT Common Policies ⁽⁴⁾	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$347,961	\$347,961	\$458,401	\$590,929
HCC MCF/COP ⁽⁵⁾	\$3,021,000	\$3,021,718	\$3,021,830	\$3,021,415	\$3,021,835	\$3,021,860	\$3,021,543	\$3,021,543	\$3,525,209
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$528,172	\$495,513	\$515,041	\$508,943	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000
Higher Education Indirect Costs		\$195,404	\$164,549	\$140,168	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772
Cash Expenditures State Historical Fund/Transfer Majority Share to New Fund 2008	\$7,483,277	\$8,555,094	\$27,380,187						
Cash Expenditures Gaming Cities	\$4,726,639	\$4,695,061	\$0						
Unemployment and Contingency Plan			\$121,478	\$67,599					
Internal Grants	\$129,689		\$123,262						
Federal Grant (Fund 100) Expense	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$27,136,305	\$29,394,039	\$41,909,081	\$13,932,996	\$14,452,753	\$14,666,068	\$14,926,563	\$15,304,335	\$16,214,545

Annual Revenue to Expense Surplus /(Shortfall)	\$257,411	\$6,129	-\$27,288,291	\$21,960	\$213,838	\$792,842	\$1,075,900	\$909,349	\$214,600
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Beginning Minority Cash Balance - Combined	\$39,652,001	\$39,320,460	\$39,326,589	\$12,038,298	\$12,060,258	\$12,274,096	\$13,066,937	\$14,142,838	\$15,052,186
Ending Minority Cash Balance - Combined	\$39,320,460	\$39,326,589	\$12,038,298	\$12,060,258	\$12,274,096	\$13,066,937	\$14,142,838	\$15,052,186	\$15,266,786

⁽¹⁾Actual Expense and earned revenue growth through FY17, period 13. An assumed 2.5% growth rate begins in FY 2018.

⁽²⁾Indirect Costs Transfer from Majority flat through FY 2018. For FY 2019 and beyond, a 2% annual increase is assumed.

⁽³⁾Gaming Revenue included is OSPB's September 2017 forecast through FY 2020. For FY 2021 and 2022, a 1% annual increase is used.

⁽⁴⁾An annual increase rate of 20% is used to forecast FY 2019-2022 for OIT expenses. History Colorado believes this is a conservative assumption as the four year rolling averages of increases to OIT costs is actually 40%.