NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2012C 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 2012C 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."

$160,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2012C

Dated: Date of Delivery **Maturity Date: June 27, 2013**

The proceeds of the Series 2012C 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, 2013, and (ii) pay the costs of issuing the Series 2012C Notes.

The Series 2012C 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 2012C Notes. Beneficial Ownership Interests in the Series 2012C 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 2012C 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 2012C Notes, at the rates per annum specified below, is payable on the maturity date of the Series 2012C Notes specified above. The Series 2012C Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.[*]
$40,000,000	1.50%	100.656	0.14%	19672M BH0
60,000,000	1.50	100.652	0.15	19672M BH0
60,000,000	2.50	101.130	0.16	19672M BG2

The Series 2012C 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 2012C Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2012C Notes in the Series 2012-13 Notes Repayment Account; and the principal of the Series 2012C Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2013, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2012C Notes are secured on parity with the previously issued State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2012B, which are currently outstanding in the aggregate principal amount of $125,000,000. The Series 2012C 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 registered owners and Beneficial Owners of the Series 2012C Notes may not look to any source other than the Pledged Revenues for payment of the Series 2012C Notes.

An investment in the Series 2012C 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 2012C 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 Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. The Series 2012C Notes are expected to be delivered through the facilities of DTC on or about January 3, 2013.

Dated: December 19, 2012

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[*] CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of The McGraw-Hill Companies, and is provided solely for the convenience of the purchasers of the Series 2012C Notes and only as of the issuance of the Series 2012C Notes. The State takes no responsibility for the accuracy of such data now or at any time in the future.

NOTICES

This Official Statement does not constitute an offer to sell the Series 2012C 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 2012C 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 2012C Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2012C Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

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

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

TABLE OF CONTENTS

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OFFICIAL STATEMENT

Relating to

$160,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2012C

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 $160,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2012C (the "Series 2012C 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 2012C 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 December 13, 2012, including, without limitation, the interest rates, prices, reoffering yields and CUSIP numbers of the Series 2012C Notes, as well as the original purchasers of the Series 2012C Notes (the "Underwriters") and the aggregate purchase price paid by the Underwriters for the Series 2012C 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 2012C Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2013 ("Fiscal Year 2012-13"), and paying the costs of issuing the Series 2012C Notes. The first installment of the Loan Program was funded on July 11, 2012, by the issuance of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2012B (the "Series 2012B Notes"), in the aggregate principal amount of $125,000,000, the net proceeds of which have been borrowed by 12 Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS."

The net proceeds of the sale of the Series 2012C Notes will be deposited in the Series 2012C Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2012C Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to approximately 16 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2012-13. 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-June 2013 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 SERIES 2012C NOTES PROCEEDS – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2012C Notes

Authorization. The Series 2012C Notes are issued pursuant to the Loan Program Statutes; Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"); and a resolution (the "State Resolution") adopted by the State Treasurer (the "State Treasurer") and approved and countersigned by the Controller of the State (the "State Controller"). See "THE SERIES 2012C NOTES – Authorization."

General Provisions. The Series 2012C Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 27, 2013 (the "Series 2012C Notes Maturity Date"). The Series 2012C Notes are not subject to redemption prior to the Series 2012C Notes Maturity Date. Interest on the Series 2012C 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 2012C Notes Maturity Date. See "THE SERIES 2012C NOTES – General Provisions."

Book-Entry Only System. The Series 2012C 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 2012C Notes. Ownership interests in the Series 2012C 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 2012C Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2012C NOTES – General Provisions" and "APPENDIX E – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2012C Notes mean Cede & Co., or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment. The Series 2012C 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 2012C Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2013, as repayment of their Program Loans;

- amounts deposited to the "Series 2012-13 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "Series 2012-13 Notes Repayment Account") as discussed in "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 Notes Repayment Account*"; and

- any unexpended proceeds of the Series 2012B Notes, the Series 2012C 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 registered owners (the "Owners") of the Series 2012C 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 2012C Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS – The Series 2012C Notes Proceeds Account."

Interest on the Series 2012C 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 2012-13 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2012C Notes from the Closing Date to the Series 2012C 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 2012-13 that is (i) subject to appropriation for Fiscal Year 2012-13 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2012B Notes, the Series 2012C Notes, of any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2012C Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2013, 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 State Funds 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 2012-13 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 2012-13, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2012A (the "State Series 2012A General Fund Notes"), issued by the State Treasurer on July 17, 2012, in the principal amount of $500 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2012-13.

The Series 2012-13 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2012B Notes, the Series 2012C Notes and any Parity Lien Notes. The Owners of the Series 2012B Notes, the Series 2012C Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2012-13 Notes Repayment Account and the moneys credited thereto.

The Series 2012C 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 2012C Notes may not look to any source other than the Pledged Revenues for payment of the Series 2012C Notes.

See generally "THE SERIES 2012C NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2012C Notes and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX F – 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 Peck, Shaffer & Williams 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 2012C Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax; and interest on the Series 2012C 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 F – 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 2012C Notes because the Series 2012C Notes have a stated maturity of less than 18 months. However, the State Treasurer does undertake in the State Resolution to provide notice of certain enumerated events if they occur, as described in "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 Notes Repayment Account* – Covenants of the State" and "CONTINUING DISCLOSURE."

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 B – 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 "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" 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 2012C Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "Financial Advisor"), One Tabor Center, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Investment Considerations

An investment in the Series 2012C 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 inside cover of 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 registered owners or Beneficial Owners of the Series 2012C Notes.

THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS

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 2012C Notes are being issued pursuant to this authorization. See also "THE SERIES 2012C NOTES – Authorization."

Application of Series 2012C Notes Proceeds

The proceeds of the Series 2012C Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2012C Notes, will be deposited in the Series 2012C 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 2012-13, subject to the conditions stated in the State Resolution and the District Resolutions. See "Program Loans" and "The Participating Districts" below, "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2012C Notes Proceeds Account

The State Resolution previously directed the State Controller to establish within the State's General Fund the Series 2012C Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2012C 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 2012C Notes. The original purchasers of the Series 2012C 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 2012C Notes.

Moneys held in the Series 2012C 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 2012C 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 2012C Notes Proceeds Account; and investment earnings on moneys credited to the Series 2012C 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, 2013, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2012-13 Notes Repayment Account, after which the Series 2012C Notes Proceeds Account is to be closed. See "APPENDIX C – 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 2012-13. 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 2012C Notes on their behalf are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." Denver School District No. 1, Boulder Valley School District RE-2 and Cherry Creek School District No. 5 are expected to borrow the largest percentages of available proceeds of the Series 2012B Notes and the Series 2012C Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2012C NOTES

The following is a summary of certain provisions of the Series 2012C Notes during such time as the Series 2012C Notes are subject to the DTC book-entry system. Reference is hereby made to the State Resolution in its entirety for the detailed provisions pertaining to the Series 2012C Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2012C Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the State Resolution. The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS." The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes in Fiscal Year 2012-13. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2012C 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 2012C Notes. Beneficial Ownership Interests in the Series 2012C 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 2012C Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX E – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2012C Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2012C Notes will be dated as of the Closing Date, mature on the Series 2012C 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 2012C Notes will accrue from the Closing Date and will be payable on the Series 2012C Notes Maturity Date. The principal of and interest on the Series 2012C Notes will be payable by the State Treasurer, as paying agent for the Series 2012C Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2012C Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX E – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2012C Notes will cease to accrue on the Series 2012C Notes Maturity Date.

The Deputy State Treasurer or the Chief Financial Officer of the Department of the Treasury will serve as the registrar for the Series 2012C Notes (the "Registrar"), subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy State Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2012C Notes under the State Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the State Resolution with respect to the Series 2012C Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2012C Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2012C Notes are not subject to redemption prior to the Series 2012C Notes Maturity Date.

Security and Sources of Payment

The Series 2012C Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with the Series 2012B Notes and any additional Parity Lien Notes. The Series 2012C 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 2012C Notes may not look to any source other than the Pledged Revenues for payment of the Series 2012C 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, 2013, in repayment of their Program Loans; (ii) amounts deposited to the Series 2012-13 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2012B Notes, the Series 2012C 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 2012C Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS – The Series 2012C Notes Proceeds Account."

The Series 2012-13 Notes Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the Series 2012-13 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 2012-13 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2012B

Notes, the Series 2012C Notes and any Parity Lien Notes. The Owners of the Series 2012B Notes, the Series 2012C Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2012-13 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 2012-13 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2012C Notes from the Closing Date to the Series 2012C Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2012-13 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2013, in repayment of their Program Loans. However, if on June 26, 2013, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2012B Notes, the Series 2012C Notes and any Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2012-13 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 2012-13, including, without limitation, the State Series 2012A 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 2012-13 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 2012-13 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2012C Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2013. 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 “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 C – THE STATE GENERAL FUND.”

Moneys held in the Series 2012-13 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, 2013, is to be credited to the General Fund up to the amount deposited in the Interest Subaccount at Closing and not credited to the Interest Subaccount or the Principal Subaccount. See “APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool.”

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2012C Notes is to be construed or interpreted: (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or an indebtedness of the State within the meaning of any applicable provision of the State Constitution or State statutes; (iii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Article X, Section 20 of the State Constitution (the "Taxpayer's Bill of Rights" or "TABOR") for which adequate cash reserves have not been pledged irrevocably and held for payment in all future fiscal years; (iv) as a delegation of governmental powers by the State; (v) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the State Constitution; or (vi) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the State Constitution. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights."

Parity Lien Notes

The State Resolution authorizes the State Treasurer from time to time during Fiscal Year 2012-13 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 2012B Notes and the Series 2012C 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 2012-13 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 a parity with the pledge in favor of the Series 2012B Notes and the Series 2012C Notes; however, the State Treasurer reserves the right to issue such additional notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the "Purchasers") and the Owners of the Series 2012C Notes to: (i) keep proper books of record and accounts showing complete and correct entries of all transactions relating to the Funds and Accounts referred to therein and in such manner that the amount of Program Loans made to each Participating District and the amount of repayment of such Program Loans by each Participating District may at all times be readily and accurately determined; and (ii) take any and all actions that may be reasonably required to ensure timely collection of the amounts due by Participating Districts under their respective District Notes.

Defaults and Remedies

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

- payment of the principal of or interest on any of the Series 2012C Notes is not made on the Series 2012C Notes Maturity Date; or
- the State fails to perform or observe any of the covenants, agreements or conditions contained in the State Resolution or in the Series 2012C 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 2012C Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2012C Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2012C Notes or to enforce and protect such Owner's rights under the State Resolution and the Series 2012C Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the State Resolution or the Series 2012C 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 2012C Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2012-13 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2012B Notes, the Series 2012C Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2012-13 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2012B Notes, the Series 2012C Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2012B Note, Series 2012C Note or Parity Lien Note over any other Series 2012B Note, Series 2012C Note or Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the State Resolution for the benefit of the Purchasers and the Owners of the Series 2012C Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2012C Notes Proceeds Account and the Series 2012-13 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 2012C Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2012C 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 "Code"); (ii) would cause interest on the Series 2012C Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the 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 Code in calculating corporate alternative minimum taxable income; or (iii) would cause interest on the Series 2012C 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 2012C Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2012C 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 2012C Notes.

Limited Obligations

The Series 2012C 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 2012C Notes. The Series 2012C 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 2012C Notes. If an Event of Default under the State Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2012C Notes. See "THE SERIES 2012C NOTES – Security and Sources of Payment – Defaults and Remedies."

Insufficient Taxes

The District Notes are payable solely from the Taxes of the respective Participating Districts received during the period of March through June 2013. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its District Note. In the event that a Participating District's Taxes are insufficient to timely repay its District Note, the State Treasurer is required by the State Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2012C 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 to and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolutions. See "DISTRICT RESOLUTIONS AND DISTRICT NOTES – Defaults and Remedies." The obligation of a Participating District to make payments in respect of its District Note 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. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts" for information regarding the historical average property tax collection rates for the Participating Districts. The amount of Taxes received by Participating Districts may be affected by the economy and the housing market. Based on information included in the Colorado Assessed Values Manual for 2011 published by the Colorado Department of Local Affairs, Division of Property Taxation, statewide taxable assessed values decreased from $97.78 billion in 2009 to $92.65 billion in 2010 and $87.80 billion in 2011, constituting decreases of approximately 5.3% and 5.2%, respectively. It is not possible for the State to predict whether current economic conditions will continue or worsen or to predict how future conditions will affect the housing market, assessed values, and the amount of Taxes received by each Participating District. Current national and regional economic conditions may increase the rate of nonpayment of property taxes and delays in collection of property taxes in the future, and significant numbers of foreclosures (if they occur in the future) may decrease or delay the payment and collection of property taxes. Further, there is no assurance that the Participating Districts will collect sufficient Taxes from March through June of 2013 to repay the Program Loans in full.

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

As discussed in "Insufficient Taxes" under this caption and in "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 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 2012-13 Notes Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the Series 2012-13 Notes Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2012-13 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 2012-13, including, without limitation, the State Series 2012A 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 2012-13 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 2012-13 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2012C Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2013. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the Governor's Office of State Planning and Budgeting ("OSPB") is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on September 20, 2012 (the "OSPB September 2012 Revenue Forecast"), and is summarized in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – OSPB Revenue and Economic Forecasts." 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 2012-13, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2012-13 Notes Repayment Account on June 26, 2013. 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" and "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation."

The OSPB September 2012 Revenue Forecast projects that the State will end Fiscal Years 2011-12 and 2012-13 with reserves equal to $582.3 million and $717.1 million, respectively, above the 4.0% Unappropriated Reserve requirement. Per HB 12-1338, $59.0 million of the Fiscal Year 2011-12 excess reserves are to be transferred to the State Education Fund and the balance is to be carried forward and become part of the beginning Fiscal Year 2012-13 fund balance, and all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund. The next OSPB revenue forecast will be released on December 20, 2012. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2012 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2012-13 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 2012-13 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2012-13 Notes Repayment Account on June 26, 2013. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – *Revenue Shortfalls* – OSPB Revenue and Economic Forecasts."

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 inside cover of this Official Statement regarding forward-looking statements.

Parity Lien Notes

The State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2012B Notes and the Series 2012C 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 2012C 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 a parity with the pledge in favor of the Series 2012B Notes and the Series 2012C Notes; however, the State Treasurer reserves the right to issue such additional notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2012C NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2012C Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and State 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 2012C Notes. See also "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Current Litigation" for a discussion of certain pending litigation the outcome of which could materially affect the State's funding of public education and potentially have a material adverse impact on the operations and finances of the State in general.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2012C 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 SERIES 2012C NOTES PROCEEDS – Program Loans – The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2012-13, 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 2012-13. The District Note matures on June 25, 2013 (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 2012B Notes, the Series 2012C 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 advances on its Program Loan in the manner discussed in "THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS – 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 2013 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 2012B Notes, the Series 2012C 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 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 2012C Notes.*

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

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

A District Event of Default does not constitute an Event of Default under the State Resolution. See "THE SERIES 2012C NOTES – Defaults and Remedies."

Other Covenants and Representations

The Participating District further covenants and agrees in the District Resolution as follows:

- 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 five 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 2012-13; (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 2013 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 State statutes. *The State portion of the school districts' funding is not pledged to pay the Program Loans*.

The constitutionality of the Colorado school finance system described herein has been challenged in a lawsuit filed against the State by several school districts, students and parents. See "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Current Litigation" for a further description of this lawsuit. See also "INVESTMENT CONSIDERATIONS – Future Changes in Laws."

General. 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.

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 ($5,634.77 for Fiscal Year 2011-12 and $5,843.26 for Fiscal Year 2012-13), 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 new factor, originally called the "State Budget Stabilization Factor," and pursuant to Senate Bill ("SB") 11-230 renamed the "Negative Factor" beginning with Fiscal Year 2011-12, reduces in an equitable manner the amount of funding that school districts would have received prior to the application of this factor. In general, the Negative 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 Negative Factor. The Negative 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 Negative Factor and the established floor amount for the Statewide Total Program after the application of the Negative 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.

SB 11-230 set the unadjusted Statewide Total Program funding amount for Fiscal Year 2011-12 at $5,987,109,016 before application of the Negative Factor. HB 12-1345 set the Statewide Total

Program funding amount for Fiscal Year 2012-13 after application of the Negative Factor at an amount of not less than $5,286,898,382.

SB 11-230 extends the Negative Factor to each subsequent budget year without specifying the amount of Total Program funding for any budget year after Fiscal Year 2011-12. The Negative Factor percentage is expected to fluctuate depending on the amount of revenues received by the State in a particular Fiscal Year and action taken by the General Assembly.

The general rule for calculating Total Program funding for Fiscal Year 2011-12 and thereafter is as follows:

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

Funded Pupil Count	=	The sum of (i) the greater of the number of pupils enrolled in the school district for the current budget year or the average enrollment for the current and up to four prior budget years (less the Colorado Preschool Program Pupil Counts), plus (ii) the school district's On-line Pupil Count plus (iii) the school district's Colorado Preschool Program Pupil Count.
Per Pupil Funding	=	A formula which takes into consideration a Statewide base level plus adjustments for variances in district size, cost of living, personnel costs and non-personnel cost factors specified in the Public School Finance Act.
At-Risk Funding	=	Formulaic funding amounts which are based upon the number of district pupils and pupils Statewide eligible for the federal free lunch program.
On-Line Funding and ASCENT	=	Funding amounts for pupils receiving an education predominantly through an on-line program and residing in the State or participating in the "Accelerating Students Through Concurrent Enrollment" ("ASCENT") program administered by the Colorado Department of Education pursuant to Section 22-35-108, C.R.S. The goals of the ASCENT program are to, among other things, increase the percentage of students who participate in postsecondary education, especially among low-income and traditionally underserved populations.
Negative Factor	=	An amount equal to (i) the Negative Factor percentage reduction for a given year multiplied by (ii) a district's Total Program funding amount before application of the Negative Factor.

The Public School Finance Act provides for a minimum level of Total Program funding for Fiscal Year 2012-13 of $6,141.28 ($7,320.89 before application of the Negative Factor) per traditional pupil, plus $5,910.68 ($7,046.00 before application of the Negative Factor) per on-line pupil, but limits a school district's Total Program per pupil funding to not more than 125% of its prior year's Total Program per pupil funding (not including override revenues discussed below). In addition, 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.

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 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 – Insufficient Taxes."

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

The difference between the Total Program and the amount generated from the school district's mill levy is required to be paid by the State. The State Legislature is required to make annual appropriations to fund the State's share of the Total Program of all school districts. The availability of

State funds to the school district may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's share during the Fiscal Year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made in funding categories not mandated by the State Constitution. Such reductions, or "rescissions," occurred in Fiscal Years 2001-02, 2002-03, 2008-09 and 2009-10. For Fiscal Year 2010-11, the reduction in State aid was effected through the application of the Negative Factor. It is expected that the Negative 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 currently permitted for excess transportation costs, special building and technology fund, excess costs related to a full-day kindergarten program and for school districts that obtained voter approval for override revenues in 2009 or thereafter, for capital construction projects. Override revenues are also permitted for a school district whose Fiscal Year 1994-95 actual Total Program exceeded its funding formula calculation for that Fiscal Year (a "hold harmless" district). A school district's override revenues are generally limited to the greater of $200,000 or 20% of its Total Program for the budget year in which the election at which the 20% limitation was reached, plus 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. In addition, pursuant to SB 09-256, for any school district that obtains voter approval in 2009 and thereafter to raise and spend additional or "override" property tax revenues the foregoing limitation was changed to the greater of $200,000 or 25% of the school district's Total Program plus 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 derived entirely from increased property taxes, and do not affect the amount of State funding that the school district is otherwise eligible to receive under the School Finance Act.

Ad Valorem Property Taxation Procedure

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

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

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

The following table sets forth the State property appraisal system for property tax levy years 2005 through 2011:

Levy Years	Collection Years	Value Calculated as of July 1	Based on the Market Period
2005 and 2006	2006 and 2007	2004	Jan. 1, 2003 to June 30, 2004
2007 and 2008	2008 and 2009	2006	Jan. 1, 2005 to June 30, 2006
2009 and 2010	2010 and 2011	2008	Jan. 1, 2007 to June 30, 2008
2011 and 2012	2012 and 2013	2010	Jan. 1, 2009 to June 30, 2010

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

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the County Assessor as a percentage of statutory actual value. To avoid extraordinary increases in residential real property taxes when the base year level of value is changed, the State Constitution requires the General Assembly to adjust the ratio of valuation for assessment of residential property for each year in which a change in the base year level of value occurs based on an estimated target percentage. This adjustment is mandated in order to maintain the same percentage of the aggregate statewide valuation for assessment attributable to residential property that existed in the previous year. The State Constitution also prohibits any valuation for assessment ratio increase for a property class without prior voter approval. See "Taxpayer's Bill of Rights" below. The ratio of valuation for assessment of residential property has been 7.96% since the 2003 levy year.

All other taxable property, with certain exceptions, is assessed at 29% of statutory actual value. Vacant land (other than agricultural land), which includes land upon which no buildings, structures or fixtures are located, but may include land with site improvements, is also assessed at 29% of statutory actual value. Producing oil and gas property is generally assessed at 87.5% of statutory actual value.

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

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

Homestead Exemption. The State Constitution provides to qualified senior citizens and qualified disabled veterans a property tax exemption equal to 50% of the first $200,000 of the actual value of owner-occupied residential real property. In order to qualify for the senior citizen exemption, the owner or his or her spouse must be at least 65 years of age and have occupied the residence for at least ten years, and in order to qualify for the disabled veteran exemption, the veteran must be rated 100% permanently disabled by the federal government. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, and therefore the exemption does not result in a loss of revenue to school districts. The homestead exemption for qualified senior citizens was suspended by the General Assembly for property tax collection years 2011 and 2012 as part of a State budget balancing package, which means that senior citizens were required to pay property taxes to local governments for 2011 and 2012 and the State is not required to reimburse such amounts to the local governments. The exemption is restored for property tax bills payable in 2013. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – Budgetary Reduction Measures for Fiscal Year 2010-11."

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 2012 will be collected in 2013. 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 State Treasurer will issue a certificate of purchase to the successful bidder at the sale, but a deed on the property cannot be issued until at least three years after the sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale.

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

Taxpayer's Bill of Rights

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

Fiscal Year and as such do not constitute a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR. TABOR also requires school districts to establish and maintain an emergency reserve equal to 3% of fiscal year spending (as defined in TABOR) excluding bonded debt service.

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

Budgets

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

No later than 30 days prior to the beginning of each Fiscal Year, the administrators of the school district are required to present the proposed budget to the Board of Education. After conducting a public hearing on the budget proposals, at which time any person paying school taxes in the school district has an opportunity to be heard, the Board of Education is required to adopt a final budget for the succeeding Fiscal Year by resolution specifying the amount of money appropriated to each fund. Beginning in 2009, the Board of Education is required to file the adopted budget with the Department of Education on or before January 31 of each year. By December 15th the Board of Education is to certify to the applicable board of county commissioners the amounts necessary to be raised from levies against the assessed valuation of all taxable property located within the school district to defray expenditures therefrom during the next ensuing Fiscal Year. The Board of Education may not expend moneys in excess of the amount appropriated by resolution for a particular fund.

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

Financial Statements

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

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

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating Districts expected to borrow the largest percentages of available proceeds of the Series 2012B Notes and the Series 2012C Notes are Denver School District No. 1, Boulder Valley School District RE-2 and Cherry Creek School District No. 5. See "Largest Borrowers" hereafter.

Participating District Financial Information

(Totals may not add due to rounding)

Participating District	Amount of Program Loans[1]						Actual and Estimated Fiscal Year 2012-13 Tax Information				Fiscal Year 2011-12 Loan Program Information	
	Series 2012B Notes	% of Total	Series 2012C Notes	% of Total	Total Amount Borrowed	% of Total	Final 2012 Assessed Valuation (000's)[2]	Estimated Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2013 Tax Collections	3 Year Average[4]	Amount Borrowed[5]	Repayment Date (2012)
Adams-Arapahoe 28J	$ 10,434,565	8.36%	$ --	-- %	$ 10,434,565	3.67%	$ 1,757,447	$ 77,102,015	13.5%	98.67%	$ 3,555,108	March 13
Boulder Valley RE-2	39,571,788	31.71	50,691,478	31.82	90,263,266	31.77	4,732,099	169,558,779	53.2	99.48	87,547,172	May 11
Cherry Creek 5	8,678,086	6.95	44,071,852	27.66	52,749,938	18.57	4,288,390	185,676,335	28.4	97.34	36,019,456	March 13
Colorado Springs 11	14,505,717	11.62	14,405,815	9.04	28,911,532	10.18	2,316,851	77,055,507	37.5	99.46	13,839,540	March 13
Cripple Creek-Victor RE-1	--	--	1,263,783	0.79	1,263,783	0.44	277,909	3,299,857	38.3	100.00	1,489,614	May 25
Custer County C-1	232,898	0.19	659,037	0.41	891,935	0.31	96,254	1,718,049	51.9	98.97	893,280	May 11
Denver County 1	43,299,128	34.69	27,497,254	17.26	70,796,382	24.92	10,007,268	327,104,053	21.6	98.58	81,874,574	March 13
Eagle County RE 50	5,515,665	4.42	8,772,740	5.51	14,288,405	5.03	2,519,484	33,421,229	42.8	99.39	15,933,915	May 11
Gilcrest RE-1	--	--	1,182,789	0.74	1,182,789	0.42	1,101,344	7,627,111	15.5	98.33	1,301,577	May 11
Gunnison Watershed Re-1J	1,590,567	1.27	866,003	0.54	2,456,570	0.86	566,790	8,403,642	29.2	99.76	1,167,586	March 13
Hayden RE-1	135,821	0.11	1,081,557	0.68	1,217,378	0.43	104,732	2,835,963	42.9	98.77	915,065	May 11
Montezuma - Cortez RE-1	--	--	2,664,829	1.67	2,664,829	0.94	543,263	9,193,529	29.0	99.43	N/A	N/A
Park (Estes Park) R-3	--	--	1,178,438	0.74	1,178,438	0.41	356,674	7,945,264	14.8	98.70	735,000	March 13
Platte Valley RE-7	--	--	1,261,845	0.79	1,261,845	0.44	729,671	5,981,248	21.1	99.90	450,000	May 25
Sierra Grande R-30	22,871	0.02	228,574	0.14	251,445	0.09	64,819	1,141,245	22.0	94.67	324,570	May 11
South Routt RE-3	633,413	0.51	1,209,068	0.76	1,842,481	0.65	116,686	3,168,830	58.1	99.00	2,227,138	May 11
Summit RE-1[6]	191,501	0.15	--	--	191,501	0.07	N/A	N/A	N/A	N/A	374,000	March 13
Windsor RE-4	--	--	2,287,051	1.44	2,287,051	0.80	483,962	14,617,114	15.6	98.83	1,285,680	March 13
	$124,812,020	100.00%	$159,322,113	100.00%	$284,134,133	100.00%						

[1] These are estimates based upon information furnished by the Participating Districts regarding the amounts that they will borrow from the proceeds of the Series 2012B Notes and the Series 2012C Notes. Such amounts do not necessarily represent the actual Maximum Principal Amount that will be borrowed from the Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2012C NOTES PROCEEDS." The Owners of the Series 2012C Notes will have a lien upon the Taxes of these Participating Districts, as well as on the Taxes of any Participating Districts that have not yet expressed the intent to participate in the Series 2012C Notes program (and thus are not included in the table) but eventually do participate in the program. Such lien also will be on parity with the lien thereon of the Owners of any Parity Lien Notes. See "THE SERIES 2012C NOTES – Parity Lien Notes."

[2] See "Ad Valorem Property Tax Procedure – *Taxation Procedure*" above.

[3] This amount was calculated for each Participating District by multiplying the 2012 assessed value of the Participating District by the Participating District's estimated 2012 general fund mill levy; and assumes collections of 100% of taxes collected by all Participating Districts normally during the months of March through June of 2013. Mill levies for 2013 tax collections are not required to be certified by the Participating Districts until December 15, 2012. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2012-13 are based upon information provided by the Participating Districts and are subject to change; however, because Colorado school district taxes are determined pursuant to the Public School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts – Allocation of Total Program Funding" above and "INVESTMENT CONSIDERATIONS – Insufficient Taxes."

[4] Based on each Participating District's actual collection data for Fiscal Years 2009-10, 2010-11 and 2011-12.

[5] Participating District's actual borrowing amounts and repayment dates for Fiscal Year 2011-12. These amounts were funded with the proceeds of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2011A and Series 2012A.

[6] This school district previously expressed an intent to borrow proceeds of the Series 2012B Notes but ultimately did not do so.

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

Largest Borrowers

Denver School District No. 1. School District No. 1, commonly known as Denver Public Schools ("DPS"), is expected to be one of the largest borrowers of proceeds of the Series 2012B Notes and the Series 2012C Notes. DPS expects to borrow approximately 34.7% of the net proceeds of the Series 2012B Notes and approximately 17.3% of the net proceeds of the Series 2012C Notes, or approximately 24.9% of the combined amount of the Series 2012B Notes and the Series 2012C Notes.

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the District, encompassing approximately 155 square miles with an estimated population as of July 2011 (as calculated by the Colorado State Demography Office) of 620,917. For the 2012-13 school year, the District's full time equivalent pupil count (October 1 pupil count), including charters but excluding on-line, is 74,486.5. The October 1 pupil counts for the 2011-12, 2010-11 and 2009-10 school years were 72,271, 70,062 and 68,384, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2011 certified assessed valuation of DPS (for ad valorem property tax collections in 2012), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $10,200,816,964. The District's total tax levy for the 2011 levy year (2012 tax collection year) is 42.265 mills, of which 25.541 mills is for the District's local share of Total Program funding pursuant to the Public School Finance Act, 7.584 mills is for voter-approved override revenues, 7.958 mills is for debt service on general obligation bonds and 1.182 mills is to recover lost revenue due to prior year tax abatements and credits. The 2012 certified assessed valuation of DPS (for ad valorem property tax collections in 2013), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $10,007,268,892.

Boulder Valley School District RE-2. Boulder Valley School District RE-2 ("BVSD") is expected to also be one of the largest borrowers of proceeds of the Series 2012B Notes and the Series 2012C Notes. BVSD expects to borrow approximately 31.7% of the net proceeds of the Series 2012B Notes and approximately 31.8% of the net proceeds of Series 2012C Notes, or approximately 31.8% of the combined amount of Series 2012B Notes and the Series 2012C 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 293,000. For the 2012-13 school year, the District's full time equivalent pupil count (October 1 pupil count), including charters but excluding on-line, is 28,080. The October 1 pupil counts for the 2011-12, 2010-11 and 2009-10 school years were 27,866, 27,746 and 27,339, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2011 certified assessed valuation of BVSD (for ad valorem property tax collections in 2012), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $4,727,938,464. The District's total tax levy for the 2011 levy year (2012 tax collection year) is 44.834 mills, of which 25.023 mills is for the District's local share of Total Program funding pursuant to the Public School Finance Act, 12.096 mills is for voter-approved override revenues, 1.544 mills is to fund excess transportation costs, 5.999 mills is for debt service on general obligation bonds and 1.544 mills is to recover lost revenue due to prior year tax abatements and credits. The 2012 certified assessed valuation of BVSD (for ad valorem property tax collections in 2013), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $4,732,098,623.

Cherry Creek School District No. 5. Cherry Creek School District No. 5 ("CCSD") is expected to also be one of the largest borrowers of proceeds of Series 2012B Notes and the Series 2012C Notes. CCSD expects to borrow approximately 7.0% of the net proceeds of the Series 2012B Notes and approximately 27.7% of the net proceeds of the Series 2012C Notes, or approximately 18.6% of the combined amount of the Series 2012B Notes and the Series 2012C Notes.

CCSD encompasses approximately 108 square miles in western Arapahoe County in the southeast Denver metropolitan area and includes within its boundaries the cities of Cherry Hills Village and Glendale, the Town of Foxfield, portions of the cities of Aurora, Centennial, Greenwood Village and Englewood and certain unincorporated areas of Arapahoe County. The District serves a population of over 267,000. For the 2012-13 school year, the District's full time equivalent pupil count (October 1 pupil count), including charters but excluding on-line, is 49,957 49,313. The October 1 pupil counts for the 2011-12, 2010-11 and 2009-10 school years were 49,313, 48,927 and 48,502, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2011 certified assessed valuation of CCSD (for ad valorem property tax collections in 2012), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $4,291,424,053. The District's total tax levy for the 2011 levy year (2012 tax collection year) is 54.367 mills, of which 25.712 mills is for the District's local share of Total Program funding pursuant to the Public School Finance Act, 13.889 mills is for voter-approved override revenues, 12.700 mills is for debt service on general obligation bonds and 2.066 mills is to recover lost revenue due to prior year tax abatements and credits. The 2012 certified assessed valuation of CCSD (for ad valorem property tax collections in 2013), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is $4,288,389,810.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June 2013. 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 five million. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011 AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012" and "APPENDIX B – 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 2011 and will expire on the second Tuesday in January 2015. 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" and "APPENDIX C – THE STATE GENERAL FUND" 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 2012-13 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2012C Notes from the Closing Date to the Series 2012C Notes Maturity Date. The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2012-13 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2013, 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, 2013, together with investment earnings thereon, is insufficient to pay the principal of the Series 2012C Notes when due, the principal of the Series 2012C 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 2012C Notes are not general obligations of the State. See also "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 Notes Repayment Account*" and "INVESTMENT CONSIDERATIONS – Insufficient Taxes – 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 C – THE STATE GENERAL FUND – Investment of the State Pool." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer's Bill of Rights

As discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – Taxpayer's Bill of Rights," TABOR (defined below) imposes various fiscal limits and requirements on the State and local Colorado governments.

The Constitutional Provision. 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. Overall, TABOR is a limitation on the amount of revenue that may be kept by the State in any particular year, regardless of whether that revenue is spent during the year. 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. TABOR implements these revenue limitations through certain restrictions and limitations on spending, including the following:

(a) Prior voter approval is required for: (i) any increase in State "fiscal year spending" from one year to the next in excess of the percentage change in the 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; and (ii) any new State tax, State tax rate increase, extension of an expiring State tax, State tax policy change directly causing a net revenue gain to the State or the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation." "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. This effectively defines spending as all revenues received by the State other than those items that are specifically excluded.

(b) If revenues received from sources not excluded from fiscal year spending exceed the prior fiscal year spending plus the adjustment described in clause (a)(i) above, the excess must be refunded in the next Fiscal Year unless voters approve a revenue change.

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"). The TABOR Reserve 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. For Fiscal Year 2011-12, such designated resources included portions of the Major Medical Insurance Fund, the Wildlife Cash Fund and the Unclaimed Property Tourism Promotion Trust Fund, plus up to $98.8 million of designated State real property. The State's unaudited Fiscal Year 2011-12 Basic Financial Statements (the "Fiscal Year 2011-12 Unaudited BFS") appended to this Official Statement show that the TABOR Reserve for Fiscal Year 2011-12, based on unaudited actual revenue, was approximately $308.1 million, and included portions of the Major Medical Insurance Fund, the Wildlife Cash Fund and the Unclaimed Property Tourism Promotion Trust Fund, plus up to $100 million of the State real property subsequently designated in an adjustment to the Long Bill for Fiscal Year 2011-12. See Note 8(B) to the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement. For Fiscal Year 2012-13, the TABOR Reserve is estimated by the General Assembly in the Long Bill to be approximately $298 million, and the funds designated to constitute the TABOR Reserve include portions of the Major Medical Insurance Fund, the Wildlife Cash Fund, the Severance Tax Fund, the Colorado Water Conservation Board Construction Fund, the Controlled Maintenance Trust Fund and the Unclaimed Property Tourism Promotion Trust Fund, plus up to $87.5 million of designated State real property.

Statutes Implementing TABOR. A number of statutes implementing TABOR have been enacted by the General Assembly, including those that (i) define the revenues and spending included in the State's fiscal year revenue and spending for purposes of the revenue and spending limits of TABOR, (ii) specify the accounting treatment of refunds owed by the State under TABOR and (iii) define State operations that qualify as "enterprises" excluded from TABOR.

The "Ratchet Down" Effect of TABOR on State Revenues; Curative Measures. As discussed above, TABOR limits year-to-year increases in revenues, and therefore spending, to the percentage change in the 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, plus any voter approved revenue (*i.e.*, tax) increase. There are no provisions in TABOR to account for cyclical revenue swings. This originally produced a "ratchet down" effect whenever State revenues declined from one Fiscal Year to the next and then rebounded in subsequent years. The ratcheting down occurred as the result of the TABOR requirements that the State's revenue base be reduced to the lower amount, without limitation, but that the State's revenue base may be increased only to the extent of the limitations stated above, with any excess to be refunded. Such a ratcheting down occurred between Fiscal Years 2000-01 and 2002-03, when TABOR revenues declined by 13.1%, followed by an increase of 8.0% in Fiscal Year 2003-04. The same effect occurred between Fiscal Year 2007-08 and Fiscal Year 2009-10, but it did not result in subsequent required refunds because of Referendum C, which is discussed in Colorado Economic Recovery Act of 2005 below.

Legislation enacted during the 2002 legislative session, described in "The Growth Dividend" below, mitigated the "ratcheting down" effect of TABOR through the decennial census adjustment. Referendum C, a statutory provision approved by the State's voters on November 1, 2005 and described in "Colorado Economic Recovery Act of 2005" below, eliminated the "ratcheting down" of revenue available for expenditure by creating a new Excess State Revenue Cap and allowing the State to retain and spend revenue up to the new Excess State Revenue Cap (as adjusted), which new cap never ratchets down. See "Colorado Economic Recovery Act of 2005" below describing Referendum C. Revenue collected above the Excess State Revenue Cap (as adjusted) must be refunded to the taxpayers in the next Fiscal Year.

The "Growth Dividend." HB 02-1310 and SB 02-179 enabled the State to recoup refunds previously paid as the result of the TABOR limits having been computed during the 1990s using population estimates that were too low when compared to the 2000 Census figure. This undercount resulted in lower TABOR limits and higher refunds than would have occurred using more accurate population figures. The percentage by which population was underestimated and the process for recovering the related excess refunds was called the "growth dividend." Such legislation allowed the State to recoup the prior decade's excess refunds by cumulatively increasing the spending limit in the current decade up to the growth dividend percentage over a period not to exceed nine years. The growth dividend was completely used before the expiration of the nine-year period through the elimination of the TABOR surplus in Fiscal Year 2003-04 and reduction of the TABOR surplus in Fiscal Year 2004-05. The adjustment allowed the State to keep $283.3 million in additional revenue in Fiscal Year 2003-04 and $187.2 million in Fiscal Year 2004-05.

The adjustment from the 2009 population estimate to the 2010 census was very small, which indicates that census population estimates in the decade were overstated rather than understated. The overstated population estimates did not cause under-refunding because Referendum C prevented refunds from 2006 to 2010 when the population growth estimates were large. As a result, there is no growth dividend for the 2000-2010 decade, and the TABOR limit and Excess State Revenue Cap created by Referendum C will be adjusted based on the actual population in a subsequent TABOR report.

Colorado Economic Recovery Act of 2005. During the 2005 legislative session, the General Assembly and the Governor agreed to four pieces of legislation that mitigated the effects of TABOR in an effort to relieve State budget challenges. Three of these measures, referred to herein collectively as "The Colorado Economic Recovery Act of 2005," were designed primarily to provide additional revenues for State operations, as well as to address the methodology for the allocation of additional revenues by subsequent appropriation. Implementation of two measures included in the Colorado Economic Recovery Act of 2005 required Statewide voter approval, and on November 1, 2005, one of these measures, referred to as "Referendum C," was approved by State voters and later codified as Sections 24-77-103.6 and 24-77-106.5, C.R.S.

Referendum C permitted the State to retain and appropriate State revenues in excess of the then-current TABOR limit on State spending for the period of July 1, 2005, through June 30, 2010 (Fiscal Years 2005-06 through 2009-10), thus making all revenues received by the State during this period available for appropriation. Referendum C did not, however, eliminate the 6% limit on the annual growth of total appropriations from the General Fund. The 6% limit was eliminated for Fiscal Year 2009-10 and thereafter by SB 09-228. See "Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation*" hereafter in this section.

Referendum C establishes an "Excess State Revenues Cap" that serves as the new limit on State fiscal year spending beginning in Fiscal Year 2010-11. The Excess State Revenues Cap is an amount equal to the highest total State revenues for a Fiscal Year from the period of Fiscal Year 2005-06 through

Fiscal Year 2009-10. Since the highest total State revenues during this period were achieved during Fiscal Year 2007-08, the State revenues in such Fiscal Year became the base year for calculating the Excess State Revenue Cap. In each subsequent Fiscal Year, the Excess State Revenues Cap is adjusted for inflation and a percentage change in State population, as well as for the qualification or disqualification of enterprises. For purposes of the Excess State Revenues Cap, inflation, the percentage change in State population, the qualification or disqualification of an enterprise and debt service changes retain their meanings as they currently exist under TABOR and State law.

Referendum C also creates in the General Fund the "General Fund Exempt Account," to consist of the moneys collected by the State in excess of the TABOR limit. Moneys in the General Fund Exempt Account, once appropriated, may be used to fund: (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 ("CDOT") Strategic Transportation Project Investment Program. HB 05-1350 specifies how moneys in the General Fund Exempt Account are to be appropriated or transferred under Referendum C.

Referendum C provides that, for each Fiscal Year that the State retains and spends State revenues in excess of the TABOR limit on State fiscal year spending, the Director of Research of the Colorado Legislative Council is to prepare by October 15th an excess State revenues legislative report that identifies the amount of excess State revenues retained by the State and describes how such excess State revenues have been expended. Referendum C requires that the report be published and made available on the official web site of the Colorado General Assembly. In addition, the Office of the State Controller is required to prepare a report each Fiscal Year that identifies revenues that the State is authorized to retain pursuant to Referendum C and to certify the same no later than September 1st following the end of the Fiscal Year.

As a result of Referendum C, in Fiscal Years 2005-06, 2006-07 and 2007-08 the State was allowed to retain $1.116 billion, $1.308 billion and $1.169 billion, respectively, in excess of the TABOR limit on State fiscal year spending. State revenues did not exceed the TABOR limit in either Fiscal Year 2008-09 or Fiscal Year 2009-10, but exceeded the limit by $770.6 million in Fiscal Year 2010-11. However, no refund was required because Fiscal Year 2010-11 spending was $1,260.1 million below the Excess State Revenue Cap. The OSPB September 2012 Revenue Forecast calculates that, based on preliminary data, Fiscal Year 2011-12 spending exceeded the TABOR limit by $1,469.1 million, but was $602.4 million below the Excess State Revenue Cap. See "APPENDIX C – THE STATE GENERAL FUND – General Fund Overview."

Effect of TABOR on the Series 2012C Notes. Voter approval under TABOR is not required for the issuance of the Series 2012C 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 2012B Notes, the Series 2012C 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 fund are required to be credited and paid into the General Fund. The State also maintains a large number of statutorily created special funds for which specific revenues are designated for specific purposes, and, if necessary, are available for paying the principal of the Series 2012C Notes. Some of the 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 2012A General Fund Notes. See "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 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 Funds Eligible for Investment in the District Notes – Borrowable Resources – The State General Fund" and "APPENDIX C – THE STATE GENERAL FUND."

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 by the Governor in November 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 2012-13 was adopted by the General Assembly on April 26, 2012.

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 2012-13 was approved and signed by the Governor on May 7, 2012.

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 Unappropriated Reserve 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. 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. Per SB 09-219 and SB 09-277, the Unappropriated Reserve for Fiscal Years 2008-09 and 2009-10 was reduced from previously designated 4.0% to 2.0% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year. The Unappropriated Reserve for Fiscal Year 2010-11 and Fiscal Year 2011-12 increased to 2.3% and 4.0%, respectively, of the amount appropriated for expenditure from the General Fund in such Fiscal Years.

The State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement show that the State ended such Fiscal Year with $582.3 million in General Fund Surplus, which is in excess of the required 4.0% Unappropriated Reserve level. The OSPB September 2012 Revenue Forecast projects that the State will end Fiscal Year 2012-13 with reserves equal to $717.1 million above the 4.0% Unappropriated Reserve requirement. Per HB 12-1338, $59.0 million of Fiscal Year 2011-12 excess reserves were transferred to the State Education Fund and the balance was carried forward and became part of the beginning Fiscal Year 2012-13 fund balance, and all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund.

See also "APPENDIX C – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation."

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution requires that expenditures for any Fiscal Year 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 discussed in this Official Statement through Fiscal Year 2008-09, total General Fund appropriations were 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) the lesser of (a) 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) or (b) an amount equal to 106% of General Fund appropriations for the previous Fiscal Year. Per SB 09-228, for Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to the sum of the amount stated in (i) above plus an amount equal to 5% of Colorado personal income.

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 the 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 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 is full authority for the State Treasurer to pay the warrant 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 for payment of claims against the State. The State Controller prepares a comprehensive annual financial report ("CAFR") in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget reporting. The State's Comprehensive Annual Financial Report for Fiscal Year 2010-11 (the "Fiscal Year 2010-11 CAFR") is appended to this Official Statement. The State's Comprehensive Annual Financial Report for Fiscal Year 2011-12 is expected to be available by the end of December 2012.

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 5 to the financial statements in the State's Fiscal Year 2010-11 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, 2016. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2010-11 CAFR, including the State Auditor's Opinion thereon, and the State's Fiscal Year 2011-12 Unaudited BFS are appended to this Official Statement. The State's CAFR for the Fiscal Year ended June 30, 2012, is expected to be released to the public by the State and be available on or about December 31, 2012. 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 2010-11 CAFR or on the Fiscal Year 2011-12 Unaudited BFS, 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 U.S. public and non-public fixed income securities. In making such investments, the State Treasurer is to use prudence and care to preserve the principal and to secure the maximum rate of interest consistent with safety and liquidity. The State Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each Fund or pool of funds in the State Treasurer's custody available for investment. In accordance with this directive, the State Treasurer has developed standards for each portfolio to establish the asset allocation, the level of liquidity, the credit risk profile, the average maturity/duration and performance monitoring measures appropriate to the public purpose and goals of each Fund.

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

See also Notes 14 and 15 to both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement and "APPENDIX C – 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 2012-13 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2012C Notes from the Closing Date to the Series

2012C Notes Maturity Date. See "The State General Fund" below and "APPENDIX C – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2012-13 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2013, in repayment of their Program Loans. However, if on June 26, 2013, the amount credited to the Principal Subaccount of the Series 2012-13 Notes Repayment Account is less than the principal amount of the Series 2012C Notes and any Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 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 2012-13 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 2012-13, including, without limitation, the State Series 2012A 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 C – THE STATE GENERAL FUND."

Certain Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the Series 2012-13 Notes Repayment Account on June 26, 2013, 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 2012-13 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2012C Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2013. 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 C – 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 Funds in this category with the largest current balances that are eligible for investment, and thus the 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 2012-13 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 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 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 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 Funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the Series 2012-13 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 this Fund, and that such funds are exempt from the revenue limitations of "TABOR." See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights." The General Assembly may appropriate moneys from the State Education Fund only to increase funding in preschool through 12th grade education or for purposes specifically provided in Amendment 23 as discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding – Amendment 23." The State Education Fund represents a shift of General Fund moneys to a restricted cash fund. Moneys in the State Education Fund may not be transferred to the General Fund, and consequently the State Education Fund is not a Borrowable Resource.

The following information has been provided by the State Treasurer's office to show the actual cash and short term investment balances in the State Education Fund at June 30 of Fiscal Years 2007-08 through 2011-12. The amount shown at June 30, 2011, does not include the $221.4 million receivable as a transfer of the Fiscal Year 2010-11 General Fund Surplus per SB 11-156. The receivable was converted to cash in December 2011 at the date of publication of the State's Fiscal Year 2010-11 CAFR. The amount shown at June 30, 2012, does not include the $59.0 million receivable recorded as a transfer of the Fiscal Year 2011-12 General Fund Surplus per HB 12-1338. The receivable will be converted to cash in December 2012 at the date of publication of the State's Fiscal Year 2011-12 CAFR.

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
2008	$298.9
2009	293.2
2010	152.3
2011	147.8
2012	140.6

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 Fund from excise tax revenues; (ii) all revenues accruing to the 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 2007-08 through 2011-12.

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
2008	$1,388.2
2009	1,197.0
2010	1,148.3
2011	1,118.3
2012	1,130.9

Source: State Treasurer's Office

Borrowable Resources

Borrowable Resources consist of over 600 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, 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 C – 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 2012-13 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 2012-13, including, without limitation, the State Series 2012A 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 Year 2011-12 and estimated Borrowable Resources for Fiscal Year 2012-13. The estimates in the table 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 table and the amounts ultimately realized, and such differences may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
Actual Borrowable Resources
Fiscal Year 2011-12[1,2]

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

	Actual											
	July 2011	**Aug 2011**	**Sept 2011**	**Oct 2011**	**Nov 2011**	**Dec 2011**	**Jan 2012**	**Feb 2012**	**Mar 2012**	**Apr 2012**	**May 2012**	**June 2012**
Higher Education Funds [3]	$1,086.9	$1,204.5	$1,287.2	$1,266.9	$1,180.5	$1,119.7	$1,296.8	$1,349.5	$1,456.0	$1,338.8	$1,264.2	$1,329.9
State Public School Fund	442.6	176.5	852.0	577.1	304.9	965.9	690.4	427.4	415.1	140.0	362.0	82.8
State and Local Severance Tax Funds	174.1	177.0	169.7	181.1	199.3	212.2	213.4	224.0	232.0	252.7	266.2	213.9
School Capital Construction Assistance	113.4	123.4	118.9	119.6	125.7	137.3	136.9	148.6	127.8	137.2	145.7	147.8
Water Conservation Construction Fund	105.7	107.3	110.8	108.1	107.6	114.7	115.8	111.2	127.2	129.8	132.2	127.2
Mineral Impact Fund	95.0	109.0	66.0	82.1	96.1	81.9	81.9	107.2	96.2	108.9	123.0	81.3
Lottery Fund	45.6	47.6	34.4	37.1	47.5	32.7	38.3	50.2	36.9	53.0	67.0	33.7
Limited Gaming Fund	44.3	1.7	3.9	6.9	10.8	14.4	18.1	22.2	26.5	32.1	36.7	42.1
Colorado Student Obligation Bond Authority – Administration	29.3	29.1	28.8	29.2	29.2	29.0	29.5	29.5	29.4	30.2	30.0	29.9
Aviation Fund	31.6	32.2	32.7	32.4	33.7	33.6	32.8	34.6	35.6	35.2	36.2	33.9
College Scholarship Fund	29.5	166.9	74.0	47.2	46.9	170.2	152.6	73.7	51.4	51.4	49.1	29.8
Hospital Provider Fee	28.7	34.9	27.6	34.0	40.1	26.1	35.0	44.2	34.3	73.4	93.1	42.4
Capital Construction Fund	83.2	80.2	76.7	68.2	66.9	64.4	60.5	39.3	37.0	32.2	31.9	28.8
Hazardous Substance Fund	13.8	13.9	13.2	13.7	13.5	13.9	13.5	13.9	14.0	14.3	14.2	14.1
Tobacco Tax Funds	21.6	31.7	21.8	34.1	42.6	34.7	47.9	53.1	45.2	43.2	64.1	6.3
Workers' Compensation Fund	0.0	12.2	9.4	6.9	14.5	11.6	8.7	4.7	3.4	0.0	0.0	0.0
Other Borrowable Resources	1,254.2	1,269.7	1,309.2	1,313.3	1,319.5	1,327.1	1,304.5	1,310.3	1,276.0	1,367.7	1,260.6	925.1
Total Borrowable Resources	3,599.4	3,617.8	4,236.3	3,957.9	3,679.3	4,389.4	4,276.6	4,043.6	4,044.0	3,840.1	3,976.2	3,169.0
Total General Fund	304.1	299.7	(264.5)	(29.4)	86.6	(902.2)	(434.9)	(442.7)	(531.5)	359.5	532.7	575.4
Less: Notes Issued and Outstanding	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	--
Net Borrowable Resources	$3,403.5	$3,417.5	$3,471.8	$3,428.5	$3,265.9	$2,987.2	$3,341.7	$3,100.9	$3,012.5	$3,699.6	$4,008.9	$3,744.4

[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] The amounts shown for Higher Education primarily represent cash balances in institutions of higher education other than the University of Colorado, which operates its own Treasury and does not deposit its cash with the State Treasurer except for selected minor funds and the Capital Construction Fund resources.

Source: State Treasurer's Office

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2012-13[1,2]

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

	Actual				Estimated[3]							
	July 2012	**Aug 2012**	**Sept 2012**	**Oct 2012**	**Nov 2012**	**Dec 2012**	**Jan 2013**	**Feb 2013**	**Mar 2013**	**Apr 2013**	**May 2013**	**June 2013**
Higher Education Funds[4]	$1,145.2	$1,308.0	$1,388.8	$1,399.5	$1,343.7	$1,284.4	$1,427.8	$1,483.6	$1,483.7	$1,422.4	$1,331.2	$1,406.7
State Public School Fund	516.3	255.2	861.9	585.7	122.3	605.7	196.6	22.6	739.5	365.3	232.6	75.4
State and Local Severance Tax Funds	223.0	214.1	191.7	200.6	187.3	199.2	202.5	206.4	214.1	226.2	234.3	232.4
School Capital Construction Assistance	145.8	165.8	157.1	159.6	167.0	172.0	176.6	201.2	187.1	188.2	201.7	204.1
Water Conservation Construction Fund	133.1	123.1	128.1	129.1	126.3	133.2	129.9	125.5	131.1	140.1	143.6	148.0
Mineral Impact Fund	91.0	101.8	57.0	67.6	76.8	65.5	73.0	81.5	74.4	86.3	96.2	74.0
Colorado Student Obligation Bond Authority – Administration	29.7	30.0	30.1	29.1	27.9	23.0	24.4	23.9	24.0	23.8	24.1	30.9
Limited Gaming Fund	42.5	1.7	4.4	7.8	11.6	15.1	19.1	23.3	27.2	32.1	37.0	42.4
Lottery Fund	35.6	24.4	34.9	42.6	50.1	40.7	48.1	51.4	34.2	43.3	52.7	36.6
College Scholarship Fund	162.2	161.6	110.5	43.7	110.3	435.7	429.2	289.2	109.0	117.3	114.9	79.3
Aviation Fund	37.2	35.7	36.0	34.5	36.4	36.1	35.0	36.9	38.5	36.9	36.6	37.3
Hazardous Substance Fund	14.4	15.0	14.3	14.8	14.7	14.3	14.7	14.5	14.3	14.6	14.7	15.1
Hospital Provider Fee	41.7	55.4	45.2	60.6	74.4	87.6	110.3	136.8	134.6	154.2	172.9	0.0
Capital Construction Fund	89.7	87.5	82.8	78.5	72.9	69.1	60.1	48.0	41.9	51.2	32.5	33.0
Tobacco Tax Funds	16.8	14.8	19.2	26.2	27.5	24.4	27.3	28.3	24.5	26.9	27.8	1.8
Workers' Compensation Fund	17.3	25.7	21.5	19.5	19.5	13.4	10.6	7.9	4.9	1.8	1.0	0.0
Other Borrowable Resources	1,396.4	1,483.2	1,490.2	1,467.8	1,615.5	2,745.0	2,626.4	2,636.4	2,593.9	2,482.7	2,744.4	1,426.3
Total Borrowable Resources	4,137.9	4,103.0	4,673.7	4,367.2	4,084.1	5,964.4	5,611.6	5,417.1	5,877.1	5,413.3	5,498.0	3,843.2
Total General Fund	413.7	501.4	58.1	294.3	425.5	(397.1)	140.7	141.1	(469.4)	168.6	396.7	493.2
Less: Notes Issued and Outstanding	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	--
Net Borrowable Resources	$4,051.6	$4,104.4	$4,231.8	$4,161.5	$4,009.7	$5,067.4	$5,252.3	$5,058.3	$4,907.7	$5,081.9	$5,394.7	$4,336.4

[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 for November 2012 and thereafter 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 inside cover of 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 the University of Colorado, which operates its own Treasury and does not deposit its cash with the State Treasurer except for selected minor funds and the Capital Construction Fund resources.

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 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 and subsequent CAFRs includes a large number of statutorily created special 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 2010-11 CAFR as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2012-13 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 2012-13, including, without limitation, the State Series 2012A General Fund Notes. See "APPENDIX C – 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. Accordingly, the State currently has, and upon issuance of the Series 2012C Notes will have, no outstanding general obligation debt.

The State has entered into lease-purchase agreements, including some providing security for outstanding certificates of participation, in order to finance various public projects. The obligations of the State to make lease payments beyond any current Fiscal Year are contingent upon appropriations by the General Assembly. At June 30, 2012, the minimum lease payments due under lease-purchase agreements entered into by the State were estimated to be $110.87 million in Fiscal Year 2012-13. See Notes 24 and 43 to the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement for a discussion of the State's notes and bonds payable and material subsequent events that occurred after June 30, 2012, but before publication of the Fiscal Year 2011-12 Unaudited BFS.

Separate from lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment. All of the lease/rental agreements for buildings and/or equipment contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these leases have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. At June 30, 2012, the minimum lease/rental payments due for buildings and/or equipment for Fiscal Year 2012-13 are estimated to be approximately $92.16 million. See Note 22 to the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes. At June 30, 2012, CDOT had outstanding

$739.14 million in aggregate principal amount of such notes. These notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State departments and agencies, including State institutions of higher education, 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, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2012, see Notes 24 and 43 to the financial statements included in the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement. Institutions of higher education and other State enterprises may have issued additional refunding or original issuance revenue bonds that will be reported in the State's Fiscal Year 2011-12 CAFR.

Pension and Post-Employment Benefits

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 D – STATE PENSION SYSTEM," the "Plan"), a defined contribution plan and 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 category of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits. Most State employees participate in the Plan. The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program. For a general description of the Plan and PERA, see "APPENDIX D – STATE PENSION SYSTEM," which is based on PERA's Comprehensive Annual Financial Report for calendar year 2011 (the "PERA 2011 CAFR"). For a detailed discussion of the Plan, the defined contribution plan and PERA, see Notes 18, 19 and 20 to both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement, as well as the PERA 2011 CAFR. The information in the State's Fiscal Year 2010-11 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2010. However, the information under this caption, as well as the information in the State's Fiscal Year 2011-12 Unaudited BFS, is based the PERA 2011 CAFR.

The Plan is funded with payments made by the State and by each participating State employee, the amounts of which are determined and established by statute. See "APPENDIX D – STATE PENSION SYSTEM – Funding and Contributions." Although the State has made all statutorily required contributions ("SRC") to the Plan, as of December 31, 2011 (the latest period for which audited information for the Plan is available), the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were $12.0 billion and $20.8 billion, respectively, resulting in an unfunded actuarial accrued liability ("UAAL") of $8.8 billion and a funded ratio of 57.7%, assuming an investment rate of return of 8%. The UAAL at December 31, 2011, would amortize over a 56-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC)[*]. See "APPENDIX D – STATE PENSION SYSTEM – Funding and Contributions" and Table 1 therein for details on the State's SRC and ARC, and supplemental contributions made by the State to address funding shortfalls.

[*] For purposes of calculating the actuarial Annual Required Contribution ("ARC") under the Plan for accounting purposes, GAAP requires that the UAAL be amortized over a maximum period of 30 years. As a result, the ARC is higher than the SRC because it results in a 30-year amortization of the UAAL instead of a 56-year amortization of the UAAL at December 31, 2011.

The actuarial value of assets for the 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 Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 57.7%. The funded ratio of the Plan at December 31, 2011, based on the market value of assets, was 57.6%, representing an unfunded accrued liability of $8.8 billion. See "APPENDIX D – STATE PENSION SYSTEM – Plan Assets, Liabilities and Funding Levels" for historical information regarding the Plan's assets, liabilities and funding levels. See also "Management's Discussion and Analysis" and Notes 18, 19 and 20 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement. Calculation of the UAAL and the ARC is based on numerous assumptions, including future retiree participation, contribution rates, discount rates, investment rates and life expectancy rates. No assurance can be given that the AAL and UAAL of the Plan will not materially increase or that the actuarial or market values of the Plan assets will not materially decrease.

Because the State's annual contributions with respect to the 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 funding ratio of the Plan.

The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance is provided under the PERA Health Care Trust Fund in which members from all divisions of PERA may participate. It 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, 2011, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.4 billion, a funded ratio of 16.5% and a 42-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, the actuary has not determined the portion of the UAAL that applies to each division participant. However, the State Division, which is itself a cost-sharing, multiple employer participant in the Health Care Trust Fund, represented approximately 34% of the covered payroll reported for the Health Care Trust Fund at December 31, 2011. Although at December 31, 2012, the funded ratio of the Health Care Trust fund was 16.5%, the benefit 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 10 and 11 to the PERA 2011 CAFR for additional information regarding the Health Care Trust Fund.

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. 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).

Prior to July 1, 2001, the Colorado Housing and Finance Authority ("CHFA") was permitted by statute to establish capital reserve funds for the purpose of paying debt service, and is required to request additional funding from the Governor and General Assembly if such reserve funds are depleted, although the General Assembly is not required to make an appropriation for such reserve funds. No request for additional funding to establish or replenish such reserve funds has ever been made by CHFA. Under generally accepted accounting principles for governments, CHFA is not a component unit of the State and therefore it is not included in the State's financial statements.

Note Issues of the State

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more 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 2012A 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 2012B Notes and the Series 2012C Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. After publication of the Fiscal Year 2010-11 CAFR, the State issued $230,000,000 of Education Loan Program Tax and Revenue Anticipation Notes, Series 2012A, which matured on June 29, 2012, and resulted in $2,121,111 of interest paid. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time. See Note 43 to the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement for a discussion of all currently outstanding revenue anticipation notes issued by the State.

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2012C 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 2012C Notes or questioning or affecting the validity of the Series 2012C Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to adopt the State Resolution and to secure the Series 2012C Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000. 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, the Participating Districts or their 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, the Participating Districts or their employees sued in their official capacities under federal statutes when such actions are brought in federal court.

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

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 21, 42 in both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement, as well as the General Fund Components in the Supplementary Information in the State's Fiscal Year 2010-11 CAFR. 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 42 to the financial statements in both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement. One case referenced in Note 42 is the case of *Lobato v State of Colorado*, which challenges the State's school finance system. On December 9, 2011, the Denver District Court ruled in favor of the plaintiffs, holding that current funding of Colorado's K-12 school finance system is unconstitutional because it is inadequate and not rationally related to the State Constitutional mandate of a thorough and uniform system of free public education. The State has appealed the ruling to the State Supreme Court. The State Attorney General is not opining as to the effect of any final decision rendered in connection with the *Lobato* case. See also "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts."

There can be no assurance regarding the ultimate outcome of the actions described in Note 42 and except as provided in Note 42, no provision has been made in the financial statements related to the actions discussed in such Note.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc., have assigned to the Series 2012C 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 2012C 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 2012C Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

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, which exemption applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2012C Notes, the State Treasurer will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement. However, the State Treasurer will undertake in the State Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2012C Notes, that during such time as any of the Series 2012C Notes are outstanding, the State Treasurer will provide to the MSRB 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 2012C 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 2012C Notes; (iv) modifications to rights of owners of the Series 2012C Notes, if material; and (v) rating changes. The other events enumerated in Subsection (b)(5)(i)(C) of Rule 15c2-12, and subject to the State Treasurer's undertaking in the State Resolution, include the following, although not necessarily applicable to the Series 2012C 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 2012C Note calls, if material, and tender offers; (e) defeasances; (f) release, substitution or sale of property securing repayment of the Series 2012C Notes, if material; (g) bankruptcy, insolvency, receivership or similar event of the State; (h) 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 (i) 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 2012C Notes, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations pursuant to the undertaking does not constitute an Event of Default under the State Resolution, and none of the rights and remedies provided in the State Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2012C Notes in the event of a breach of such continuing disclosure undertaking.

Except as discussed below, during the previous five years the State Treasurer has complied, in all material respects, with the continuing disclosure undertakings entered into by the State Treasurer pursuant to the requirements of Rule 15c2-12. From January 2011 to May 2011, the State Treasurer failed to file with the MSRB monthly cash flow schedules for the State's General Fund Tax and Revenue Anticipation Notes, Series 2010A (the "Series 2010A General Fund Notes"), which were issued on December 14, 2010, and paid in full at maturity. Although such filings were not required by Rule 15c2-12, the authorizing resolution for the Series 2010A General Fund Notes included an affirmative covenant by the State Treasurer to file such schedules with the MSRB.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2012C Notes, as well as the treatment of interest on the Series 2012C 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 Peck, Shaffer & Williams 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 2012C 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 2012C Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings 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 2012C Notes. Failure to comply with such covenants could cause interest on the Series 2012C Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2012C 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 2012C Notes. Notwithstanding Bond Counsel's opinion that interest on the Series 2012C Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that interest on the Series 2012C 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 2012C Notes may otherwise affect the federal income tax liability of the owners of the Series 2012C 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 2012C 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 otherwise entitled to claim the earned income credit, 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 2012C Notes.

The amount treated as interest on the Series 2012C 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 2012C 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 2012C Notes and the aggregate amount to be paid at maturity of the Series 2012C Notes (the "original issue discount"). For this purpose, the issue price of the Series 2012C Notes is the first price at which a substantial amount of the Series 2012C 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 2012C Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2012C Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2012C 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 2012C Note over its stated redemption price at maturity constitutes original issue premium on such Series 2012C Note. An initial purchaser of a Series 2012C Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Code. Purchasers of a Series 2012C 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 2012C 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 2012C 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 2012C 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 2012C Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2012C 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 2012C 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 2012C Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 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 Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2012C 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 2012C Notes will be purchased from the State by Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Bank, N.A (the “Underwriters”), pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $161,327,200, being the principal amount of the Series 2012C Notes plus an aggregate original issue premium of $1,331,600 and less an aggregate underwriting discount of $4,400.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2012C 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 2012C 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 2012C Notes.

MISCELLANEOUS

The cover page, inside cover page, 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 2012C Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, One Tabor Center, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

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

By: /s/ Walker R. Stapleton
Treasurer of the State of Colorado

APPENDIX A

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

AND

STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Pagination reflects the original printed documents)

APPENDIX B

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. See also “INTRODUCTION – State Economic and Demographic Information.” The statistics have been obtained from the referenced sources and represent the most current information available from the sources indicated; however, some statistics are released with a significant time lag and may therefore 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 C – THE STATE GENERAL FUND – 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 base of the Rocky Mountains and contains most of the State’s metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State’s population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State capital, is the economic center of the State and the Rocky Mountain region. Approximately 55% of the State’s population and 60% of its jobs are located in the Denver/Boulder metropolitan area, which is the State’s hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State’s economic performance depends heavily on economic performance at the national level. See also “APPENDIX C – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts.”

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Population and Age Distribution

The following table provides population figures for Colorado and the United States since the 2000 census.

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2000	4.34		282.16	
2001	4.44	2.4%	284.97	1.0%
2002	4.50	1.4%	287.63	0.9%
2003	4.56	1.1%	290.11	0.9%
2004	4.61	1.2%	292.81	0.9%
2005	4.66	1.2%	295.52	0.9%
2006	4.75	1.8%	298.38	1.0%
2007	4.82	1.6%	301.23	1.0%
2008	4.90	1.7%	304.09	1.0%
2009	4.98	1.5%	306.77	0.9%
2010	5.05	1.5%	309.33	0.8%
2011	5.12	1.4%	311.59	0.7%

Note: Figures for 2000 through 2010 are estimates. The U.S. 2011 count is an estimate, and the 2011 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 State's population and the population nationwide.

Age Distribution as of July 1, 2011

	Colorado		United States	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.24	24.1%	73.93	23.7%
18 to 24	0.49	9.6%	31.06	10.0%
25 to 44	1.45	28.3%	82.42	26.5%
45 to 64	1.36	26.6%	82.78	26.6%
65+	0.58	11.3%	41.39	13.3%
Total	5.12	100.0%	311.59	100.0%
Median Age	36.3		37.3	

Note: Totals may not add due to rounding.
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
2007	$42,724		$38,064		$39,506	
2008	$44,180	3.4%	$39,469	3.7%	$40,947	3.6%
2009	$41,388	-6.3%	$36,917	-6.5%	$38,846	-5.1%
2010	$42,295	2.2%	$37,807	2.4%	$39,937	2.8%
2011	$44,088	4.2%	$39,420	4.3%	$41,663	4.3%

[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 total employment, labor force, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2007	2,698.6		2,598.4		3.7%	4.6%
2008	2,737.3	1.4%	2,605.5	0.3%	4.8%	5.8%
2009	2,727.6	-0.4%	2,501.8	-4.0%	8.3%	9.3%
2010	2,687.4	-1.5%	2,447.7	-2.2%	8.9%	9.6%
2011	2,723.0	1.3%	2,497.3	2.0%	8.3%	8.9%
Year-to-date averages through April:						
2011	2,703.7		2,466.0		8.8%	9.3%
2012	2,710.4	0.2%	2,488.2	0.9%	8.2%	8.4%

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

The following table shows Colorado employment by industry from 2007 to fourth quarter 2011. 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 Number of Employees by Industry

Industry	2007	2008	2009	2010	2011	Year-to-Date 2010Q4	Year-to-Date 2011Q4	Year-to-Date % Change
Private Sector								
Agriculture, Forestry, Fishing, and	14,550	14,087	13,737	13,670	14,015	13,209	13,808	4.5%
Mining	25,019	28,335	24,004	24,232	27,789	25,500	29,584	16.0%
Utilities	7,950	8,221	8,404	8,266	8,138	8,256	8,115	-1.7%
Construction	167,717	161,814	131,001	115,111	112,232	115,655	114,826	-0.7%
Manufacturing	146,737	144,157	129,635	125,499	129,165	126,902	130,614	2.9%
Wholesale Trade	99,394	100,144	93,275	90,853	92,192	91,388	93,001	1.8%
Retail Trade	253,590	252,691	238,417	236,726	239,985	241,836	246,693	2.0%
Transportation and Warehousing	64,063	63,635	59,072	57,134	57,863	58,464	59,048	1.0%
Information	76,197	76,963	74,679	71,694	71,950	71,633	71,946	0.4%
Finance and Insurance	108,018	104,926	100,856	98,229	98,056	98,186	98,575	0.4%
Real Estate and Rental and Leasing	47,861	46,874	42,930	41,348	41,194	41,180	41,390	0.5%
Professional and Technical Services	170,603	176,440	169,561	167,505	172,096	169,313	174,700	3.2%
Management of Companies and	28,407	28,652	28,550	28,818	29,914	29,149	30,131	3.4%
Administrative and Waste Services	149,081	146,446	132,028	133,522	137,331	134,777	139,404	3.4%
Educational Services	26,975	27,701	28,049	28,979	30,145	29,662	31,278	5.4%
Health Care and Social Assistance	210,529	219,879	225,933	232,262	239,967	236,135	243,420	3.1%
Arts, Entertainment, and Recreation	44,627	45,656	44,555	44,621	45,564	42,041	43,193	2.7%
Accommodation and Food Services	225,787	227,251	217,785	217,976	225,702	217,415	224,452	3.2%
Other Services	67,043	68,503	65,701	65,278	66,134	64,943	65,966	1.6%
Unclassified	485	779	761	434	492	793	659	-16.9%
Government	358,016	367,712	372,472	374,911	373,154	376,676	375,935	-0.2%
Total*	**2,292,649**	**2,310,868**	**2,201,406**	**2,177,069**	**2,213,075**	**2,193,112**	**2,236,737**	**2.0%**

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

The following table shows the largest private sector employers in Colorado as of 2011. 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 (2011)

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	24,900
The Kroger Co. (King Soopers/City Market)	Supermarkets	18,500
Centura Health	Healthcare	12,500
HCA - HealthONE LLC	Healthcare	10,300
Safeway Inc	Supermarkets	9,500
Lockheed Martin	Aerospace & Defense Related Systems	8,800
CenturyLink	Telecommunications	7,900
Exempla Healthcare	Healthcare	7,300
Target Corporation	General Merchandise	7,100
Wells Fargo	Banking/Financial Services	6,300
Home Depot	Building Materials Retailer	6,200
Kaiser Foundation Health Plan of Colorado	Health Maintenance Organization	6,200
University of Denver	Private University	5,900
DISH Network LLC	Satellite TV & Equipment	5,000
Comcast Corporation	Telecommunications	5,000
United Airlines	Air Transportation	4,600
Oracle Corporation	Software & Network Computer Systems	4,400
University of Colorado Hospital[2]	Healthcare, Research	4,400
The Children's Hospital	Healthcare	4,400
IBM Corporation	Computer Systems & Services	4,200
Xcel Energy	Utility	3,700
Lowe's	Building Materials Retailer	3,700
United Parcel Service	Delivery Services	3,600
Vail Resorts	Leisure & Hospitality	3,600
Ball Corp	Containers, Aerospace	3,500
Frontier Airlines	Air Transportation	3,400

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for the University of Colorado System (next table).
Source: Compiled by Development Research Partners from various sources, May 2012.

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The following table shows the largest public sector employers in Colorado as of 2011.

Estimated Largest Public Sector Employers in Colorado (2011)

Employer	Estimated Employees[1]
Federal Government	40,000
State of Colorado	33,500
University of Colorado System[2]	16,100
Denver Public Schools	13,100
Jefferson County Public Schools	11,700
City and County of Denver	10,900
US Postal Service	8,650
Cherry Creek School District No 5	7,800
Douglas County School District RE-1	7,100
Colorado State University	6,600
Denver Health	5,500
Adams 12 Five Star Schools	5,000
Colorado Springs School District 11	5,000
Aurora Public Schools	5,000
Colorado Springs Memorial Hospital	4,100
Boulder Valley School District RE-2	4,000
Poudre School District R-1	3,900
St. Vrain Valley School District RE-1J	3,900
City of Aurora	3,400
Mesa County Valley School District 51	3,400
Academy Schools District No 20	3,200
Jefferson County	2,800
Thompson School District R2J	2,700
City of Colorado Springs	2,500
Greeley School District No 6	2,400

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for the University of Colorado Hospital (previous table).
Source: Compiled by Development Research Partners from various sources, May 2012.

Retail Sales

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

Colorado Gross and Retail Sales

	Gross Sales		Retail Sales	
	Amount (billions)	% Change	Amount (billions)	% Change
2007	$202.84		$148.91	
2008	$212.88	4.9%	$152.81	2.6%
2009	$184.56	-13.3%	$134.17	-12.2%
2010	$197.17	6.8%	$144.85	8.0%
2011	$209.34	6.2%	$154.17	6.4%
Year-to-date totals through February:				
2011	$26.76		$21.05	
2012	$28.71	7.3%	$22.59	7.3%

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the past five years and year-to-date.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year[1]

Industry	2007	% Change	2008	% Change	2009	% Change	2010	% Change	2011	% Change	Year-to-date totals through February 2011	2012	% Change
Agriculture/Forestry/Fishing	341.1	12.5%	303.8	-10.9%	284.4	-6.4%	334.9	17.8%	376.9	12.5%	22.2	28.2	27.2%
Mining	2,955.1	31.9%	3,414.2	15.5%	2,226.6	-34.8%	2,531.1	13.7%	3,278.4	29.5%	372.9	527.6	41.5%
Utilities	6,312.3	15.7%	7,094.1	12.4%	6,706.0	-5.5%	10,371.8	54.7%	8,464.5	-18.4%	1,422.0	1,397.6	-1.7%
Construction	3,684.8	12.9%	3,770.0	2.3%	2,807.3	-25.5%	2,756.3	-1.8%	2,749.0	-0.3%	304.4	315.0	3.5%
Manufacturing	11,400.6	12.9%	11,757.8	3.1%	9,220.0	-21.6%	10,423.4	13.1%	14,625.0	40.3%	1,947.7	2,379.9	22.2%
Wholesale Trade	14,493.5	15.2%	14,491.1	0.0%	11,891.4	-17.9%	12,422.0	4.5%	13,076.8	5.3%	1,564.0	1,556.8	-0.5%
Retail Trade													
Motor Vehicle and Auto Parts	14,182.4	6.9%	12,156.8	-14.3%	10,254.5	-15.6%	11,293.5	10.1%	13,029.2	15.4%	1,829.1	2,035.0	11.3%
Furniture and Furnishings	2,573.8	3.7%	2,353.2	-8.6%	1,893.8	-19.5%	1,901.0	0.4%	2,020.9	6.3%	283.5	329.0	16.1%
Electronics and Appliances	2,304.7	11.1%	2,244.0	-2.6%	1,982.7	-11.6%	2,116.8	6.8%	2,335.2	10.3%	357.9	319.1	-10.8%
Building Materials/Nurseries	5,766.4	-0.9%	5,281.0	-8.4%	4,202.7	-20.4%	4,388.6	4.4%	4,556.3	3.8%	517.3	565.8	9.4%
Food/Beverage Stores	12,095.1	9.3%	12,927.4	6.9%	12,557.6	-2.9%	13,363.7	6.4%	14,242.5	6.6%	2,056.7	2,233.6	8.6%
Health and Personal Care	2,139.1	8.1%	2,268.8	6.1%	2,350.2	3.6%	2,529.7	7.6%	2,678.3	5.9%	379.1	383.9	1.3%
Gas Stations	5,230.0	7.2%	5,764.6	10.2%	4,002.1	-30.6%	4,693.2	17.3%	5,752.9	22.6%	751.5	833.3	10.9%
Clothing and Accessories	3,185.4	11.0%	3,108.1	-2.4%	2,892.9	-6.9%	3,118.0	7.8%	3,319.7	6.5%	440.8	459.6	4.3%
Sporting/Hobby/Books/Music	2,692.2	5.7%	2,579.4	-4.2%	2,367.6	-8.2%	2,487.2	5.1%	2,624.5	5.5%	392.5	388.3	-1.1%
General Merchandise/Warehouse	10,997.6	6.7%	11,334.9	3.1%	10,973.6	-3.2%	11,091.0	1.1%	11,718.3	5.7%	1,639.5	1,721.4	5.0%
Misc Store Retailers	2,450.4	1.9%	2,364.4	-3.5%	2,204.6	-6.8%	2,448.6	11.1%	3,077.1	25.7%	365.8	452.7	23.7%
Non-Store Retailers	3,715.0	12.6%	4,299.7	15.7%	2,794.2	-35.0%	2,337.7	-16.3%	1,466.5	-37.3%	254.1	231.7	-8.8%
Total Retail Trade	**67,332.1**	**6.9%**	**66,682.2**	**-1.0%**	**58,476.5**	**-12.3%**	**61,769.0**	**5.6%**	**66,821.4**	**8.2%**	**9,267.6**	**9,953.4**	**7.4%**
Transportation/Warehouse	829.4	-6.5%	756.2	-8.8%	585.7	-22.5%	527.2	-10.0%	541.4	2.7%	64.2	83.7	30.3%
Information	6,232.2	7.4%	6,983.6	12.1%	7,044.4	0.9%	6,889.5	-2.2%	6,270.4	-9.0%	873.4	935.8	7.1%
Finance/Insurance	2,299.9	8.5%	3,085.9	34.2%	2,845.4	-7.8%	3,207.1	12.7%	3,034.5	-5.4%	318.2	384.0	20.7%
Real Estate/Rental/Lease	3,647.3	7.5%	3,607.7	-1.1%	2,903.0	-19.5%	2,915.8	0.4%	3,152.9	8.1%	470.7	510.2	8.4%
Professional/Scientific/Technical	6,623.3	9.2%	6,861.0	3.6%	6,059.6	-11.7%	6,553.9	8.2%	6,486.6	-1.0%	786.9	745.8	-5.2%
Admin/Support/Waste/Remediation	1,745.7	21.0%	1,955.5	12.0%	1,794.7	-8.2%	1,823.3	1.6%	1,889.7	3.6%	215.3	198.7	-7.7%
Education	425.1	9.2%	461.6	8.6%	421.8	-8.6%	480.0	13.8%	488.1	1.7%	67.0	57.8	-13.7%
Health Care/Social Assistance	4,563.1	16.3%	5,275.3	15.6%	5,740.5	8.8%	6,000.9	4.5%	6,147.7	2.4%	876.3	905.9	3.4%
Arts/Entertainment/Recreation	952.6	7.0%	971.5	2.0%	903.8	-7.0%	955.4	5.7%	980.2	2.6%	137.8	144.1	4.6%
Accommodation	2,904.8	11.7%	3,033.8	4.4%	2,566.9	-15.4%	2,719.6	5.9%	2,990.2	9.9%	480.1	493.7	2.8%
Food/Drinking Services	8,042.5	8.0%	8,229.0	2.3%	7,976.5	-3.1%	8,333.4	4.5%	8,824.3	5.9%	1,345.1	1,443.1	7.3%
Other Services	3,825.9	9.9%	3,825.2	0.0%	3,472.6	-9.2%	3,569.1	2.8%	3,700.3	3.7%	479.3	495.1	3.3%
Government	299.3	-7.3%	249.6	-16.6%	241.6	-3.2%	263.6	9.1%	267.7	1.6%	33.9	32.1	-5.2%
Total All Industries	**148,910.8**	**9.7%**	**152,809.2**	**2.6%**	**134,168.7**	**-12.2%**	**144,847.3**	**8.0%**	**154,166.0**	**6.4%**	**21,048.9**	**22,588.5**	**7.3%**

[1]Some sales data are suppressed to protect confidentiality, so percentage changes reported may vary from the actual change that occurred in a given year.
Source: Colorado Department of Revenue.

Tourism

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

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2] *Conventions*		*Delegates*		*Spending*		Skier Visits[3]	
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
2007	5.64		75		215.4		$429.1		12.57	
2008	5.45	-3.3%	75	0.0%	293.4	36.2%	$584.5	36.2%	12.54	-0.2%
2009	5.51	1.1%	66	-12.0%	244.7	-16.6%	$487.4	-16.6%	11.86	-5.5%
2010	5.70	3.4%	75	13.6%	267.6	9.4%	$533.1	9.4%	11.86	0.1%
2011	5.89	3.3%	82	9.3%	283.2	5.8%	$564.2	5.8%	12.28	3.5%

[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 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
2007	20,516	448	411	8,079	29,454	
2008	11,147	290	181	7,380	18,998	-35.5%
2009	7,261	142	93	1,859	9,355	-50.8%
2010	8,790	276	136	2,389	11,591	23.9%
2011	8,723	266	127	4,386	13,502	16.5%
Year-to-date totals through April:						
2011	2,627	96	20	887	3,630	
2012	3,398	78	49	2,477	6,002	
% change	*29.3%*	*-18.8%*	*145.0%*	*179.3%*	*65.3%*	

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
2007	39,920		25,054	
2008	39,333	-1.5%	21,306	-15.0%
2009	46,394	18.0%	20,437	-4.1%
2010	42,692	-8.0%	23,891	16.9%
2011	31,878	-25.3%	19,622	-17.9%
Year-to-date totals through first quarter:				
2011	8,079		5,605	
2012	7,783	-3.7%	4,221	-24.7%

[1]Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.
Note: Various foreclosure moratoria were enacted in late 2008 and early 2009. As a result, filing and sales activity during those periods may appear inconsistent with activity in other periods. Over-the-year percentage changes should be interpreted with caution.
Source: Colorado Division of Housing.

APPENDIX C

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 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 and subsequent CAFRs includes a large number of statutorily created special 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 2010-11 CAFR as the General Purpose Revenue Fund.

The State Resolution requires that if on June 26, 2013, the amount credited to the Principal Subaccount of the Series 2012-13 Notes Repayment Account is less than the principal amount of the Series 2012B Notes, the Series 2012C 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 2012-13 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 2012-13, including, without limitation, the State Series 2012A General Fund Notes. See "THE SERIES 2012C NOTES – Security and Sources of Payment – *The Series 2012-13 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."

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 estate taxes, 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 2012-13 and 2013-14. See also "OSPB Revenue and Economic Forecasts" below and the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Revenue Sources
(Accrual basis; dollar amounts expressed in millions)

	Actual (Unaudited) [1]										OSPB September 2012 Revenue Forecast			
	Fiscal Year 2007-08		Fiscal Year 2008-09		Fiscal Year 2009-10		Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Taxes:														
Sales Tax[2]	$2,126.6	4.9%	$1,931.1	(9.2)%	$1,825.0	(5.5)%	$2,043.5	12.0%	$2,093.2	2.4%	$2,132.9	1.9%	$2,192.3	2.8%
Use Tax[2]	191.3	5.3	176.7	(7.6)	155.7	(11.9)	190.1	22.0	200.3	5.4	207.4	3.6	218.5	5.4
	2,317.9	4.9	2,107.8	(9.1)	1,980.7	(6.0)	2,233.6	12.8	2,293.5	2.7	2,340.3	2.0	2,410.8	3.0
Cigarette Tax	45.2	(4.0)	43.5	(3.9)	40.8	(6.0)	39.3	(3.8)	39.5	0.5	36.4	(7.8)	35.5	(2.5)
Tobacco Products[3]	12.4	(4.2)	13.2	(5.9)	16.1	22.4	13.8	(14.2)	16.0	16.1	16.9	5.4	16.4	(2.7)
Liquor Tax	35.7	5.0	35.0	(2.0)	35.4	1.3	36.4	2.8	38.4	5.3	39.6	3.3	40.2	1.5
	93.3	(0.9)	91.7	(1.7)	92.3	0.7	89.5	(3.0)	93.9	4.9	92.8	(1.2)	92.1	(0.8)
Total Excise Taxes	2,411.1	4.7	2,199.4	(8.8)	2,073.1	(5.7)	2,323.1	12.1	2,387.4	2.8	2,433.3	1.9	2,503.0	2.9
Income Taxes:														
Net Individual Income Tax	4,973.7	2.1	4,333.3	(12.9)	4,083.8	(5.8)	4,496.1	10.1	5,011.7	11.5	5,109.7	2.0	5,149.6	0.8
Net Corporate Income Tax	507.9	2.0	292.5	(42.4)	372.1	27.2	393.9	5.9	488.3	24.0	523.2	7.1	563.4	7.7
Total Income Taxes	5,481.6	2.1	4,625.8	(15.6)	4,455.9	(3.7)	4,890.0	9.7	5,500.0	12.5	5,632.9	2.4	5,713.0	1.4
Less State Education Fund Diversion[4]	(407.9)	3.2	(339.9)	(16.7)	(329.0)	(3.2)	(370.5)	12.6	(407.5)	10.0	(417.5)	2.4	(425.2)	1.9
Total Income Taxes to the General Fund	5,073.7	2.0	4,285.9	(15.5)	4,126.9	(3.7)	4,519.5	9.5	5,092.5	12.7	5,215.5	2.4	5,287.8	1.4
Other Revenues:														
Estate	0.2	(76.7)	0.0	(87.4)	0.2	700	(0.1)	(127.2)	(0.3)	(680.0)	45.0	15,417.2	94.0	108.9
Insurance	188.3	5.0	192.4	(2.2)	186.9	(2.9)	189.7	1.5	197.2	4.0	204.7	3.8	203.0	(0.9)
Interest Income	17.9	(36.4)	9.4	(47.8)	10.1	7.7	7.9	(21.6)	14.4	82.7	13.8	(4.3)	15.5	12.4
Pari-Mutuel	2.7	(8.7)	0.5	(83.1)	0.5	17.0	0.5	(0.6)	0.6	14.4	0.5	(25.6)	0.4	(3.0)
Court Receipts	29.6	3.0	24.1	(18.6)	17.8	(26.1)	3.6	(80.0)	2.6	(27.6)	0.9	(67.1)	0.3	(70.6)
Gaming	0.0	(100.0)	2.8	N/A	16.2	476.3	20.4	25.9	20.3	(0.5)	20.4	0.6	20.4	(0.1)
Other Income	19.3	21.5	28.3	46.2	26.2	(7.4)	21.2	(18.8)	21.6	1.7	21.8	0.8	22.7	4.2
Total Other	258.1	(1.7)	257.4	(0.2)	257.7	0.1	243.2	(5.6)	257.0	5.7	307.1	19.5	356.3	16.0
Gross General Fund	**$7,742.9**	**2.7%**	**$6,742.7**	**(12.9)%**	**$6,457.7**	**(4.2)%**	**$7,085.8**	**9.7%**	**$7,736.9**	**9.2%**	**$7,955.7**	**2.8%**	**$8,147.1**	**2.4%**

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

[2] For Fiscal Years 2007-08 and 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues were sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed for Fiscal Year 2009-10 and thereafter. The full amount of sales and use taxes collected is reported in this table although the amount diverted to the Highway Users Tax Fund is deducted from available revenues in the table under the heading "General Fund Overview" hereafter.

[3] In 2004, Colorado voters passed Amendment 35, which increased the tax on all tobacco products by 20 percentage points and increased the tax on cigarettes by $0.64 per pack beginning in 2005. This caused a decline in sales of cigarettes and other tobacco products which in turn contributed to the decline in tobacco and cigarette tax revenues in Fiscal Year 2006-07 and thereafter. The additional revenues generated by the tax are TABOR exempt. Therefore, while TABOR exempt cash collections increased as a result of the additional tax, General Fund revenues declined as the number of cigarette and other tobacco products purchased decreased. The additional cash collections are deposited to the Tobacco Tax Cash Fund created by Amendment 35.

[4] 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 "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – *Amendment 23*," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Certain Funds Eligible for Investment in the District Notes – *State Education Fund*" and Note 14 to the General Fund Overview 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 Year 2007-08 through Fiscal Year 2011-12 and the forecasts for Fiscal Years 2012-13 and 2013-14 from the OSPB September 2012 Revenue Forecast. The overview incorporates the budget under current law for Fiscal Year 2012-13. 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 the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2007-08 through 2013-14

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

	Actual (Unaudited) [1]					OSPB Forecast	
	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Preliminary Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
REVENUE:							
Beginning Reserve	$ 267.0	$ 283.5	$ 443.3	$ 137.4	$156.7	$804.4	$297.5
Gross General Fund Revenue	7,742.9	6,742.7	6,457.7	7,085.0	7,736.9	7,955.7	8,147.1
Diversion to the Highway Users Tax Fund [2]	(238.1)	--	--	--	--	--	--
Net Transfers to (from) the General Fund [2,3]	(5.0)	811.5	(39.6)	158.1	138.0	(2.5)	0.6
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	7,766.9	7,837.7	6,861.5	7,381.2	8,031.6	8,757.6	8,445.2
EXPENDITURES:							
Appropriation Subject to Limit [4]	7,087.8	7,387.1	6,631.6	6,811.1	7,027.8	7,438.1	7,809.4
Appropriations Change From Prior Year	412.3	299.3	(755.5)	179.5	216.7	410.3	371.4
Percent Change From Prior Year	6.2%	4.2%	(10.2)%	2.7%	3.2%	5.8%	5.0%
Exemptions to the Appropriations Limit [5]	31.9	12.2	--	12.0	--	--	--
Spending Outside the Appropriations Limit:	320.2	210.6	84.5	139.0	184.3	304.8	323.4
TABOR Refund	--	--	--	--	--	--	--
Rebates and Expenditures [6]	173.8	136.0	141.9	126.0	133.2	146.3	154.0
Homestead Exemption [7]	79.8	85.6	1.3	1.6	1.8	97.6	105.2
Transfer to Capital Construction Fund	93.7	24.9	0.2	12.0	49.3	61.0	64.1
Reversions and Accounting Adjustments	(27.1)	(36.0)	(56.2)	(38.6)	(43.9)	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures) [8]	--	(223.9)	(2.7)	(0.5)	--	--	--
TOTAL GENERAL FUND OBLIGATIONS	7,439.9	7,395.8	6,716.0	6,921.4	7,168.2	7,742.9	8,132.8
RESERVES							
Year-End General Fund Balance	327.0	443.8	137.4	451.1	863.4	1,014.7	312.4
Year-End Excess General Fund Balance as a Percent of Appropriations	4.6%	2.0%	2.1%	6.6%	12.3%	13.6%	4.0%
General Fund Statutory Reserve [9]	283.5	148.2	132.6	156.7	281.1	297.5	312.4
Money Above (Below) Statutory Reserve	43.4	295.5	4.8	294.4 [10]	582.3	717.1	--
Transfer to Highway Users Tax Fund (2/3)	29.0	--	--	--	--	--	--
Transfer to Capital Construction Fund (1/3)	14.5	--	--	--	--	--	--
Note: Deposit to the State Education Fund [10,11]	407.9	339.9	329.0	370.5	638.5	476.5	1,142.4

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

[2] For Fiscal Years 2007-08 and 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues were sufficient to fund appropriations and maintain the Unappropriated Reserve. The scheduled diversion to the Highway Users Tax Fund in Fiscal Year 2008-09, in the amount of $217.8 million, was re-directed to the General Fund and is included in the Net Transfers to the (from) the General Fund line item. This diversion requirement was repealed by SB 09-228 beginning with Fiscal Year 2009-10.

[3] This figure represents the total net transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds.

[4] Per SB 09-228, for Fiscal Year 2009-10 and subsequent Fiscal Years, this appropriation limit was revised from the lesser of (i) 5% of Colorado Personal Income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriated amounts from the General Fund during the prior Fiscal Year, to just 5% of Colorado Personal Income.

[5] In Fiscal Years 2007-08, 2008-09 and 2010-11, totals of $31.9 million, $12.2 million and $12.0 million, respectively, are not subject to the appropriations limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but are used as the base for calculating the following year's appropriations limit. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation*." Spending by the Medicaid program that is above the appropriated amount, called "Medicaid Overexpenditures," is usually the largest amount for this line.

[6] This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions.

[Notes continued on next page]

[7] The senior homestead exemption property tax credit 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*."

[8] The table reflects the infusion of federal stimulus funding for Federal Medical Assistance Percentage ("FMAP") in Fiscal Years 2008-09 through 2010-11. For Fiscal Years 2009-10 and 2010-11, General Fund expenditure offsets due to FMAP are predominantly included in the "General Fund Appropriations Subject to the Appropriations Limit" line item.

[9] Per SB 09-219 and SB 09-277, the Unappropriated Reserve required by Section 24-75-201.1, C.R.S., was lowered from 4.0% to 2.0% for Fiscal Years 2008-09 and 2009-10, and per SB 11-156, the Unappropriated Reserve requirement was 2.3% for Fiscal Year 2010-11. The Unappropriated Reserve requirement reverted to 4.0% beginning with Fiscal Year 2011-12. Current law requires the reserve to increase to 4.5% when personal income is projected to increase by more than 5%. This is not projected to occur until 2014, which would trigger the reserve increase in Fiscal Year 2015-16. The reserve is further required to increase by 0.5 percentage points each year thereafter until it reaches 6.5% of appropriations.

[10] Per SB 11-156, for Fiscal Year 2010-11, any surplus above the 2.3% Unappropriated Reserve requirement was credited to the State Education Fund, and per SB 11-230, for Fiscal Year 2010-11, the amount by which the estimate of Fiscal Year 2010-11 General Fund revenue forecast in the OSPB June 2011 Revenue Forecast exceeded the amount forecast by OSPB in its March 2011 revenue forecast, up to $67.5 million, was transferred to the State Public School Fund, and the balance of $221.4 million was credited to the State Education Fund. Per HB 12-1338, $59.0 million of the Fiscal Year 2011-12 excess amount and all of the Fiscal Year 2012-13 excess amount is transferred to the State Education Fund. After the $59 million transfer, the remaining amount of the Fiscal Year 2011-12 surplus is carried forward and becomes part of the beginning Fiscal Year 2012-13 balance. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – Revenues and Unappropriated Amounts."

[11] Amendment 23 mandates that, effective January 1, 2001, 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 to the State Education Fund. See also Note 10 above. In Fiscal Year 2011-12, the State Education Fund also received $221.4 million of the Fiscal Year 2010-11 Excess Reserve and approximately $9.6 million from the tax amnesty program created by SB 11-184. In Fiscal Year 2012-13, the State Education Fund is to receive $59 million of the Fiscal Year 2011-12 excess reserves. Under current law, in Fiscal Year 2013-14 the State Education Fund is to receive all of the Fiscal Year 2012-13 excess reserves, or a projected $717.1 million.

Source: Office of State Planning and Budgeting

Discussion of Recent General Fund Operations

The following is a discussion of the General Fund revenues for the past five Fiscal Years. The amount of General Fund revenues received in prior years is not necessarily indicative of the amount of revenues to be expected for any future Fiscal Years. All figures are approximate unless otherwise stated. See also "General Fund Revenue Sources" below.

Fiscal Year 2011-12 (Preliminary Unaudited). The following information is taken from the OSPB September 2012 Revenue Forecast and was based on unaudited preliminary figures.

General Fund revenues increased by 9.2% in Fiscal year 2011-12 compared to an increase of 9.7% in Fiscal Year 2010-11. In Fiscal Year 2011-12, sales and use tax revenues increased by 2.7% compared to an increase of 12.8% in Fiscal Year 2010-11. Corporate and individual income tax collections increased 12.5% compared to an increase of 9.7% in Fiscal Year 2010-11. Other excise tax revenues increased 4.9% compared to a decrease of 3.0% in Fiscal Year 2010-11. Other revenues increased 5.7% in Fiscal Year 2011-12 compared to a decrease of 5.6% in Fiscal Year 2010-11. Total funds available for expenditure in Fiscal Year 2011-12 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and amounts transferred into the General Fund) were $8,031.6 million and total obligations were $7,168.2 million. In accordance with Amendment 23 and other State laws, $638.5 million was credited to the State Education Fund. The Unappropriated Reserve was $281.1 million. As permitted by SB 09-277, the Unappropriated Reserve was 4.0% of Fiscal Year appropriations.

Fiscal Year 2010-11. General Fund revenues increased by 9.7% in Fiscal Year 2010-11 compared to a decline of 4.2% in Fiscal Year 2009-10. In Fiscal Year 2010-11, sales and use tax revenues increased by 12.8% compared to a decrease of 6.0% in Fiscal Year 2009-10. Other excise tax revenues decreased 3.0% compared to an increase of 0.7% in Fiscal Year 2009-10. Corporate and individual income tax collections increased 9.7% compared to a decrease of 3.7% in Fiscal Year 2009-10. Other revenues declined 5.6% in Fiscal Year 2010-11 compared to an increase of 0.1% in Fiscal Year 2009-10. Total funds available for expenditure in Fiscal Year 2010-11 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and amounts transferred into the General Fund) were $7,381.2 million and total obligations were $6,935.7 million. In accordance with Amendment 23, $370.5 million was credited to the State Education Fund. The Unappropriated Reserve was $156.7 million. As permitted by SB 09-277, the Unappropriated Reserve was 2.3% of Fiscal Year appropriations.

Fiscal Year 2009-10. General Fund revenues declined by 4.2% in Fiscal Year 2009-10 compared to a decline of 12.9% in Fiscal Year 2008-09. In Fiscal Year 2009-10, sales and use tax revenues decreased by 6.0% compared to a decrease of 9.1% in Fiscal Year 2008-09. Other excise tax revenues increased 0.7% compared to a decline of 1.7% in Fiscal Year 2008-09. Corporate and individual income tax collections decreased 3.7% compared to a decrease of 15.6% in Fiscal Year 2008-09. Other revenues increased 0.1% in Fiscal Year 2009-10 compared to a decline of 0.2% in Fiscal Year 2008-09. Total funds available for expenditure in Fiscal Year 2009-10 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and any amounts transferred into or out of the General Fund) were $6,861.5 million and total obligations were $6,724.1 million. In accordance with Amendment 23, $329.0 million was credited to the State Education Fund. The General Fund statutory reserve was $132.6 million. As permitted by SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2008-09. General Fund revenues decreased by 12.9% in Fiscal Year 2008-09 compared to an increase of 2.7% in Fiscal Year 2007-08. In Fiscal Year 2008-09, sales and use tax revenue decreased by 9.1% compared to an increase of 4.9% in Fiscal Year 2007-08. Other excise tax revenue declined 1.7% compared to a decline of 0.9% in Fiscal Year 2007-08. Corporate and individual income tax collections decreased 15.6% in Fiscal Year 2008-09 compared to an increase of 2.1% in Fiscal Year 2007-08. Other revenues declined 0.2% in Fiscal Year 2008-09 compared to a decline of 1.7% in Fiscal Year 2007-08. Total funds available for expenditure in Fiscal Year 2008-09 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and any amounts transferred into or out of the General Fund) were $7,837.7 million and total obligations were $7,309.4 million. In accordance with Amendment 23, $339.9 million was credited to the State Education Fund. The General Fund statutory reserve was $148.2 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2007-08. General Fund revenues increased by 2.7% in Fiscal Year 2007-08 compared to an increase of 8.3% in Fiscal Year 2006-07. In Fiscal Year 2007-08, sales and use tax revenues increased by 4.9% compared to an increase of 4.1% in Fiscal Year 2006-07. Other excise tax revenue declined by 0.9% in Fiscal Year 2007-08 compared to an increase of 2.0% in Fiscal Year 2006-07. Corporate and individual income tax collections increased by 2.1% in Fiscal Year 2007-08 compared to an increase of 11.3% in Fiscal Year 2006-07. Other revenues declined by 1.7% in Fiscal Year 2007-08 compared to a decline of 7.2% in Fiscal Year 2006-07. Total available funds for Fiscal Year 2007-08 (which excludes the amount deposited into the State Education Fund and includes beginning General Fund Surplus and any amounts transferred into or out of the General Fund) were $7,766.9 million and total obligations were $7,439.9 million. In accordance with Amendment 23, $407.9 million was transferred to the State Education Fund, and in accordance with SB 97-1, $238.1 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was $327.0 million, which was allocated as follows: $283.5 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the amount in excess of the 4% Unappropriated Reserve ($29.0 million) was transferred to the Highway Users Tax Fund and one-third of such excess ($14.5 million) was transferred to the Capital Construction Fund.

Revenue Estimation

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. The General Assembly is required to certify to the State Controller by February 1st of each year the revenue estimate for the next Fiscal Year, taking into consideration the estimates of the OSPB and the staff of the Colorado Legislative Council. 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 OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast was provided by Moody's Economy.com for the OSPB September 2012 Revenue Forecast. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

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

Revenue Shortfalls. The State's Fiscal Year budgets are prepared and surplus revenues are determined using the modified accrual basis of accounting in accordance with the standards promulgated by GASB, with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon current forecasts, 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 on December 20, 2012. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2012 Revenue Forecast if economic conditions change markedly. Due to the volatility in the State and national economies, OSPB's forecasts of General Fund revenues over the last several years have fluctuated from forecast to forecast, and in some cases have been significantly lower or higher than the immediately preceding forecast. Such volatility may be reflected in the December 2012 forecast. If a revenue shortfall is projected for Fiscal Year 2012-13 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. A cash shortfall in Fiscal Year 2012-13 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2012-13 Notes Repayment Account on June 26, 2013. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2012-13 through 2014-15. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts. The most recent OSPB Revenue Forecast was issued on September 20, 2012, and is summarized below.

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

Revenue Forecast and General Fund Budget. The OSPB quarterly revenue forecasts include projections of General Fund revenues available for spending, General Fund spending levels and end-of-year reserves through the forecast period. See "General Fund Overview" above.

For Fiscal Year 2012-13, General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S. are $7,438.1 million, an increase of 5.8% over Fiscal Year 2011-12 appropriations of $7,027.8 million. Total General Fund revenues available for expenditure (which includes beginning reserves, revenues and the net incoming and outgoing transfers) are projected to exceed total General Fund obligations (which includes appropriations that are subject to the statutory limit plus expenditures that are exempt from the limit, adjustments to appropriations and authorized spending outside of the limit) and result in a year end fund balance of $1,014.7 million and reserves of $717.1 million above the current 4.0% Unappropriated Reserve requirement. Per HB 12-1338, all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund.

A budget for Fiscal Year 2013-14 has not yet been adopted. The Governor released a Fiscal Year 2013-14 budget request on November 1, 2012. Pursuant to the OSPB September 2012 Revenue Forecast and current law, Fiscal Year 2012-13 budget General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S., may grow 5.0% to $7,809.4 million in Fiscal Year 2013-14 while maintaining the required 4.0% reserve amount. This figure is subject to change based on updates to the revenue forecast and future budget actions.

See also "General Fund Overview" above.

Economic Conditions and Forecast. The OSPB quarterly revenue forecasts also include a discussion of current economic conditions and forecasts of both the Colorado and national economies. The following generally restates the economic forecast from the OSPB September 2012 Revenue Forecast.

Summary. OSPB's assessment of the economy and its future path remain essentially unchanged from recent forecasts. Recent national data on jobs, business spending, exports, and manufacturing show that the economy has slowed from earlier in the year. The global economy is also slowing. Due to these trends and the persistent factors weighing on growth, OSPB expects the slowdown, though not significant, to continue into 2013. Colorado is enduring the same challenges as the nation. However, economic indicators continue to show that the State has been building a better economic foundation and is outperforming many other States.

Several uncertainties and risks remain which make gauging the future performance of the economy especially challenging. The ongoing European economic and financial distress as well as the nation's possible impending federal tax increases and spending cuts are downside risks. Because Colorado has a large concentration of aerospace and defense workers, the State may be impacted more than many other States from federal defense cuts. Higher oil and food prices, which are facing upward pressure due to tensions in the Middle East and the nationwide drought, are also risks.

There is also the potential that the economy will perform better than forecast. A more satisfactory resolution of Europe's challenges and an agreement on federal fiscal issues will reduce uncertainty and help bolster the economy. Further, the Federal Reserve's recent significant shift in policy could boost growth. The policy includes a new open-ended asset buying program and guidance that monetary policy will remain accommodative even after the recovery strengthens. These policies could bolster the economy through raising expectations for growth, thus spurring more economic activity and money circulating in the economy. Also, improvement in the housing market, which traditionally helps economies recover from downturns, is a positive trend that could boost growth more than expected.

Overall Economic Conditions. Though the economy continues to grow as individuals and businesses strive to rebuild and improve their livelihoods, activity remains only modest. The economy has yet to overcome the legacies of the dramatic downturn and financial crisis that began in 2008. The restructuring process from the dislocations of the credit and housing boom and bust will continue to take time.

A full recovery continues to be hindered by several factors, such as household balance sheet repair, labor market restructuring, and higher levels of uncertainty regarding future economic activity. Many businesses and households are holding back on spending, investing, and hiring decisions. The rate at which money is being exchanged in the economy – called the "velocity" of money − which helps generate income, is at a 50-year low.

The global economy is highly connected, and conditions in other parts of world impact the nation and State. Many of the world's largest economies continue to be weak. A recent index measuring manufacturing activity indicates that 80% of the world's manufacturing is in contraction.

In a particularly ominous sign, economies in the Euro Area and Asia continue to slow. These two regions represent a significant portion of the world's overall economic output. In addition, although recent signs point to some improvement in Brazil and the United Kingdom − the sixth and seventh largest economies in the world, respectively − they remain below their trend levels of growth.

A strong rebound in manufacturing over the past few years has helped boost overall economic activity for the nation. This is the case because manufacturing generates a significant amount of economic activity in other sectors of the economy. It spurs the creation of jobs and spending across the economy because the entire manufacturing process is highly complex with many inputs. In addition, the manufacturing industry is highly innovative, which leads to income and economic growth as the industry continually becomes more productive and creates products that the market needs and wants.

Unfortunately, manufacturing has been slowing over the past several months. The Institute for Supply Management ("ISM") Manufacturing Purchasing Managers Index ("PMI"), based on a survey of businesses in the production of goods sector, was 49.6 in August, the third month in a row below 50, which indicates contraction. One of the industries reporting contraction was computer and electronic product manufacturing, Colorado's largest manufacturing industry. A representative from the industry stated in the national ISM August survey that, "business is slow right now. Companies seem to be holding onto their money." It is likely that the manufacturing sector will continue to be more sluggish over the coming months due to the weak global economy. Further, a combination of rising inventories of manufacturers and slowing in new orders will result in less manufacturing activity.

The ISM Non-manufacturing Businesses Activity Index was 55.6 in August 2012, down slightly from July. This is a positive sign for Colorado's economy as the State has a more services-intensive economy than the nation as a whole. Colorado is a regional hub for professional, scientific, and technical services, such as engineering, accounting, legal services, and consulting. This sector continued to report growth at the national level in the August survey. Despite reflecting overall growth, the survey in general continued to reflect uncertainty about business conditions and the economy.

Colorado business conditions continue to outperform the nation, but the State is not immune from the uncertainty facing businesses across the nation. Since the economic downturn, Colorado has been building a stronger economic foundation, which has resulted in better economic growth than many other States. This process has been aided by Colorado's entrepreneurial and talented population and its culture of collaboration and innovation. Further, Colorado has a solid presence of industries that trade their goods and services outside of the State and nation. This subjects Colorado companies to more competition that requires constant improvement and innovation in business processes and products. Such activity helps the economy grow. It also brings in new income to the State that can be utilized for increased investment, hiring, and spending.

Two surveys of businesses in the State indicate that businesses still face headwinds and uncertainty. The Goss Institute for Economic Research's Business Conditions Index for Colorado, based on a survey of supply managers in the State, increased to 59.0 in August from 49.6 in July. The July value represented the first time since September 2009 that the Colorado index slipped below 50, which reflects expectations of a contracting economy during the next three to six months. Similarly, the University of Colorado Leeds Business Confidence Index ("LBCI"), an index measuring the confidence of Colorado business leaders, reported that expectations weakened for the third quarter of 2012. The third quarter report indicated that many businesses remain cautious about the future, especially regarding the national economy.

New business creation in Colorado continues to rebound. New businesses generally create more jobs than existing firms. Thus, trends in business startup activity are important to monitor to help gauge job growth. Based on Quarterly Census of Employment and Wages data from the Colorado Department of Labor and Employment, the number of business startups with employees fell substantially during the recession. However, business startup activity improved beginning in 2010, and the trend has continued into the first quarter of 2012, the latest data available. The improvement in 2010 coincided with the pickup in job growth in Colorado.

Despite the recent growth trend, start-up activity remains well below its pre-recession peak. This indicates that entrepreneurs are having more difficulty finding opportunities to begin and sustain new business ventures as the economy rebuilds and restructures. Entrepreneurs generally continue to have lower expectations and uncertainty about the future. This, coupled with less financing available, is hindering successful new business creation and thus more robust job growth.

Labor Market Conditions and Trends. The labor market is slowly improving but continues to face many challenges as businesses remain apprehensive and uncertain about future economic conditions, federal fiscal policy, the European sovereign debt crisis, and an overall global slowdown. Further, the job market appears to be facing some structural frictions as it is taking time to match available jobs with those individuals seeking employment. Continued levels of high unemployment indicate the economy is still rebuilding from major disruptions and dislocations during the recession.

Additionally, in the private sector, firms are allocating more resources to equipment and software than labor. Historically, private business investment in equipment and software has moved in tandem with private sector employment. This divergence in spending demonstrates firms' efforts to keep operations lean and increase the productivity of existing workers.

Job openings and hiring continue on an upward trajectory, though growth is modest and challenges remain. The U.S. job market softened in August when 96,000 jobs were added, less than expected. Manufacturing shed 15,000 jobs, government lost 7,000, and temporary employment eliminated positions, which can be a bellwether for overall job trends. Employment rose in restaurants, professional and technical services, and health care. Construction gained 1,000 jobs with the continuing improvement in housing construction.

Colorado job growth is outpacing the nation. Based on data from the U.S. Bureau of Labor Statistics and OSPB's estimates of forthcoming revisions to jobs data that are currently not published,[*] Colorado gained about 20,000 nonfarm jobs so far this year through July. The professional, scientific and technical services, and finance and insurance sectors contributed to about half of this gain. Colorado is a regional hub for these sectors, which helps contribute to economic growth.

Due to the large economic benefits that the manufacturing sector brings to the State, continued job growth through July in this sector is welcome. Another positive is that the construction sector is adding jobs this year after the sector shed a substantial amount of its workers when housing and other construction collapsed. Finally, the mining sector continues to lead the State in the percentage increase in job growth, although the sector represents only a small portion of the State's employment base. Notable sectors that have had very weak growth or have shed jobs this year include transportation and utilities, real estate, information, such as publishing industries and telecommunications, and the public sector.

OSPB's forecast for Colorado nonfarm payroll jobs remains the same as the previous forecast. Payroll jobs will increase 1.7% in 2012, but slow to 1.0% in 2013 as the current heightened uncertainty and lower expectations for future economic conditions takes their toll on hiring; nationally, job growth will be slightly slower.

Unemployment. Although job growth has been occurring for the State and the nation since the beginning of 2010, growth has not been strong enough to employ the substantial amount of individuals who lost their jobs during the recession. Unemployment thus remains elevated.

There are several factors contributing to the higher levels of unemployment which are discussed in further detail in the following sections. The U.S. Bureau of Labor Statistics ("BLS") in August reported a national unemployment rate of 8.1%, down from 8.3% in July. The decrease was mostly due

[*] The jobs figures will be benchmarked based on Quarterly Census of Employment and Wage date to more accurately reflect the number of jobs in the State than what was estimated based on survey of employers.

to workers leaving the labor force which resulted in a lower labor force participation rate of 63.5% − the lowest level since 1981. The male participation rate nationally fell to 69.9%, its lowest level since 1948 when records began.

Colorado's unemployment rate inched up to 8.3% in July, the same as the nation's that month. This tenth of a point increase was due to gains in individuals entering the labor force to seek work without a commensurate increase in job growth.

Unemployment rates of 8.0% and 7.8% are forecast for Colorado in 2012 and 2013, respectively. The national unemployment rate will be 8.3% in 2012 and 8.2% in 2013.

A broader measure of unemployment also remains high. The underemployment rate, or the underutilization rate, is an alternative measure of unemployment to capture those who are underemployed (working less than full-time when a full-time position is preferred) and discouraged workers who would like to work but have temporarily stopped their search. Colorado's underutilization rate averaged 14.8 % from the second half of 2011 through the first half of 2012, below its peak of 15.7% in 2010 and the first part of 2011. The national underutilization rate in August was 14.7%.

Unemployment remains high despite sustained increases in job openings, providing evidence that the job market is less efficient than in other periods at matching job seekers with employers. The growth in job openings, as measured in Colorado by job advertisements posted online and nationally by job openings data from the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS), is not being matched by job growth and a decrease in unemployment. This is likely due to several factors. There appear to be structural issues in the job market as employers and job seekers are less successful in meeting each other's needs compared with most previous periods. There is some evidence that there is a mismatch between the skill set and/or the geographic location of job seekers and the characteristics of job openings. A recent study from the Federal Reserve has indicated that up to one-third of the higher level of unemployment can be attributed to a mismatch between the skills of those seeking work and those needed by employers needing more workers. There is also some evidence of a mismatch between the wage expectations of individuals seeking work and the wages offered by employers.

The number of second quarter advertisements posted online in 2012 is 17% lower than the number of advertisements posted online before the recession at the end of 2007. At the same time, the 2012 unemployment rate is almost twice as high.

Job openings have increased at a faster pace in the current recovery than the recovery that began in 2003. At the same time, hiring has increased at only a slightly faster pace despite the much larger growth in openings. Thus, there is a larger gap between growth in openings and hires.

This discrepancy between openings and hires is larger than the recovery from the early 2000s recession when job growth was also slow to rebound. Once the process of matching unemployed and underemployed workers begins to speed up and experience more success, it will help the economy recover by enabling more employers to expand and providing individuals with higher incomes to buy goods and services. This will generate more positive feedback mechanisms and boost overall economic activity.

Industries with the largest demand for workers are led by computer and mathematical operations. Health care, computer and mathematical occupations, and retail and sales currently are posting the largest amount of job openings online.

According to the U.S. Bureau of Labor Statistics, the most growth in job openings nationally since the end of the recession have been in mining and manufacturing. These industries have seen the largest rebound and have helped propel the economic recovery. However, professional and business services, health care and social assistance, and retail sales also have experienced a relatively large increase in job openings.

As home construction has picked up, finding skilled construction workers is increasingly difficult likely in part because many former workers have moved into fields such as maintenance work or remodeling.

Both nationally and in Colorado, the relatively high number of openings that are not currently being filled are in industries requiring special skills or that cannot easily be automated, such as health care, computer and mathematical occupations, professional and business services, and manufacturing. This provides additional evidence that perhaps there are not enough workers currently available with the requisite skills to work in these industries.

Colorado appears to have less of a job market matching issue than some other areas of the United States, likely attributable in part to the fact that the State has a large concentration of educated workers. This is likely one reason Colorado's economy is outperforming the nation. According to a recent Brookings Institute study, metropolitan areas with lower education gaps, measured as the difference between the average years of education required by jobs with openings and the average years of education in an area, have lower overall unemployment rates. In the study, the Denver, Aurora, and Broomfield area had a gap of four percentage point gap while Colorado Springs had a two percentage point gap. Both were lower than the national average of five percentage points.

Businesses have been spending more on equipment and software than on labor during the current expansion. Business capital spending and hiring has historically trended closely together. However, recent national data suggests there has been a change in the relationship between business investment in equipment and software and private sector employment.

Firms typically reduce employees and decrease investment in equipment and software during recessionary periods and then increase investment and hire more employees during periods of expansion. However, as illustrated above, in the most recent recovery as firms moved to keep operations lean, they have not hired at the same rate as past recoveries. Many firms have increased labor productivity through automation, thus replacing workers with capital equipment. As output has returned to pre-recession levels, there is not the corresponding growth in employment as workers with jobs have become more productive. Over time, a more productive workforce will lead to stronger economic growth and thus more jobs.

The trend of increasing automation has profound implications for individuals with skills that are no longer needed by the job market and is contributing to the current high unemployment rate. Unfortunately, it may take a long period of time for the economy to generate new opportunities for the large number of dislocated workers due to this trend. Further, many workers will have to retrain to be qualified for many of the new jobs being created.

Business Investment. Private business investment is growing but still remains relatively low as measured by its portion of total economic activity. Private investment, a driver of economic growth both in the near and longer term, is used for the production of goods and services. Non-residential investment including investment in equipment and software and structures improves business practices and raises productivity. This generally leads to more income and profits that can then be used to sustain spending and investment which helps maintain economic growth.

Spending on nonresidential structures and investment in equipment and software is making gains as firms maintain and modernize technology and equipment and build new structures to expand operations. However, investment as a share of GDP is still low. The private sector continues to have elevated levels of uncertainty and lower expectations about the future, thus private investment will remain sluggish as business are less confident their investments will generate a sufficient return. Thus, with continued modest investment activity, the economy will likely continue to maintain lower levels of growth.

Through the first half of 2012, private business investment comprised 10.3% of GDP. However, from 1965 through 2000, private investment as a percentage of GDP averaged 11.3% annually. As shown, business investment has made up a smaller share of overall economic activity than this level throughout most of the 2000s.

The U.S. Commerce Department reported that new orders for manufactured durable nondefense capital goods orders excluding aircraft, an indicator of business spending, decreased in June and July. A representative from the machinery manufacturing industry noted in the most recent ISM survey of supply managers that there are indications of a continued slowdown in demand for capital equipment. Slower growth in new orders suggests sluggish output in the coming months as businesses spend less on investment and capital.

Household Income. Household income continues to grow, though at a slowing rate. After declining substantially during the recession, total personal income in both Colorado and the nation has been growing since the last quarter of 2009. The rate of growth has slowed since the first quarter of 2011. Slow income growth is an indicator of the sluggish recovery and will likely act as a continued headwind to the economy.

Real income growth per capita has been essentially flat. While data show that aggregate personal income is increasing, both Colorado and the nation have experienced minimal real, or inflation-adjusted, personal income growth since the recession. Real per capita income in Colorado and for the nation is only slightly above 2000's level, meaning that purchasing power has not materially increased. The State's personal income data has reflected larger declines during the recession and smaller increases through the current recovery than the nation as a whole.

Wage growth has varied by industry in Colorado. The relatively soft labor market has been accompanied by an environment of slow wage growth. Since 2001, only two major industries have seen compound average annual growth rates in real weekly wages of 1.5% or greater. These are the natural resources and mining industry and professional and business services. The average of the compound annual growth of real wages for all industries was less than one percent and was negative if the natural resources and mining sector is excluded. The fastest growing employment sectors between 2010 and 2011, aside from the natural resource and mining sector, were education and health services followed closely by leisure and hospitality.

Personal income for the nation will grow modestly at a rate of 3.9% in 2012. The growth rate will slow to 3.6% in 2013 as economic headwinds help keep wages and employment relatively flat. Personal income will grow slightly more in Colorado at a rate of 4.3% in 2012 and 4.0% in 2013.

Consumer Spending. Consumer spending at the national level slowed for much of the spring and early summer but has picked up in recent months. Household spending accelerated in July and August after several sluggish months. Spending on durable goods, such as vehicles, electronics, and appliances, has shown better performance. This has likely been supported by the continued extremely low interest rates and a pickup in home buying. Spending on durable goods can act as a leading indicator of broader economic activity because it indicates consumers' willingness to make purchases of higher value that can be postponed more than other types of purchases in times of household belt tightening.

Retail sales growth in Colorado has continued to be surprisingly robust through the first six months of 2012. Retail trade sales in Colorado have been stronger than the nation, with spending growth distributed amongst most types of items. Notably, spending on building materials and furniture grew more in 2012 than the same period in 2011, likely as a result of increased housing activity. Spending on automobiles continued to grow at a strong pace in the first half of 2012. The only category of durable goods that declined was the sales of electronics and appliances.

Retail trade for the nation will finish 2012 having grown 5.4% but will grow just 3.7% in 2013. Colorado's retail trade will grow at a similar rate of 6.1% in 2012 and will slow to a 3.9% increase in 2013.

Household Debt. Household debt continues a downward trend but remains elevated. In the first quarter of 2012, American households continued reducing debt and repairing their balance sheets. The debt reduction process will remain a drag on economic activity as households dedicate money to paying down debt that could be used for other purposes. The per capita debt level of $36,477 in the first quarter of 2012 was about the same level as it was in mid-2006. However, even with continued household debt reduction, both total household debt and per capita debt remain well above historical levels.

The composition of household debt is changing. Consistent with the pattern seen in the wake of the economic downturn, households continue to reduce debt in uneven ways. Housing-related debt (mortgage loans and home equity revolving lines of credit) represents over three-quarters of overall household debt. This is a smaller share than at the end of 2011 when housing-related debt accounted for 83.4% of household debt.

A recent Federal Reserve Board working paper suggests that the decline in housing-related debt is largely due to a combination of continued defaults and low levels of mortgage originations rather than from consumers paying down or retiring housing-related debt. This finding is further supported by a study by the Federal Reserve Bank of Kansas City which found delinquency rate on mortgages was higher than for any other type of debt in the first quarter of 2012.

Growing student loan debt will reduce the future consumption capacity of households. While data show that households have reduced overall debt loads, an emerging student loan debt growth trend may have a lasting negative impact on the economy as it will limit consumption and other economic activities, such as the purchase of homes. Since 2003, total outstanding student loan debt in the United States has grown by 275%, from $241 billion to $904 billion.

The Housing Market. The housing market is improving and is no longer a drag on growth. Continued increased sales and construction activity over the summer has contributed to much needed strengthening in the housing market both nationally and in Colorado. As discussed in recent OSPB forecasts, the health of the housing market is a critical factor for economic recovery, and the activity in housing is still well below historical levels.

During the downturn in housing, real estate markets were characterized by tightening lending standards, weak demand for housing, and an alarming decline in home prices which precipitated a large amount of negative equity ("underwater" mortgages) and foreclosures. The collapse of the housing market created large inventories of homes for sale with a shrinking pool of homebuyers. This simultaneous increase in supply and decrease in demand placed sustained downward pressure on prices.

In recent months, historically low interest rates coupled with more attractive reduced home prices, facilitated an increase in the number of home sales. Data from the Colorado Association of Realtors shows home sales in the second quarter of 2012, the most recent quarter for which data is available, rose by 16% from the same period in 2011. At the national level, preliminary data from the National Association of Realtors showed that existing home sales in July had risen more than 10% from the same month in 2011.

A portion of the excess inventory of homes for sale from the aftermath of the housing boom and bust has been sold and the balance of supply and demand is beginning to return to a more positive dynamic. This is allowing home prices to appreciate somewhat in Colorado and in more areas of the country.

Home values are experiencing different trends across the State. While the State as a whole has shown consistently increased sales activity and price increases over the last few months, housing market performance has varied in different parts of the State based on local economies.

Negative equity is decreasing, which can generate economic benefits. One of the important impacts of recent home price appreciation is the decrease in negative equity realized by "underwater" borrowers. Recent data reported by CoreLogic, a prominent source of housing market data, shows that the 10.8 million negative equity mortgages that existed in the United States at the end of the second quarter of 2012 was 23.7% lower than the number of negative equity mortgages outstanding three months prior. Colorado accounted for nearly 209,000 negative equity mortgages and this number was down from approximately 237,000 such mortgages in the State at the end of the first quarter of 2012. Colorado had the fifteenth largest number of outstanding mortgage loans with 5% or less equity at the end of the second quarter of 2012.

The impacts of the appreciation in home values and greater home equity are numerous. Homeowners experience a positive "wealth effect" which can spur consumer spending. Additionally, with greater home equity, homeowners may have a greater ability to sell their home and move to areas with better job opportunities which will help improve the sluggish job market and unemployment situation. Further, greater home equity enables entrepreneurs to gain access to financing to start or expand a business.

Home price appreciation is likely to be modest. Although home prices have risen during the past few months, price increases are expected to be muted over the near term. Much of the recently observed price recovery is mostly due to the re-balancing of supply and demand in the housing market as a large number of buyers were attracted to the market by very low interest rates and market-clearing house prices. The increased building activity encouraged by higher prices will lead to growth in the supply of homes on the market. This, along with the other factors facing the housing market discussed in this section, will place some downward pressure on appreciation.

Rental vacancies remain very low, making homeownership more attractive and spurring multifamily home construction. During the economic downturn, more households chose to rent rather than make home purchases due to the high level of uncertainty regarding home prices and employment. Additionally, large numbers of mortgage defaults caused many homeowners to rent, and tighter lending standards made homeownership less possible. As a result, the number of vacant rental properties has fallen nationwide and in Colorado, causing a steady and relatively large increase in the cost of rent. This has made homeownership more attractive recently, as the cost of buying a home is in many cases more favorable when compared to renting.

Homebuilding activity has increased. As homebuilders see home prices rise, it becomes more attractive to begin construction of new homes, which also has positive ripple effects throughout the economy. Because housing construction is still at very low levels, the economic impacts will not be large. The data illustrates a recent trend of accelerating growth in permit issuance. This trend is stronger in Colorado than the national economy, likely supported by its relatively strong economic prospects and population growth.

The current strong market for rental housing also makes construction of new multi-family housing units more attractive, as illustrated by the growing number of new multi-family construction permits. This trend may be supported over the medium- to long-term by the presence of a growing number of homebuyers interested in smaller and more affordable homes than in the past, such as duplexes, townhomes, and condominiums. Also, a higher proportion of individuals and families are likely preferring to rent rather than own due to more negative perceptions of homeownership resulting from the housing bust. Further, renting provides flexibility in today's labor market which requires more flexibility and mobility than was the case in previous years.

Several factors will prevent a more robust housing recovery. While the housing market has begun to rebound both nationally and in Colorado, a booming recovery is not expected. As a primary factor in the health of the housing market, persistently high unemployment will restrain growth as many would-be home buyers will be unwilling or unable to obtain mortgage loans without long-term employment. In addition to sluggish job growth, any consequential rise in interest rates will act as a check on home price appreciation to the extent it makes homeownership less affordable.

Housing permits in Colorado will increase to 17,100 in 2012 and 21,100 in 2013 as builders respond to stabilizing home prices and a greater balance of supply and demand. National residential permits will experience slightly lower growth.

Price Levels. Overall price levels in Colorado and the nation have shown slow growth but are expected to increase. The consumer price index ("CPI") measures the change in retail prices for a basket of goods and services. Overall price increases in Colorado have been stronger than the nation's.

The U.S. Bureau of Labor Statistics reported that the CPI nationally increased 0.6% in August, the largest increase since June 2009. About 80% of the increase was accounted for by the cost of gasoline index, which rose 9.0%. Additionally, drought conditions throughout the crop growing season in 2012 have led to expectations that food prices will increase further during the latter part of 2012 through 2014. Higher fuel and food prices can hurt the economy as it results in fewer resources for other uses.

Producer prices are experiencing upward pressure. Increases in prices paid are beginning to be reported in the ISM's surveys of both manufacturing and non-manufacturing businesses. The manufacturing price index sharply increased by 14.5% in August, reflecting high prices of raw materials and food stuffs. This is the largest month-over-month increase since September 2005 and the first month since April that the index has reflected an increase in the price of raw materials. A representative from the food, beverage, and tobacco industry in the survey noted that the U.S. drought has severely impacted the price of raw materials. Prices paid by the non-manufacturing sector for purchased materials and services also experienced a sharp increase in August, jumping 9.4%. Higher producer prices drive up business costs and limit resources for other productive uses, inhibiting business growth.

The Denver-Boulder-Greeley Consumer Price Index will increase 2.2% in 2012 and 3.1% in 2013. Much of the increase is being driven by higher rental costs, commodity prices, and food prices. Nationally, consumer prices will increase 2.3% in 2012 and 2.9% in 2013. National producer prices will grow 3.0% in 2012 and 6.1% in 2013.

International Trade. Export growth continues, though the global slowdown has weakened demand for American goods. Through July, U.S. exports were up 6.8% and Colorado's exports were up 9.7% over the same period a year ago. These growth rates represent a slowing trend. As the European sovereign debt crisis persists and Asian economies soften, domestic producers are selling fewer products abroad. The ISM survey of national supply managers' new export orders index for manufacturing goods has indicated contraction for three consecutive months.

Exports to Asia and Europe are weak or dropping. However, Colorado's exports were sustained in part by a boom in the sale of engines and motor parts to countries in the North American Free Trade Agreement ("NAFTA"), which represent Colorado's largest trading partners.

Circuits and other electronic equipment, beef products, and medical equipment are Colorado's largest exports. Circuits and electronic equipment, the largest export category in terms of dollar value, decreased by 18.0% in the past year with major drops in Asia as manufacturers pulled back on production due to the slowing global economy and a high level of inventory. However, with rising incomes and a growing appetite for American beef products, fresh and frozen beef exports expanded by nearly 40% in Asian markets, though Colorado's recent drought may reduce future exports of agricultural goods and livestock until producers can rebuild their herds.

Colorado's export of services will continue to benefit the State. Colorado's strong services sector encompasses engineering, legal, accounting, technological, consulting, and other services. According to the Bureau of Economic Analysis ("BEA"), U.S. trade in services facilitated by improvements in information and communication technologies have grown more quickly than trade in all other services. Though data on Colorado's export of services is not available, the State's services have most likely benefited from improvements and cost reductions in these technologies, as well as growth in developing economies, such as Brazil, China, India and other Asian economies.

ISM's new export orders index for services and non-manufacturing activities in the United States for August registered 52, indicating that the export of services continues to grow and has not yet been as negatively affected by the slowing global economy as the export of goods.

History and Forecast of Key Colorado Economic Indicator Variables. The following are historical and forecast key economic indicator variables through 2013 from the OSPB September 2012 Revenue Forecast.

State of Colorado
History and Forecast of Key Colorado Economic Indicator Variables
(Calendar Years)

	Actual			Forecast		
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
Current Income:						
Personal Income (billions)	$205.8	$213.5	$225.6	$235.3	$244.7	$257.1
Change from Prior Year	(4.7)%	3.7%	5.7%	4.3%	4.0%	5.1%
Wage and Salary Income (billions)	$112.6	$114.3	$119.7	$124.3	$128.7	$134.9
Change from Prior Year	(3.8)%	1.5%	4.7%	3.9%	3.5%	4.8%
Per Capita Income ($/person)	$41,271.1	$42,215.3	$44,062.7	$45,281.7	$46,434.0	$47,927.2
Change from Prior Year	(6.3)%	2.3%	4.4%	2.7%	2.5%	3.2%
Population and Employment:						
Population (thousands)	4,976.9	5,050.9	5,119.8	5,196.2	5,269.9	5,364.7
Change from Prior Year	1.5%	1.5%	1.4%	1.5%	1.4%	1.8%
Net Migration (thousands)	36.3	38.1	33.5	36.5	40.2	54.5
Civilian Unemployment Rate	8.1%	8.9%	8.3%	8.0%	7.8%	7.0%
Total Nonagricultural Employment (thousands)	2,245.6	2,222.3	2,258.2	2,296.7	2,320.3	2,358.0
Change from Prior Year	(4.5)%	(1.0)%	1.6%	1.7%	1.0%	1.6%
Construction Variables:						
Total Housing Permits Issued (thousands)	9.4	11.6	13.8	17.1	21.1	28.4
Change from Prior Year	(50.8)%	23.9%	19.1%	24.0%	23.0%	35.1%
Nonresidential Construction Value (millions)	$3,351.5	$3,102.5	$3,878.4	$3,676.3	$3,635.8	$3,838.1
Change from Prior Year	(18.6)%	(7.4)%	25.0%	(6.0)%	(1.1)%	5.6%
Prices and Sales Variables:						
Retail Trade Sales (billions)	$66.5	$70.5	$75.6	$80.2	$83.3	$87.4
Change from Prior Year	(11.1)%	6.0%	7.2%	6.1%	3.9%	4.9%
Denver-Boulder-Greeley CPI (1982-84=100)	208.5	212.4	220.3	225.2	232.1	238.5
Change from Prior Year	(0.6)%	1.9%	3.7%	2.2%	3.1%	2.7%

Source: OSPB September 2012 Revenue Forecast

See also "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information relating to State's economy.

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.

Moneys invested by the State Treasurer are valued and "marked to market" on a monthly basis according to market prices provided by J.P. Morgan Chase, the State Treasury's investment safekeeping bank.

Fiscal Years 2011-12 and 2012-13 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 Year 2011-12 and for the first four months of Fiscal Year 2012-13.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2011-12
(Amounts expressed in millions)[1]

	July 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	June 2012
Agency CMOs	$ 218.4	$ 210.6	$ 202.5	$ 193.8	$ 183.0	$ 170.7	$ 158.2	$ 147.6	$ 135.4	$ 125.1	$ 114.3	$ 102.6
Commercial Paper	245.0	494.9	425.0	375.0	290.0	245.0	410.0	235.0	217.0	50.0	0.0	135.0
U.S. Treasury Notes	784.1	774.0	764.0	763.9	753.9	739.0	724.0	724.0	749.0	713.9	698.9	692.2
Federal Agencies	4,223.6	3,936.5	3,926.1	3,949.8	3,824.5	3,877.2	4,210.0	3,891.1	3,984.0	4,869.9	4,887.6	4,176.8
Asset-Backed Securities	168.1	150.0	172.0	198.3	215.1	224.9	269.8	275.8	308.4	310.0	314.8	319.9
Money Market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	40.0	40.0	0.0	0.0
Corporates	665.0	703.8	711.7	708.8	711.7	753.2	798.0	892.2	908.3	913.3	965.7	1,025.6
Certificates of Deposit	4.5	4.6	4.5	3.4	3.5	3.5	3.0	3.1	3.1	2.1	1.1	0.8
Totals	$6,308.7	$6,274.4	$6,205.8	$6,193.0	$ 5,981.7	$6,013.5	$6,573.0	$6,208.8	$6,345.2	$7,024.3	$6,982.4	$6,452.9

[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 2012-13
(Amounts expressed in millions)[1]

	July 2012	Aug 2012	Sept 2012	Oct 2012
Agency CMOs	$ 94.0	$ 90.0	$ 85.0	$ 76.8
Commercial Paper	50.0	50.0	0.0	50.0
U.S. Treasury Notes	703.9	718.9	674.0	713.9
Federal Agencies	4,631.2	4,450.3	4,493.7	4,128.0
Asset-Backed Securities	366.4	439.1	533.7	701.8
Money Market	0.0	0.0	0.0	0.0
Corporates	1,042.5	1,106.2	1,123.2	1,135.2
Certificates of Deposit	1.3	0.9	0.9	0.9
Totals	$6,889.3	$6,855.4	$6,910.5	$6,806.6

[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 "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 Year 2011-12, and the estimated cash flows for the General Fund for Fiscal Year 2012-13, 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.

Monthly cash flow projections for Fiscal Years 2011-12 and 2012-13 are based upon (i) the General Fund appropriations for Fiscal Years 2011-12 and 2012-13 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 September 2012 Revenue Forecast discussed in "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 inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Actual General Fund Cash Flow
Fiscal Year 2011-12
Current Law

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

	July 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	June 2012	Total
Beginning Cash and Investments Balance[1]	$ 425.1												$ 425.1
Revenues:													
General Fund Revenue:													
Sales and Use Tax	192.8	$ 189.6	$ 197.7	$ 191.1	$ 175.4	$ 188.5	$ 209.3	$ 180.2	$ 186.4	$ 181.4	$ 208.9	$ 201.0	2,302.3
Individual Income Tax	293.3	319.7	430.1	324.0	315.6	392.8	489.4	162.1	274.3	720.4	371.5	404.7	4,497.9
Corporate Income Tax	5.6	(4.0)	83.5	19.1	7.9	74.4	20.3	(35.9)	58.6	101.2	11.9	120.2	462.8
Other	76.0	16.1	11.8	39.7	28.4	9.8	18.4	52.1	26.8	46.7	21.4	113.0	460.2
Total General Fund Revenue	567.7	521.4	723.1	573.9	527.3	665.5	737.4	358.5	546.1	1,049.7	613.7	838.9	7,723.2
Federal Revenue	288.3	497.0	498.7	461.2	493.1	574.0	476.8	495.9	596.5	598.6	554.2	690.5	6,224.8
Total Revenues	856.0	1,018.4	1,221.8	1,035.1	1,020.4	1,239.5	1,214.2	854.4	1,142.6	1,648.3	1,167.9	1,529.4	13,948.0
Expenditures:													
Payroll	116.9	123.7	116.2	116.0	125.5	117.1	116.9	116.6	115.5	113.2	117.1	119.4	1,414.1
Medical Assistance	335.6	432.8	364.0	389.2	380.8	421.0	342.3	400.3	396.7	493.0	415.1	409.7	4,780.5
Public School Distribution	683.7	35.2	998.2	87.1	54.6	861.3	75.5	56.7	301.6	48.0	53.6	63.0	3,318.5
Higher Education Distribution	4.8	41.2	3.4	4.8	4.8	41.5	1.2	1.2	0.3	0.3	0.3	(3.0)	100.8
Grants and Contracts	57.9	207.2	195.9	170.7	192.0	222.5	211.6	196.2	227.1	191.0	196.6	(556.6)	1,512.1
Other	99.0	215.1	98.0	75.1	144.2	225.5	79.2	86.9	109.0	83.7	109.4	903.5	2,277.9
Total Expenditures:	(1,297.9)	(1,055.2)	(1,775.7)	(842.9)	(901.9)	(1,888.9)	(826.7)	(857.9)	(1,150.2)	(929.2)	(892.1)	(936.0)	(13,403.9)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(16.8)	(36.8)	(553.9)	192.2	118.5	(649.4)	387.5	(3.5)	(7.6)	719.1	275.8	593.4	969.2
Revenue Accrual Adjustment	109.8	(55.2)	38.7	12.2	(27.5)	(14.6)	27.6	(51.5)	9.0	70.4	(19.3)	17.5	117.1
Expenditure Accrual Adjustment	(239.6)	87.6	(49.0)	30.7	25.0	(324.8)	52.2	47.2	(90.2)	101.5	(83.3)	(67.4)	(460.8)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	--	--	--	--
General Fund Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(49.3)	--	--	--	--	--	--	--	--	--	--	--	(49.3)
Actual/Projected Monthly Cash Change	304.1	(4.4)	(564.2)	235.1	116.0	(988.8)	467.3	(7.8)	(88.8)	891.0	173.2	42.7	575.4
General Fund Cash Balance End of Month	**$ 304.1**	**$ 299.7**	**$ (264.5)**	**$ (29.4)**	**$ 86.6**	**$ (902.2)**	**$ (434.9)**	**$ (442.7)**	**$ (531.5)**	**$ 359.5**	**$ 532.7**	**$ 575.4**	

[1] The beginning cash balance of $425.1 million does not include a cash reduction of $127.8 million related to cash disbursements of American Recovery and Reinvestment Act (ARRA) grants that are receivable from the federal government and are only determined in the preparation of the State's audited CAFR. The related federal receivable is converted to cash within the Fiscal Year. As a result, there is no effect on ending cash, so adjustments have not been made to this schedule.

Source: State Treasurer's Office

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2012-13
Current Law

(Amounts expressed in millions; totals may not add due to rounding)[1]

	July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	June 2013	Total
Beginning Cash and Investments Balance	$ 575.4												$ 575.4
Revenues:													
General Fund Revenue:													
Sales and Use Tax	201.1	$ 206.5	$ 209.7	$ 207.0	$ 184.5	$ 187.0	$ 224.2	$ 169.8	$ 172.3	$ 192.4	$ 186.1	$ 199.9	2,340.3
Individual Income Tax	315.6	348.5	438.5	380.4	379.6	403.0	530.2	144.1	207.1	592.4	410.0	542.8	4,692.2
Corporate Income Tax	33.4	8.2	108.2	20.4	(25.9)	36.6	30.9	4.9	50.4	81.3	16.6	83.9	448.9
Other	48.8	31.0	(1.5)	49.1	(16.6)	(38.5)	9.7	55.9	39.1	181.0	(32.3)	148.5	474.3
Total General Fund Revenue	598.9	594.2	754.9	656.9	521.6	588.1	794.9	374.6	468.9	1,047.2	580.4	975.0	7,955.7
Federal Revenue	316.1	534.1	537.8	508.0	482.8	558.1	465.4	479.2	575.4	411.0	485.6	1,014.1	6,367.6
Total Revenues	915.0	1,128.3	1,292.7	1,164.9	1,004.4	1,146.2	1,260.4	853.8	1,044.3	1,458.2	1,066.0	1,989.1	14,323.3
Expenditures:													
Payroll	100.9	159.4	119.4	117.4	115.8	111.3	113.5	109.6	111.0	107.5	109.0	116.0	1,390.8
Medical Assistance	410.5	452.7	357.5	433.5	322.8	273.4	184.6	296.3	234.8	393.0	391.5	262.0	4,012.7
Public School Distribution	738.0	40.7	981.7	36.2	1.7	766.4	2.8	0.3	766.7	0.3	0.2	2.0	3,337.0
Higher Education Distribution	2.0	41.8	2.5	3.9	1.6	14.8	0.0	0.0	0.0	0.0	0.0	(0.8)	65.8
Grants and Contracts	41.5	214.3	218.9	185.2	200.1	247.0	210.6	202.3	229.2	200.1	205.7	231.7	2,386.7
Other	296.3	118.7	84.8	160.1	237.1	548.7	245.8	223.6	327.5	116.5	53.4	407.7	2,820.1
Total Expenditures:	(1,528.2)	(1,027.6)	(1,764.8)	(936.3)	(879.1)	(1,961.6)	(757.4)	(832.0)	(1,669.3)	(817.4)	(759.8)	(1,018.5)	(13,952.0)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(37.8)	100.7	(472.1)	228.6	125.3	(815.4)	503.0	21.8	(624.9)	640.8	306.2	970.6	946.7
Revenue Accrual Adjustment	(81.9)	(5.5)	(20.1)	31.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	(163.7)
Expenditure Accrual Adjustment	94.4	(7.5)	48.9	(23.9)	38.0	(11.7)	32.8	(21.1)	16.4	85.4	(25.6)	(355.7)	(129.5)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(98.5)	--	--	(98.5)
General Fund Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(61.0)	--	--	--	--	--	--	--	--	--	--	--	(61.0)
Actual/Projected Monthly Cash Change	413.7	87.7	(443.3)	236.2	131.2	(822.6)	537.8	0.5	(610.5)	638.0	228.1	96.5	493.2
General Fund Cash Balance End of Month	**$ 413.7**	**$ 501.4**	**$ 58.1**	**$ 294.3**	**$ 425.5**	**$ (397.1)**	**$ 140.7**	**$ 141.1**	**$ (469.4)**	**$ 168.6**	**$ 396.7**	**$ 493.2**	

[1] General Fund revenues are derived from the OSPB September 2012 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 inside cover of this Official Statement regarding forward-looking statements.

Source: State Treasurer's Office

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APPENDIX D

STATE PENSION SYSTEM

The information included in this Appendix relies on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2011, being the latest period for which audited information for the Plan is available (the "PERA 2011 CAFR"). The PERA CAFR is prepared by PERA staff employees and the firm Cavanaugh Macdonald Consulting, LLC, PERA's independent actuary, and is audited by KPMG, LLP, PERA's independent public accounting firm. The valuation and other assessments of PERA constitute forward-looking information as described in the inside cover of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuation and assessment 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.

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 (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 "Plan." As described in more detail under the caption "Funding and Contributions" below, the Plan is funded with payments made by the State and by each employee, the amount of which are determined and established by statute. Benefits provided through the Plan are paid from the State Division. State employees hired after 2005 may, in lieu of participating in the Plan, elect to participate in a defined contribution plan (the "DC Plan") which is also administered by PERA. However, the majority of State employees participate in the Plan. See Notes 1 and 8 to the PERA 2011 CAFR for a discussion of the membership in the Plan and in the DC Plan, respectively. The State has no obligation to make contributions or fund benefits in divisions other than the State Division and Judicial Division of PERA. Because the majority of State employees participate in the Plan and not in the 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 Plan. See Note 20 to both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement and Note 8 to the PERA 2011 CAFR for a discussion of the DC Plan. The information in the State's Fiscal Year 2010-11 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2010. However, the information in this Appendix, as well as the information in the State's Fiscal Year 2011-12 Unaudited BFS, is based the PERA 2011 CAFR.

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

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State (as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 1-800-759-7372 or by visiting http://www.copera.org. The reference to the website of PERA is included herein for informational purposes only, and information available at such website or in PERA's financial statements, or any information provided by PERA, is not incorporated in this Official Statement by reference or otherwise. The State makes no representations regarding the accuracy of the information available at such website.

Plan Provisions

In response to funding challenges, the General Assembly has enacted changes to Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 18, 19 and 20 to both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement, the PERA 2011 CAFR and Title 24, Article 51, C.R.S., for a discussion of the various tiers of benefits under the Plan.

Funding and Contributions

Statutorily Required Contribution. The State's contributions to the Plan are based on percentages of employee wages, which percentages are set by statute. Such contribution percentages are referred to herein as the "Statutorily Required Contribution," or the "SRC," of the State. The baseline SRC that is made by the State for most State employees is 10.15% of each employee's salary for Fiscal Years 2009-10 and 2010-11. As discussed under "Annual Required Contribution" below, the SRC is lower than the actuarially computed Annual Required Contribution ("ARC"). The State has paid 100% of the SRC for each of Fiscal Years 2007-08 through 2011-12. See Note 18 to both the State's Fiscal Year 2010-11 CAFR and the State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement for a summary of the SRC percentages payable by, and percentage amounts paid by, the State for such Fiscal Years. As required by statute, State employees generally contribute 8.0% of their wages to the Plan; however, 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 replaced a 2.5% reduction in the State contribution for such 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 2.5% as part of the SRC. No assurance can be given regarding whether the General Assembly, through legislative action, will or will not further modify the amounts required to be contributed to the Plan by the State and its employees in any given year.

The State enacted legislation in 2004 and 2006 to gradually increase employer contributions to the Plan by authorizing the Amortization Equalization Disbursement (the "AED") and the Supplemental Amortization Equalization Disbursement (the "SAED") to reduce the amount of time over which funding shortfalls in the Plan would remain outstanding. Both the AED and SAED are paid by the State as contributions to the Plan, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. When and if the scheduled increases in AED and SAED are fully implemented at the end of 2017, the total State contribution to the Plan will be equal to 20.15% of employee wages. See Note 18 to both the State's Fiscal Year 2010-11 CAFR and the

State's Fiscal Year 2011-12 Unaudited BFS appended to this Official Statement for a discussion of the AED and SAED.

Annual Required Contribution. The Annual Required Contribution, or "ARC," is the amount required if the State were to fund each year's normal cost (*i.e.*, the present value of the benefits that the Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the Plan plus an annual amortization of the unfunded actuarial accrued liability ("UAAL"), assuming that the UAAL will be fully funded over a 30-year period. The ARC is designed to quantify the current liability for future benefit payments associated with a defined benefit plan, and is based on accounting standards which generally allow a maximum period of 30 years to fund shortfalls in the market or actuarial value of the Plan's assets. As a result, the ARC is greater than the SRC because it results in a 30-year amortization period of the UAAL instead of a 56-year amortization period (at December 31, 2011, based on contribution rates as of the date of calculation). The ARC amount varies from year-to-year as the investment market changes and the value of Plan assets changes, and is different from the SRC which, as described above, is set by statute and changed only when the General Assembly determines that the SRC will result in overfunding or underfunding of the Plan over the long term. As shown in Table 1 below, the State consistently makes the SRC, but in recent years it has not contributed the ARC.

Historical State Contributions. The following table shows (i) the ARC and SRC for the Plan over each of the ten years through December 31, 2011, (ii) the State's contributions expressed as a percentage of the ARC and (iii) the difference between the ARC and the State's actual contributions.

Table 1
Employer Contributions
State and School Division 2002 through 2005; State Division 2006 through 2011
(Dollar amounts in thousands)

Plan [1]	Calendar Year	Annual Required Contribution (ARC) [2]	Statutory Required Contribution (SRC) [3]	Actual Employer Contribution	Actual Contribution as a Percent of ARC	Amount Unfunded ARC-Actual Employer Contribution
State Division	2011	$326,274	$283,222 [4]	$283,222	86.81% [6]	$ 43,052
State Division	2010	452,821	287,624 [5]	287,624	63.52	165,197
State Division	2009	426,999	297,240	297,240	69.61	129,759
State Division	2008	437,537	270,353	270,353	61.79	167,184
State Division	2007	385,352	232,997	232,997	60.46	152,355
State Division	2006	405,800	208,795	208,795	51.45	197,005
State and School Division	2005	918,466	491,031	491,031	53.46	427,435
State and School Division	2004	918,025	452,991	452,991	49.34	465,034
State and School Division	2003	571,156	387,920	387,920	67.92	183,236
State and School Division	2002	315,825	315,825	315,825	100.00	--

[1] Prior to 2006 the State Division and School Division of PERA were combined and actuarial valuations were not done separately for the State or for schools.

[2] In accordance with GAAP, results in amortization of UAAL over 30 years. Based on annual actuarial valuation two years prior to the calendar year shown.

[3] The SRC for the State Division is higher for State troopers than for other State employees. However, the number of State troopers employed by the State is small in comparison to the number of other State employees, so the State contribution for these employees is combined with other State Division employees in this table.

[4] Results in amortization of UAAL over 56 years as of December 31, 2011, based upon an investment return assumption of 8%. The PERA 2011 CAFR also calculates the ARC and UAAL based upon different assumed interest rates.

[5] Results in amortization of UAAL over 47 years as of December 31, 2010.

[6] Increase in percentage contributed over 2010 is primarily related to changes required by SB 10-001.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2005, 2010 and 2011

Plan Assets, Liabilities and Funding Levels

At December 31, 2011 (the latest period for which audited information for the Plan is available), based on PERA's 2011 CAFR, the actuarial value of the Plan assets and the actuarial accrued liability

("AAL") of the Plan were approximately $12.0 billion and $20.8 billion, respectively, resulting in a UAAL of approximately $8.8 billion and a funded ratio of 57.7%, assuming an investment rate of return of 8%. The UAAL would amortize over a 56-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC). The actuarial value of assets for the 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 Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 57.7%. At December 31, 2011, the funded ratio of the Plan based on the market value of assets was 57.6%, representing a UAAL of $8.8 billion. Table 2 below sets forth for each of the ten years through December 31, 2011, the UAAL, funded ratio and related information for the Plan based on the actuarial value of Plan assets. Table 3 below sets forth for each of the ten years through December 31, 2011, the UAAL, funded ratio and related information for the Plan based on the market value of Plan assets.

When calculating the funding status of the Plan as summarized in Table 2 below, the PERA 2011 CAFR indicates that the following actuarial assumptions, among others, were used: (1) the actuarial cost method is based on the entry age of participants; (2) the Plan's UAAL is amortized as a level percent of payroll, on an open basis, over a 30-year period; (3) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period; (4) projected salary increases are expected to range from 4.50% to 10.17%; (5) the rate of inflation is assumed to be 3.75% and the rate of productivity increase is 0.75%; however, both are included in the assumed 8.00% rate of investment return and in the projected salary increases; (6) an 8% assumed rate of return on investments; and (7) cost of living adjustments are assumed to be 2.00% per year. The PERA 2011 CAFR also calculates the ARC and UAAL based upon different assumed rates of interest. See Notes 10 and 11 to the PERA 2011 CAFR for a discussion of the actuarial methods and assumptions used in calculating the funding status of the Plan. No assurance can be given that any of the assumptions underlying the actuarial valuations of the 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 AAL, the UAAL, the funded ratio or the ARC.

Table 2
Historical Funding Progress
Actuarial Value of Plan Assets
State and School Division 2002 through 2004; State Division 2005 through 2011
(Dollar Amounts in Thousands)

Plan[1]	Date Ending December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
State Division	2011	$12,010,045	$20,826,543	$ 8,816,498	57.7%	$2,393,791	368.3%
State Division	2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2
State Division	2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
State Division	2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.7
State Division	2007	14,220,681	19,390,296	5,169,615	73.3	2,236,518	231.1
State Division	2006	13,327,290	18,246,010	4,918,720	73.0	2,099,325	234.3
State Division	2005	12,536,916	17,541,744	5,004,828	71.5	2,064,764	242.4
State and School Division	2004	28,594,699	40,783,531	12,188,832	70.1	5,303,439	229.8
State and School Division	2003	28,522,222	37,914,502	9,392,280	75.2	5,140,918	182.7
State and School Division	2002	28,551,607	32,463,918	3,912,311	87.9	5,278,586	74.1

[1] Prior to 2006 the State and School Divisions of PERA were combined as one division and actuarial valuations were not done separately for the State or for Schools.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2005, 2010 and 2011

Table 3
Historical Funding Progress
Market Value of Plan Assets
State and School Division 2002 through 2005; State Division 2006 through 2011
(Dollar Amounts in Thousands)

Plan[1]	Valuation Date (December 31)	Market Value of Assets[2]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
State Division	2011	$12,001,770	$20,826,543	$ 8,824,773	57.6%	$2,393,791	368.7%
State Division	2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0
State Division	2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
State Division	2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3
State Division	2007	14,852,029	19,390,296	4,538,267	76.6	2,236,518	202.9
State Division	2006	14,041,260	18,264,010	4,222,750	76.9	2,099,325	201.1
State and School Division	2005	31,956,662	43,505,716	11,549,054	73.5	5,305,978	217.7
State and School Division	2004	30,019,896	40,783,531	10,763,635	73.6	5,303,439	203.0
State and School Division	2003	27,123,836	37,914,502	10,790,666	71.5	5,140,918	209.9
State and School Division	2002	22,023,781	32,463,918	10,440,137	67.8	5,278,586	197.8

[1] Prior to 2006 the State and School Divisions of PERA were combined as one division and actuarial valuations were not done separately for the State or for schools.

[2] Market Value of Assets is net of related current liabilities at the financial statement date and equals net assets held in trust for beneficiaries.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2002 through 2011

The following table sets forth PERA's change in net position for Fiscal Years 2002 through 2011.

Table 4
PERA Changes in Net Position[1]
(Dollar Amounts in Thousands)

State and School Division Trust Fund[2]	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
ADDITIONS										
Employer contributions	$ 315,825	$ 387,920	$ 452,997	$ 491,031	$ 208,795	$ 232,997	$ 270,353	$ 297,240	$ 287,624	$ 283,222
Member contributions	397,315	405,715	411,376	425,657	169,965	179,971	191,481	194,168	223,240	258,678
Purchased service	329,572	695,516	192,033	212,971	39,480	8,259	13,315	8,830	12,496	11,277
Investment income (loss)	(3,099,924)	5,203,073	3,663,632	2,827,871	1,921,863	1,388,265	(3,745,843)	1,742,571	1,553,142	232,669
Other	5	3	30	(9)	1	4	7	3	1	331
Total additions	(2,057,207)	6,692,227	4,720,068	3,957,521	2,340,104	1,809,496	(3,270,687)	2,242,812	2,076,503	786,177
DEDUCTIONS										
Benefit payments	1,307,652	1,469,343	1,677,417	1,872,565	849,229	925,761	999,279	1,071,725	1,122,435	1,174.707
Refunds	88,793	99,039	108,136	114,968	65,911	56,578	56,716	58,416	68,844	70,090
Disability insurance premiums	4,070	3,592	4,186	4,038	1,772	1,833	1,794	2,004	1,661	1,685
Administrative expenses	17,752	19,750	20,949	18,811	7,889	6,963	8,639	8,729	8,942	8,685
Other	1,649	448	13,320	10,373	3,103	7,592	6,613	(1,519)	(726)	(4,546)
Total deductions	1,419,916	1,592,172	1,824,008	2,020,755	927,904	998,727	1,073,041	1,139,355	1,201,156	1,250,621
Change in net position available	(3,477,123)	5,100,055	2,896,060	1,936,766	1,412,200	810,769	(4,343,728)	1,103,457	875,347	(464,444)
Net position at beginning of year	25,500,904	22,023,781	27,123,836	30,019,896	12,629,060	14,041,260	14,852,029	10,508,301	11,611.758	12,487,105
Net position at end of year	$22,023,781	$27,123,836	$30,019,896	$31,956,662	$14,041,260	$14,852,029	$10,508,301	$11,611,758	$12,487,105	$12,022,661

[1] The above table is presented on a cash basis.

[2] The State and School Division Trust Funds merged on July 1, 1997, and separated on January 1, 2006.

Source: PERA Comprehensive Annual Financial Report for calendar year 2011

Investment of 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 and the Investment Section of the PERA 2011 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Current Litigation Affecting the PERA Act

The State, PERA and others are defendants in a class action lawsuit brought in Denver District Court by several PERA retirees challenging the constitutionality of a provision of SB 10-001 which amended the PERA Act to reduce the annual cost of living adjustment increase payable to existing and future PERA retirees in an effort to reach a 100% funded ratio within 30 years. See "Plan Assets, Liabilities and Funding Levels" above. In June 2010, the District Court granted summary judgment in favor of the defendants and the plaintiffs appealed. In October 2012 the Colorado Court of Appeals reversed the District Court decision finding the plaintiffs have a contractual right to the cost of living adjustment increases, and remanded the case back to the District Court to determine if the reduction was a substantial impairment and whether the reduction was reasonable and necessary to serve a significant and legitimate public purpose. In late November, PERA and the plaintiffs both appealed to the Colorado Supreme Court to decide the issue. See Note 7 to the PERA 2011 CAFR for a discussion of this litigation.

* * *

APPENDIX E

DTC BOOK-ENTRY SYSTEM

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

None of the State, the State Treasurer, the Deputy State Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2012C 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 2012C Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2012C Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2012C Notes. The Series 2012C 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 2012C Note certificate will be issued for the Series 2012C Notes, in the aggregate principal amount thereof, and will be 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 2012C Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012C 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 2012C 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 2012C Notes except in the event that use of the book-entry system for the Series 2012C Notes is discontinued.

To facilitate subsequent transfers, all Series 2012C 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 2012C 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 2012C Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012C 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 2012C Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012C Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2012C Notes may wish to ascertain that the nominee holding the Series 2012C 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 2012C 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 2012C Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2012C 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 2012C 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 2012C 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 2012C Note certificates are required to be printed and delivered to the appropriate registered owners of the Series 2012C 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 2012C Notes. In that event, Series 2012C Note certificates will be printed and delivered to DTC.

* * *

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

[Closing Date]

The Honorable Walker Stapleton
Treasurer of the State of Colorado

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Wells Fargo Bank, N.A.

$160,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2012C

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 2012C," in the aggregate principal amount of $160,000,000 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 December 19, 2012, 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 2012-13 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 2012-13 Notes Repayment Account and the moneys credited thereto.

3. Interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Notwithstanding Bond Counsel's opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The opinions expressed in the preceding sentences assume the accuracy of certain representations and compliance by the State and Participating Districts with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Notes. Failure to comply with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes.

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

It is to be understood that the rights of the owners of the Notes and the enforceability of the 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,

* * *