NEW ISSUE
BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG1"
S&P: "SP-1+"
(See "RATINGS" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2018B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; and interest on the Series 2018B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See "TAX MATTERS" for a full description of the tax treatment of interest on the Series 2018B Notes.

$325,000,000

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

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

The proceeds of the Series 2018B Notes will be used as more fully described herein to (i) make interest-free loans to certain Colorado school districts identified herein in order to alleviate temporary general fund cash flow deficits expected to be experienced by such school districts during the fiscal year ending June 30, 2019, and (ii) pay the costs of issuing the Series 2018B Notes.

The Series 2018B Notes will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Series 2018B Notes. Beneficial Ownership Interests in the Series 2018B Notes, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2018B Notes by the rules and operating procedures applicable to the DTC book-entry system as described herein.

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

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

The Series 2018B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues described herein. Interest on the Series 2018B Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2018B Notes in the Series 2018-19 Notes Repayment Account; and the principal of the Series 2018B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2018B Notes are secured on parity with the previously issued State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2018A, which are currently outstanding in the aggregate principal amount of $310,000,000. The Series 2018B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2018B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2018B Notes.

An investment in the Series 2018B Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

The Series 2018B Notes are offered when, as and if issued by the State, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State, and by Ballard Spahr LLP, Denver, Colorado, as special counsel to the State. The Series 2018B Notes are expected to be delivered through the facilities of DTC on or about January 16, 2019.

Dated: January 9, 2019

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

NOTICES

This Official Statement does not constitute an offer to sell the Series 2018B Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State, the State Treasurer or the Financial Advisor to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof.

The information in this Official Statement has been obtained from officers, employees and records of the State, the Participating Districts and other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the State Treasurer or the Financial Advisor.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2018B Notes is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2018B Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2018B Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

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

This Official Statement, including, but not limited to, the material set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS— State Equalization Funding of School Districts" and "Summary Financial Information Regarding the Participating Districts," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "APPENDIX A—THE STATE GENERAL FUND," "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST" and "APPENDIX E—STATE PENSION SYSTEM," contains statements relating to future results that are "forward looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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OFFICIAL STATEMENT

Relating to

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

INTRODUCTION

This Official Statement, which includes the cover page, inside cover, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the State of Colorado (the "**State**") of its $325,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2018B (the "**Series 2018B Notes**").

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2018B Notes to potential investors is made only by means of the entire Official Statement.

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

Purpose

Sections 29-15-112 and 22-54-110, Colorado Revised Statutes, as amended ("**C.R.S.**"), referred to herein collectively as the "Loan Program Statutes," establish a program (the "**Loan Program**") for making interest-free loans ("**Program Loans**") to participating Colorado school districts (the "**Participating Districts**") in order to alleviate Participating Districts' temporary general fund cash flow deficits. The Series 2018B Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2019 ("**Fiscal Year 2018-19**"), and paying the costs of issuing the Series 2018B Notes. The first installment of the Loan Program was funded on July 18, 2018, by the issuance of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2018A (the "**Series 2018A Notes**"), in the aggregate principal amount of $310,000,000, the net proceeds of which have been or will be borrowed by approximately 20 Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES."

The net proceeds of the sale of the Series 2018B Notes will be deposited in the Series 2018B Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "**Series 2018B Notes Proceeds Account**") of the State's General Fund (the "**General Fund**") and used to make Program Loans to approximately 20 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2018-19. See "SOURCE OF PAYMENT OF PROGRAM LOANS—Summary Financial Information Regarding the Participating Districts." Prior to receiving a Program Loan, each Participating District is required to adopt a resolution (each a "**District Resolution**" and collectively the "**District Resolutions**") pledging to the repayment of its Program Loan those ad valorem property tax revenues received by the Participating District during the period of March through June of 2019 that are required to be deposited in the Participating District's general fund ("**Taxes**"), and is required to execute a promissory note payable to the State Treasurer (each a "**District Note**" and collectively the "**District Notes**") to evidence its repayment obligation. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—Program Loans" and "The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2018B Notes

Authorization. The Series 2018B Notes are issued pursuant to the Loan Program Statutes; Part 2 of Article 57 of Title 11, C.R.S. (the "**Supplemental Public Securities Act**"); and a resolution (the "**Authorizing Resolution**") adopted by the State Treasurer (the "**State Treasurer**") and approved and countersigned by the Controller of the State (the "**State Controller**"). See "THE SERIES 2018B NOTES—Authorization."

General Provisions. The Series 2018B Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "**Closing Date**") and will mature on June 27, 2019 (the "**Series 2018B Notes Maturity Date**"). The Series 2018B Notes are not subject to redemption prior to the Series 2018B Notes Maturity Date. Interest on the Series 2018B Notes, at the rates per annum set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months), will accrue from the Closing Date and will be payable on the Series 2018B Notes Maturity Date. See "THE SERIES 2018B NOTES—General Provisions."

Book-Entry Only System. The Series 2018B Notes will be issued in fully registered form (i.e., registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which will serve as securities depository for the Series 2018B Notes. Ownership interests in the Series 2018B Notes ("**Beneficial Ownership Interests**"), in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system ("**DTC Participants**"). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("**Beneficial Owners**") on the books of the DTC Participants from whom they are acquired, and will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2018B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2018B NOTES—General Provisions" and "APPENDIX F—DTC BOOK-ENTRY SYSTEM." As used in this Official Statement, the term "Owners" of the Series 2018B Notes means the persons or entities in whose names the Series 2018B Notes are registered on the registration books kept by the Deputy Treasurer or the Chief Financial Officer of the Department of the Treasury as the registrar for the Series 2018B Notes (such Owner initially being Cede & Co. or such other nominee as may be designated by DTC), and does not mean the Beneficial Owners.

Security and Sources of Payment. The Series 2018B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the following (the "**Pledged Revenues**"), which the State Treasurer believes will be sufficient for the repayment of the Series 2018B Notes:

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

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

- any unexpended proceeds of the Series 2018A Notes, the Series 2018B Notes and of any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes and the Supplemental Public Securities Act and payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the pledge thereof in favor of the Owners of the Series 2018B Notes ("**Parity Lien Notes**") that have not been loaned to the Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2018B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—The Series 2018B Notes Proceeds Account."

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

Principal of the Series 2018B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as repayment of their Program Loans, supplemented if necessary by, among other things, any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, including Current General Fund Revenues and any amounts in the funds established by statute and the State Treasurer from which the State Treasurer is authorized to borrow under State law ("**Borrowable Resources**").

*The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2018 (the "**State Series 2018 General Fund Notes**"), issued by the State Treasurer on July 19, 2018, in the principal amount of 600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2018-19.*

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

The Series 2018B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the Constitution of the State of Colorado (the "**State Constitution**") or State statutes, and the Owners and Beneficial Owners of the Series 2018B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2018B Notes.

See generally "THE SERIES 2018B NOTES—Security and Sources of Payment" and "Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A—THE STATE GENERAL FUND" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST."

Legal and Tax Matters

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

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2018B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; and interest on the Series 2018B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See also "LEGAL MATTERS" and "TAX MATTERS" and "APPENDIX G—FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2018B Notes because the Series 2018B Notes have a stated maturity of less than 18 months. However, the State Treasurer does undertake in the Authorizing Resolution to provide notice of certain enumerated events if they occur, as described in "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes Repayment Account*," "Covenants of the State" and "CONTINUING DISCLOSURE."

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

State Economic and Demographic Information

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

Additional Information

Brief descriptions of the Series 2018B Notes, the Authorizing Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "**Financial Advisor**"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Investment Considerations

An investment in the Series 2018B Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

Forward Looking Statements

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

Miscellaneous

The cover page, inside cover, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the State, the Participating Districts and from other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the State Treasurer or the Financial Advisor. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement shall not be construed as a contract or agreement between the State and the Owners or Beneficial Owners of the Series 2018B Notes.

THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES

The Loan Program

Timing differences between revenue collections and disbursements cause many Colorado school districts to incur annual cash flow deficits. The salaries of some school district employees are paid over a 12-month period, and some school district expenses occur on a relatively consistent monthly basis, although most salaries and expenses of school districts are incurred during the traditional school year of

September through May. The primary sources of revenue to school districts to meet these expenditures include (i) funding from the State pursuant to the Public School Finance Act of 1994, as amended (the "**Public School Finance Act**"), which is received in approximately equal monthly amounts throughout the July 1-June 30 fiscal year of the school districts and the State (the "**Fiscal Year**"), and (ii) property taxes levied by the school districts, most of which are received in March through June when property taxes are paid by taxpayers. See "SOURCE OF PAYMENT OF PROGRAM LOANS." As a result, school districts often experience cash flow shortages during the fall and winter months before such tax revenues are received. School districts may address this cash flow shortage in a variety of ways, including: (i) borrowing funds from the State; (ii) transferring funds to the school district's general fund from other school district funds on a short-term basis; (iii) borrowing funds on a short-term basis through the issuance by the school district of tax anticipation notes; or (iv) borrowing funds on a short-term basis from a bank or other lender.

Under the Loan Program Statutes, upon approval by the State Treasurer of an application submitted by a school district, the State Treasurer is to make available to such school district in any month of the budget year in which a cash flow deficit occurs an interest-free or low-interest loan from the State's General Fund or from the proceeds of tax and revenue anticipation notes. There are certain limits on the receipt of such loans. For instance, a Program Loan may not be made to provide assistance for matters eligible for payment from the school district's contingency reserve or to cover a foreseeable level of uncollectible property taxes, nor may a Program Loan be used by a school district for the simultaneous purchase and sale of the same security or an equivalent security in order to profit from price disparity. All loans to a school district are to be made from the proceeds of tax and revenue anticipation notes issued by the State Treasurer as discussed below; provided, however, that if the amount of the tax and revenue anticipation notes, if any, issued on behalf of a school district as determined by the State Treasurer is not sufficient to cover the school district's cash deficit, the State Treasurer may, in his or her discretion, make available to such school district an emergency low-interest loan from the State's General Fund. Such loan is to have the same rate of interest as that paid by the State Treasurer on the general fund tax and revenue anticipation notes issued by the State Treasurer pursuant to Part 9 of Article 75 of Title 24, C.R.S. See "INVESTMENT CONSIDERATIONS—Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds."

The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes for the purpose of alleviating temporary cash flow deficits by making interest-free loans available to eligible school districts. The Series 2018B Notes are being issued pursuant to this authorization. See also "THE SERIES 2018B NOTES—Authorization."

Application of Series 2018B Notes Proceeds

The proceeds of the Series 2018B Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2018B Notes, will be deposited in the Series 2018B Notes Proceeds Account and disbursed from time to time by the State Treasurer upon request of the Participating Districts in order to alleviate temporary general fund cash flow deficits expected to be experienced by such Participating Districts during Fiscal Year 2018-19, subject to the conditions stated in the Authorizing Resolution and the District Resolutions. See "Program Loans" and "The Participating Districts" below, "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2018B Notes Proceeds Account

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

General Fund. Moneys deposited in the Series 2018B Notes Proceeds Account are to be applied in accordance with the Loan Program Statutes, including the payment of the costs and expenses related to the issuance and sale of the Series 2018B Notes. The original purchasers of the Series 2018B Notes will not be responsible for the application or disposition by the State or its officers of any of the funds derived from the sale of the Series 2018B Notes.

Moneys held in the Series 2018B Notes Proceeds Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Investment earnings on moneys credited to the Series 2018B Notes Proceeds Account up to the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be credited to the State General Fund and will not be credited to the Series 2018B Notes Proceeds Account; and investment earnings on moneys credited to the Series 2018B Notes Proceeds Account in excess of the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be retained therein until June 25, 2019, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2018-19 Notes Repayment Account, after which the Series 2018B Notes Proceeds Account is to be closed. See “APPENDIX A—THE STATE GENERAL FUND—Investment of the State Pool.”

Program Loans

In order to participate in the Loan Program, each Participating District’s governing board (the “**Board of Education**”) must adopt a resolution approving the amount of the Program Loan (the “**Maximum Principal Amount**”) and submit any actual or projected financial or budgetary statements required by the State Treasurer, as well as certain other financial information required by the State Treasurer. Based on such information, the State Treasurer has approved the Maximum Principal Amount of the Program Loan for each such Participating District.

An aggregate amount of not more than the Maximum Principal Amount may be drawn upon in the manner provided in the District Resolution and expended by the Participating District from time to time to fund its general fund cash flow deficit occurring during Fiscal Year 2018-19. See also “DISTRICT RESOLUTIONS AND DISTRICT NOTES” and “SOURCE OF PAYMENT OF PROGRAM LOANS.”

The Participating Districts

As of the date hereof, the Participating Districts that have requested the State Treasurer to issue the Series 2018B Notes on their behalf are set forth in “SOURCE OF PAYMENT OF PROGRAM LOANS—Summary Financial Information Regarding the Participating Districts.” The school districts that are expected to borrow the largest percentages of available proceeds of the Series 2018A Notes and the Series 2018B Notes are set forth in “SOURCE OF PAYMENT OF PROGRAM LOANS— Summary Financial Information Regarding the Participating Districts.”

THE SERIES 2018B NOTES

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

Authorization

The Series 2018B Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the Authorizing Resolution. The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES." The State Treasurer may issue additional Parity Lien Notes in Fiscal Year 2018-19. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2018B Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2018B Notes. Beneficial Ownership Interests in the Series 2018B Notes, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest and the receipt of notices and other communications, transfers and various other matters with respect to the Series 2018B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F—DTC BOOK-ENTRY SYSTEM."

The Series 2018B Notes will be dated as of the Closing Date, mature on the Series 2018B Notes Maturity Date and bear interest at the rates per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2018B Notes will accrue from the Closing Date and will be payable on the Series 2018B Notes Maturity Date. The principal of and interest on the Series 2018B Notes will be payable by the State Treasurer, as paying agent for the Series 2018B Notes (the "**Paying Agent**"), to Cede & Co., as the Owner of the Series 2018B Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F—DTC BOOK-ENTRY SYSTEM." Interest on the Series 2018B Notes will cease to accrue on the Series 2018B Notes Maturity Date.

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

Neither the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2018B Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2018B Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2018B Notes or (v) any other related matter.

No Redemption Prior to Maturity

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

Security and Sources of Payment

The Series 2018B Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with the Series 2018A Notes any additional Parity Lien Notes. The Series 2018B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the State Constitution or State statutes, and the Owners and Beneficial Owners of the Series 2018B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2018B Notes.

The Pledged Revenues. The Pledged Revenues consist of: (i) amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, in repayment of their Program Loans; (ii) amounts deposited to the Series 2018-19 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes that have not been loaned to Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2018B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—The Series 2018B Notes Proceeds Account."

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

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

The Authorizing Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2019, in repayment of their Program Loans. However, if on June 26, 2019, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The Authorizing Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State Series 2018 General Fund Notes. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account does not constitute a pledge of or lien on such other funds for that purpose, and there is no limit *on the availability or use of such other funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account in order to fund a deficiency therein, the Authorizing Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2018B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2019. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds.* See "INVESTMENT CONSIDERATIONS—Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION—Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX A—THE STATE GENERAL FUND."

Moneys held in the Series 2018-19 Notes Repayment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Interest income from the investment or reinvestment of moneys credited to the Interest Subaccount and the Principal Subaccount up to and including June 25, 2019, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX A—THE STATE GENERAL FUND—Investment of the State Pool."

Limitations on the Obligations of the State. The Authorizing Resolution provides that no provision thereof or of the Series 2018B Notes is to be construed or interpreted: (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or an indebtedness of the State within the meaning of any applicable provision of the State Constitution or State statutes; (iii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Article X, Section 20 of the State Constitution (the "**Taxpayer's Bill of Rights**" or "**TABOR**") for which adequate cash reserves have not been pledged irrevocably and held for payment in all future fiscal years; (iv) as a delegation of governmental powers by the State; (v) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the State Constitution; or (vi) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the State Constitution. See "STATE FINANCIAL INFORMATION—Taxpayer's Bill of Rights."

Parity Lien Notes

The Authorizing Resolution authorizes the State Treasurer from time to time during Fiscal Year 2018-19 to issue additional tax and revenue anticipation notes pursuant to the Loan Program Statutes that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with (but not superior to) the pledge in favor of the Owners of the Series 2018B Notes and the previously issued Series 2018A Notes. Such Parity Lien Notes may have such details as the State Treasurer may determine; provided, however, that the Parity Lien Notes are required to be (i) non-redeemable prior to their Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the Series 2018-19 Notes Repayment Account.

The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with the pledge in favor of the Series 2018A Notes and the Series 2018B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The Authorizing Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the Authorizing Resolution for the benefit of the original purchasers (the "**Purchasers**") and the Owners of the Series 2018B Notes to: (i) keep proper books of record and accounts showing complete and correct entries of all transactions relating to the Funds and Accounts referred to therein and in such manner that the amount of Program Loans made to each Participating District and the amount of repayment of such Program Loans by each Participating District may at all times be readily and accurately determined; and (ii) take any and all actions that may be reasonably required to ensure timely collection of the amounts due by Participating Districts under their respective District Notes.

Defaults and Remedies

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

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

- the State fails to perform or observe any of the covenants, agreements or conditions contained in the Authorizing Resolution or in the Series 2018B Notes and such failure continues for 15 days after receipt of written notice thereof by the State Treasurer from any Owner of any of the Series 2018B Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2018B Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2018B Notes or to enforce and protect such Owner's rights under the Authorizing Resolution and the Series 2018B Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the Authorizing Resolution or the Series 2018B Notes; or (iii) examine the books and records of the State and require the State Treasurer to account for all moneys and investments constituting Pledged Revenues as if the State Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2018B Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2018-19 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2018-19 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2018A Note, Series 2018B Note or Parity Lien Note over any other Series 2018A Note, Series 2018B Note or Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the Authorizing Resolution for the benefit of the Purchasers and the Owners of the Series 2018B Notes that, subject to further investment limitations established pursuant to the terms of the Authorizing Resolution, moneys in the Series 2018B Notes Proceeds

Account and the Series 2018-19 Notes Repayment Account not immediately needed will be invested only in investments authorized by the Loan Program Statutes; Article 36 of Title 24, C.R.S.; or, to the extent applicable, Part 6 of Article 75 of Title 24, C.R.S.

The State Treasurer further covenants that the State Treasurer will not take any action or omit to take any action with respect to the Series 2018B Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2018B Notes to lose its exclusion from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations thereunder (the "**Tax Code**"); (ii) would cause interest on the Series 2018B Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income; or (iii) would cause interest on the Series 2018B Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. This covenant will remain in full force and effect notwithstanding the payment in full of the Series 2018B Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Tax Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2018B Notes involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below that, among others, could affect the payment of the principal of and interest on the Series 2018B Notes.

Limited Obligations

The Series 2018B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2018B Notes. The Series 2018B Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the State Constitution or State laws; do not constitute general obligations of the State, the Participating Districts or any other political subdivision of the State; and no governmental entity has pledged its faith and credit for the payment of the Series 2018B Notes. If an Event of Default under the Authorizing Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2018B Notes. See "THE SERIES 2018B NOTES—Security and Sources of Payment" and "Defaults and Remedies."

Repayment of Program Loans

The primary source of Pledged Revenues pledged to pay the principal of the Series 2018B Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as repayment of their Program Loans, which in turn are payable solely from the Taxes of the respective Participating Districts received during the period of March through June of 2019. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its Program Loan. There is no assurance that a Participating District will collect sufficient Taxes from March through June of 2019 to repay its Program Loan in full. In such event, the State Treasurer is required by the Authorizing Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2018B Notes, from any funds on hand or in the custody or possession of the State

Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolution. See generally "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS—Taxes", "Ad Valorem Property Tax Procedure," and "Summary Financial Information Regarding the Participating Districts."

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

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

As discussed in "Repayment of Program Loans" under this caption and in "THE SERIES 2018B NOTES— Security and Sources of Payment— *The Series 2018-19 Notes Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," in the event of a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account resulting from a default in the repayment of Program Loans, the Authorizing Resolution requires the State Treasurer to deposit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The Authorizing Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State Series 2018 General Fund Notes issued by the State Treasurer on July 19, 2018. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account does not constitute a pledge of or lien on such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account in order to fund a deficiency therein, the Authorizing Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2018B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2019. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "STATE FINANCIAL INFORMATION—Investment and Deposit of State Funds."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the Governor's Office of State Planning and Budgeting ("**OSPB**") is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on December 20, 2018 (the "**OSPB DECEMBER 2018 Revenue Forecast**"), and is included in its entirety in this Official Statement. See "STATE FINANCIAL INFORMATION," "APPENDIX A—THE STATE GENERAL FUND—Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("**GASB**"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which is not solely based on when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2018-19, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account on June 25, 2019. See "STATE FINANCIAL INFORMATION— Budget Process and Other Considerations," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A—THE STATE GENERAL FUND—Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST."

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

The next OSPB revenue forecast will be released in March of 2019. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB DECEMBER 2018 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2018-19 and subsequent forecasted years, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. A revenue shortfall in Fiscal Year 2018-19 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account on June 25, 2019. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A—THE STATE GENERAL FUND—Revenue Estimation; OSPB Revenue and Economic Forecasts—*Revenue Shortfalls*" and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST."

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

Parity Lien Notes

The Authorizing Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2018A Notes and the Series 2018B Notes. Therefore, the issuance of Parity Lien Notes could materially diminish the level of repayment coverage provided by the Taxes and other funds as security for the Series 2018B Notes. The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with the pledge in favor of the Series 2018A Notes and the Series 2018B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The Authorizing Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2018B NOTES—Authorization" and "Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2018B Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the Authorizing Resolution.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes and other funds pledged to the repayment of the Program Loans, as well as to the operations of and availability and appropriation of funds by the State. There is no assurance that there will not be any changes in, interpretation of or addition to such laws that would have a material adverse effect, directly or indirectly, on the operations of the Participating Districts, the imposition, collection or expenditure of ad valorem property taxes and other funds by the Participating Districts or the ability of the Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to repay the Series 2018B Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2018B Notes on its behalf has, or prior to the Closing Date is required to have, adopted a

District Resolution that authorizes the Participating District to borrow funds from the State Treasurer pursuant to the Loan Program, and has, or prior to the Closing Date is required to have, executed and delivered a District Note to the State Treasurer to evidence the Participating District's obligation to repay its Program Loan. The obligation of a Participating District to make payments in respect of its District Note is not a joint obligation with any other Participating District and is strictly limited to the Payment Obligations of such Participating District under its District Resolution.

Set forth below is a summary of the District Resolutions and District Notes. The District Resolutions and District Notes are substantially the same except as to Maximum Principal Amount and the cash flow projections. The references in this summary to a single District Resolution, District Note or Participating District are, except where otherwise indicated, equally applicable to all of the District Resolutions, District Notes, and Participating Districts. The following summary does not purport to be complete, and is qualified by express reference to the provisions of the District Resolutions and District Notes, copies of which are available as provided in "INTRODUCTION—Additional Information" and "MISCELLANEOUS." A District Resolution may be amended only with the written consent of the State Treasurer. See also "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—Program Loans," and "The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2018-19, and to issue and deliver the District Note to the State Treasurer in the Maximum Principal Amount to evidence the Participating District's Payment Obligation, for the purpose of paying the Participating District's projected budgeted expenditures during Fiscal Year 2018-19. The District Note matures on June 25, 2019 (the "**District Note Maturity Date**"), and is interest-free through such date; provided, however, that if the District Note is not paid in full on the District Note Maturity Date, it will become a defaulted note (a "**Defaulted Note**") and the unpaid portion thereof will bear interest thereafter until paid at a default rate equal to the interest rate, or the weighted average interest rate, paid by the State Treasurer on the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes. The District Note may be prepaid in whole or in part at any time prior to the District Note Maturity Date.

The Participating District may obtain draws on its Program Loan in the manner discussed in "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2018B NOTES—Program Loans."

The State Treasurer is authorized pursuant to the District Resolution to maintain records on behalf of the Participating District that reflect the outstanding principal amount due under the District Note, the date and amount of the Program Loan and repayment of the Program Loan by the Participating District to the State Treasurer.

Security for and Payment of the District Note

The District Note is payable from and secured by a lien in the amount of the Participating District's Payment Obligations on all of the Participating District's ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2019 that are required to be credited to the Participating District's general fund. Such lien has priority over all other expenditures from such Taxes until the Participating District's Payment Obligations are paid in full. All Taxes received by the Participating District are to be paid to the State Treasurer within one Business Day of receipt until the Payment Obligations are paid in full. The District Resolution authorizes the State Treasurer to pledge and assign the District Note and all or any part of the Participating District's obligations thereunder, including, without limitation, the Participating District's Payment Obligations, to secure the payment of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes. See “SOURCE OF PAYMENT OF PROGRAM LOANS.”

Defaults and Remedies

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

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

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

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

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

Upon the occurrence of a District Event of Default as described in clause (i) above, the statutory remedy of the State Treasurer is to notify the treasurer of each county in which the Participating District levies Taxes that the Participating District is in default on its obligation to pay its Payment Obligation and the amount of the Payment Obligation. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any “Default Taxes” (being ad valorem taxes on real and personal property received or to be received by the Participating District after the District Note Maturity Date that are required to be credited to the Participating District’s general fund and are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c), C.R.S.) to be received by the District and in the possession of the county treasurer in the amount of such unpaid Payment Obligation. If the amount of Default Taxes to be received by the District and in the possession of the county treasurer at the time such notice is given is less than the amount of the Payment Obligation, the county treasurer is to withhold additional Default Taxes to be received by the District and in the possession of the county treasurer until such time as the Payment Obligation has been paid to the State Treasurer in full. *Default Taxes are available solely to repay a Participating District’s Payment Obligation to the State Treasurer following a District Event of Default and are not pledged to the payment of the Series 2018B Notes.*

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

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

A District Event of Default does not constitute an Event of Default under the Authorizing Resolution. See “THE SERIES 2018B NOTES—Defaults and Remedies.”

Other Covenants and Representations

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

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

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

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

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

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent three Fiscal Years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2018-19; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; and (iv) any documents setting forth, among other matters, financial information regarding the District and information relating to the District Resolution and the District's obligations thereunder, other disclosures by the District pursuant to the District Resolution and cash flow projections and ongoing reports pursuant to the District Resolution have been and will be prepared consistent with generally accepted accounting principles; and (v) the District's budget and financial accounting policies and procedures are in compliance with State law.

Parties in Interest

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

SOURCE OF PAYMENT OF PROGRAM LOANS

Taxes

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

Taxes are limited to ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2019 that are required to be credited to the Participating District's general fund. These in turn are comprised of the ad valorem property taxes that the Participating District is authorized to impose in accordance with the Public School Finance Act, plus certain permitted "override revenues," both of which are discussed in this section.

In addition to the Taxes, the Participating Districts are also authorized to impose ad valorem property taxes for certain other purposes, such as for bond redemption and capital improvements, and receive various other local, State and federal revenues. However, none of these other revenues constitute Taxes pledged to the payment of the District Loans.

State Equalization Funding of School Districts

The discussion under this caption provides an overview of the funding of the Colorado school districts under existing State statutes. *The State portion of the school districts' funding is <u>not</u> pledged to pay the Program Loans*.

Public School Finance Act of 1994. Colorado school districts are funded primarily from revenues that are determined in accordance with the Public School Finance Act, which was adopted in furtherance of the duty of the State legislature, known as the General Assembly, under Article IX, Section 2 of the State Constitution to provide for a thorough and uniform system of public schools throughout the State. The Public School Finance Act has applied to school districts for budget years beginning on and after July 1, 1994, and its provisions are to be used to calculate for each school district an amount that represents the financial base of support for public education in that district (the "**Total Program**"), which is then funded in part by the school district and in part by the State.

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

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

A new factor was introduced in the school finance formula starting in Fiscal Year 2010-11 due to the budget balancing challenges facing the State. This "Budget Stabilization Factor" reduces in an equitable manner the amount of funding that school districts would have received prior to the application of this adjustment. In general, the Budget Stabilization Factor is calculated by first determining the Total Program funding amount for all school districts in the State (the "**Statewide Total Program**") prior to application of the Budget Stabilization Factor. The Budget Stabilization Factor then reduces this Statewide Total Program to an amount set by the General Assembly, which amount reflects reductions to stabilize the State's budget for each Fiscal Year, as applicable. The difference between the Statewide Total Program amount prior to application of the Budget Stabilization Factor and the established floor amount for the Statewide Total Program after the application of the Budget Stabilization Factor is utilized to calculate a percentage reduction that is then applied to decrease each school district's Total Program funding amount for a given Fiscal Year.

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The current general rule for calculating Total Program funding is as follows:

Total Program	=	Funded Pupil Count (October 1)	x	Total Per Pupil Funding	+	At-Risk Funding	+	On-Line Funding and ASCENT	-	Budget Stabilization Factor

Funded Pupil Count	=	The sum of (i) the greater of the number of pupils enrolled in the school district for the current budget year or the average enrollment for the current and up to four prior budget years (less the Colorado Preschool Program Pupil Counts), plus (ii) the school district's On-line and ASCENT Pupil Count plus (iii) the school district's Colorado Preschool Program Pupil Count.
Per Pupil Funding	=	A formula which takes into consideration a Statewide base level plus adjustments for variances in district size, cost of living, personnel costs and non-personnel cost factors specified in the Public School Finance Act.
At-Risk Funding	=	Formulaic funding amounts which are based upon the number of district pupils eligible for free lunch and English language learner pupils not eligible for free lunch.
On-Line Funding and ASCENT	=	Funding amounts for pupils receiving an education predominantly through a multi-district on-line program and residing in the State or participating in the "Accelerating Students Through Concurrent Enrollment" ("**ASCENT**") program administered by the Colorado Department of Education pursuant to Section 22-35-108, C.R.S. The goals of the ASCENT program are to, among other things, increase the percentage of students who participate in postsecondary education, especially among low-income and traditionally underserved populations.
Budget Stabilization Factor	=	A State budget element that proportionately reduces the amount of total funding for each district.

The Statewide Total Program funding amount is established in the Public School Finance Act initially based upon projections of various factors. Once actual figures are known, a mid-year revision may be made to this amount. The Statewide Total Program funding calculated for Fiscal Year 2017-18, after application of the Budget Stabilization Factor was $6,627,917,199, constituting a Budget Stabilization Factor of 11.04%. The initial Statewide Total Program funding amount for Fiscal Year 2018-19, after application of the Budget Stabilization Factor, is an amount of not less than $7,088,776,230, constituting a Budget Stabilization Factor of 8.66%, which amount is subject to a mid-year revision as discussed above.

The Public School Finance Act provided for a State average of Total Program funding for Fiscal Year 2017-18 of $8,612.91 per pupil (and $7,662.17 State average after application of the Budget Stabilization Factor), and $7,894.00 State average per on-line and ASCENT pupils (and $7,022.42 State average after application of the Budget Stabilization Factor); although, a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "Taxpayer's Bill of Rights" below. The State average of Total Program funding for Fiscal Year 2018-19 was initially projected to be $8,909.27 per pupil (and $8,137.41 State average after application of the Budget Stabilization Factor), and $8,162.00 State average per on-line and ASCENT pupils (and $7,454.82 State average after application of the Budget Stabilization Factor).

Amendment 23. In November of 2000, the State's voters approved an amendment to the State Constitution relating to funding for public schools, commonly referred to as "Amendment 23." Amendment 23 requires that the base per-pupil funding amount and the funding for categorical programs (such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education): (i) increase by the rate of inflation plus one percentage point for Fiscal Year 2001-02 through Fiscal Year 2010-11, and (ii) increase by at least the rate of inflation each year thereafter. Amendment 23 also creates the State Education Fund, and (i) mandates that there be deposited therein an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, and (ii) exempts such revenues from the revenue limitations of TABOR. See "Taxpayer's Bill of Rights" below. The General Assembly may appropriate moneys from the State Education Fund only to increase funding in preschool through 12th grade education or for purposes specifically provided in Amendment 23, including accountable education reform, accountable programs to meet State academic standards, reducing class size, expanding technology education, improving public safety, accountability reporting, performance incentives for teachers and public school building capital construction. The Amendment 23 funds may not be used to reduce the current level of general fund appropriations for Total Program funding and categorical programs. Amendment 23 further requires the State to increase its General Fund appropriation for the Public School Finance Act by at least 5% in each year from Fiscal Year 2001-02 through Fiscal Year 2010-11, except in any Fiscal Year in which State personal income grows less than 4.5% between the previous two Fiscal Years, as was the case for Fiscal Years 2008-09 and 2009-10. The State was not required to increase by at least 5% its General Fund appropriation for the Total Program in Fiscal Year 2010-11. See also "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS—Certain State Funds Eligible for Investment in the District Notes—*The State Education Fund*" for a discussion of the State Education Fund established by Amendment 23.

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

Pursuant to the Public School Finance Act, a school district's property tax levy to fund the local share of its Total Program is to be the lowest of the following: (i) the number of mills (one mill equals $0.001) levied by the school district for the immediately preceding property tax year; (ii) the number of mills that will generate property tax revenue in an amount equal to the school district's Total Program for the applicable budget year minus the minimum State aid and the amount of specific ownership tax revenue paid to the school district; (iii) for school districts that have not obtained voter approval to retain and spend revenues in excess of the property tax revenue limitation imposed on such school districts by TABOR (such voter approval commonly referred to as being "De-Bruced"), the number of mills that may be levied by such school districts in accordance with the property tax revenue limitation imposed by TABOR; or (iv) 27.000 mills. See "Taxpayer's Bill of Rights" below and "INVESTMENT CONSIDERATIONS—Repayment of Program Loans."

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

The difference between the Total Program and the amount generated from the school district's mill levy and specific ownership taxes is required to be paid by the State. The State Legislature is required to make annual appropriations to fund the State's share of the Total Program of all school districts. The availability of State funds to the school district may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's share during the Fiscal Year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made in funding categories not mandated by the State Constitution. Such reductions, or "rescissions," occurred in Fiscal Years 2001-02, 2002-03, 2008-09 and 2009-10. For Fiscal Year 2010-11, the reduction in State aid was effected through the application of the Budget Stabilization Factor. It is expected that the Budget Stabilization Factor may occur in future years as a result of State budgetary constraints. See also "Amendment 23" above.

Override Revenues

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

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

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

Ad Valorem Property Taxation Procedure

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

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

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

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

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

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued by the State property tax administrator based upon the value of the utility's tangible property and intangibles (subject to certain statutory adjustments), gross and net operating revenues and the average market value of its outstanding securities during the prior calendar year.

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

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

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

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

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

Statewide Review. The General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether or not county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the State Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. A school district's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Exemption. On November 7, 2000 and November 7, 2006, respectively, the electors of the State of Colorado approved Referendum A and Referendum E, constitutional amendments granting a property tax reduction to qualified senior citizens and qualified disabled veterans. Generally, the reduction (a) reduces property taxes for qualified senior citizens and qualified disabled veterans by exempting 50% of the first $200,000 of actual value of residential property from property taxation; (b) requires that the State reimburse all local governments for any decrease in property tax revenue resulting from the reduction; and (c) excludes the State reimbursement to local governments from the revenue and spending limits established under Article X, Section 20 of the State Constitution.

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

The Board of County Commissioners is required to certify to the county assessor the levy for all taxing entities within the county by December 22nd of each year. If such certification is not made, it is the duty of the county assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the county assessor of the tax list and warrant to the county treasurer.

Property Tax Collections. Property taxes levied in one year are collected in the succeeding year. Thus, taxes levied in 2017 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

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

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

Taxpayer's Bill of Rights

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

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

Budgets

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

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

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

Financial Statements

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

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

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating Districts expected to borrow the largest percentages of available proceeds of the Series 2018A Notes and the Series 2018B Notes are Denver School District No. 1 and Boulder Valley School District RE-2. See "Largest Borrowers" following the table.

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

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

[1] The amounts in these columns are estimated amounts based upon predictions provided by the Districts regarding the amounts they will borrow from the Series 2018A & 2018B Note proceeds covering the 2018 - 2019 district budget year. If these Districts (or others which have not yet indicated an intent to participate in the Series 2018A or 2018B Note program) do participate in such issuance, the Owners of the Series 2018A and 2018B Notes will have a lien upon the taxes of such Districts on a parity with the Owners of the Notes. See SECURITY FOR THE NOTES - Additional Notes.
[2] Final assessed valuation amounts are required by State law to be certified by each county assessor to each school district located in such county no later than December 15 of each year. The amounts in this column have been provided by the State Department of Education based upon information provided by the applicable county assessors. See FORWARD-LOOKING STATEMENTS.
[3] For each District, this amount was calculated by (a) multiplying the 2018/19 assessed value of the District's by the estimated 2018/2019 mill levy (other than mill levies for the District's bond redemption fund and special building and technology fund, if any); (b) assuming collections of 100% of taxes collected by all of the Districts normally during the months of March, April, May and June 2018; See FORWARD-LOOKING STATEMENTS.@ The actual mill levies for the 2018/2019 fiscal year was certified by the Districts in December 2018. The estimated mill levies used to calculate the estimated Taxes collected during the 2018/2019 fiscal year are based upon information provided by the Colorado Department of Education. See SCHOOL DISTRICT FINANCIAL OPERATIONS - Sources of School District Revenue.
[4] Based on each participating District's actual collection data for Fiscal Years 2015-2016, 2016-2017, and 2017-2018.
Source: Financial Advisor.

Largest Borrowers

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

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the City, encompassing approximately 155 square miles with an estimated population of approximately 683,000. For the 2017-18 school year, the district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, is 86,294.0. The equivalent October 1 pupil counts for the 2016-17, 2015-16, and 2014-15 school years were 85,849.5, 85,584.6 and 83,221.0, respectively. See "State Equalization Funding of School Districts—*Total Program Funding Formula*" above in this section.

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

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

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

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

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2019. Typically, taxing entities do not collect 100% of the taxes levied each year; however, the property tax collection rate among the Participating Districts historically has been very high as shown in the previous table.

Receipt of Taxes by the Participating Districts requires timely payment of ad valorem property taxes by property owners. Participating Districts having one or more large taxpayers are particularly dependent upon the timely payment of property taxes by such taxpayers. Taxpayers owning more than 10% of the property comprising the certified assessed valuation of a Participating District typically are public or private companies involved in the mining or drilling industries or in the production of power. Property tax payments by such taxpayers could be impacted not only by each taxpayer's individual financial condition but also by events that negatively impact the energy production industry as a whole. It is not possible to predict whether any such events will occur that will have a material impact upon the repayment of the Program Loans.

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately 5.5 million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX C—STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018" and "APPENDIX D—CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the General Assembly to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials commenced in January of 2015 (following the general election held in November of 2014) and will expire on the second Tuesday in January of 2019. No elected executive official may serve more than two consecutive terms in the same office.

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

STATE FINANCIAL INFORMATION

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

The State Treasurer

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

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

SB 17-267

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

Taxpayer's Bill of Rights

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

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

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

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

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

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

Several measures were passed by the General Assembly during the 2005 legislative session in an effort to relieve State budget challenges, including statutory changes designed to mitigate the ratchet down effect of TABOR on the State's finances. One of two measures that were referred by the General Assembly to a statewide vote in November of 2005, designated "Referendum C," was approved by State voters and thereafter codified as Sections 24-77-103.6 and 106.5, C.R.S. The immediate impact of Referendum C was to preclude any ratchet down effect on the State beginning in Fiscal Years 2005-06. It also authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. For Fiscal Years 2010-11 and thereafter, Referendum C created an Excess State Revenues Cap, or "ESRC," as a voter-approved revenue change under TABOR that now serves as the limit on the State's fiscal year revenue retention. The base for the ESRC was established as the highest annual State TABOR revenues received in Fiscal Years 2005-06 through 2009-10. This amount, being the revenues received in Fiscal Year 2007-08, is then adjusted for each subsequent Fiscal Year for inflation, the percentage change in State population, the qualification or disqualification of enterprises and debt service changes, each having their respective meanings under TABOR and other applicable State law. However, per SB 17-267, the ESRC for Fiscal Year 2018-19 is to be an amount equal to (i) the ESRC for Fiscal Year 2017-18 calculated as provided above (ii) less $200 million. For subsequent fiscal years, the ESRC is to be calculated as provided above utilizing the ESRC for Fiscal Year 2018-19 as the base amount.

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

As a result of Referendum C, the State was able to retain the following amounts in excess of the previously applicable TABOR limit: $1.116 billion in Fiscal Year 2005-06, $1.308 billion in Fiscal Year 2006-07 and $1.169 billion in Fiscal Year 2007-08. TABOR revenues did not exceed the TABOR limit in either of Fiscal Years 2008-09 or 2009-10. TABOR revenues exceeded the TABOR limit by $0.771 billion in Fiscal Year 2010-11, $1.473 billion in Fiscal Year 2011-12, $1.860 billion on Fiscal Year 2012-13 and $2.125 billion in Fiscal Year 2013-14, although no refunds were required because such revenues were below the applicable ESRC. TABOR revenues exceeded the TABOR limit by $2.384

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

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

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

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

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend $66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("**Marijuana Taxes**") authorized by Proposition AA approved by the State's voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which referred the measure (Proposition BB) to the State's voters, also provides for the allocation of the retained amount for public school capital construction, for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and for use by the General Fund for any purpose. For more information on how these amounts are treated in the General Fund, see the discussion in "General Fund and State Education Fund Budget" in the OSPB DECEMBER 2018 Revenue Forecast. SB 17-267 increased the special sales tax on retail marijuana sales from 10% to 15% effective July 1, 2017.

Effect of TABOR on the Series 2018B Notes. Voter approval under TABOR is not required for the issuance of the Series 2018B Notes as they are both issued and payable within the same Fiscal Year and as such do not constitute a "multiple fiscal year direct or indirect debt or other financial obligation" within the meaning of TABOR. Further, the revenue and spending limits of TABOR are not expected to affect the ability of the State to collect and spend the Pledged Revenues for the payment of the principal of and interest on the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes.

State Funds

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

Budget Process and Other Considerations

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

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

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor's vetoes are subject to override by a two-thirds majority of each house of the General Assembly. The Long Bill for Fiscal Year 2018-19 was approved and signed by the Governor in April of 2018.

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

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

State of Colorado
Unappropriated Reserve Requirement

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

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required to be diverted to a reserve fund to fund severance tax refunds resulting from the ruling of the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue*. See "General Fund Overview" table in "APPENDIX A—THE STATE GENERAL FUND—General Fund Overview," and the section of the OSPB DECEMBER 2018 Revenue Forecast captioned "CASH FUND REVENUE FORECAST—Severance Tax Revenue."
[2] Per SB 15-251, in Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. See "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS—The State, State Departments and Agencies."
[3] Per SB-18-276 the Unappropriated Reserve requirement was increased to 7.25% starting with Fiscal Year 2018-19. The legislation also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirements.
Source: State Treasurer's Office.

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

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

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

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

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

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

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

Fiscal Controls and Financial Reporting

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

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

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

Basis of Accounting

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

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

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

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

Investment and Deposit of State Funds

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

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

See also Notes 3 and 4 to the State's Fiscal Year 2016-17 CAFR appended to this Official Statement and "APPENDIX A—THE STATE GENERAL FUND—Investment of the State Pool."

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

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2018-19 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2018B Notes from the Closing Date to the Series 2018B Notes Maturity Date. See "The State General Fund" below and "APPENDIX A—THE STATE GENERAL FUND."

The Authorizing Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2019, in repayment of their Program Loans. However, if on June 26, 2019, the amount credited to the Principal Subaccount of the Series 2018-19 Notes Repayment Account is less than the principal amount of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, the Authorizing Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The Authorizing Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes Repayment Account*."

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State Series 2018 General Fund Notes. See "INVESTMENT

CONSIDERATIONS—Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX A—THE STATE GENERAL FUND."

Certain State Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account on June 25, 2019, is required to be funded by the State Treasurer first from all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. However, such covenant does not constitute a pledge of or lien on any such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. Further, the State Treasurer has both a statutory and a fiduciary obligation to use prudence and care in investing State funds. See "STATE FINANCIAL INFORMATION—Investment and Deposit of State Funds."

If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2018-19 Notes Repayment Account in order to fund a deficiency therein, the Authorizing Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2018B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2019. See also "INVESTMENT CONSIDERATIONS— Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION—Investment and Deposit of State Funds" and "APPENDIX A—THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two State funds in this category with the largest current balances that are eligible for investment, and thus the State funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the Series 2018-19 Notes Repayment Account in the event of a deficiency therein, are the State Education Fund and the State Highway Fund. Prospective investors are cautioned, however, that these State funds are neither required to be utilized by the State Treasurer, nor pledged for such purpose. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer for such State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. Accordingly, no representation or warranty is made herein that the State Treasurer will in fact utilize amounts available in these State funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account. See also "STATE FINANCIAL INFORMATION—Investment and Deposit of State Funds."

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

The following information has been provided by the State Treasurer's office to show the actual cash and short term investment balances in the State Education Fund at June 30 of Fiscal Years 2011-12 through 2017-18.

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

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

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

[2] Estimated

Source: State Treasurer's Office

The State Highway Fund. The State Highway Fund is established by Section 43-1-219, C.R.S. All receipts from the following sources are to be credited to the State Highway Fund: (i) such appropriations as may, from time to time, be made by law to the State Highway Fund from excise tax revenues; (ii) all revenues accruing to the State Highway Fund by law, by way of excise taxation from the imposition of any license, registration fee or other charge with respect to the operation of any motor vehicle upon any public highways in the State, and the proceeds from the imposition of any excise tax on gasoline or other liquid motor fuel; and (iii) certain receipts from the Limited Gaming Fund. Moneys in the State Highway Fund are to be expended for, among other things, the construction, reconstruction, repair, improvement, planning, supervision and maintenance of the State highway system and other public highways, including any county and municipal roads and highways, together with the acquisition of rights-of-way and access rights for the same; provided, however, that receipts from the Limited Gaming Fund are to be used solely for public roads and highways leading to and within a 50-mile radius of any limited gaming community (currently Black Hawk, Central City, Cripple Creek and any Indian lands where limited gaming is authorized). Moneys in the State Highway Fund may not be transferred to the General Fund, and consequently the State Highway Fund is not a Borrowable Resource.

The following information has been provided by the State Treasurer's office to show the actual cash balances in the State Highway Fund at June 30 of Fiscal Years 2012-13 through 2017-18.

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

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

[1] Estimated
Source: State Treasurer's Office

Borrowable Resources

Borrowable Resources consist of over 600 State funds and accounts other than the General Fund. By constitutional or statutory provision and judicial decision, certain State funds, such as the Public School Permanent Fund, the State Education Fund, the Highway Users Tax Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources. Borrowable Resources are considered to be moneys in the State pool, and as such are invested as described in "STATE FINANCIAL INFORMATION—Investment and Deposit of State Funds" and "APPENDIX A—THE STATE GENERAL FUND—Investment of the State Pool."

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account will depend upon the availability of funds in the State Treasury that are eligible for investment in the District Notes, and is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State Series 2018 General Fund Notes. The availability of Borrowable Resources may also be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual and estimated Borrowable Resources for Fiscal Years 2017-18 and 2018-19. The estimates in the tables are based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the tables and the amounts ultimately realized, and such differences may be material. See also the preliminary notices in this Official Statement regarding forward-looking statements. See also "STATE FINANCIAL INFORMATION—Fiscal Controls and Financial Reporting."

State of Colorado
Actual Borrowable Resources
Fiscal Year 2017-18[1, 2, 3]

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

	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
State & Local Severance Tax Funds	$ 119.5	$ 119.0	$ 112.0	$ 116.2	$ 108.5	$ 115.4	$ 117.3	$ 119.5	$ 124.0	$ 131.0	$ 135.7	$ 134.6
Mineral Impact Fund	97.1	107.2	66.2	80.1	91.0	77.6	86.4	96.5	88.2	102.2	114.0	87.7
College Scholarship Fund	37.5	40.2	14.5	14.5	36.5	144.2	142.1	95.7	36.1	38.8	38.0	26.3
Hospital Provider Fee	72.0	21.3	22.7	30.5	37.5	44.2	55.6	68.9	67.8	77.7	87.1	23.0
School Capital Construction Assistance	268.1	308.5	300.6	295.8	309.5	318.8	327.4	372.9	346.9	348.9	373.9	378.4
Colo Student Obligation Bond Authority- Admin	43.8	44.5	55.0	53.5	51.2	42.2	44.9	43.9	44.1	43.8	44.3	56.7
Aviation Fund	18.4	18.8	19.1	18.3	19.3	19.1	18.6	19.6	20.4	19.6	19.4	19.8
Water Conservation Construction Fund	181.8	185.6	213.5	210.2	205.6	216.8	211.5	204.3	213.5	228.1	233.7	240.9
Capital Construction Fund	115.9	122.2	120.0	113.6	105.5	100.0	86.9	69.4	60.7	74.1	47.0	47.7
Lottery Fund	46.4	51.2	34.9	44.0	51.7	42.0	49.6	53.0	35.3	44.7	54.4	37.7
Limited Gaming Fund	2.8	0.2	0.3	0.5	0.7	1.0	1.2	1.5	1.7	2.0	2.3	2.7
Hazardous Substance Fund	14.9	14.8	15.2	15.2	15.1	14.8	15.1	14.9	14.8	15.0	15.1	15.6
Worker's Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Public School Fund	17.0	9.0	20.9	11.5	2.4	11.9	3.9	0.4	14.5	7.2	4.6	1.5
Higher Education Funds[4]	1,347.6	1,658.4	1,828.9	1,771.2	1,700.6	1,625.5	1,807.0	1,877.7	1,877.8	1,800.2	1,684.8	1,780.3
Tobacco Tax Funds	2.5	2.7	2.3	2.6	2.8	2.5	2.8	2.9	2.5	2.7	2.8	0.2
Other Borrowable Resources	2,197.6	2,185.2	2,479.5	2,126.5	2,340.5	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,405.8
Total Borrowable Resources	4,582.8	4,888.8	5,305.7	4,904.2	5,078.4	5,135.1	5,227.4	5,307.0	5,177.6	5,069.8	5,215.8	4,258.9
Total General Fund	314.6	178.9	(284.4)	63.6	254.1	(752.1)	86.1	138.4	(623.6)	376.9	796.3	1,273.8
Less: Notes issued and outstanding	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	
NET BORROWABLE RESOURCES	**$4,297.5**	**$4,467.8**	**$4,421.3**	**$4,367.8**	**$4,732.5**	**$3,783.0**	**$4,713.5**	**$4,845.4**	**$3,954.0**	**$4,846.7**	**$5,412.2**	**$5,532.7**

[1] This table shows monthly balances for 16 individual funds plus over 600 other funds and accounts of the State constituting Borrowable Resources. Such funds do not represent State funds with the largest fund balances and are included in this table to be consistent with the Borrowable Resources disclosures provided by the State in the last several years.
[2] The information in this table is presented on a cash basis, and is not directly comparable to similar information included in the State's CAFRs, which is presented on the modified accrual and accrual basis.
[3] Amounts in this table shown as estimates have been made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such estimates will be realized. See also the preliminary notices in this Official Statement regarding forward-looking statements.
[4] The amounts shown for Higher Education primarily represent cash balances in institutions of higher education other than certain institutions that have statutory authority to operate their own Treasury.
Source: State Treasurer's Office

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2018-19 [1, 2, 3]

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

	Actual	Estimated										
	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019
Aviation Fund	$ 18.1	$ 18.4	$ 18.8	$ 18.0	$ 19.0	$ 18.8	$ 18.3	$ 19.3	$ 20.1	$ 19.3	$ 19.1	$ 19.5
Capital Construction Fund	122.1	128.7	126.4	119.7	111.1	105.4	91.6	73.2	63.9	78.1	49.5	50.3
College Scholarship Fund	28.2	30.2	10.9	10.9	27.4	108.4	106.7	71.9	27.1	29.2	28.6	19.7
Colorado Student Obligation Bond Authority—Administration	42.9	43.7	54.0	52.5	50.2	41.4	44.1	43.1	43.3	42.9	43.5	55.7
Hazardous Substance Fund	14.8	14.7	15.1	15.1	15.0	14.7	15.0	14.8	14.7	14.9	15.0	15.5
Higher Education Funds [4]	1,229.4	1,513.0	1,668.6	1,615.9	1,551.5	1,483.0	1,648.6	1,713.0	1,713.2	1,642.4	1,537.1	1,624.2
Hospital Provider Fee	72.0	21.3	22.7	30.5	37.5	44.2	55.6	68.9	67.8	77.7	87.1	23.0
Limited Gaming Fund	4.2	0.3	0.4	0.7	1.1	1.4	1.8	2.2	2.6	3.1	3.5	4.0
Lottery Fund	51.2	56.6	38.6	48.6	57.1	46.4	54.8	58.6	39.0	49.4	60.1	41.7
Mineral Impact Fund	96.8	106.9	66.0	79.8	90.7	77.3	86.1	96.2	87.9	101.8	113.6	87.4
School Capital Construction Assistance	293.4	337.6	329.0	323.8	338.8	348.9	358.3	408.1	379.6	381.9	409.2	414.1
State and Local Severance Tax Funds	134.1	133.5	125.6	130.3	121.7	129.4	131.6	134.1	139.0	146.9	152.2	151.0
State Public School Fund	59.0	31.4	72.5	39.9	8.3	41.3	13.4	1.5	50.4	24.9	15.9	5.1
Tobacco Tax Funds	24.7	26.6	22.5	25.9	27.2	24.2	27.0	28.0	24.3	26.6	27.5	1.7
Water Conservation Construction Fund	178.7	182.5	209.9	206.6	202.1	213.2	207.9	200.8	209.9	224.3	229.8	236.8
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	2,103.1	2,091.3	2,372.9	2,035.0	2,239.9	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,405.8
Total Borrowable Resources	**4,472.9**	**4,736.7**	**5,153.9**	**4,753.4**	**4,898.7**	**5,057.1**	**5,118.0**	**5,199.5**	**5,112.2**	**4,997.0**	**5,150.2**	**4,155.6**
Total General Fund	561.6	401.2	(92.3)	291.5	475.8	(662.3)	146.6	145.6	(738.0)	211.5	590.9	1,068.5
Less: Notes Issued and Outstanding	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	
Net Borrowable Resources	**$4,434.5**	**$4,537.9**	**$4,461.7**	**$4,444.9**	**$4,774.5**	**$3,794.8**	**$4,664.6**	**$4,745.1**	**$3,774.2**	**$4,608.5**	**$5,141.2**	**$5,224.1**

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

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

[3] Amounts in this table are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such estimates will be realized. See also the preliminary notices in this Official Statement regarding forward-looking statements.

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

Source: State Treasurer's Office

The State General Fund

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

It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account would be funded from Current General Fund Revenues eligible for investment in the District Notes only after all other sources of funding therefor have been utilized. In addition, the right of the State Treasurer to use Current General Fund Revenues for this purpose is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State Series 2018 General Fund Notes. See "APPENDIX A—THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. The State currently has, and upon issuance of the Series 2018B Notes will have, no outstanding general obligation debt.

The State is authorized to and has entered into lease-purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease-purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Notes 11 and 12 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2018, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2017-18 and thereafter. See also Note 21 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2018, but before publication of the Fiscal Year 2017-18 CAFR.

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

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

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 11, 12 and 21 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2018, and of those issued after June 30, 2018, but before publication of the Fiscal Year 2017-18 CAFR. The revenue bonds and certificates of participation listed in such Notes have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings directly with banks or other financial institutions. The State has contingent moral obligations to intercept revenue and make certain debt payments on notes and bonds issued by State school districts in the event they fail to make a required payment to the holders of such notes and bonds. See Notes 19 and 21 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement.

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

State Tax and Revenue Anticipation Notes

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

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

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

State Authorities

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

Pension and Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX E—STATE PENSION SYSTEM," the "**State Division Plan**"). State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "**State Division DC Plan**"), although the majority of State employees participate in the State Division Plan. State employees may also elect to participate in a limited healthcare plan. Each plan is administered by the Public Employees' Retirement Association ("**PERA**"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits, other than the direct distribution of $225 million pursuant to C.R.S. § 24-51-414. The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

For a general description of the State Division Plan and PERA, see "APPENDIX E— STATE PENSION SYSTEM." For a detailed discussion of the State Division Plan, the State Division DC Plan, the limited healthcare plan and PERA, see Note 6, 7 and 8 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2017 (the "**PERA 2017 CAFR**"). The information in the State's Fiscal Year 2017-18 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2017, while the information in this Official Statement is derived from the PERA 2017 CAFR.

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

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

State's annual direct distribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly.

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

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

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

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

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

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

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

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

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

Effect of Pension Liability on the Series 2018B Notes. The Series 2018B Notes are short-term obligations maturing on June 27, 2019, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2019, as repayment of their Program Loans and a portion of the proceeds of the Series 2018B Notes deposited to the Series 2018-19 Notes Repayment Account as discussed in "THE SERIES 2018B NOTES—Security and Sources of Payment." Therefore, the State's current pension liability is not expected to adversely affect the State's ability to pay the Series 2018B Notes. See also the discussion of the State's pension liability in Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS—Pension Plan Contributions."

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2018B Notes

There is no litigation pending, or to the knowledge of the State threatened, either seeking to restrain or enjoin the issuance or delivery of the Series 2018B Notes or questioning or affecting the validity of the Series 2018B Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to adopt the Authorizing Resolution and to secure the Series 2018B Notes in the manner provided in the Authorizing Resolution and the Loan Program Statutes.

Governmental Immunity

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

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

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 1F, 9, and 19 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 19 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. The lawsuit described in Note 19 filed by the TABOR Foundation was amended on June 30, 2018 to challenge the State constitutionality of SB 17-267 described herein. The State believes that it has a reasonable possibility of favorable outcomes for the actions discussed in Note 19, but the ultimate outcome cannot presently be determined. As of the date hereof, there can be no prediction of the financial impact of the State following an unfavorable decision. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in such Note.

RATINGS

Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") have assigned to the Series 2018B Notes the ratings set forth on the cover page of this Official Statement. No other ratings have been applied for.

A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2018B Notes, the State and its financial condition and operations, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2018B Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2018B Notes

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "**SEC**") under the Securities Exchange Act of 1934, as amended, which exemption applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2018B Notes, the State Treasurer will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement. However, the State Treasurer will undertake in the Authorizing Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2018B Notes, that during such time as any of the Series 2018B Notes are outstanding, the State Treasurer will provide to the Municipal Securities Rulemaking Board (the "**MSRB**"), via its Electronic Municipal Market Access ("**EMMA**") system, in a timely manner, not in excess of ten Business Days after the occurrence of the event, notice of the occurrence of any of the events enumerated in Subsection (b)(5)(i)(C) of Rule 15c2-12 with respect to the Series 2018B Notes, including: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults, if material; (iii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2018B Notes; (iv) modifications to rights of owners of the Series 2018B Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2018B Notes: (a) unscheduled draws on debt service reserves reflecting financial difficulties; (b) unscheduled draws on credit enhancements reflecting financial difficulties; (c) substitution of credit or liquidity providers, or their failure to perform; (d) Series 2018B Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2018B Notes, if material; (f) bankruptcy, insolvency, receivership or similar event of the State; (g) the consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (h) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2018B Notes, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations pursuant to the undertaking does not constitute an Event of Default under the Authorizing Resolution, and none of the rights and remedies provided in the Authorizing Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2018B Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

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

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

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

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

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

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

MCDC Settlement Order with the Securities and Exchange Commission

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

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

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

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

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

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

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2018B Notes, as well as the treatment of interest on the Series 2018B Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Ballard Spahr LLP, Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2018B Notes.

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2018B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2018B Notes. Failure to comply with such covenants could cause interest on the Series 2018B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018B Notes. The State has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2018B Notes.

Bond Counsel is further of the opinion that interest on the Series 2018B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws.

The accrual or receipt of interest on the Series 2018B Notes may otherwise affect the federal income tax liability of the owners of the Series 2018B Notes. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2018B Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2018B Notes.

The amount treated as interest on the Series 2018B Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service (the "**Service**") Notice 94-84, 1994-2 C.B. 559. Notice 94-84 states that the Service is studying whether the amount of the payment at maturity on debt obligations such as the Series 2018B Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the Series 2018B Notes and the aggregate amount to be paid at maturity of the Series 2018B Notes (the "**original issue discount**"). For this purpose, the issue price of the Series 2018B Notes is the first price at which a substantial amount of the Series 2018B Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the Service provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Series 2018B Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2018B Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2018B Notes as the amount excluded from gross income for federal income tax purposes. An amount equal to the excess of the issue price of a Series 2018B Note over its stated redemption price at maturity constitutes original issue premium on such Series 2018B Note. An initial purchaser of a Series 2018B Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2018B Note with original issue premium should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning Series 2018B Notes with original issue premium.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2018B Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2018B Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2018B Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2018B Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2018B Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2018B Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2018B Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

UNDERWRITING

The Series 2018B Notes will be purchased from the State by Wells Fargo Bank, National Association, Merrill Lynch, Pierce, Fenner and Smith Incorporated, Morgan Stanley & Co. LLC., J.P. Morgan Securities, LLC and Barclays Capital Inc. (collectively, the "**Underwriters**"), pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $327,642,550.00, being the principal amount of the Series 2018B Notes plus an aggregate original issue premium of $2,656,150.00 and less an aggregate underwriting discount of $13,600.00.

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

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2018B Notes, and in such capacity has assisted in the preparation of this Official Statement and other matters relating to the planning, structuring, rating and execution and delivery of the Series 2018B Notes. However, the Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series 2018B Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2018B Notes is contingent upon the issuance and delivery of the Series 2018B Notes.

MISCELLANEOUS

The cover page, inside cover, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2018B Notes, copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

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OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement have been authorized by the State Treasurer. This Official Statement is hereby approved by the State Treasurer as of the date set forth on the cover page hereof.

By: /s/ David L. Young
State Treasurer

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APPENDIX A

THE STATE GENERAL FUND

The Authorizing Resolution requires that if on June 26, 2019, the amount credited to the Principal Subaccount of the Series 2018-19 Notes Repayment Account is less than the principal amount of the Series 2018A Notes, the Series 2018B Notes and any Parity Lien Notes, the State Treasurer is to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The ability of the State Treasurer to use Current General Fund Revenues that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2018-19 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2018-19, including, without limitation, the State Series 2018 General Fund Notes. See "THE SERIES 2018B NOTES—Security and Sources of Payment—*The Series 2018-19 Notes Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

This Appendix contains a discussion of the General Fund, including the estimated cash flows for the General Fund for Fiscal Year 2018-19. See also "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST."

The General Fund

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

General Fund Revenue Sources

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

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

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

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

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

[3] All individual and corporate income tax revenues are deposited to the General Fund and then a portion of the amount is diverted by law to the State Education Fund. See Note 12 to the table in "General Fund Overview" hereafter.

Source: Office of State Planning and Budgeting

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Years 2012-13 through 2017-18, as well as the forecasts for Fiscal Years 2018-19 and 2019-20 from the OSPB DECEMBER 2018 Revenue Forecast. The overview incorporates the budget under the Governor's November budget request as of the publication of the OSPB DECEMBER 2018 Revenue Forecast for Fiscal Years 2018-19 and 2019-20. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION—Budget Process and Other Considerations." See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B—OSPB DECEMBER 2018 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

STATE OF COLORADO
GENERAL FUND OVERVIEW
FISCAL YEARS 2012-13 THROUGH 2018-19

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

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

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

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

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

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

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

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

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

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

[Notes continued on next page]

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

Revenue Estimation; OSPB Revenue and Economic Forecasts

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

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

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

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

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

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

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

The next OSPB revenue forecast will be released in March of 2019. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB DECEMBER 2018 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2018-19 and subsequent forecasted years, which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "INVESTMENT CONSIDERATIONS—Budgets and Revenue Forecasts."

Investment of the State Pool

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

Fiscal Years 2016-17 and 2017-18 Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State Pool as of the end of each month in Fiscal Years 2016-17 and 2017-18 for which information is available.

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

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

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

STATE OF COLORADO
STATE POOL PORTFOLIO MIX
FISCAL YEAR 2018-19
(AMOUNTS EXPRESSED IN MILLIONS) [1]

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

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

General Fund Cash Flow

General Fund cash flow deficits are attributable to several categories of loans and expenditures by the State throughout each Fiscal Year, including public school distributions, medical assistance and grants and contract purchased services. The State Treasurer has certain administrative powers to remedy negative cash balances, including the ability to issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and to use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "THE SERIES 2018B NOTES— Authorization" and "STATE FINANCIAL INFORMATION—The State Treasurer."

The following tables present on a cash basis the actual and estimated cash flows of the General Fund for Fiscal Years 2017-18 and 2018-19 by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on the modified accrual basis of accounting, with accounting adjustments made by the State Treasurer to arrive at a cash basis presentation, and should be read in conjunction with the information set forth above in this Appendix. See also "STATE FINANCIAL INFORMATION—Fiscal Controls and Financial Reporting."

Monthly cash flow projections for Fiscal Years 2017-18 and 2018-19 are based upon (i) the General Fund appropriations for Fiscal Years 2017-18 and 2018-19 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB DECEMBER 2018 Revenue Forecast discussed in "Revenue Estimation; OSPB Revenue and Economic Forecasts" above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of estimated cash flows. Additionally, the timing of transactions from month to month may vary from the forecasts. Therefore, there are likely to be differences between the forecasted and actual results, and such differences may be material. See the preliminary notices in this Official Statement regarding forward-looking statements.

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

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

[1] General Fund revenues in this table are derived from the OSPB DECEMBER 2018 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notices in this Official Statement regarding forward-looking statements.
[2] DECEMBER 2018 OSPB estimate.
[3] Includes beginning cash balance in July
Source: State Treasurer's Office

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

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

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

[1] General Fund revenues in this table are derived from the OSPB DECEMBER 2018 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notices in this Official Statement regarding forward-looking statements.
[2] DECEMBER 2018 OSPB estimate.
[3] Includes beginning cash balance in July
Source: State Treasurer's Office

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APPENDIX B

OSPB DECEMBER 2018 REVENUE FORECAST

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COLORADO
Office of State Planning
& Budgeting

December | 2018

The Colorado Outlook

Economic and Fiscal Review

Table of Contents

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Governor

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Summary

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

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

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

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

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

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

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

The Economy: Issues, Trends, and Forecast

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

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

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

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

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

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

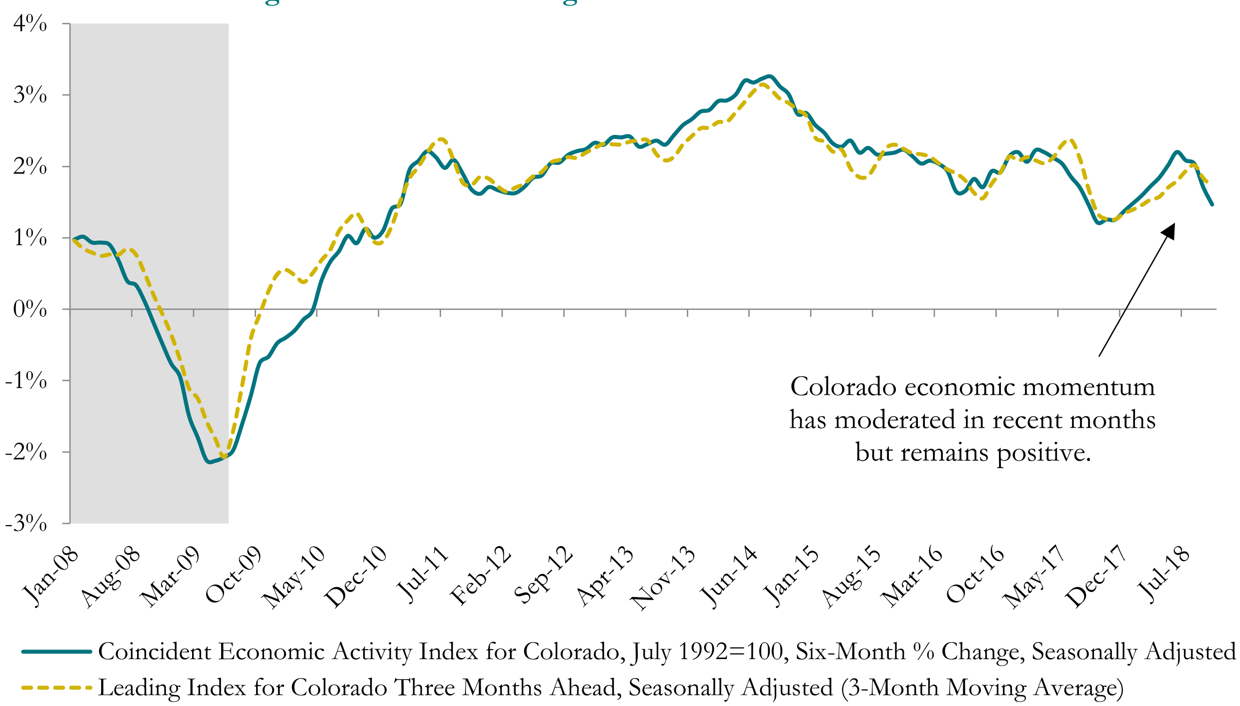
Colorado Economic Conditions

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

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

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

Figure 1. Colorado Leading and Coincident Economic Indices



Source: Federal Reserve Bank of Philadelphia

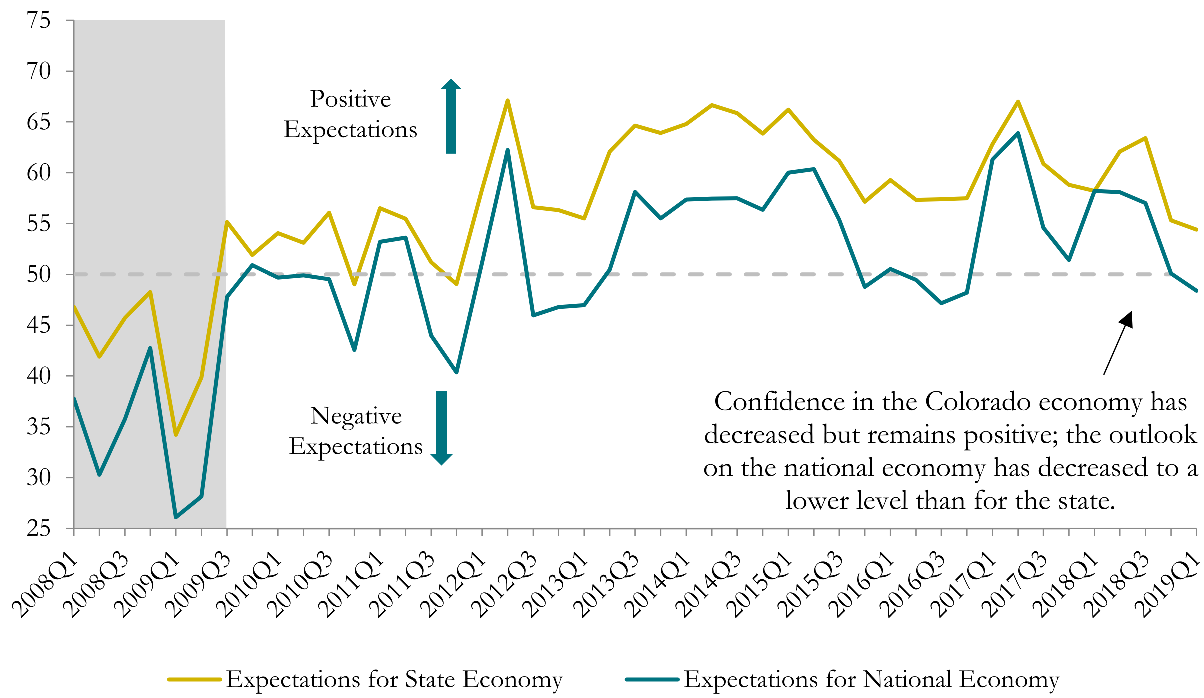
Businesses' expectations for the state economy remain positive, but businesses express less confidence in the national economy – The Leeds Business Confidence Index, published by the University of Colorado at Boulder's Leeds School of Business, measures business expectations for the two upcoming quarters.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

Businesses' expectations for the Colorado economy are cautiously optimistic.

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

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

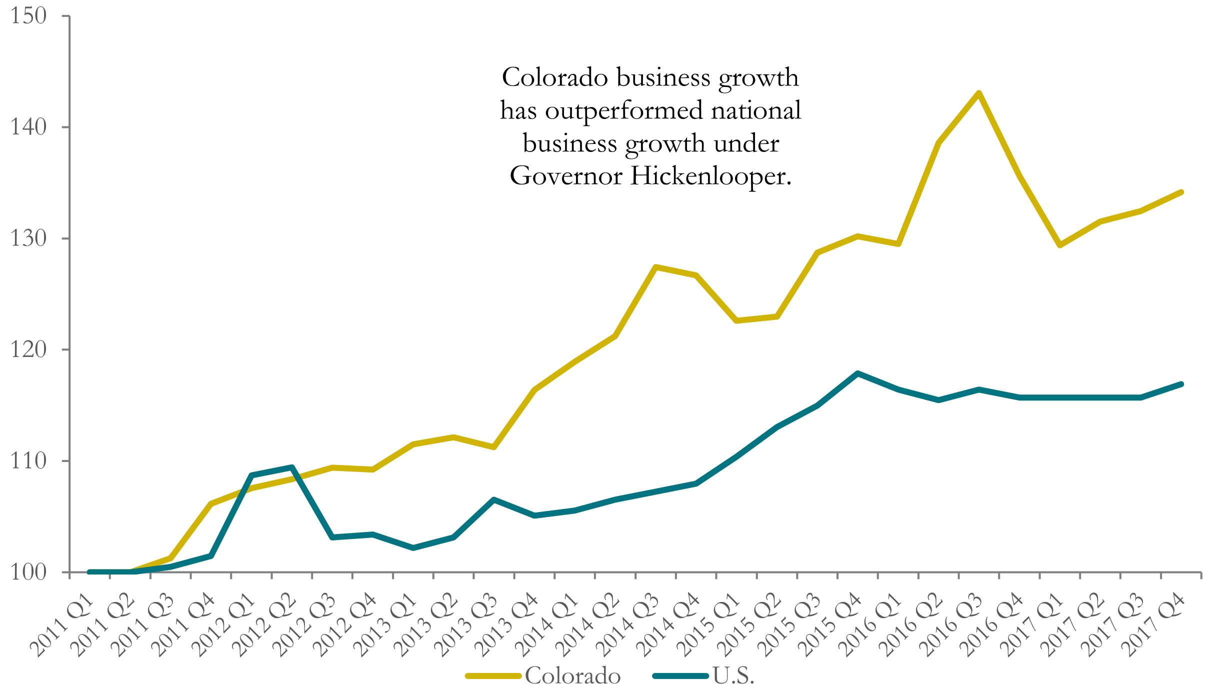
Figure 2. CU Leeds Business Confidence Index*



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

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

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



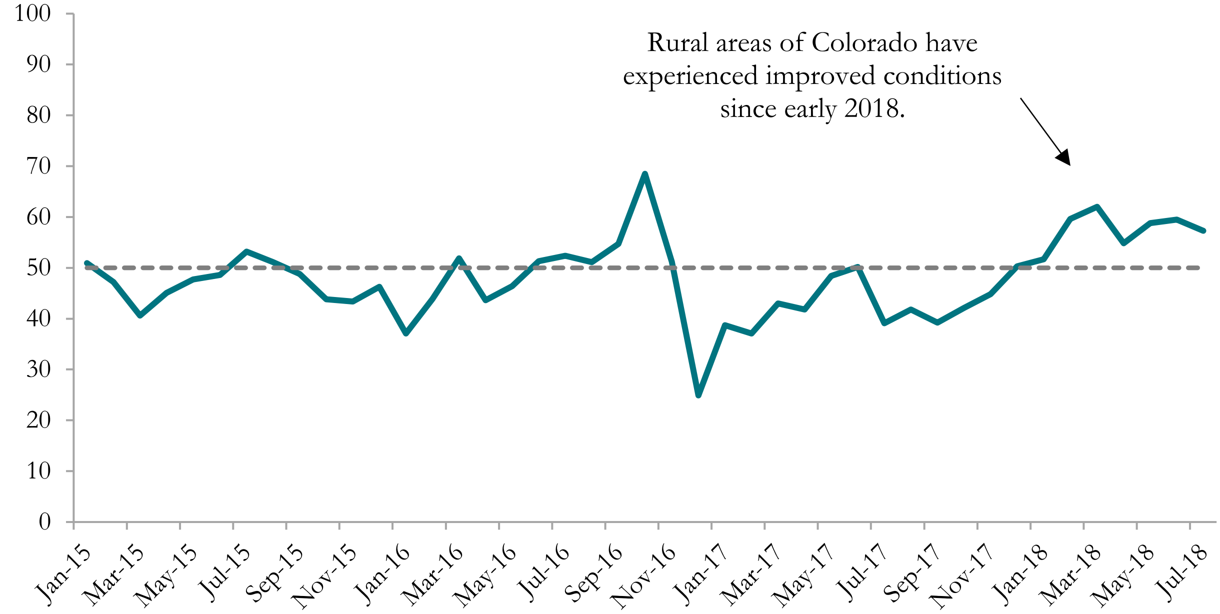
Seasonally Adjusted, Two-Quarter Moving Average
Index 100=2011 Q2
Source: U.S. Bureau of Labor Statistics

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

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

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

Figure 4. Colorado's Rural Mainstreet Index



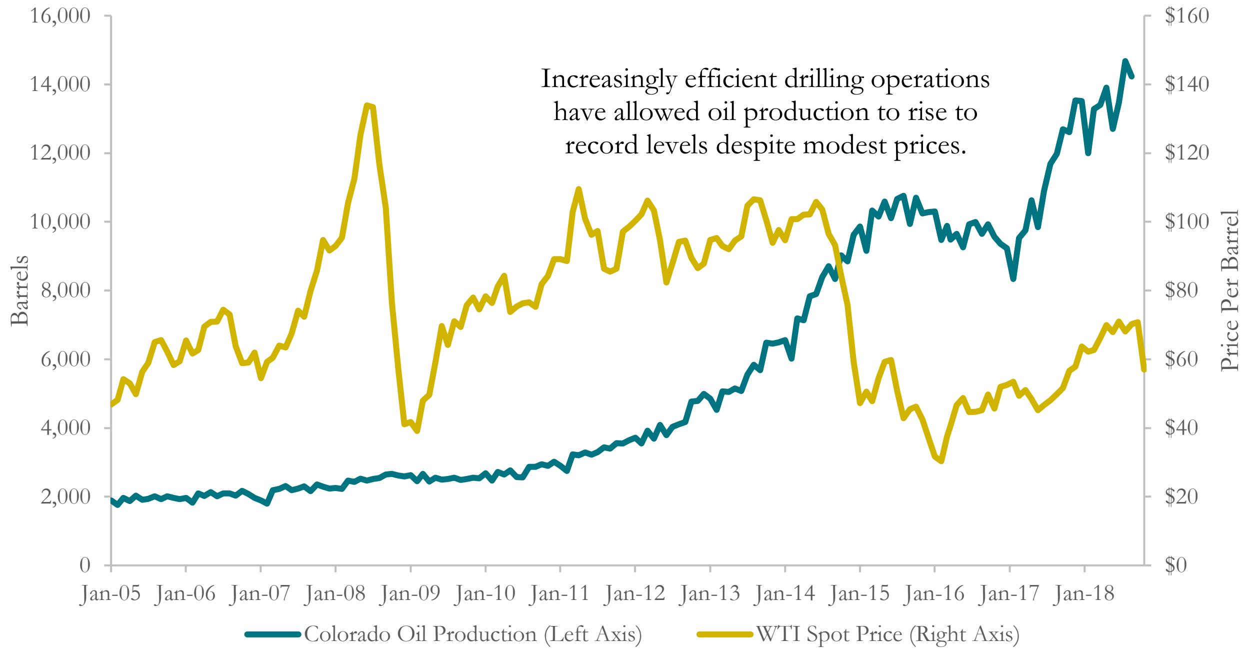
Source: Creighton University

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

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

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

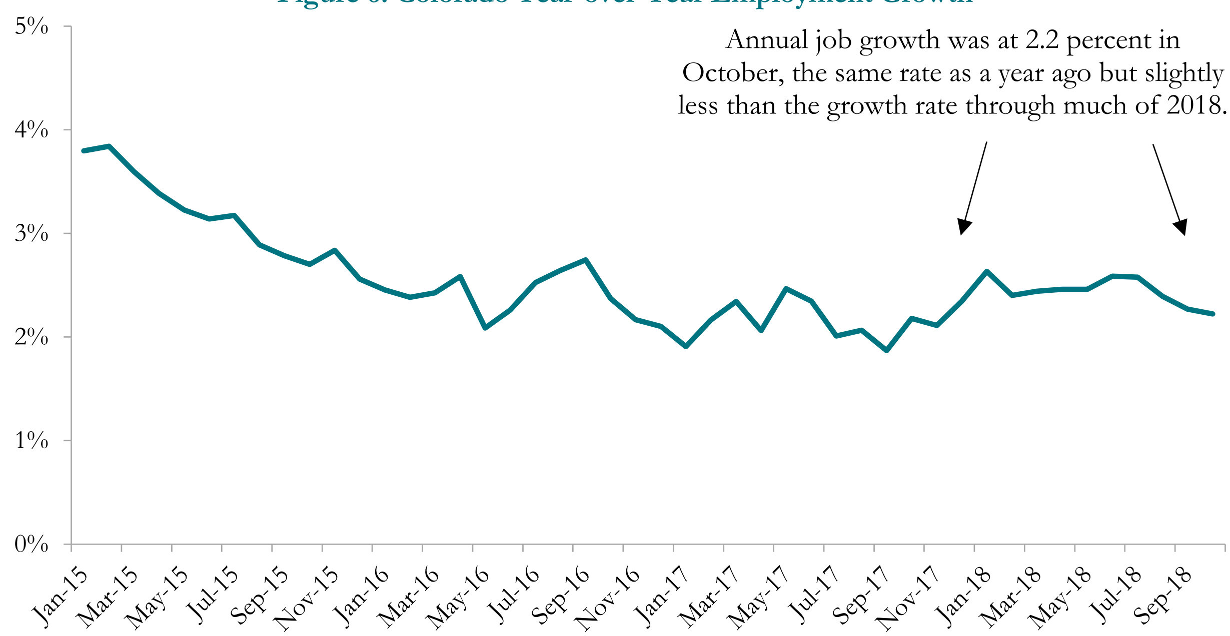
Figure 5. Colorado Oil Production and Prices



Source: U.S. Energy Information Administration

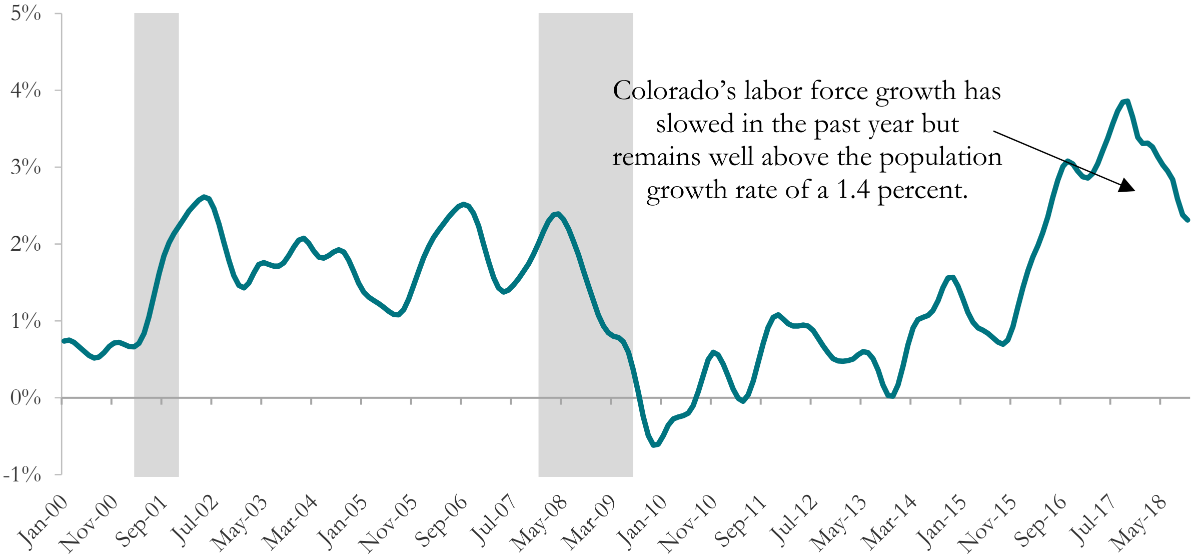
Higher Colorado labor force participation rates have supported continued job growth despite a tighter labor market – Colorado's year-over-year job growth was 2.2 percent in October, the same rate as a year ago, as seen in Figure 6. Employment has continued to increase as more workers enter the labor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

Figure 6. Colorado Year-over-Year Employment Growth



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

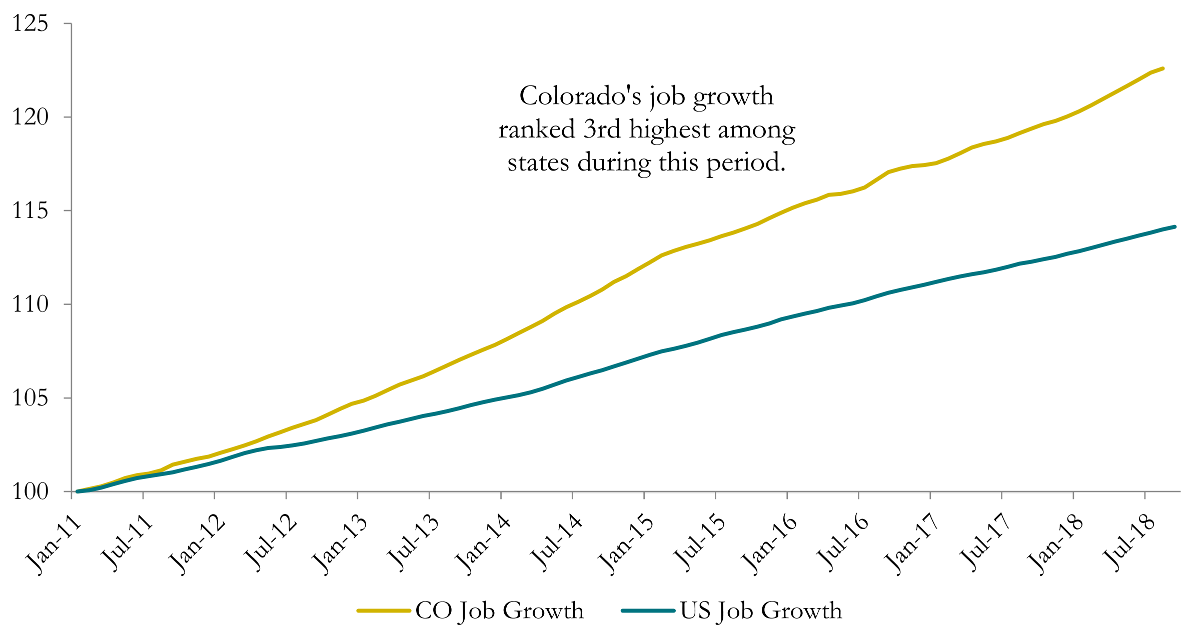
Figure 7. Colorado Year-over-Year Labor Force Growth



Source: U.S. Bureau of Labor Statistics

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

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



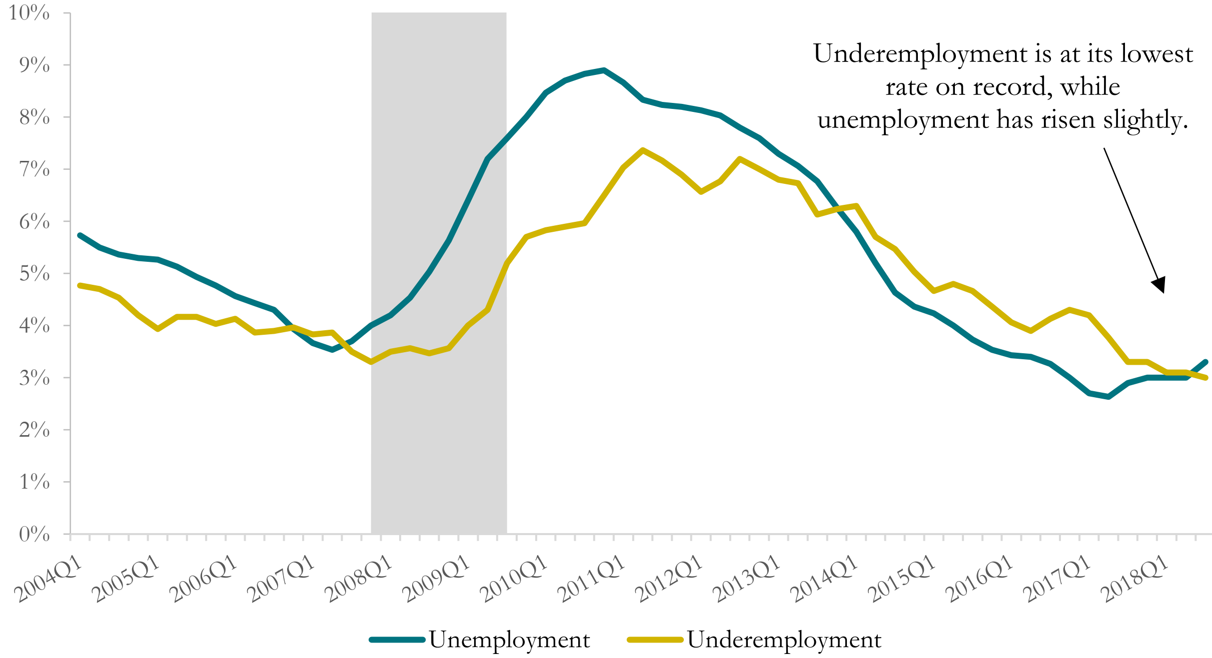
The graph compares the change in the number of jobs nationally and in Colorado since January 2011 using a three month moving average.
Index: January 2011=100
Source: U.S. Bureau of Labor Statistics

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

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

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

Figure 9. Colorado Unemployment and Underemployment



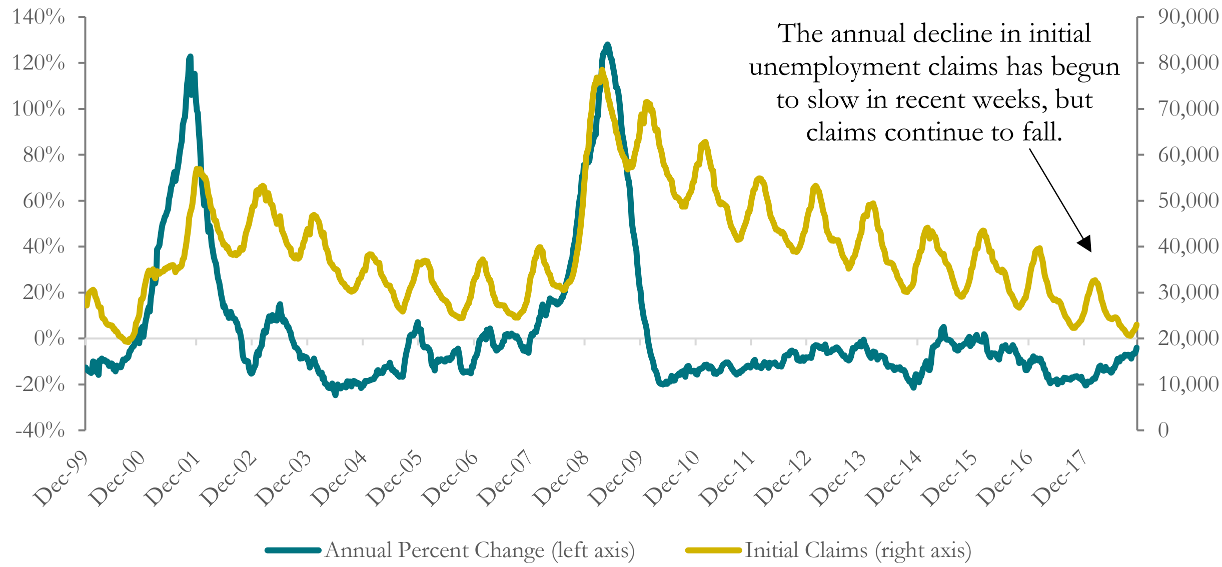
Source: U.S. Bureau of Labor Statistics

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

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

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

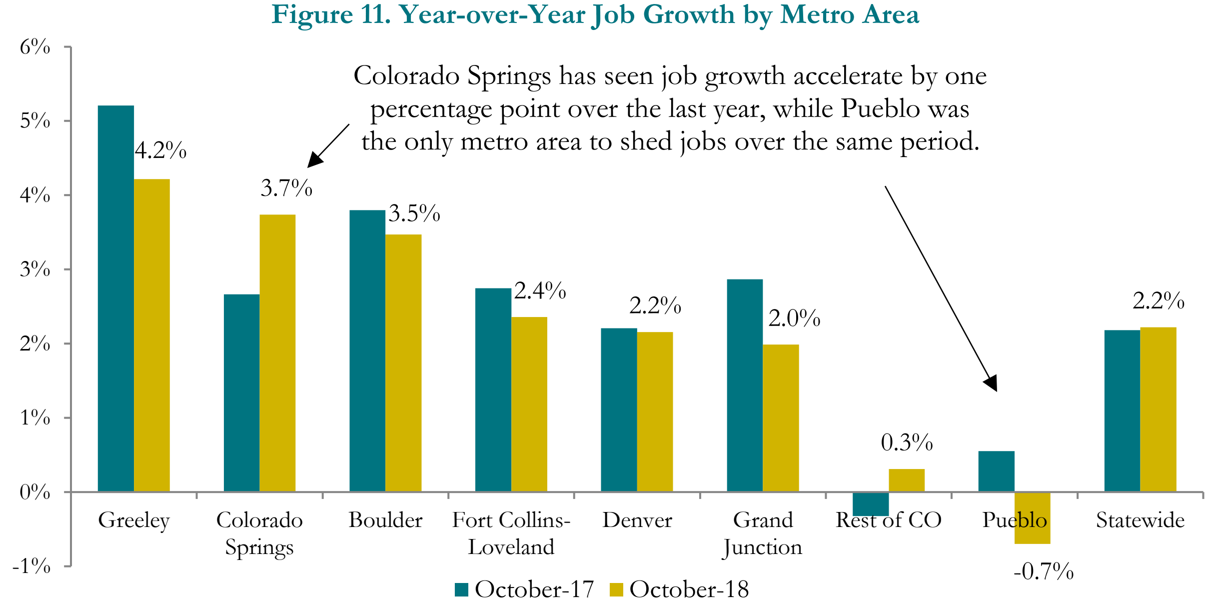
Figure 10. Colorado Initial Unemployment Claims, 13-Week Moving Average



Source: Colorado Department of Labor and Employment

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

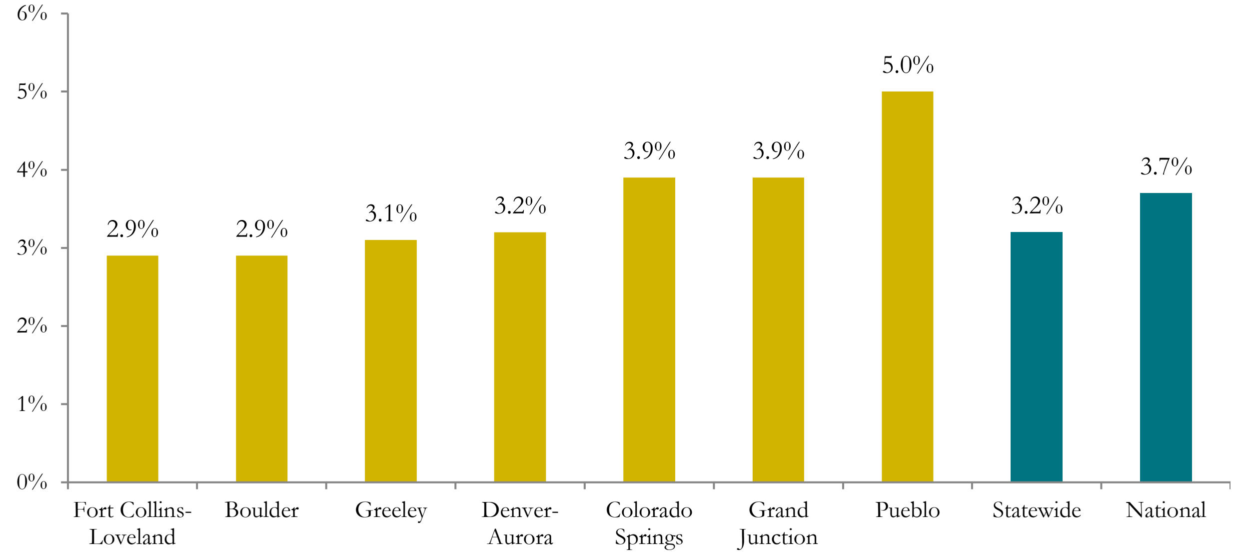
Figure 11. Year-over-Year Job Growth by Metro Area



Source: Colorado Department of Labor and Employment modified estimates

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

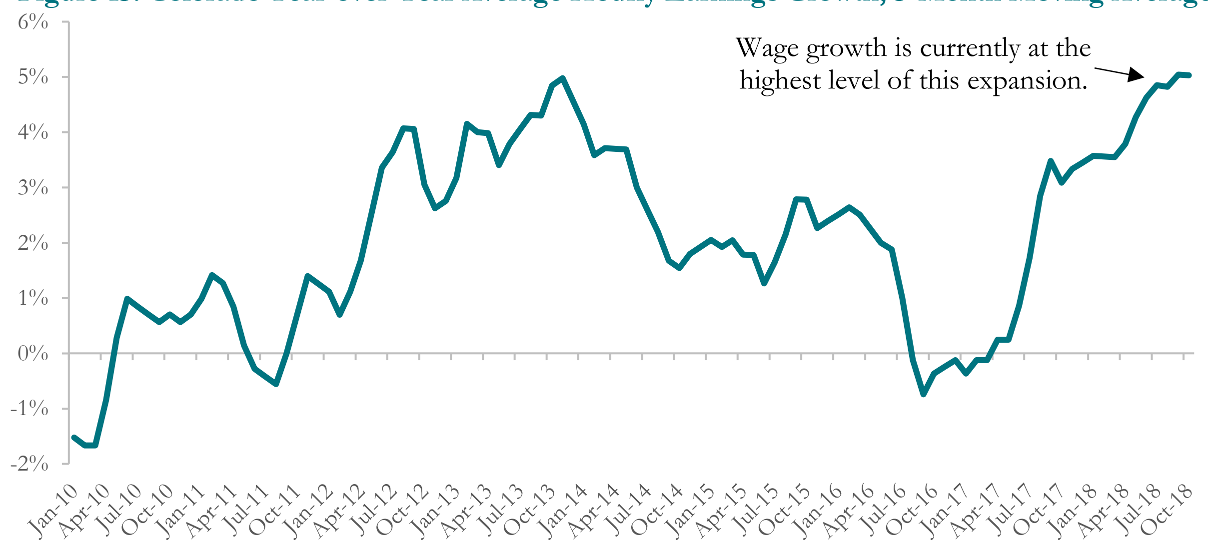
Figure 12. Unemployment Rates by Metro Area, October 2018



Source: U.S. Bureau of Labor Statistics

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

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



Source: U.S. Bureau of Labor Statistics

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

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

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

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

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

U.S. Economic Conditions

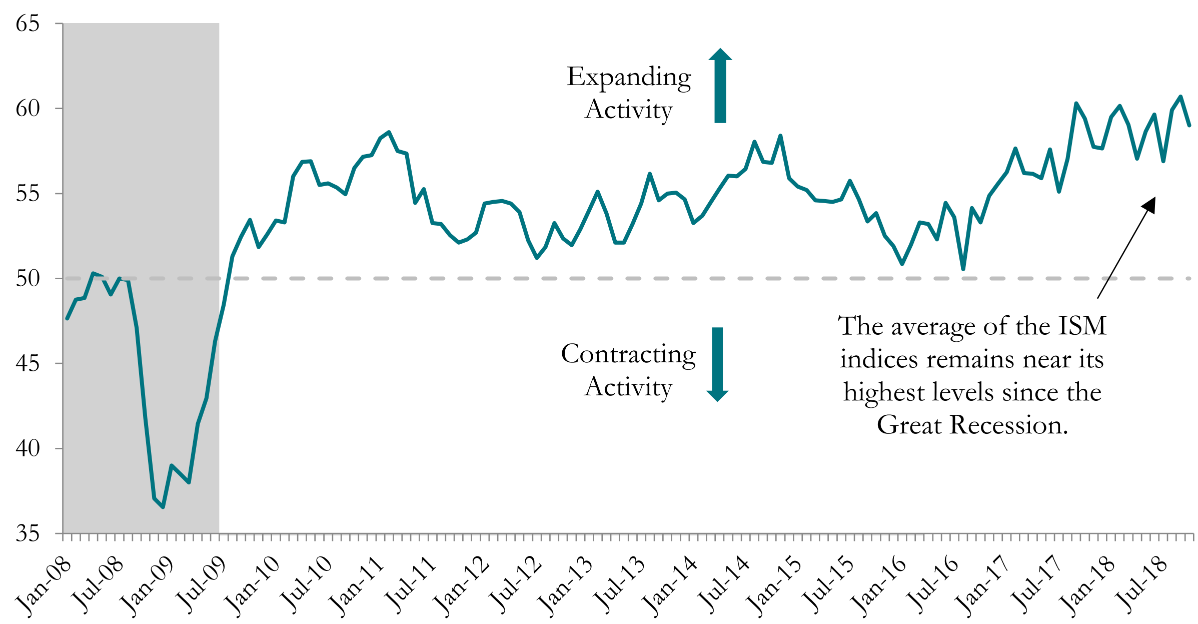
U.S. economic momentum remains strong, despite recent pessimism in financial markets – The average of the Manufacturing Composite Index and the Non-Manufacturing Composite Index, both published by the Institute for Supply Management (ISM), remained at the highest levels of the current expansion in October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

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

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

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

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



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

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

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

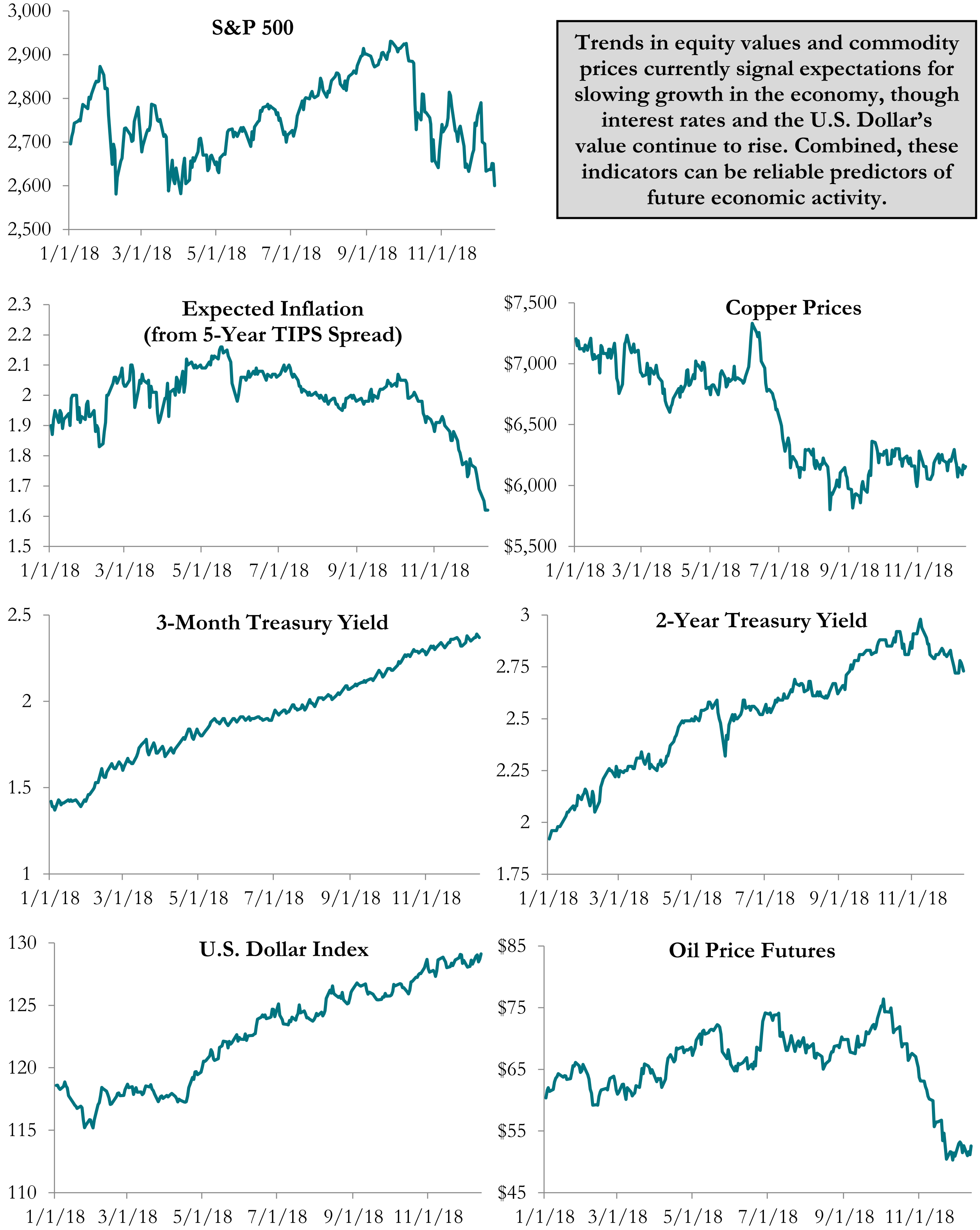
The combination of lower equity values and lower commodity prices, along with declining interest rates, suggests slower economic growth going forward. While real economic activity appears to be stable, recent trends in financial markets add a note of caution to the outlook. However, these signals can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

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

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

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

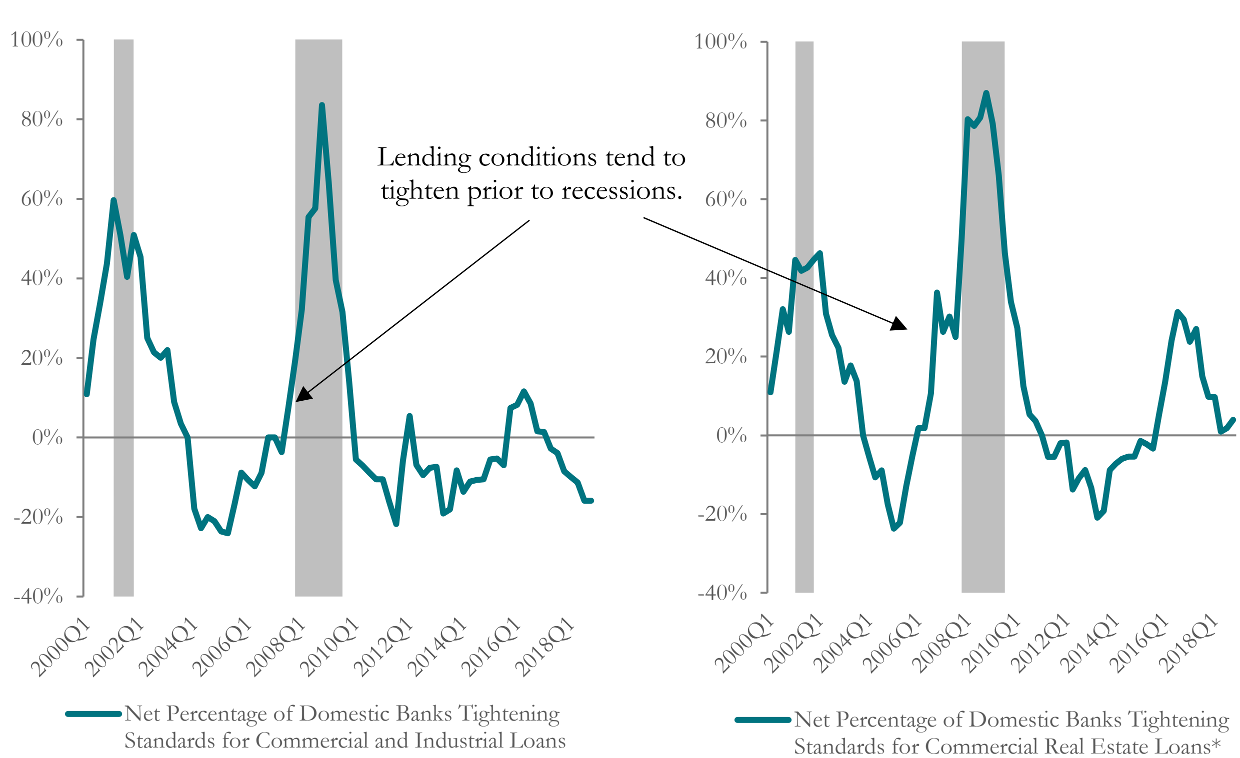
Figure 16. Key Financial Market Indicators on Expectations for Economic Growth, Daily since January 2018



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

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

Figure 17. Measures of Commercial Lending Conditions



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

Source: Board of Governors of the Federal Reserve System

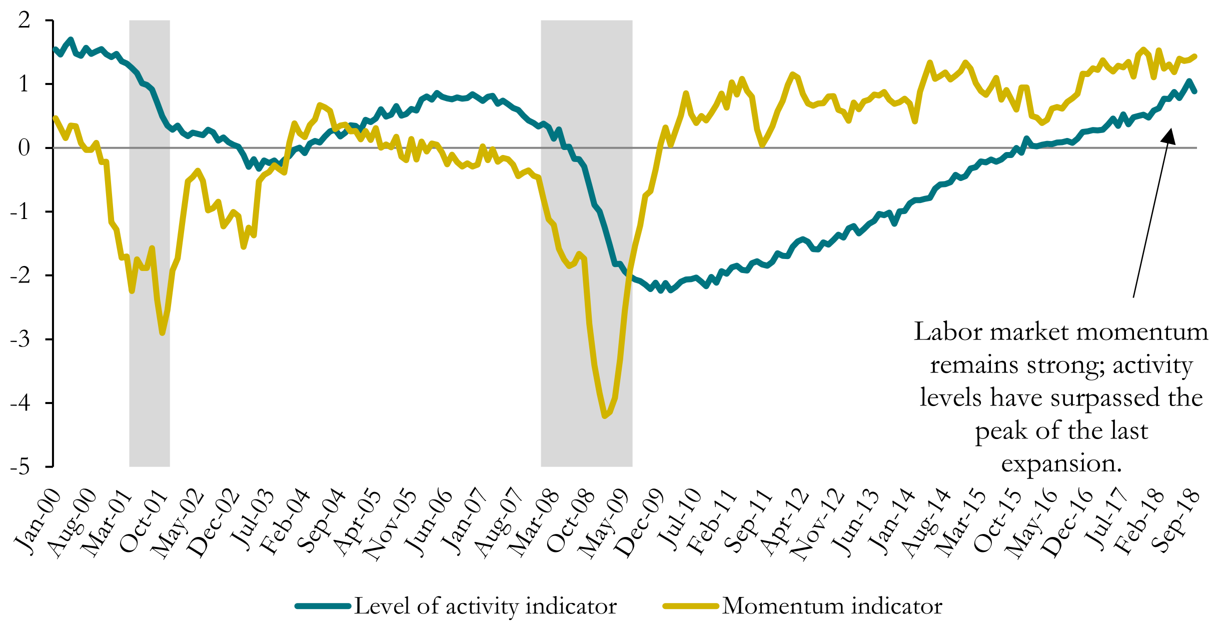
Strong labor market momentum continues to benefit from historically low unemployment and stabilizing labor force participation.

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

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

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

Figure 18. Kansas City Fed Labor Market Conditions Indices

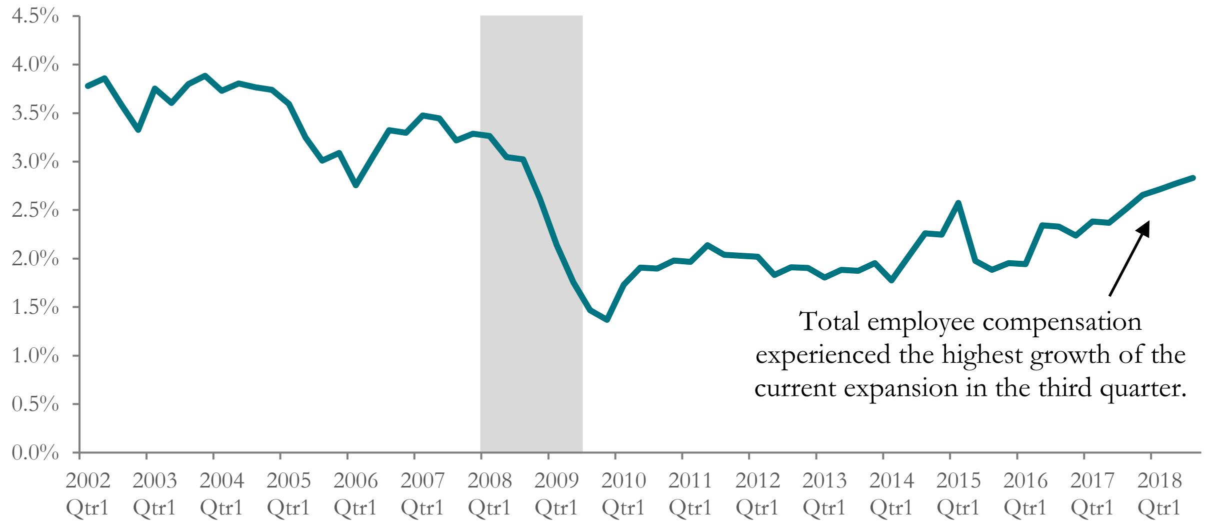


Source: Federal Reserve Bank of Kansas City

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

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

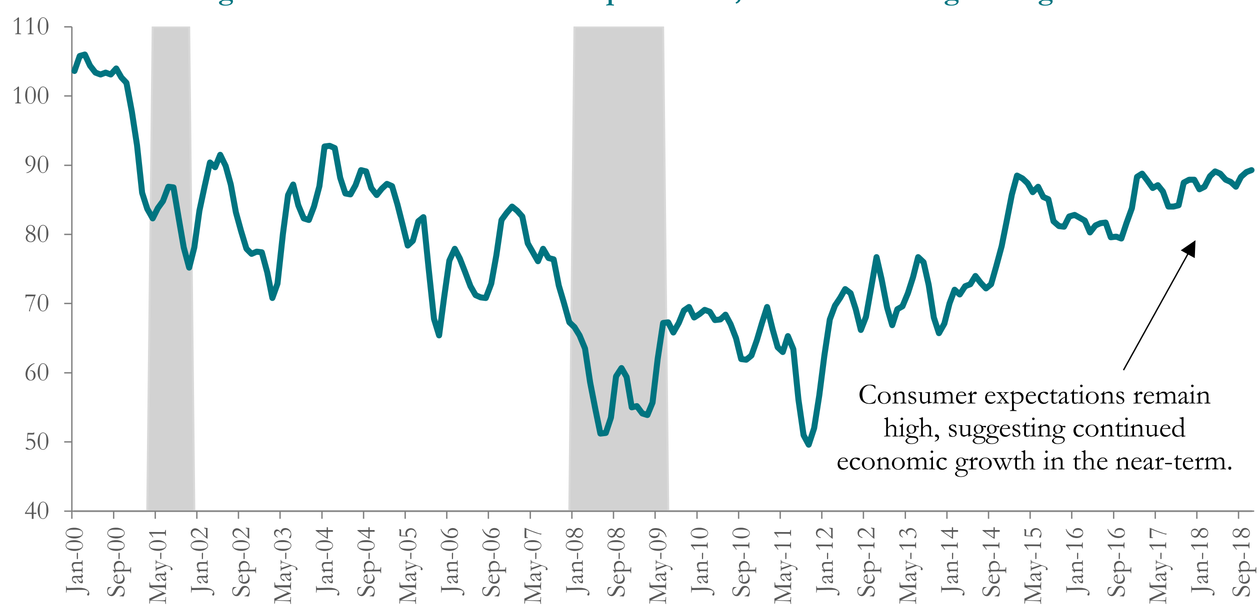
Figure 19. Employment Cost Index, Year-Over-Year Change



Source: U.S. Bureau of Labor Statistics

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

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



Source: University of Michigan

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

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

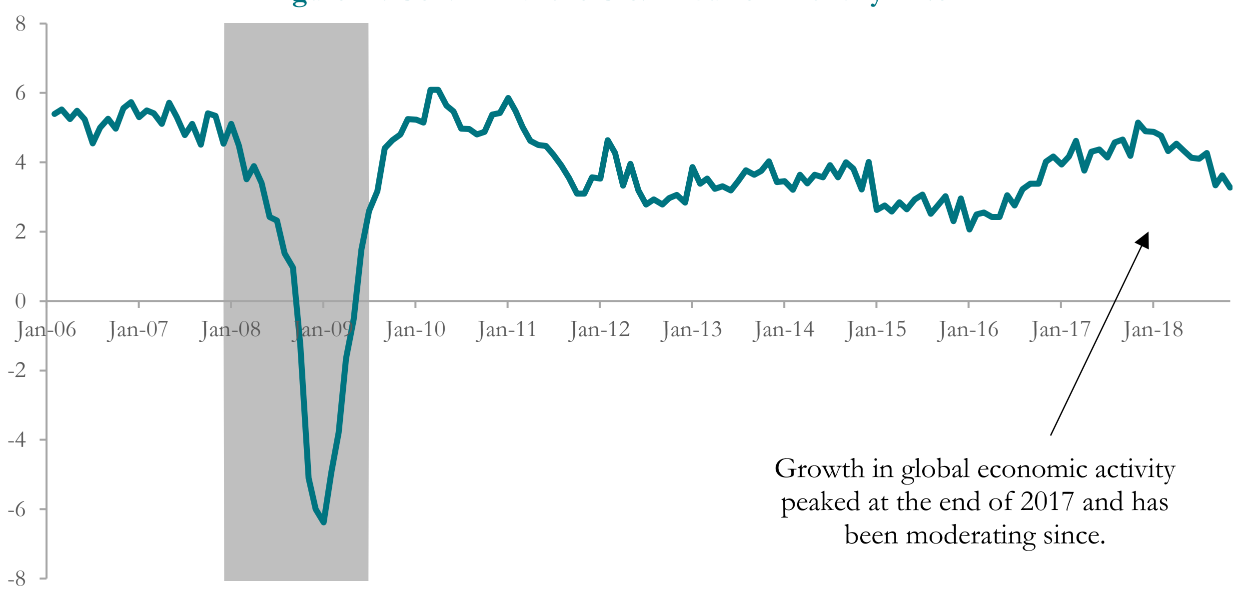
International Economic Conditions

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

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

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

Figure 21. Goldman Sachs Global Current Activity Index

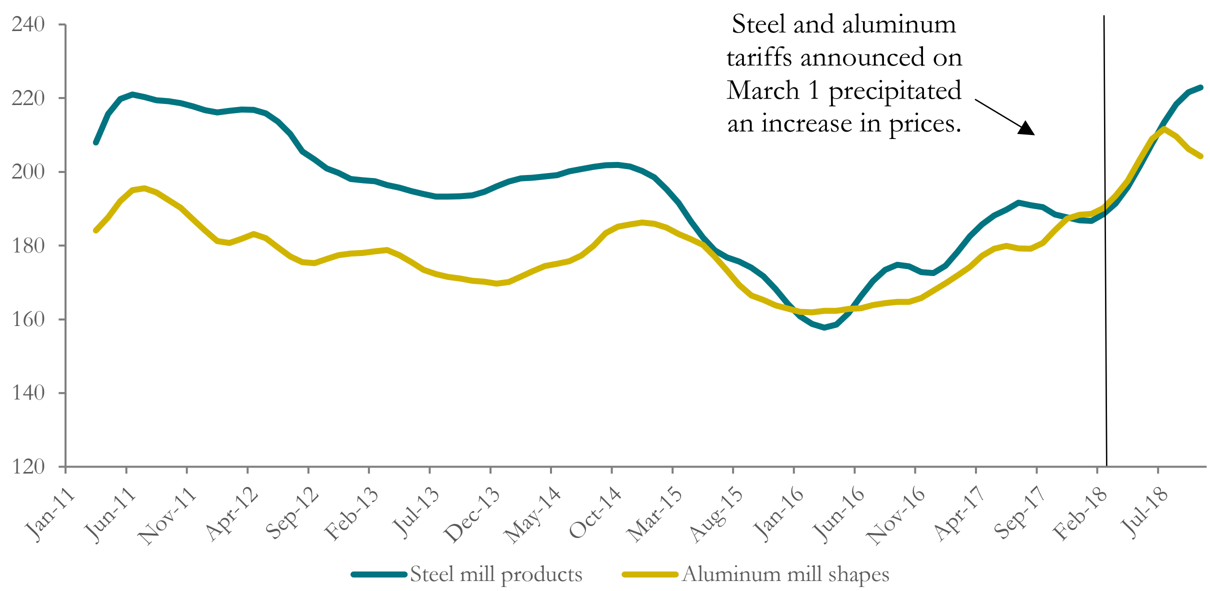


Source: Goldman Sachs

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

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

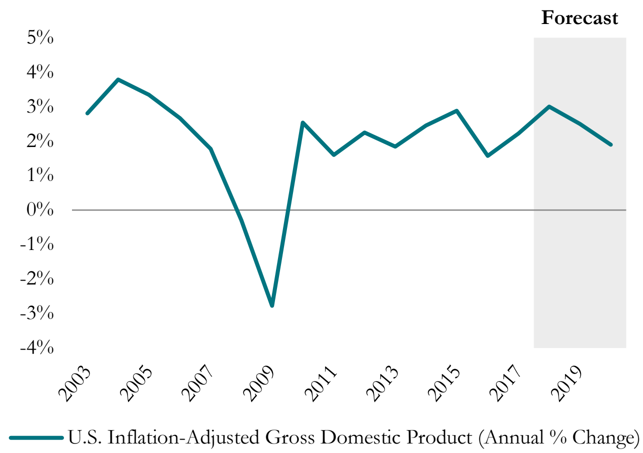
Figure 22. Producer Price Index for Steel and Aluminum Products, 3-Month Moving Average



Source: U.S. Bureau of Labor Statistics

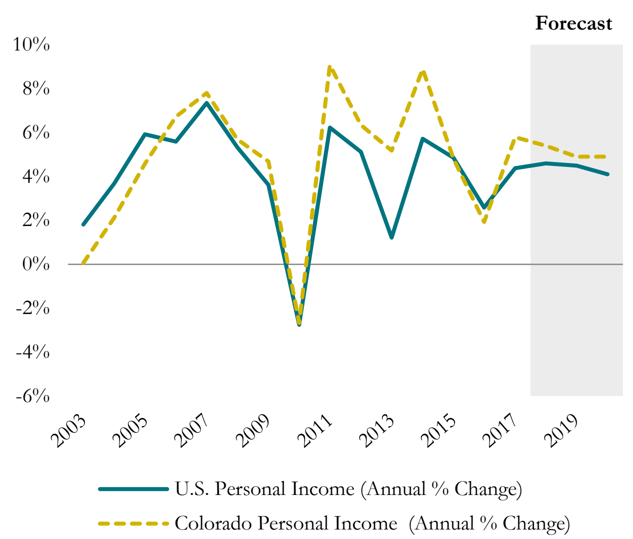
Summary of Key Economic Indicators
Actual and Forecast

U.S. Gross Domestic Product (GDP)



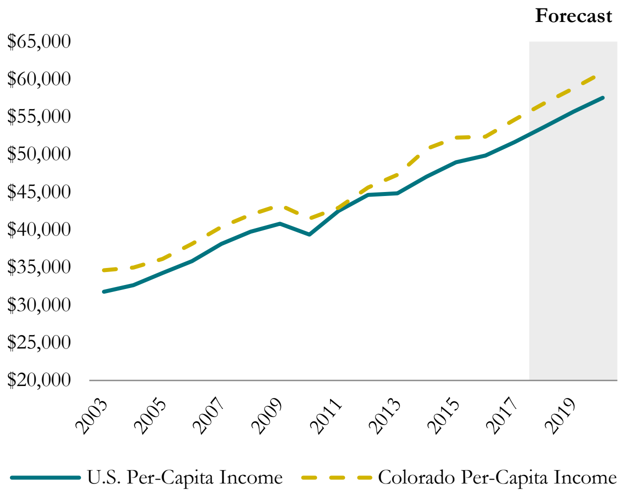
- GDP is a standard barometer for the economy's overall performance and reflects the value of final output produced in the U.S.
- The U.S. economy is expected to grow 3.0 percent in 2018 and 2.5 percent in 2019 as the economic expansion continues at a more moderate rate. GDP growth is expected to continue to decline in 2020 primarily due to slower labor force growth.

U.S. and Colorado Personal Income



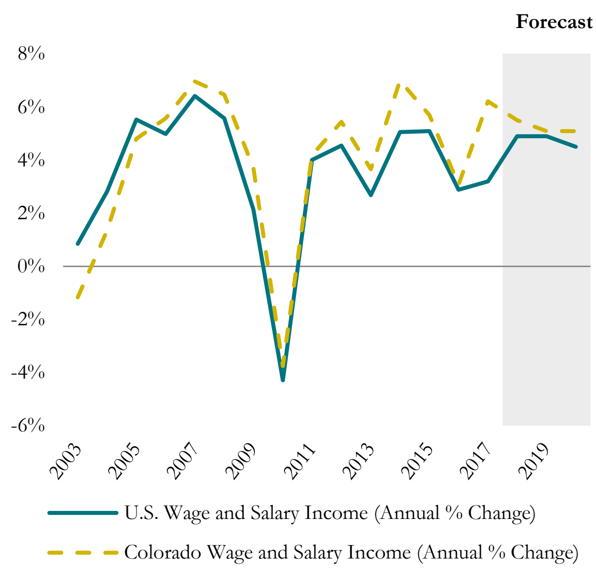
- Colorado personal income growth is expected to reach 5.4 percent in 2018, and then increase 4.9 percent in 2019 and 2020 as lower energy prices and a tighter labor market contribute to moderating economic growth.
- U.S. personal income growth is expected to rise to 4.6 percent in 2018 due to continued job and wage growth, before slowing to 4.5 percent in 2019 and to 4.1 percent in 2020 as national labor market growth moderates.

U.S. and Colorado Per-Capita Income



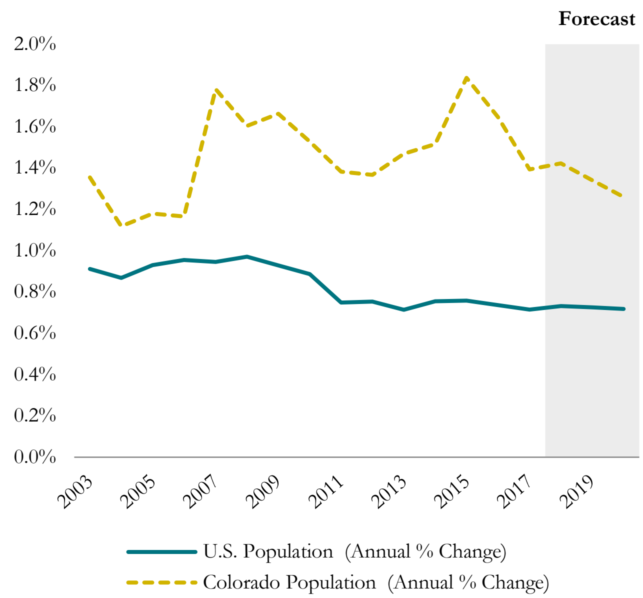
- Colorado per-capita income is expected to grow slightly faster than the nation overall in 2018, rising to an estimated $56,790. The forecast predicts per capita growth of 3.5 percent to $58,784 in 2019 and 3.6 percent to $60,897 in 2020.
- U.S. per-capita income is expected to grow 3.8 percent in 2018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

U.S. and Colorado Wage and Salary Income



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

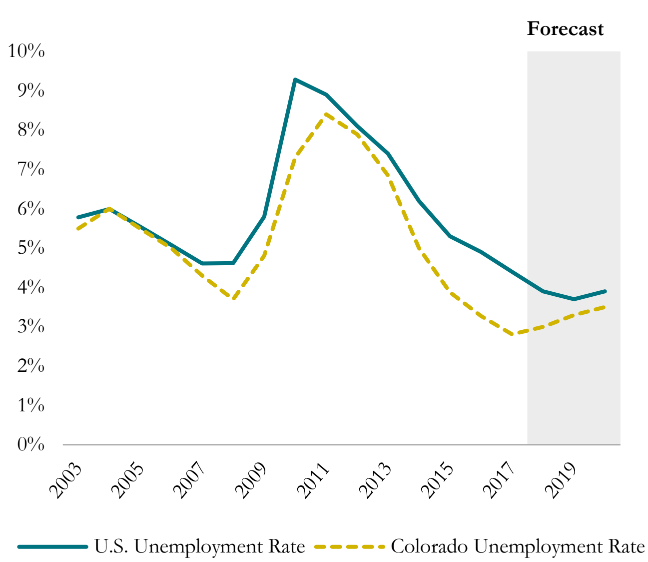
U.S. and Colorado Population



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

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

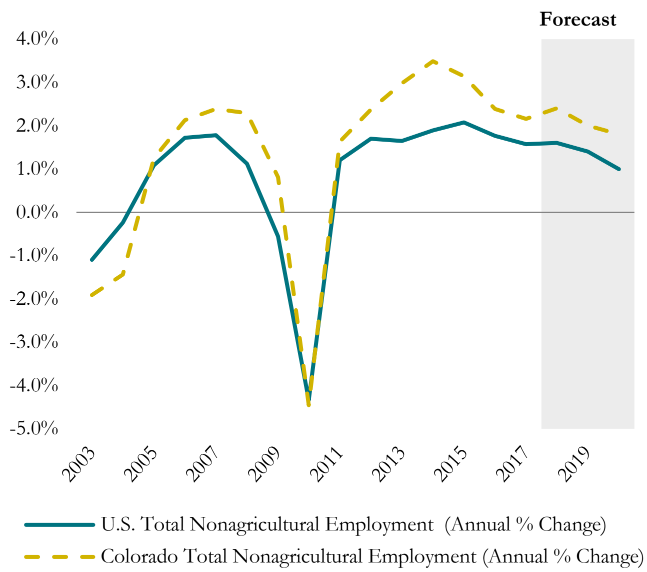
U.S. and Colorado Unemployment



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

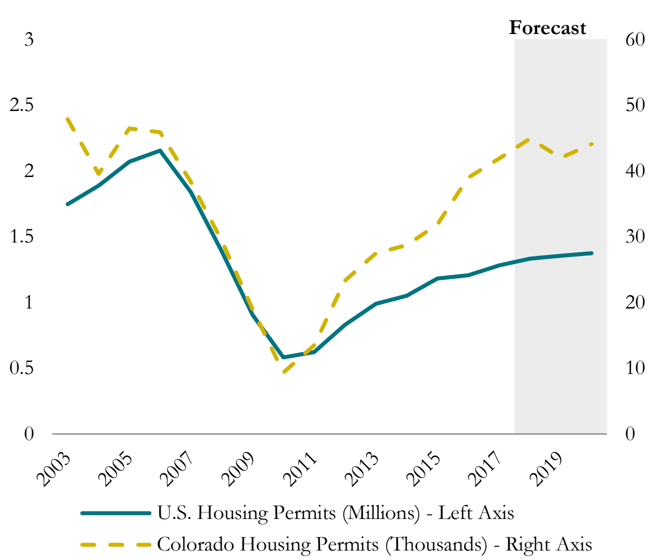
- The national unemployment rate is expected to fall to 3.9 percent in 2018 due to strong employment growth, and to 3.7 percent in 2019, before rising to 3.9 percent in 2020.

U.S. and Colorado Total Nonagricultural Employment



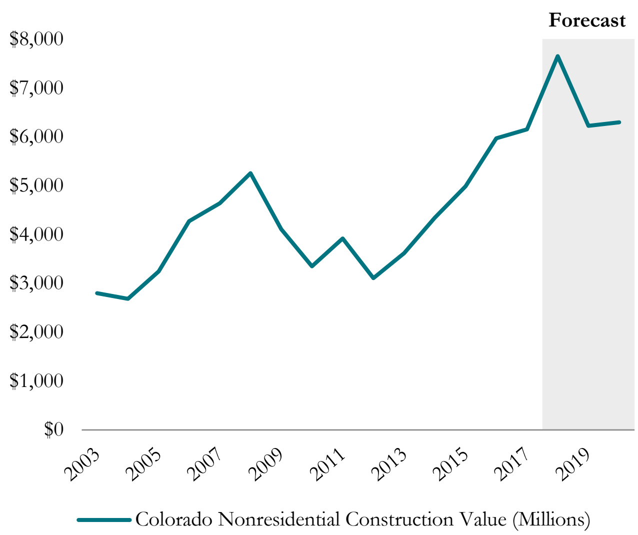
- Total employment in Colorado is expected to increase 2.4 percent in 2018 before moderating to 2.0 percent in 2019 and 1.8 percent in 2020 as a slower growth in the labor force constrains job growth.
- National job growth is expected to slow as the labor market approaches full employment, growing 1.6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

U.S. and Colorado Housing Permits Issued



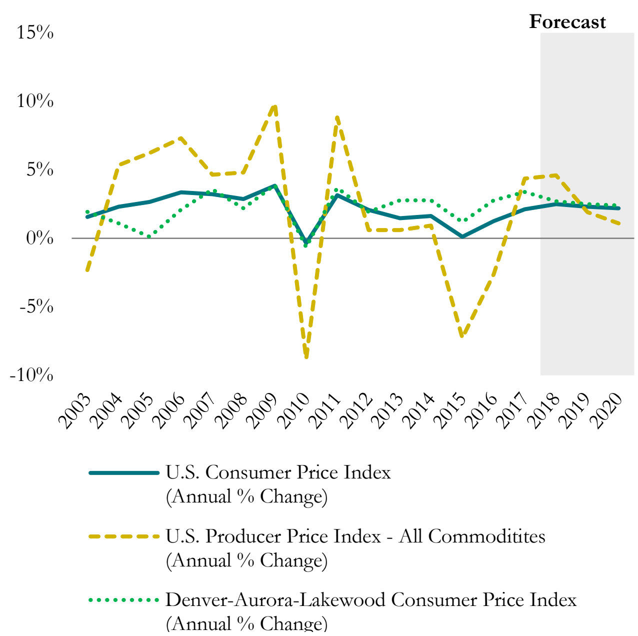
- Colorado housing permits are projected to increase 7.1 percent to 44,900 in 2018, driven by continued demand for new housing construction. Housing permit growth is expected to decline 6.5 percent to 42,000 permits in 2019 before returning to 44,100, a growth rate of 5.0 percent, in 2020.
- U.S. housing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

Colorado Nonresidential Construction Value



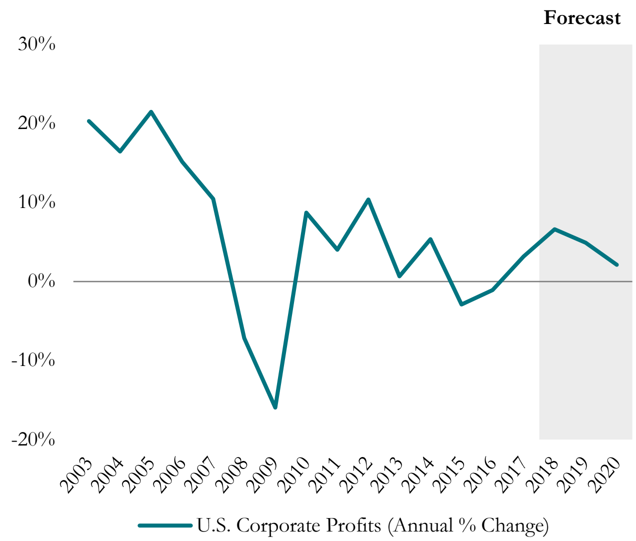
- Colorado's nonresidential construction value is expected to reach double-digit growth at 24.4 percent in 2018 before moderating in 2019 and 2020. The slowdown in nonresidential construction will be slightly offset by the $937 million in construction projects authorized through the Denver bond package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

Consumer Price Index and Producer Price Index



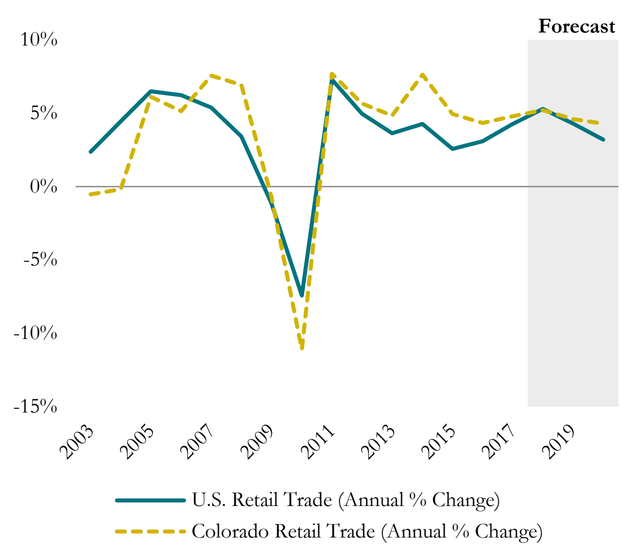
- National consumer prices are expected to rise 2.5 percent in 2018 and 2.3 percent in 2019 before slowing to 2.2 percent in 2020.
- Producer prices are expected to grow by 4.6 percent in 2018 followed by more moderate gains of 1.9 percent in 2019 and 1.1 percent in 2020.
- The Denver-Aurora-Lakewood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

U.S. Corporate Profits



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

Retail Trade



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

General Fund and State Education Fund Revenue Forecast

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

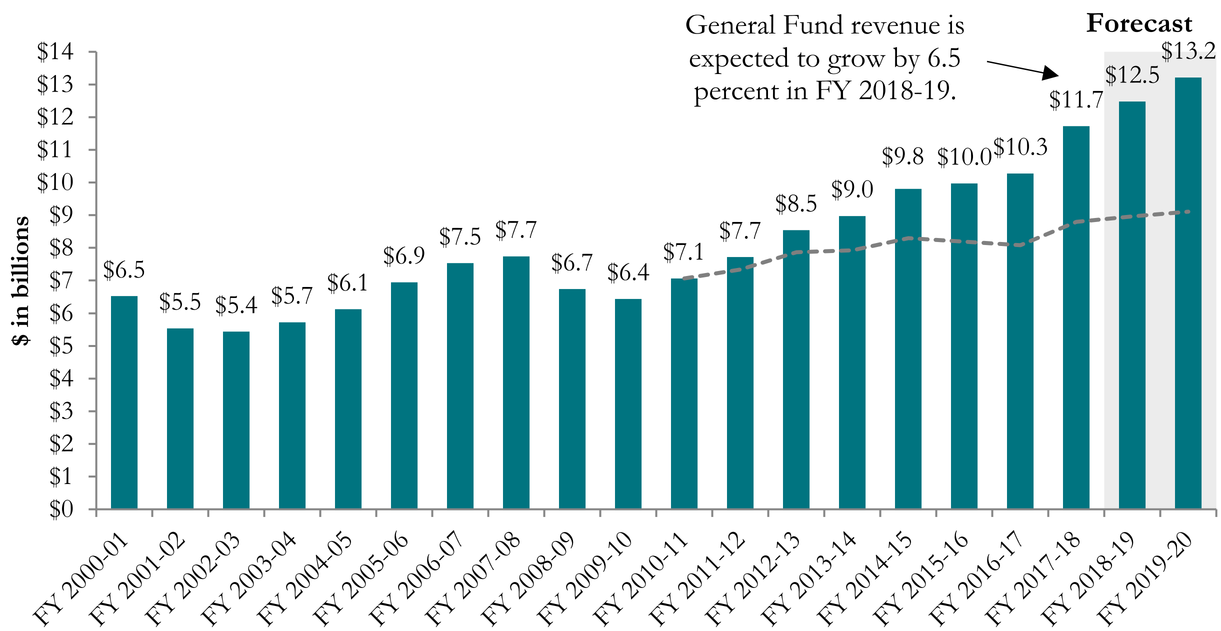
Individual and corporate income taxes continue to benefit from strong employment growth and an expanding economy. After the robust increase experienced in FY 2017-18, revenue will continue to grow in FY 2018-19 and FY 2019-20 at moderate rates, as economic growth continues at a slower rate.

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

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

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

Figure 23. General Fund Revenue*



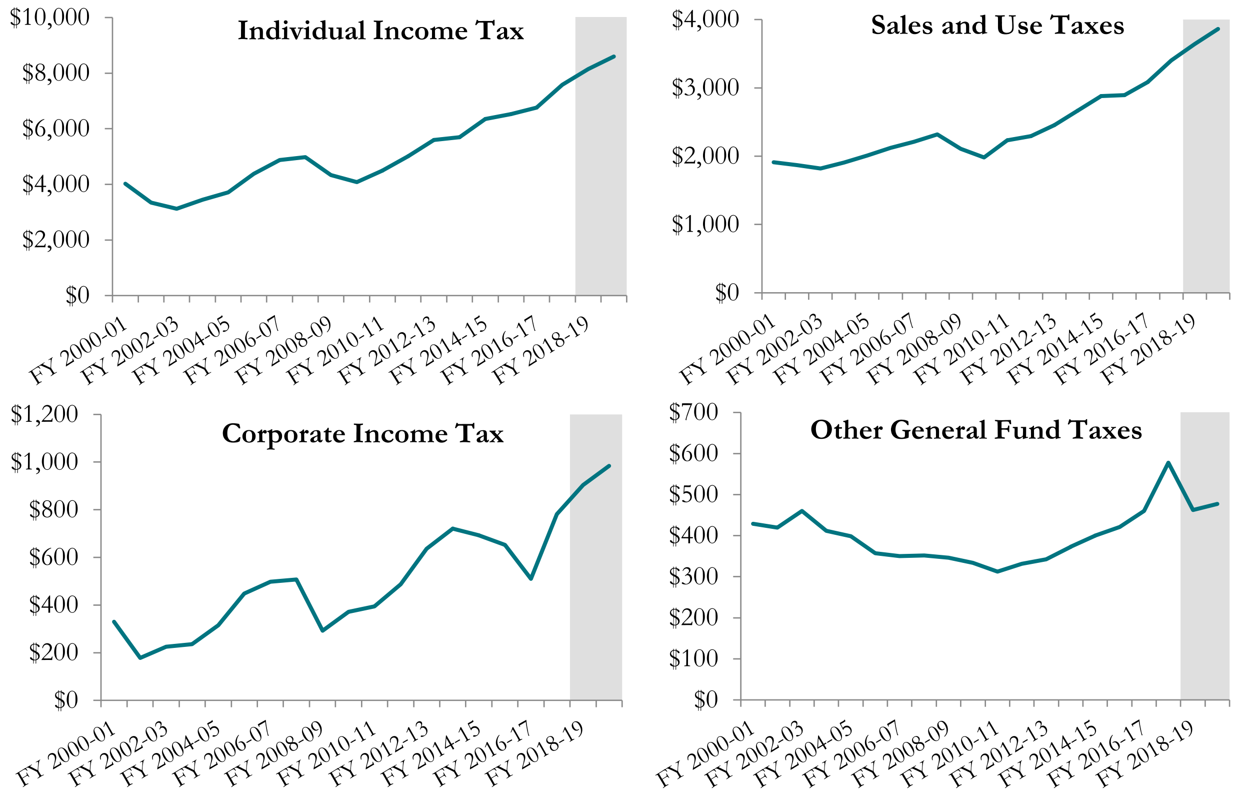
Source: Office of the State Controller and OSPB forecast

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

Discussion of Forecasts for Major General Fund Revenue Sources

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

Figure 24. General Fund Revenue Sources, $ in Millions



Source: Office of the State Controller and OSPB forecast

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

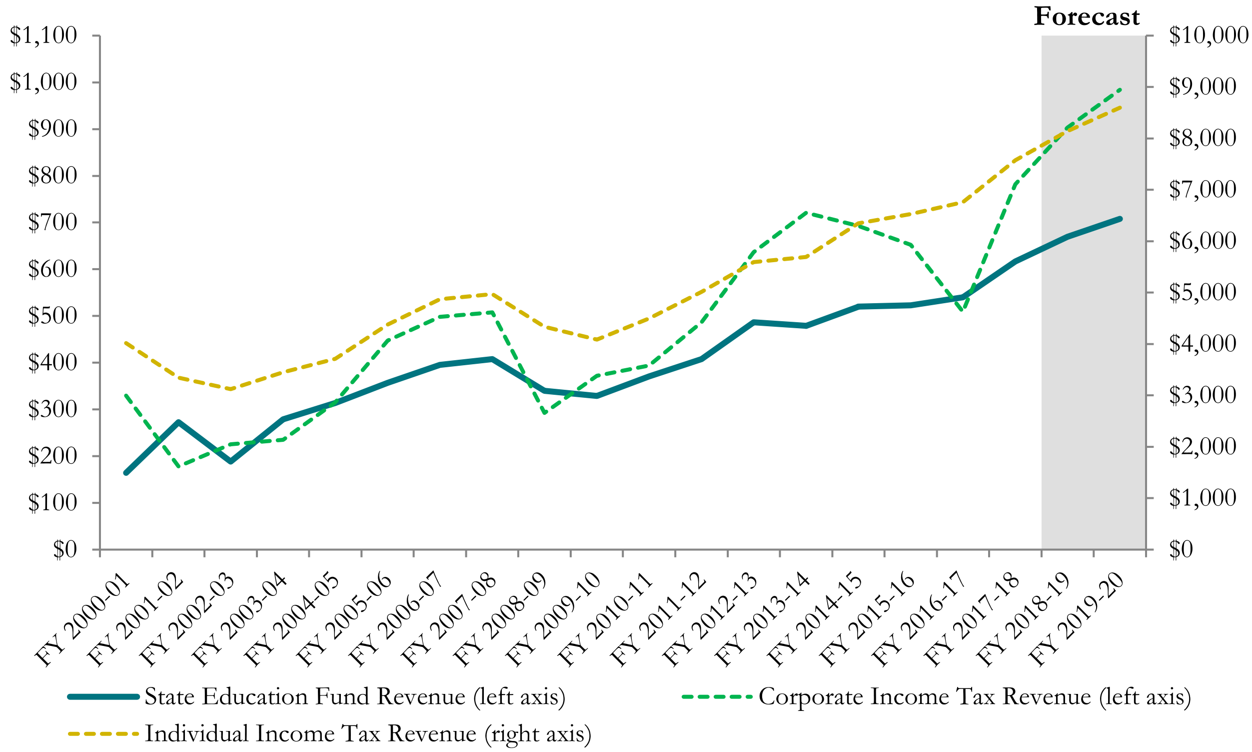
State Education Fund Revenue Forecast

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

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

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

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



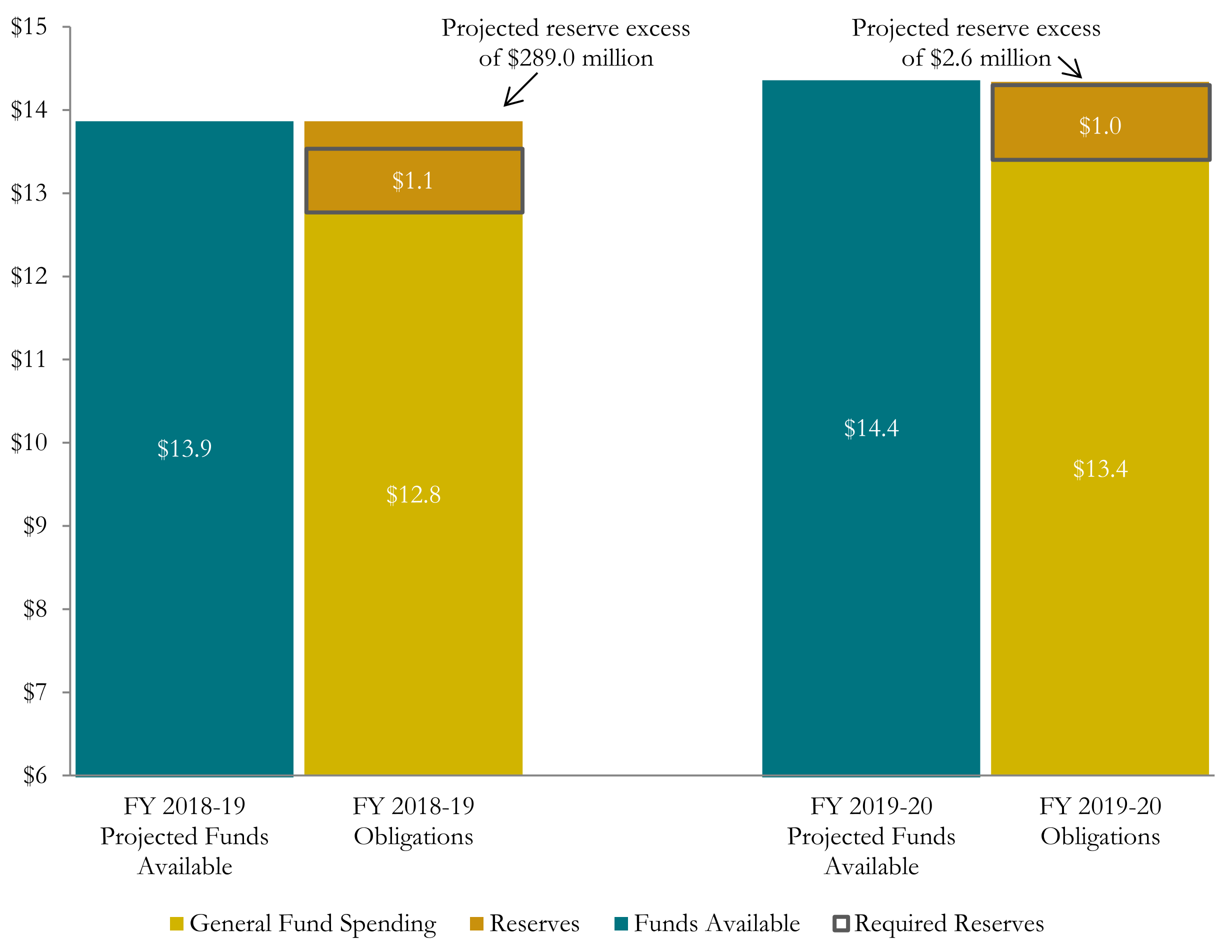
Source: Office of the State Controller and OSPB forecast

General Fund and State Education Fund Budget

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

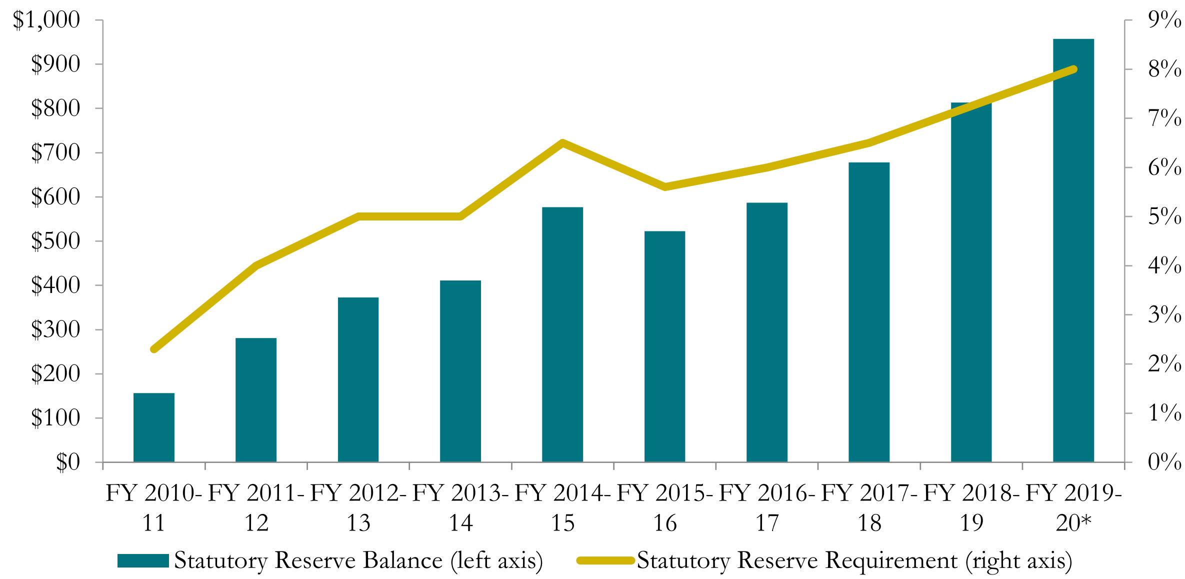
Figure 26 summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2018-19 and FY 2019-20 under the Governor's November budget request.

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



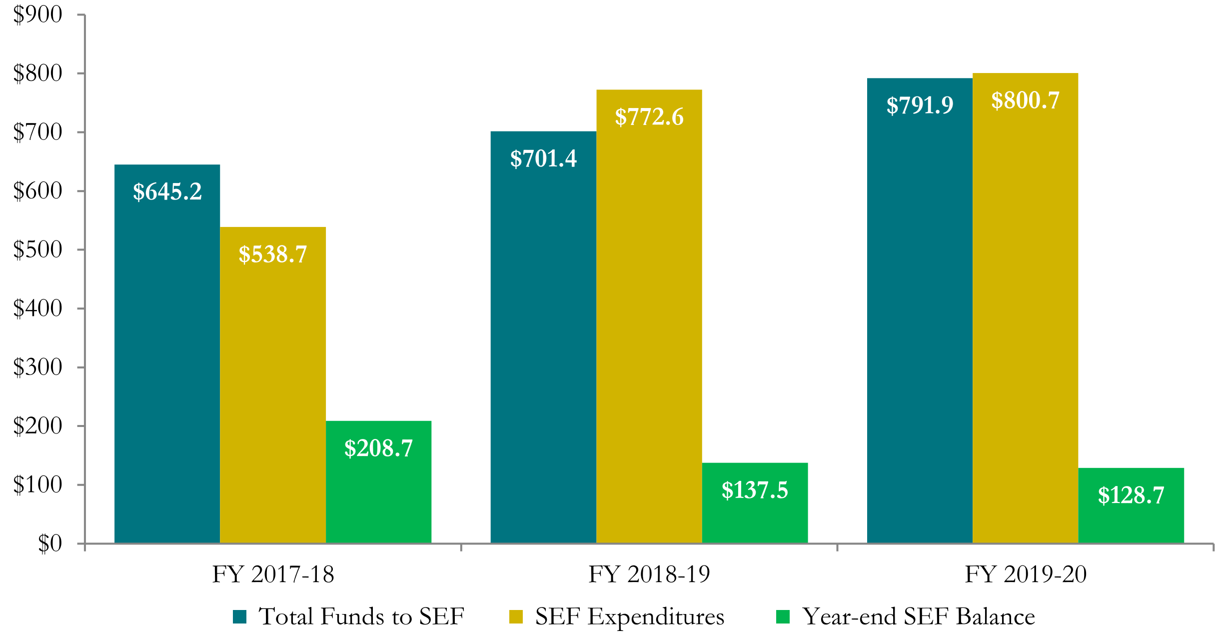
Under the Hickenlooper Administration, the General Fund statutory reserve requirement more than tripled from 2.3 percent of appropriations in FY 2010-11 to 7.25 percent in FY 2018-19. The Governor's November budget request raises the reserve requirement to 8.0 percent of appropriations beginning in FY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

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



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

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



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

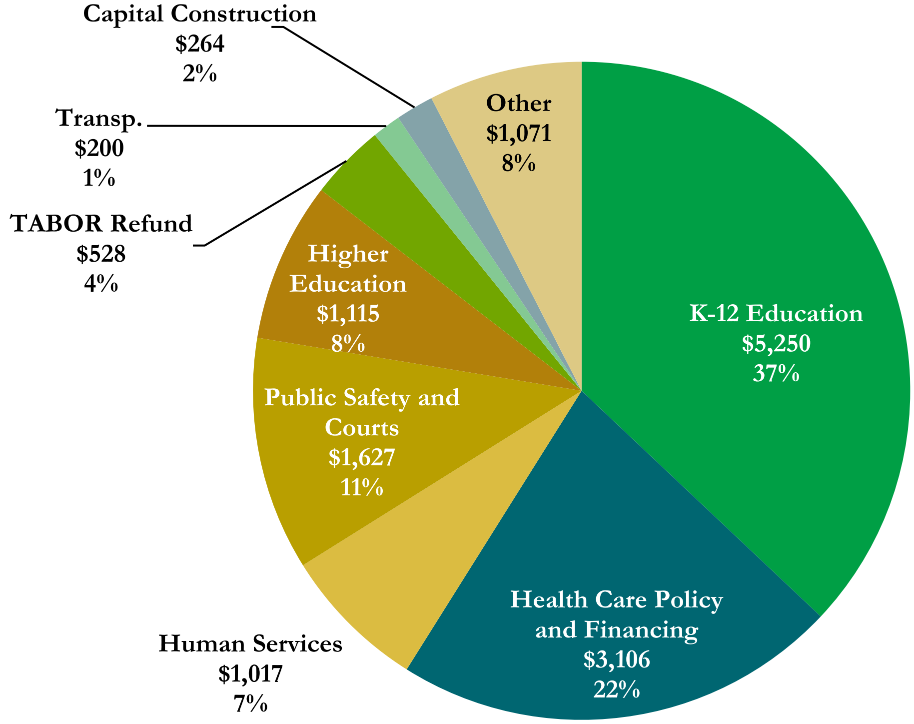
Overview Tables – An overview of the amount of money available in the General Fund and State Education Fund, expenditures, and end-of-year reserves is provided in Tables 4 and 5 in the Appendix at the end of this document beginning on page 50. A discussion of the information presented in these tables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

Spending by Major Department or Program Area

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

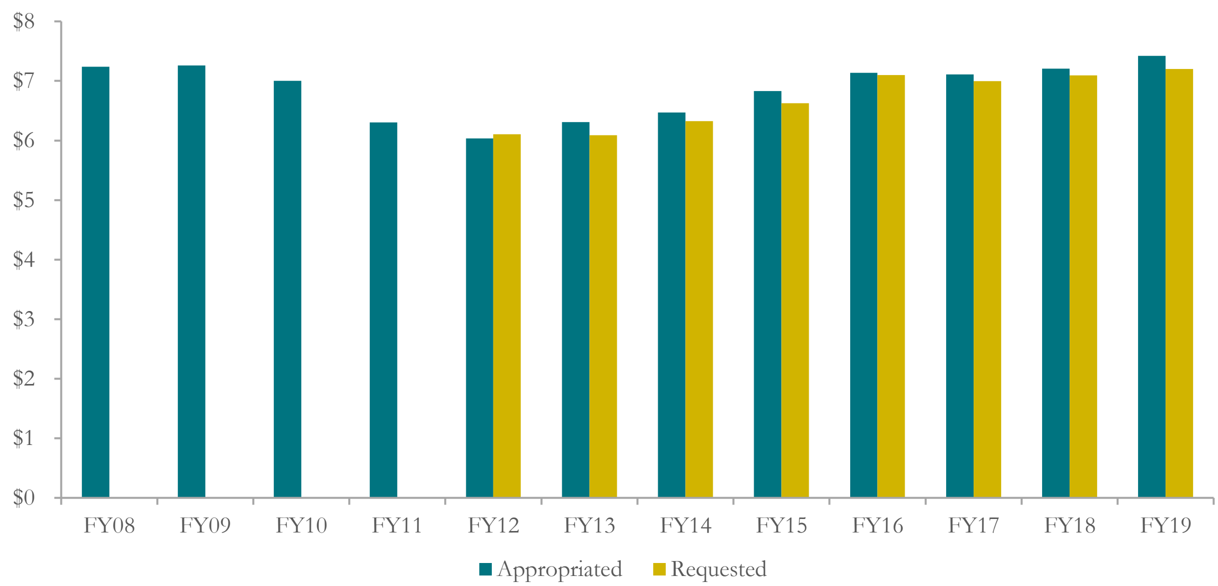
Figure 29 depicts the major areas of the combined General Fund and State Education Fund FY 2019-20 budget as reflected in the Governor's November 2018 budget request. Approximately 85 percent of General Fund and State Education Fund spending encompasses the following areas: K through 12th grade education,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

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



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

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



Risks to the Outlook and Budget Implications

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

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

Cash Fund Revenue Forecast

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Distribution of Limited Gaming Revenues	Actual FY 17-18	Forecast FY 18-19	Forecast FY 19-20	Forecast FY 20-21
A. Total Limited Gaming Revenues	**$127.1**	**$129.6**	**$132.5**	**$135.6**
Annual Percent Change	6.7%	2.0%	2.2%	2.3%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.0**	**$107.1**	**$109.5**	**$112.0**
Annual Percent Change	3.0%	2.0%	2.2%	2.3%
C. Gaming Revenue Subject to TABOR	**$106.8**	**$109.0**	**$111.4**	**$114.0**
Annual Percent Change	3.0%	2.0%	2.2%	2.3%
D. Total Amount to Base Revenue Recipients	**$94.8**	**$96.6**	**$98.9**	**$101.5**
Amount to State Historical Society	$26.5	$27.0	$27.7	$28.4
Amount to Counties	$11.4	$11.6	$11.9	$12.2
Amount to Cities	$9.5	$9.7	$9.9	$10.2
Amount to Distribute to Remaining Programs (State Share)	$47.4	$48.3	$49.4	$50.8
Amount to Local Government Impact Fund	$5.4	$5.7	$6.1	$6.4
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1	$2.1
Transfer to the General Fund	$16.9	$17.5	$18.3	$19.2
E. Total Amount to Amendment 50 Revenue Recipients	**$16.7**	**$17.9**	**$18.4**	**$18.8**
Community Colleges, Mesa and Adams State (78%)	$13.1	$14.0	$14.3	$14.7
Counties (12%)	$2.0	$2.2	$2.2	$2.3
Cities (10%)	$1.7	$1.8	$1.8	$1.9

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Totals may not sum due to rounding.

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

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

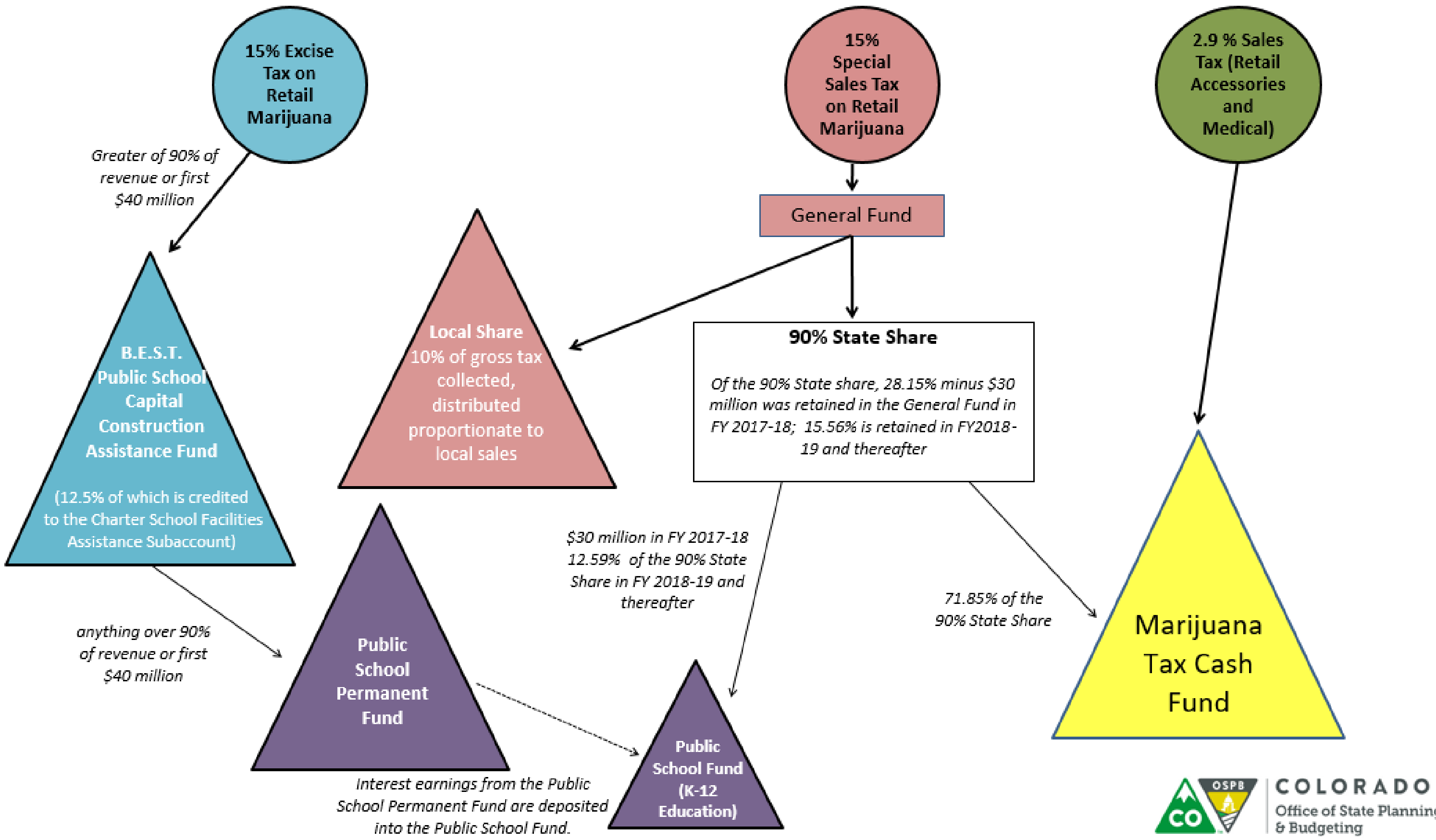
The revenue from the retail marijuana sales tax in Proposition AA goes first to the General Fund — and is included as sales tax revenue in Table 3 in the Appendix — before being transferred to the Marijuana Tax Cash Fund, local governments, and the Public School Fund. The remaining amount after these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

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

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

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

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



Taxpayer's Bill of Rights: Revenue Limit

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

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

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

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

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

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

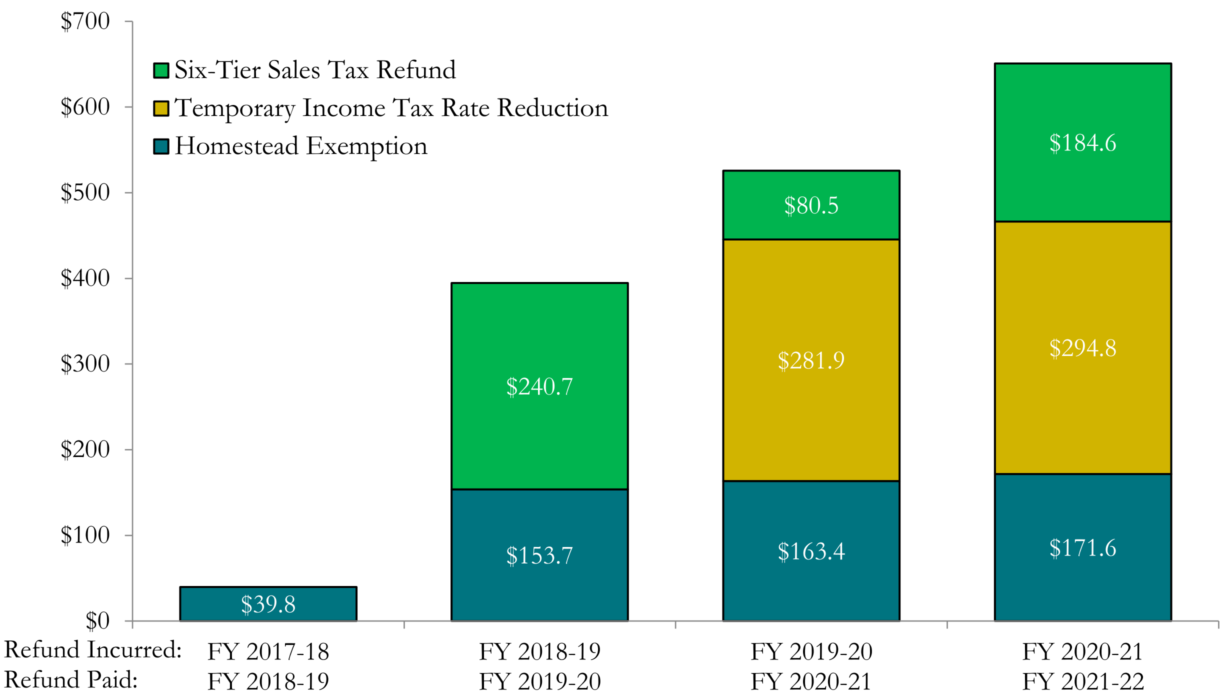
In addition to this $19.6 million adjustment, after the close of FY 2014-15, a net $14.2 million in FY 2014-15 revenue previously treated as nonexempt was reclassified as exempt from TABOR. This reclassification offsets a portion of the aforementioned $19.6 million due to be refunded to taxpayers in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

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

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

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

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



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

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

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

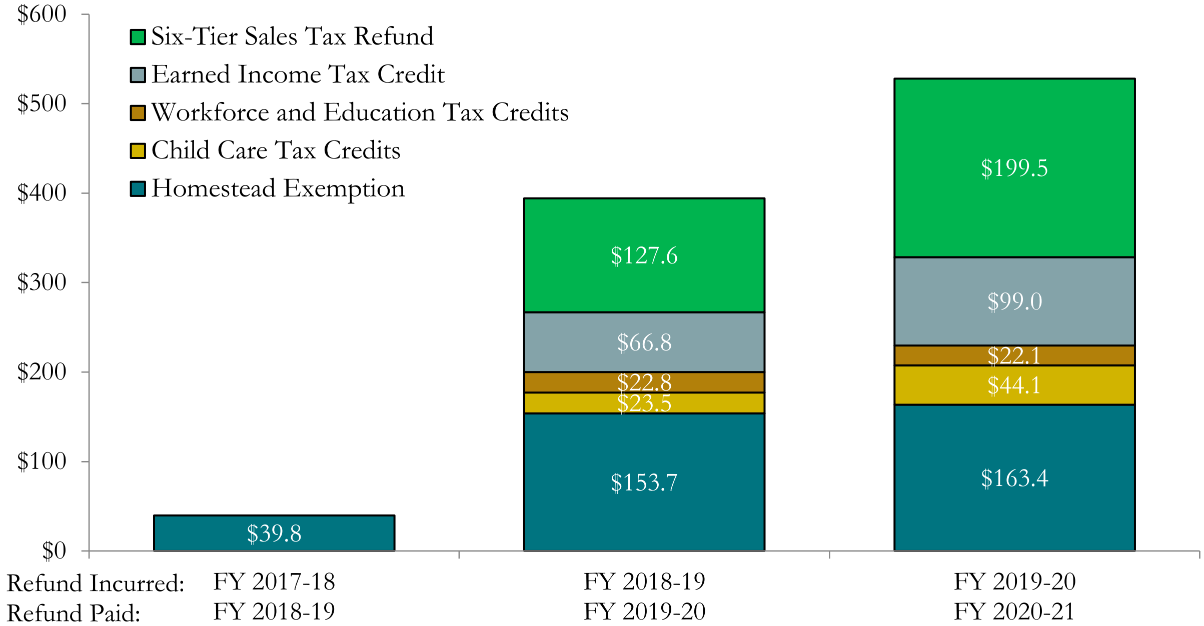
In FY 2019-20 and FY 2020-21, required refunds will exceed homestead exemption refund expenditures by an amount sufficient to fund a temporary income tax rate cut, from 4.63 percent to 4.5 percent. In FY 2019-20, this rate reduction will reduce income tax payments by an average of $44 for taxpayers filing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

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

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

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

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



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

Governor's Revenue Estimating Advisory Committee

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

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

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Appendix – Reference Tables

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

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

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance. 2017 data represent OSPB estimates.

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

/C Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods/books/music, and general merchandise found at warehouse stores and internet purchases. In addition, the above dollar amounts include sales from food and drink vendors (bars and restaurants). E-commerce retail trade and other sales by a retailer that does not have a state sales tax account are not included in these figures.

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

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

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

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

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

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

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

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

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

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

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

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

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

/A See the section discussing the General Fund and State Education Fund Budget starting on page 34 for information on the figures in this table.

/B This amount includes transfers to the General Fund shown in line 3 of Table 4.

/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income shown in line 5 in Table 4 as well as all spending outside the limit shown in line 8 in Table 4.

/D FY 2019-20 expenditures reflect the Governor's November Budget Request. FY 2020-21 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only.

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

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

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

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

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

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

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

/B The TABOR limit and Referendum C cap are adjusted to account for changes in the enterprise status of various state entities.

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

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

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

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APPENDIX C

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

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APPENDIX D

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in the State as of the dates indicated. See also “INTRODUCTION – State Economic and Demographic Information.” The statistics have been obtained from the referenced sources and represent the most current information available as of June 2017 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State.* See also "**Appendix A** – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts."

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open, and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State’s metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas, and other resources.

The State’s population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Fort Collins/Greeley, Denver/Boulder, Colorado Springs, and Pueblo. Denver, the State’s capital, is the economic center of the State and the Rocky Mountain region. About 56 percent of the State’s population and 62 percent of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities, and professional and business services. The aerospace, bioscience, and energy industries are also key contributors to economic activity in the Denver/Boulder metropolitan area and the State as a whole.

The State’s economic performance depends heavily on economic performance at the national level. See also "**Appendix A** – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts."

Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past 10 years.

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2007	4.8	1.7%	301.2	1.0%
2008	4.9	1.7%	304.0	0.9%
2009	5.0	1.5%	306.7	0.9%
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.4%	311.6	0.7%
2012	5.2	1.4%	314.0	0.8%
2013	5.3	1.5%	316.2	0.7%
2014	5.4	1.6%	318.6	0.8%
2015	5.4	1.8%	321.0	0.8%
2016	5.5	1.7%	323.4	0.7%
2017	5.6	1.7%	325.7	0.7%

Note: Figures for 2007 through 2016 are estimates. The U.S. 2017 count is an estimate, and the 2017 count for Colorado is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

Age Distribution, July 1

	Colorado, 2017		United States, 2016	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.27	22.5%	73.64	22.8%
18 to 24	0.55	9.8%	30.84	9.5%
25 to 44	1.60	28.5%	85.15	26.4%
45 to 64	1.43	25.4%	84.25	26.1%
65+	0.78	13.8%	49.24	15.2%
Total	5.63	100.0%	323.13	100.0%
Median Age	37.2		37.9	

Note: Totals may not add due to rounding. The U.S. 2016 count is an estimate, and the Colorado 2017 count is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following table provides annual per capita personal income figures for Colorado, the Rocky Mountain Region, and the United States.

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	**% Change**	**Income**	**% Change**	**Income**	**% Change**
2012	$45,120		$41,119		$44,283	
2013	$46,869	3.9%	$42,196	2.6%	$44,489	0.5%
2014	$50,021	6.7%	$44,564	5.6%	$46,486	4.5%
2015	$51,956	3.9%	$46,392	4.1%	$48,429	4.2%
2016	$52,097	0.3%	$46,848	1.0%	$49,204	1.6%
2017	$53,504	2.7%	$48,017	2.5%	$50,392	2.4%

[1] Per capita personal income is total personal income divided by the July 1 population estimate.
[2] The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.
Source: U.S. Bureau of Economic Analysis.

Employment

The following table provides labor force, total employment, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates, Not Seasonally Adjusted

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2013	2,767.2		2,577.6		6.9%	7.4%
2014	2,799.5	1.2%	2,659.5	3.2%	5.0%	6.2%
2015	2,824.8	0.9%	2,715.1	2.1%	3.9%	5.3%
2016	2,893.3	2.4%	2,798.9	3.1%	3.3%	4.9%
2017	2,992.3	3.4%	2,907.5	3.9%	2.8%	4.4%
Year-to-date averages through March:						
2017	2,937.6		2,848.3		3.0%	4.9%
2018	3,045.1	3.7%	2,947.6	3.5%	3.2%	4.3%

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.
Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

						Most Recent Quarter		
Industry	**2013**	**2014**	**2015**	**2016**	**2017**	**2017Q3**	**2017Q4**	**% Change**
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,348	14,935	15,624	16,469	17,598	19,162	17,572	-8.3%
Mining	30,433	33,847	30,565	23,573	25,578	26,343	26,944	2.3%
Utilities	7,832	8,140	8,202	8,239	8,079	8,049	8,016	-0.4%
Construction	127,597	142,140	148,638	155,139	163,452	168,299	168,289	0.0%
Manufacturing	132,691	136,216	140,831	142,381	144,064	144,980	144,637	-0.2%
Wholesale Trade	96,636	99,825	103,253	104,882	106,726	107,358	107,720	0.3%
Retail Trade	249,235	254,942	263,104	269,032	270,783	271,337	277,278	2.2%
Transportation and Warehousing	62,398	65,180	67,287	68,327	72,554	71,646	76,376	6.6%
Information	69,817	70,001	70,599	71,730	71,643	71,405	72,568	1.6%
Finance and Insurance	103,136	103,623	106,344	108,970	111,293	111,370	111,961	0.5%
Real Estate and Rental and Leasing	42,849	44,497	46,944	48,707	50,566	51,154	51,518	0.7%
Professional and Technical Services	188,984	196,684	204,586	210,093	215,783	216,314	219,747	1.6%
Management of Companies and Enterprises	34,591	35,406	36,488	36,833	39,018	39,247	39,255	0.0%
Administrative and Waste Services	148,745	154,121	157,385	158,535	158,041	163,652	159,320	-2.6%
Educational Services	31,997	32,965	33,847	34,992	35,375	34,710	35,952	3.6%
Health Care and Social Assistance	250,654	261,428	275,183	287,168	291,299	289,716	296,398	2.3%
Arts, Entertainment, and Recreation	47,166	48,978	50,707	52,625	55,407	57,068	52,882	-7.3%
Accommodation and Food Services	242,100	251,052	261,704	270,673	277,613	286,320	276,537	-3.4%
Other Services	69,554	72,443	75,157	78,231	82,201	85,244	80,641	-5.4%
Unclassified	1,388	2,783	1,478	759	180	259	203	-21.6%
Government	383,637	388,566	396,853	405,690	412,002	406,866	416,398	2.3%
Total*	**2,335,786**	**2,417,769**	**2,494,777**	**2,553,045**	**2,609,255**	**2,630,501**	**2,640,213**	**0.4%**

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*Industry employment levels may not add to total due to rounding.
Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

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The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2018. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	27,600
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,600
UCHealth	Healthcare, Research	21,400
Centura Health	Healthcare	15,700
HealthONE Corporation	Healthcare	12,000
Lockheed Martin Corporation	Aerospace & Defense Related Systems	9,000
Comcast	Telecommunications	8,800
SCL Health System	Healthcare	8,700
CenturyLink	Telecommunications	8,300
Home Depot	Building Materials Retailer	8,000
Kaiser Permanente	Health Maintenance Organization	7,100
Children's Hospital Colorado	Healthcare	6,800
Target Corporation	General Merchandise	6,600
Vail Resorts	Leisure & Hospitality	6,400
Safeway Inc.	Supermarkets	6,200
United Airlines	Airline	6,100
Wells Fargo	Banking/Financial Services	6,000
United Parcel Service	Delivery Services	5,400
Amazon[2]	Warehousing & Distribution Services	5,300
Banner Health	Healthcare	5,000
JBS Swift & Company	Beef Processing/Corporate Office	4,600
FedEx Corp.	Transportation, E-commerce	4,300
Charles Schwab	Financial Services	4,200
Oracle	Software & Network Computer Systems	4,200
University of Denver	Private University	4,100
DISH Network	Satellite TV & Equipment	4,100
Walgreen Company	General Merchandise	4,100

[1] Includes both full- and part-time employees.
[2] Includes Amazon Robotics and Fulfillment Center planned opening in Thornton in August 2018 with 1,500 employees.
Source: Compiled by Development Research Partners from various sources, May 2018.

The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2018.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	52,500
Federal Government (except USPS)	43,600
University of Colorado System	22,100
Denver Public Schools	14,000
City & County of Denver	13,800
Jefferson County Public Schools	11,400
U.S. Postal Service	9,900
Douglas County School District RE-1	8,400
Cherry Creek School District No 5	8,000
Colorado State University	7,500
Denver Health	7,000
Aurora Public Schools	6,000
Adams 12 Five Star Schools	4,700
Boulder Valley School District RE-2	4,300
Poudre School District R-1	4,100
St. Vrain Valley School District RE-1J	3,900
Colorado Springs School District 11	3,900
City of Aurora	3,500
Academy Schools District No 20	3,500
Jefferson County	3,300
Regional Transportation District (RTD)	2,900
Mesa County Valley School District 51	2,900
El Paso County	2,700
Greeley 6 School District	2,600
Arapahoe County	2,500

[1] Includes both full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, May 2018.

Retail Sales

The following table provides recent annual sales figures as reported for state sales tax purposes.

Colorado Sales and Use Tax Net Collections
Fiscal Years 2013 to 2017

	Sales Tax		Consumer Use Tax		Retailer Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change	Amount (thousands)	% Change
2013	$2,187,244		$110,166		$119,321	
2014	$2,371,992	8.4%	$116,268	5.5%	$125,209	4.9%
2015	$2,561,913	8.0%	$123,175	5.9%	$132,685	6.0%
2016	$2,596,355	1.3%	$111,227	-9.7%	$132,591	-0.1%
2017	$2,719,778	4.8%	$109,037	-2.0%	$149,567	12.8%

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the State for the most recent five years and year-to-date available. Retail sales data is only available through February 2016 as the Colorado Department of Revenue is currently experiencing a system problem that prevents the Retail Sales Reports from being produced. The Department is working to resolve the issue as soon as possible.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year

											Year-to-date totals through February		
Industry	**2011**	**% Change**	**2012**	**% Change**	**2013**	**% Change**	**2014**	**% Change**	**2015**	**% Change**	**2015**	**2016**	**% Change**
Agriculture/Forestry/Fishing	411.7	22.4%	406.2	-1.3%	387.0	-4.7%	440.5	13.8%	500.6	13.6%	27.7	25.5	-8.0%
Mining	3,111.7	22.9%	3,815.6	22.6%	4,611.8	20.9%	5,573.0	20.8%	3,743.4	-32.8%	709.9	348.8	-50.9%
Utilities	7,353.2	-29.1%	7,332.9	-0.3%	7,635.7	4.1%	7,929.0	3.8%	7,612.1	-4.0%	1,453.1	1,340.5	-7.8%
Construction	2,829.3	2.6%	3,396.0	20.0%	3,531.5	4.0%	4,170.5	18.1%	4,685.8	12.4%	530.4	525.2	-1.0%
Manufacturing	15,909.3	52.6%	18,192.1	14.3%	18,747.5	3.1%	19,782.9	5.5%	15,864.8	-19.8%	2,204.8	1,807.1	-18.0%
Wholesale Trade	13,084.9	5.3%	14,012.4	7.1%	15,041.3	7.3%	15,158.8	0.8%	14,427.2	-4.8%	1,725.4	1,769.3	2.5%
Retail Trade													
Motor Vehicle and Auto Parts	12,986.8	15.0%	14,435.4	11.2%	15,667.7	8.5%	17,449.0	11.4%	18,995.4	8.9%	2,696.1	2,739.5	1.6%
Furniture and Furnishings	2,049.0	7.8%	2,265.5	10.6%	2,461.8	8.7%	2,653.3	7.8%	2,868.8	8.1%	396.6	436.5	10.1%
Electronics and Appliances	2,224.2	5.0%	2,077.8	-6.6%	1,998.6	-3.8%	2,258.5	13.0%	2,387.6	5.7%	323.1	326.8	1.1%
Building Materials/Nurseries	4,515.0	2.9%	4,824.6	6.9%	5,298.3	9.8%	5,926.0	11.8%	6,373.2	7.5%	776.8	824.8	6.2%
Food/Beverage Stores	14,433.2	8.0%	15,298.5	6.0%	15,729.9	2.8%	15,964.5	1.5%	16,619.2	4.1%	2,878.8	2,441.1	-15.2%
Health and Personal Care	2,712.1	7.2%	2,886.9	6.4%	3,166.1	9.7%	3,730.3	17.8%	4,384.1	17.5%	576.8	665.4	15.4%
Gas Stations	5,778.1	23.1%	6,011.1	4.0%	5,869.2	-2.4%	5,702.2	-2.8%	4,815.3	-15.6%	609.0	570.6	-6.3%
Clothing and Accessories	3,337.4	7.0%	3,510.2	5.2%	3,559.2	1.4%	3,735.3	4.9%	3,810.6	2.0%	493.3	491.9	-0.3%
Sporting/Hobby/Books/Music	2,680.6	7.8%	2,674.0	-0.2%	2,767.7	3.5%	2,920.2	5.5%	3,009.1	3.0%	430.0	472.7	9.9%
General Merchandise/Warehous	11,722.3	5.7%	12,185.7	4.0%	12,408.3	1.8%	12,850.3	3.6%	13,073.8	1.7%	1,840.2	1,859.4	1.0%
Misc Store Retailers	2,938.6	20.0%	3,147.8	7.1%	3,752.3	19.2%	4,760.9	26.9%	5,256.5	10.4%	730.3	660.8	-9.5%
Non-Store Retailers	1,550.2	-33.7%	1,456.0	-6.1%	1,584.7	8.8%	1,697.1	7.1%	1,742.1	2.7%	247.9	234.5	-5.4%
Total Retail Trade	**66,927.7**	**5.6%**	**70,773.7**	**5.7%**	**74,263.5**	**4.9%**	**79,647.7**	7.3%	**83,335.5**	4.6%	**11,999.1**	**11,724.0**	**-2.3%**
Transportation/Warehouse	593.1	12.1%	710.2	19.8%	828.4	16.6%	978.3	18.1%	931.3	-4.8%	103.5	119.5	15.4%
Information	6,321.8	-8.2%	6,242.2	-1.3%	5,789.3	-7.3%	5,449.8	-5.9%	5,413.0	-0.7%	806.2	758.7	-5.9%
Finance/Insurance	3,085.9	-3.8%	3,130.7	1.5%	2,493.2	-20.4%	1,689.9	-32.2%	2,668.7	57.9%	166.1	390.6	135.1%
Real Estate/Rental/Lease	3,154.3	8.2%	3,240.7	2.7%	3,561.7	9.9%	4,172.9	17.2%	4,389.0	5.2%	700.1	702.8	0.4%
Professional/Scientific/Technical	6,768.8	3.3%	6,818.2	0.7%	7,474.7	9.6%	6,966.6	-6.8%	6,929.3	-0.5%	784.0	705.7	-10.0%
Admin/Support/Waste/Remediatio	1,882.7	3.3%	1,866.1	-0.9%	2,044.5	9.6%	2,070.8	1.3%	2,245.9	8.5%	234.7	247.9	5.6%
Education	487.1	1.5%	490.8	0.8%	478.1	-2.6%	481.6	0.7%	490.5	1.9%	62.6	60.8	-2.9%
Health Care/Social Assistance	6,222.6	3.7%	6,318.5	1.5%	6,827.2	8.1%	7,240.1	6.0%	6,896.1	-4.8%	1,099.5	902.8	-17.9%
Arts/Entertainment/Recreation	987.2	3.3%	1,036.6	5.0%	1,104.4	6.5%	1,169.9	5.9%	1,337.8	14.4%	184.4	206.2	11.8%
Accommodation	3,014.9	10.9%	3,199.2	6.1%	3,375.6	5.5%	3,747.8	11.0%	4,043.4	7.9%	629.9	653.3	3.7%
Food/Drinking Services	8,876.4	6.5%	9,474.1	6.7%	9,976.8	5.3%	10,858.9	8.8%	11,615.6	7.0%	1,785.0	1,902.3	6.6%
Other Services	3,763.6	5.5%	3,867.8	2.8%	4,359.0	12.7%	4,926.4	13.0%	5,441.9	10.5%	699.6	726.7	3.9%
Government	268.2	2.2%	244.5	-8.8%	252.6	3.3%	254.8	0.8%	273.4	7.3%	38.4	39.6	3.0%
Total All Industries	**155,054.2**	**8.0%**	**164,568.4**	**6.1%**	**172,784.0**	**5.0%**	**182,710.0**	5.7%	**182,845.3**	0.1%	**25,944.3**	**24,957.1**	**-3.8%**

Source: Colorado Department of Revenue.

Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures, and visitor counts for Colorado ski areas.

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2]						Skier Visits[3]	
			Conventions		*Delegates*		*Spending*			
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
2013	5.39		84		265.7		$529.3		11.45	
2014	6.03	11.8%	76	-9.5%	289.3	8.9%	$576.3	8.9%	12.60	10.1%
2015	7.08	17.3%	73	-3.9%	236.8	-18.1%	$546.6	-5.2%	12.54	-0.5%
2016	7.46	5.4%	66	-9.6%	242.7	2.5%	$543.4	-0.6%	13.39	6.8%
2017	7.61	2.0%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%

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[1] Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.

[2] Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.

[3] Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

The following table provides a five-year history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	**2 Units**	**3 & 4 Units**	**5+ Units**	**Total Building Permits**	**% Change**
2013	15,772	408	148	11,189	27,517	18.1%
2014	17,104	532	146	10,916	28,698	4.3%
2015	20,025	334	287	11,225	31,871	11.1%
2016	21,577	556	242	16,599	38,974	22.3%
2017	24,338	344	415	15,576	40,673	4.4%
Year-to-date totals through April:						
2017	7,462	112	66	5,641	13,281	
2018	10,011	52	131	6,330	16,524	
% change	*34.2%*	*-53.6%*	*98.5%*	*12.2%*	*24.4%*	

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Source: U.S. Census Bureau.

Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2013	15,333	-46.3%	9,318	-41.4%
2014	11,235	-26.7%	6,003	-35.6%
2015	8,241	-26.6%	4,209	-29.9%
2016	7,666	-7.0%	3,128	-25.7%
2017	6,680	-12.9%	2,100	-32.9%

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.
Source: Colorado Division of Housing.

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APPENDIX E

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2017 (the "PERA 2017 CAFR"). The PERA 2017 CAFR was prepared by PERA staff employees and the firm of Cavanaugh Macdonald Consulting, LLC, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward-looking information as described in "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements" at the beginning of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2017 CAFR is not incorporated in this Official Statement by reference or otherwise, and the State makes no representations regarding the accuracy of the information in the PERA 2017 CAFR.

The information in the State's Fiscal Year 2017-18 CAFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2017, while the information in this Official Statement regarding PERA is derived from the PERA 2017 CAFR. PERA implemented GASB Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), beginning with the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014 (the "PERA 2014 CAFR"), as discussed in "Implementation by PERA of GASB 67" below. See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" in this Appendix.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (generally for State employees) (the "State Division"), the School Division Trust Fund (for employees of school districts), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities), the Judicial Division Trust Fund (for judges in the State) and the Denver Public Schools Division (for employees of DPS). The defined benefit plan for the State Division is referred to herein as the "State Division Plan."

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee, the amounts of which are determined and established by statute. Benefits provided through the State Division Plan are paid from the State Division Trust Fund. State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. The State has no obligation to make contributions or fund benefits in Divisions other than the State Division and Judicial Division of PERA, other than the direct distribution of $225 million pursuant to C.R.S. § 24-51-414. See Notes 1 and 8 to the financial statements in the PERA 2017 CAFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis and Notes 6, 7 and 8 to the financial statements in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Post-Employment Benefits" in the body of this Official Statement and in this Appendix relates only to the State Division Plan.

The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each Division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its Divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at (800) 759-7372 or by visiting http://www.copera.org. *The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's financial statements, or any other information provided by PERA, is not incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.*

Basic Provisions of the State Division Plan

Members of the State Division Plan who meet minimum age and service requirements are eligible to receive a monthly retirement benefit based on their employment and earnings history with the State. Calculation of retirement benefits, and eligibility requirements, differ depending on the employee's original hire date. In response to funding challenges, the General Assembly has enacted changes to State Division Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 6, 7 and 8 to the financial statements in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, the PERA 2017 CAFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2017 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts.

GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with the PERA 2014 CAFR.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, “Accounting and Financial Reporting for Pensions,” applies to governmental employers as reflected in the State’s Fiscal Year 2014-15 CAFR appended to this Official Statement. See “Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68” below.

GASB 67 establishes a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. Implementation of GASB 67 requires the preparation of two actuarial valuations, one for funding purposes and one for accounting and financial disclosure purposes. The purpose of the funding valuation is to guide the PERA Board’s actions necessary to ensure the long-term sustainability of PERA’s trust funds. The funding valuation aids this action by allowing PERA to assess the sufficiency of the current statutory contribution rates and amounts and analyze the sufficiency of future contributions to meet current and future benefit obligations. The actuarial valuation for accounting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability across U.S. pension plans complying with this new reporting standard. To accomplish this, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed unfunded actuarial accrued liability,[1] or “UAAL.” Net pension liability is to be measured as the total pension liability[2] of the plan less the amount of the plan’s fiduciary net position.[3]

Another major change in the new standard is the rate used to discount projected benefit payments. The new standard states the long-term expected rate of return on the investments of the plan should be applied only to available plan assets that are expected to be invested using a strategy to achieve that return. If there comes a point in the projections when plan fiduciary net position and contributions related to active and inactive employees are no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses (crossover point), then from that point forward the plan will be required to discount the projected benefit payments after the crossover point using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

GASB 67 also enhances the standards for footnote disclosure and required supplementary information for pension plans, including, among other things, disclosing the plan’s net pension liability, ratio of fiduciary net position to total pension liability and actuarial methods and assumptions.

[1] Actuarial accrued liability (“AAL”) is the excess of the present value of a pension fund’s total of future benefits (payable to the plan participants) and fund administration expenses over the present value of the future normal cost of those benefits. Unfunded actuarial accrued liability is the difference between the AAL and the valuation assets of the fund.
[2] Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.
[3] Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan’s reporting period.

Actuarial Valuations

Many of the measures used to determine and evaluate the financial condition and funding status of the State Division Plan are based on actuarial valuations. An actuarial valuation is the determination, as of the actuarial valuation date, of the service cost, actuarial accrued liability and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial valuations for each of PERA's defined benefit plans, including the State Division Plan, were prepared by PERA's actuaries as of December 31, 2017, based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the Plan compared to actuarial liabilities, compare past and future trends and determine the liability of the Plan. The actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed market value of assets for purposes of determining the UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets (determined in conformity with GASB standards) to determine the net pension liability. See the Actuarial Section of the PERA 2017 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2017 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2016, and the next experience study is planned in 2020.

No assurance can be given that any of the assumptions underlying the actuarial valuations of the State Division Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of Plan assets, the liability of the Plan and other valuation and performance measures determined on the basis of such actuarial valuations.

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State. The baseline SRC that is made by the State for most State employees currently is 10.15% of the employee's salary. The State has consistently contributed the full amount of the SRC to the State Division Plan. See Note 6 and the Required Supplementary Information to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a summary of the SRC percentages payable, and percentage amount of the SRC paid, by the State for the last three Fiscal Years, as well as total PERA plan contributions made by the State for each of the past ten Fiscal Years.

As required by statute, State employees contribute 8.0% (except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10%) of their wages to the State Division Plan, although per SB 10-001, for Fiscal Years 2010-11 and 2011-12 the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees offset a 2.5% reduction in the State contribution for those Fiscal Years. The employee contribution rates reverted to pre-Fiscal Year 2010-11 levels effective July 1, 2012, and the State returned to paying the 10.15% SRC.

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement, or "AED," and the Supplemental Amortization Equalization Disbursement, or "SAED," in order to shorten the amount of time over which the unfunded liability of the Plan is amortized. Both the AED and the SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. The AED applicable to the State Division Plan was effective as of January 1, 2006, and was initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The AED rate applicable to the State Division Plan was 4.2% in 2015, 4.6% in 2016 and is 5.0% in 2017. The SAED applicable to the State Division Plan was effective as of January 1, 2008, and was also initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The SAED rate applicable to the State Division Plan was 4.0% in 2015, 4.5% in 2016 and is 5.0% in 2017. The total SRC applicable to the State Division Plan currently is 20.15% of employee wages. However, SB 18-200 makes further changes to employer and employee contributions as discussed in "Funding Status of the State Division Plan" hereafter in this section. See also Note 6 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement and Note 4 to the financial statements in the PERA 2017 CAFR for a further discussion of the AED and SAED.

Changes to the statutorily required contributions to the State Division Plan by the State and its employees, or to other provisions of the Plan, could be made by the General Assembly through future legislative action, which changes could impact the SRC, the funding status and/or the financial condition of the Plan as described herein. The State cannot predict if or when any such legislative changes might be enacted or the impact that any such changes, if enacted, might have on the State Division Plan or the State's funding obligations with respect to the Plan.

SB 18-200 provides for automatic adjustments to employee and employer contribution rates within certain statutory parameters so as to stay within the legislation's 30-year funding goal. Previously, such adjustments required action by the General Assembly. See "Funding Status of the State Division Plan" below.

The SRC is paid from the State General Fund as well as from certain federal funds and State cash funds and is typically paid from the same funding source as the employee's salary and other benefits. Although the rate of the SRC is set by statute, payment of the SRC nevertheless is subject to annual appropriation through the State budgeting process as described in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" in the body of this Official Statement.

Actuarially Determined Contribution. As a result of the shift in financial disclosure requirements under GASB 67 from a funding-based approach to an accounting-based approach, the historical disclosure and use of the annual required contribution,[1] or "ARC," as a funding benchmark by PERA is no longer required. Rather, this philosophical shift necessitates the development and use of a plan-specific

[1] Prior to 2014, PERA used the annual required contribution, or ARC, as a funding benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ARC is the actuarially determined amount that would be required if the State were to fund each year's normal cost (i.e., the present value of the benefits that the State Division Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the State Division Plan plus an annual amortization of the UAAL assuming that the UAAL will be fully funded over a maximum 30-year period. The difference between the ARC and the SRC constitutes either a contribution deficiency or excess contributions. For historical information regarding the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013.

actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long-term rate of return. See "Historical ADC and State Contributions" below.

Change in PERA Funding Policy. In response to the new GASB 67 standards, the PERA Board adopted a revised pension funding policy in March 2015 with regard to its trust funds to update and replace the prior funding policy dated November 2007. The purpose of the revised funding policy, as stated in the PERA 2017 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA Board in assessing the sustainability of the plan. The results of these three items are intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "Statutorily Required Contributions" above.

Historical ADC and State Contributions. The following table sets forth for each of the years 2008-2017 (i) the ADC for the State Division Plan, (ii) the annual contribution deficiency and (iii) the actual contribution as a percentage of covered employee payroll. The State annually contributes the full amount of the SRC to the State Division Plan; however, these amounts have been less than the applicable ARC or ADC. During this period the State has not made any contributions to the State Division Plan in excess of the SRC.

The ADC rates, as a percentage of pensionable payroll, used to determine the ADC amounts in Table 1 below are calculated as of December 31 two years prior to the end of the year in which the ADC amounts are reported. The following actuarial methods and assumptions (from the December 31, 2015, actuarial valuation) were used to determine contribution rates reported in the table for the year ended December 31, 2017: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's UAAL is amortized as a level percent of payroll, on a closed, layered basis over a 30-year period; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by Actuarial Standards of Practice; (iv) price inflation is assumed to be 2.80%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.90%) are projected to range from 3.90% to 10.85%; (vii) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.50%; and (viii) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year and cost of living adjustments for post-2006 hires are assumed to be financed by the Annual Increase Reserve described in footnote 2 to the table. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2017 CAFR.

Table 1
Employer Contributions
State Division
(Dollar Amounts in Thousands)

Calendar Year	ADC Rate[1]	Covered Employee Payroll	Annual Increase Reserve Contribution[2]	ADC Contribution[3]	Contributions in Relation to the ADC	Annual Contribution Deficiency	Actual Contribution as a Percentage of Covered Employee Payroll
2017	22.71%	$2,774,207	$14,355	$644,377	$563,977	$80,400	20.33%
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2013	20.01	2,474,965	--	495,241	393,218	102,023	15.89
2012	16.52	2,384,934	--	393,991	328,055	65,936	13.76
2011	13.63	2,393,791	--	326,274	277,122	49,152	11.58
2010	18.93	2,392,080	--	452,821	282,640	170,181	11.82
2009	17.91	2,384,137	--	426,999	293,234	133,765	12.30
2008	18.45	2,371,639	--	437,567	267,533	170,034	11.28

[1] See the discussion preceding this table regarding the actuarial methods and assumptions used in determining the ADC rates.
[2] The Annual Increase Reserve, or "AIR," was established in 2007 and is used to provide post-retirement benefit increases for members hired on or after January 1, 2007. The AIR is financed by an allocation from employer statutory contributions made on behalf of such members equal to 100% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2017 CAFR.
[3] The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR.
Source: PERA 2017 CAFR

The Management's Discussion and Analysis in the PERA 2017 CAFR states that, using the funding policy approved by the PERA Board in March 2015 and the 2016 actuarial funding valuation based on an assumed 7.25% investment rate of return and discount rate, the 2018 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 26.30%, and that using such funding policy and the 2017 actuarial funding valuation based on an assumed 7.25% investment rate of return and discount rate, the 2019 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 23.28%.

For historical information regarding employer contributions based on the ARC, see Note 6 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – Statutorily Required Contributions" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the Plan design by SB 10-001 and SB 18-200, all in an effort to improve the funding status of the State Division Plan. In addition, investment returns on Plan assets have recently decreased following the negative effects of the global economic downturn that began in 2008. The actuarial assumptions as to the investment rate of return on Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% in 2009, from 8.00% to 7.50% at the end of 2013 and from 7.50% to 7.25% at the end of 2016, and other economic assumptions, including the amortization period, have been changed over this period as well, to reflect actual results and new estimates about the future. Notwithstanding these changes, the PERA reported that at December 31, 2016, the State Division Plan had a UAAL of approximately

$11,644 billion and a funded ratio (i.e., the actuarial value of Plan assets divided by the AAL) of only 54.6%, which UAAL would have amortized over a 65-year period based on contribution rates as of the date of calculation.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, during the 2018 legislative session the General Assembly enacted, and on June 4, 2018, the Governor signed, SB 18-200, which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans, and thereby reach a 100% funded ratio for each of such plans, within the next 30 years. Among other things, SB 18-200 phases-in a 2% increase in contribution rates for all employees, suspends the cost of living adjustment for retires through 2019, changes the definition of salary and highest average salary, reduces maximum annual cost of living adjustments, adjusts employer contribution rates, funds unfunded PERA liability from political subdivisions terminating its affiliation with PERA and provides for a direct annual allocation of $225 million (actual dollars) from the State's General Fund to PERA beginning with the State's Fiscal Year 2018-19. SB 18-200 also includes a provision that automatically adjusts employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding SB 18-200, see the PERA 2017 CAFR.

The PERA 2017 CAFR reports that, taking into account changes made by SB 18-200, at December 31, 2017, the actuarial value of assets of the State Division Plan was approximately $14.256 billion and the AAL of the Plan was approximately $24.782 billion, resulting in a UAAL of approximately $10.526 billion and a funded ratio of 57.5%. This UAAL would amortize over a 33-year period.[1]

The actuarial value of assets of the State Division Plan is determined by using an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets over a four-year period to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in assets of the State Division Plan as a result of economic and market conditions is not reflected in the funded ratio. Based on the market value of assets of the State Division Plan, and taking into account the changes made by SB 18-200, the PERA 2017 CAFR reports that at December 31, 2017, the UAAL of the Plan was approximately $9.677 billion and the funded ratio was 61.0%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2017 CAFR.

Table 2 below sets forth for each of the years 2008-2017 the UAAL, the funded ratio and related information for the State Division Plan based on the actuarial value of Plan assets, and Table 3 below sets forth such information based on the market value of Plan assets.

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

The total pension liability for the State Division Plan was determined by actuarial valuations as of December 31, 2016, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2017. When calculating the AAL of the State Division Plan in Tables 2 and 3 below, the following actuarial methods, assumptions and inputs, among others, were used: (i) price inflation is assumed to be 2.40%; (ii) real wage growth is assumed to be 1.10%; (iii) payroll increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 9.17%; (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; and (v) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year compounded annually, and cost of living adjustments for post-2006 hires are assumed to be financed by the AIR. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2017 CAFR.

Table 2
Historical Funding Progress of State Division Plan
Actuarial Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Actuarial Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2017	$14,256,410	$24,782,085	$10,525,675	57.5%	$2,774,207	379.4%
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2013	13,129,460	22,843,725	9,714,265	57.5	2,474,965	392.5
2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
2011	12,010,045	20,826,543	8,816,498	57.7	2,393,791	368.3
2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2
2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.6

[1] The actuarial value of Plan assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards.
Source: PERA 2017 CAFR

Table 3
Historical Funding Progress of State Division Plan
Market Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Market Value of Plan Assets1	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2017	$15,105,378	$24,782,085	$ 9,676,707	61.0%	$2,774,207	348.8%
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2013	13,935,754	22,843,725	8,907,971	61.0	2,474,965	359.9
2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	353.3
2011	12,001,770	20,826,543	8,824,773	57.6	2,393,791	368.7
2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0
2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3

[1] The market value of Plan assets is the fair value of the assets determined in conformity with GASB standards. See the Investment Section of the PERA 2017 CAFR.
Source: PERA Comprehensive Annual Financial Reports for calendar years 2008 through 2017

Since contribution rates to the State Division Plan are fixed by statute, unless changes are made to such rates or changes are made to Plan provisions to reduce benefit payments, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on Plan assets or changes in the actuarial assumptions used to determine the value of Plan assets and the AAL. Changes to contribution rates or other Plan provisions, or the use of alternative Plan funding strategies, would require legislative action by the General Assembly, of which there can be no assurance.

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Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2017, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2017 CAFR. The following table sets forth for each of the years 2008-2017 the changes in fiduciary net position of the State Division Plan.

Table 4
Changes in Fiduciary Net Position
State Division
(Dollar Amounts in Thousands)

	For the Year Ended December 31									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
ADDITIONS										
Employer contributions	$563,977	$521,804	$484,005	$444,372	$401,658	$335,073	$283,222	$287,624	$297,240	$270,353
Member contributions	228,978	223,005	217,980	211,610	202,799	227,058	258,678	223,240	194,168	191,481
Purchased service	27,442	24,528	26,946	22,446	22,241	16,358	11,277	12,496	8,830	13,315
Net investment income (loss)	2,391,683	947,981	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142	1,742,571	(3,745,843)
Other	15,860	8,708	5,023	3,289	4,869	150	331	1	3	7
Total additions	3,227,940	1,726,026	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503	2,242,812	(3,270,687)
DEDUCTIONS										
Benefit payments	1,554,290	1,483,828	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707	1,122,435	1,071,725	999,279
Refunds	58,696	60,137	63,567	61,152	68,735	69,221	70,090	68,844	58,416	56,716
Disability insurance premiums	2,035	2,106	2,088	2,309	2,229	1,570	1,685	1,661	2,004	1,794
Administrative expenses	11,745	11,271	10,779	10,067	9,780	8,568	8,685	8,942	8,729	8,639
Other	3,652	3,040	3,406	3,171	3,593	3,911	(4,546)	(726)	(1,519)	6,613
Total deductions	1,630,418	1,560,382	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621	1,201,156	1,139,355	1,073,041
Change in fiduciary net position	1,597,522	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347	1,103,457	(4,343,728)
Fiduciary net position held at beginning of year	13,626,180	13,460,536	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758	10,508,301	14,852,029
Fiduciary net position held at end of year	$15,223,702	$13,626,180	$13,460,536	$14,013,947	$13,980,460	$12,797,352	$12,022,661	$12,487,105	$11,611,758	$10,508,301

Source: PERA 2017 CAFR

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

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The following table sets forth for the years 2013-2017 (the only years for which information is available) the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2017 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2017 (information for 2013 is not available). See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" hereafter.

Table 5
Net Pension Liability
State Division[1]
(Dollar Amounts in Thousands)

	For the Year Ended December 31				
	2017[2]	**2016**	**2015**	**2014**	**2013**
Total pension liability[3]	$35,241,684	$31,994,311	$23,991,569	$23,420,461	$22,888,431
Plan fiduciary net position	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460
Net pension liability	$20,017,982[4]	$18,368,131	$10,531,033	$ 9,406,514	$ 8,907,971
Net pension liability as a percentage of total pension liability	43.20%	42.59%	56.11%	59.84%	61.08%
Covered employee payroll	$ 2,774,207	$ 2,710,651	$ 2,641,867	$ 2,564,670	$ 2,474,965
Net pension liability as a percentage of covered employee payroll	721.57%	677.63%	398.62%	366.77%	359.92%

[1] Information for years prior to 2013 is not available.
[2] Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "Funding Status of the State Division Plan" above, the changes made by SB 18-200 are not reflected in this table.
[3] The total pension liability for the State Division was determined by actuarial valuations as of December 31, 2016, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2017. The actuarial valuations as of December 31, 2016, used the key actuarial methods, assumptions or other inputs discussed in "Funding Status of the State Division Plan" above, except that the fair value of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.
[4] The pro forma estimated net pension liability of the State Division as of December 31, 2017, using plan provisions required by SB 18-200 was $9,492,389 utilizing a discount rate of 7.25%.
Source: PERA 2017 CAFR

Investment of State Division Plan Assets

State law authorizes the investment of PERA's funds by the PERA Board, subject to the following limitations:

The aggregate amount of investment trust shares, corporate stocks, corporate bonds and convertible debentures cannot exceed 65% of the book value of the fund.

Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.

The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 to the financial statements and the Investment Section of the PERA 2017 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68") is a GASB pronouncement that is related to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented beginning with the State's Fiscal Year 2014-15 CAFR. GASB 68 revises and establishes new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division had a UAAL of approximately $9.714 billion as of December 31, 2013, $9.885 billion as of December 31, 2014, $10.203 billion as of December 31, 2015, $11.644 billion as of December 31, 2016, and $10.526 billion as of December 31, 2017.

The State reported a liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.3 billion at June 30, 2018, for its proportionate share of the net pension liability for the State Division and the Judicial Division, compared to a reported liability in the State's Fiscal Year 2016-17 CAFR of approximately $17.779 billion at June 30, 2017, for its proportionate share of the net pension liability, consisting of approximately $17.540 billion for the State Division and $0.239 billion for the Judicial Division. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year. See also Note 6 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a description of the methodology utilized to determine these amounts.

There is a difference between the net pension liability for the State reported by PERA and the State in their respective financial statements. The difference results from PERA's inclusion of employers in the State Division and the Judicial Division which are not included in the State's financial statement reporting entity. The PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's financial statement reporting entity as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Examples of these employers in the State Division include Pinnacol Insurance, Fire and Police Pension Association and District Attorneys. Denver County Courts is the only Judicial Division employer that is not part of the State's financial statement reporting entity. The State includes in its financial statements a percentage of the net pension liability reported by PERA in its financial statements for each Division to determine the State's proportionate share in accordance with requirements of GASB 68. Additional information concerning the State's reporting entity can found in Note 1 to the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 to the State's Fiscal Year 2017-18 CAFR.

The State's proportionate share of the net pension liability at the end of calendar years 2014 through 2017 in accordance with requirements of GASB 68 is set forth in the following table.

Table 6
State's (Primary Government's) Proportionate Share of the Net Pension Liability[1]
(Amounts in Thousands)

	Calendar Year 2017		Calendar Year 2016		Calendar Year 2015		Calendar Year 2014	
	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.49%	94.17%	95.71%	93.98%	95.85%	93.60%	95.86%	93.44%
State's proportionate Share of Net Pension liability (asset)	$17,539,728	$239,423	$10,079,252	$172,828	$9,015,773	$129,500	$8,539,181	$102,756
State's covered-employee payroll	2,751,094	46,320	2,687,152	44,159	2,586,800	40,114	2,570,286	37,203
State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	637.55%	516.89%	375.09%	391.38%	348.53%	322.83%	332.23%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	53.19%	56.11%	60.17%	59.84%	66.88%	61.08%	71.26%

[1] The amounts presented for each Fiscal Year were determined as of the calendar year-end that occurred within the Fiscal Year and were calculated as described in Note 6 to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement.
Source: State Fiscal Year 2017-18 CAFR

A 10 year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, the introduction to Notes 1, 6, 7 and 8 to the Financial Statements in the State's Fiscal Year 2017-18 CAFR.

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

Effect of Pension Liability on the Series 2018B Notes

For a discussion of the State's current pension liability, see the Management's Discussion and Analysis in the Financial Section of the State's Fiscal Year 2017-18 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions." No assurances can be given that the assumptions underlying any current or future plans of the State to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement, including in this Appendix. The General Assembly and Governor are ultimately responsible for passing any legislation which would make material changes to PERA retirement plans. No assurance can be given that any legislative changes aimed at decreasing the State's pension liability will be enacted. The State's current pension liability or any increase in the State's pension liability may have a material adverse effect on the State's ability to fully pay its obligations, including the Series 2018B Notes.

APPENDIX F

DTC BOOK-ENTRY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the State takes no responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2018B Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2018B Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2018B Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2018B Notes. The Series 2018B Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018B Note certificate, in the aggregate principal amount of the Series 2018B Notes, will be issued and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org. The State undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned websites.

Purchases of Series 2018B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018B Notes on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018B Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018B Notes except in the event that use of the book-entry system for the Series 2018B Notes is discontinued.

To facilitate subsequent transfers, all Series 2018B Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018B Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018B Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018B Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2018B Notes may wish to ascertain that the nominee holding the Series 2018B Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2018B Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2018B Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the State Treasurer on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the paying agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2018B Notes to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the State or the paying agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2018B Notes at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2018B Note certificates are required to be printed and delivered to the appropriate Owners of the Series 2018B Notes.

The State may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2018B Notes. In that event, Series 2018B Note certificates will be printed and delivered to DTC.

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL

January 16, 2019

The Honorable Dave Young
  Treasurer of the State of Colorado
Wells Fargo Bank, National Association
Merrill Lynch, Pierce, Fenner and Smith Incorporated
Morgan Stanley & Co. LLC
J.P. Morgan Securities, LLC
Barclays Capital Inc.

$325,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2018B

Ladies and Gentlemen:

We have examined the laws of the State of Colorado (the "State"), the laws of the United States of America relevant to the opinions herein, and a certified transcript of the record of the proceedings taken preliminary to and simultaneously with the issuance by the State Treasurer (the "Treasurer") of the "State of Colorado, Education Loan Program, Tax and Revenue Anticipation Notes, Series 2018B," in the aggregate principal amount of $325,000,000 dated as of the date of their issuance (the "Notes").

The Notes mature, bear interest, are transferable and payable, as to principal and interest, at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on January 16, 2019, authorizing the issuance of the Notes (the "Resolution"). Proceeds of the Notes will be used to, among other things, fund loans to participating State school districts (the "Participating Districts") pursuant to a loan program administered by the State Treasurer.

As to questions of fact material to our opinion, we have relied upon representations of the State and Participating Districts contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination and, for purposes of paragraph 3 below, assuming continuous compliance with the covenants and representations contained in such proceedings and other documents, it is our opinion as Bond Counsel that under existing laws, regulations, rulings and judicial decisions:

1. The State is duly created and validly existing as a body corporate and politic with the corporate power to issue the Notes and perform the agreements on its part contained therein.

2. The Notes have been duly authorized, executed and delivered by the State and are valid and binding obligations of the State, enforceable against the State in accordance with the terms of the Resolution. The "Series 2018-19 Notes Repayment Account", to be established pursuant to the terms of the Resolution, and the Pledged Revenues, as defined in the Resolution, are irrevocably pledged to the payment of the principal of and interest on the Notes when due. The owners of the Notes are equally and

ratably secured by a first lien, but not an exclusive first lien, on the Series 2018-19 Notes Repayment Account and the moneys credited thereto.

3. Interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions expressed in the preceding sentence assume the accuracy of certain representations and compliance by the State and Participating Districts with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Notes. Failure to comply with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

4. Interest on the Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under present Colorado income tax laws.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Note may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise of judicial discretion in appropriate cases in accordance with general principles of equity.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Our engagement as Bond Counsel with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. No one other than the addressees hereof shall be entitled to rely upon this opinion without our prior written consent.

Very truly yours,