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 2014A 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 2014A 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."

$165,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2014A

Dated: Date of Delivery **Maturity Date: June 29, 2015**

The proceeds of the Series 2014A 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, 2015, and (ii) pay the costs of issuing the Series 2014A Notes.

The Series 2014A 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 2014A Notes. Beneficial Ownership Interests in the Series 2014A 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 2014A 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 2014A Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2014A Notes specified above. The Series 2014A Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.[*]
$165,000,000	1.000%	100.854%	0.105%	19672M BL1

The Series 2014A 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 2014A Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2014A Notes in the Series 2014-15 Notes Repayment Account; and the principal of the Series 2014A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2015, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2014A 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 2014A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2014A Notes.

An investment in the Series 2014A 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 2014A 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, a division of Dinsmore & Shohl LLP, Denver, Colorado, as special counsel to the State. The Series 2014A Notes are expected to be delivered through the facilities of DTC on or about July 15, 2014.

Dated: July 9, 2014

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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 McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2014A Notes and only as of the issuance of the Series 2014A 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 2014A 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 2014A 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 2014A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2014A 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 A – THE STATE GENERAL FUND," "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST" and "APPENDIX E – STATE PENSION SYSTEM," contains statements relating to future results that are "forward looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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OFFICIAL STATEMENT

Relating to

$165,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2014A

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 $165,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2014A (the "Series 2014A 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 2014A 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 July 2, 2014, including, without limitation, the interest rate, price, reoffering yield, CUSIP number, original purchaser of and purchase price paid by the original purchaser for the Series 2014A Notes, as well as updated information regarding a lawsuit discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – Public School Finance Act of 1994" and "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Current Litigation." 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 2014A Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2015 ("Fiscal Year 2014-15"), and paying the costs of issuing the Series 2014A Notes, and are the first series of Notes being issued for funding the Loan Program for Fiscal Year 2014-15. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2014A NOTES PROCEEDS."

The net proceeds of the sale of the Series 2014A Notes will be deposited in the Series 2014A Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2014A Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to approximately 22 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2014-15. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." Prior to receiving a Program Loan, each Participating District is required to adopt a resolution (each a "District Resolution" and collectively the "District Resolutions") pledging to the repayment of its Program Loan those ad valorem property tax revenues received by the Participating District during the period of March through June 2015 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 2014A NOTES PROCEEDS – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2014A Notes

Authorization. The Series 2014A 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 2014A NOTES – Authorization."

General Provisions. The Series 2014A Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 29, 2015 (the "Series 2014A Notes Maturity Date"). The Series 2014A Notes are not subject to redemption prior to the Series 2014A Notes Maturity Date. Interest on the Series 2014A 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 2014A Notes Maturity Date. See "THE SERIES 2014A NOTES – General Provisions."

Book-Entry Only System. The Series 2014A 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 2014A Notes. Ownership interests in the Series 2014A 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 2014A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2014A NOTES – General Provisions" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2014A 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 2014A 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 2014A Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2015, as repayment of their Program Loans;
- amounts deposited to the "Series 2014-15 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "Series 2014-15 Notes Repayment Account") as discussed in "THE SERIES 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 Notes Repayment Account*"; and
- any unexpended proceeds of the Series 2014A 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 2014A 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 2014A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2014A NOTES PROCEEDS – The Series 2014A Notes Proceeds Account."

Interest on the Series 2014A 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 2014-15 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2014A Notes from the Closing Date to the Series 2014A 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 2014-15 that is (i) subject to appropriation for Fiscal Year 2014-15 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2014A Notes, any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2014A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2015, 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 2014-15 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 2014-15, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2014A (the "State Series 2014A General Fund Notes"), expected to be issued by the State Treasurer on July 22, 2014, in the principal amount of $500 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2014-15.

The Series 2014-15 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2014A Notes and any Parity Lien Notes. The Owners of the Series 2014A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2014-15 Notes Repayment Account and the moneys credited thereto.

The Series 2014A 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 2014A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2014A Notes.

See generally "THE SERIES 2014A NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2014A Notes and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX G – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams, a division of Dinsmore & Shohl 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 2014A 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 2014A Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See also "LEGAL MATTERS" and "TAX MATTERS" and "APPENDIX G – FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2014A Notes because the Series 2014A 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 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 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 D – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION." Development Research Partners, Inc. has consented to the inclusion of such information in this Official Statement. The State does not assume responsibility for the accuracy, completeness or fairness of such information. The information in such Appendix has been included in the Official Statement in reliance upon the authority of Development Research Partners, Inc. as experts in the preparation of economic and demographic analyses. Potential investors should read such Appendix in its entirety for information with respect to the economic and demographic status of the State.

Additional Information

Brief descriptions of the Series 2014A Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "Financial Advisor"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Investment Considerations

An investment in the Series 2014A 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 2014A Notes.

THE LOAN PROGRAM; APPLICATION OF SERIES 2014A 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 2014A Notes are being issued pursuant to this authorization. See also "THE SERIES 2014A NOTES – Authorization."

Application of Series 2014A Notes Proceeds

The proceeds of the Series 2014A Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2014A Notes, will be deposited in the Series 2014A 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 2014-15, 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 2014A Notes Proceeds Account

The State Resolution previously directed the State Controller to establish within the State's General Fund the Series 2014A Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2014A 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 2014A Notes. The original purchasers of the Series 2014A 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 2014A Notes.

Moneys held in the Series 2014A 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 2014A 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 2014A Notes Proceeds Account; and investment earnings on moneys credited to the Series 2014A 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, 2015, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2014-15 Notes Repayment Account, after which the Series 2014A Notes Proceeds Account is to be closed. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Program Loans

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

An aggregate amount of not more than the Maximum Principal Amount may be drawn upon in the manner provided in the District Resolution and expended by the Participating District from time to time to fund its general fund cash flow deficit occurring during Fiscal Year 2014-15. 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 2014A 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 2014A Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2014A NOTES

The following is a summary of certain provisions of the Series 2014A Notes during such time as the Series 2014A 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 2014A Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2014A 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 2014A NOTES PROCEEDS." The State Treasurer may, and currently expects to, issue additional Parity Lien Notes in Fiscal Year 2014-15. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2014A 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 2014A Notes. Beneficial Ownership Interests in the Series 2014A 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 2014A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2014A Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2014A Notes will be dated as of the Closing Date, mature on the Series 2014A Notes Maturity Date and bear interest at the rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2014A Notes will accrue from the Closing Date and will be payable on the Series 2014A Notes Maturity Date. The principal of and interest on the Series 2014A Notes will be payable by the State Treasurer, as paying agent for the Series 2014A Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series

2014A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2014A Notes will cease to accrue on the Series 2014A 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 2014A 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 2014A 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 2014A Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2014A Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2014A Notes are not subject to redemption prior to the Series 2014A Notes Maturity Date.

Security and Sources of Payment

The Series 2014A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with any additional Parity Lien Notes. The Series 2014A 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 2014A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2014A 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, 2015, in repayment of their Program Loans; (ii) amounts deposited to the Series 2014-15 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2014A 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 2014A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2014A NOTES PROCEEDS – The Series 2014A Notes Proceeds Account."

The Series 2014-15 Notes Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the Series 2014-15 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 2014-15 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2014A Notes and any Parity Lien Notes. The Owners of the Series 2014A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2014-15 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 2014-15 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2014A Notes from the Closing Date to the Series 2014A Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2014-15 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2015, in repayment of their Program Loans. However, if on June 26, 2015, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2014A 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 2014-15 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 2014-15, including, without limitation, the State Series 2014A 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 2014-15 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 2014-15 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 2014A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2015. 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 A – THE STATE GENERAL FUND."

Moneys held in the Series 2014-15 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, 2015, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2014A 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 2014-15 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 2014A 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 2014-15 Notes Repayment Account.

The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2014-15 in an aggregate principal amount of approximately $250 million. 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 2014A 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 2014A Notes is not made on the Series 2014A 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 2014A 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 2014A Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2014A Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2014A Notes or to enforce and protect such Owner’s rights under the State Resolution and the Series 2014A 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 2014A 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 2014A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2014-15 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2014A Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2014-15 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2014A Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any

Series 2014A Note or Parity Lien Note over any other Series 2014A 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 2014A Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2014A Notes Proceeds Account and the Series 2014-15 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 2014A Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2014A 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 2014A 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 2014A 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 2014A 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 2014A 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 2014A Notes.

Limited Obligations

The Series 2014A 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 2014A Notes. The Series 2014A 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 2014A 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 2014A Notes. See "THE SERIES 2014A 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 2015. 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 2014A 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 2013 published by the Colorado Department of Local Affairs, Division of Property Taxation, statewide taxable assessed values decreased 5.3% between 2009 to 2010, from $97.8 billion to $92.7 billion, and decreased an additional 5.2% in 2011, to $87.8 billion. In 2012, statewide taxable assessed values increased by 1.8%, to $89.4 billion, followed by a decrease of 0.9% in 2013, to $88.6 billion. 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 2015 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 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 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 2014-15 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 2014-15 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 2014-15 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 2014-15, including, without limitation, the State Series 2014A General Fund Notes planned to be issued by the State Treasurer on or about July 22, 2014. 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 2014-15 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 2014-15 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 2014A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2015. 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 June 20, 2014 (the "OSPB June 2014 Revenue Forecast"), and is included in its entirety in this Official Statement. See "STATE FINANCIAL INFORMATION," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which is not solely based on when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2014-15, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2014-15 Notes Repayment Account on June 25, 2015. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST."

The OSPB June 2014 Revenue Forecast projects that General Fund revenues in Fiscal Year 2013-14 will increase by $374.1 million, or 4.4%, over Fiscal Year 2012-13, and that General Fund revenues in Fiscal Year 2014-15 will increase by $672.1 million, or 7.5%, over Fiscal Year 2013-14. The OSPB also projects that the State will end Fiscal Years 2013-14 and 2014-15 with reserves equal to $145.6 million and $150.6 million, respectively, above the applicable Unappropriated Reserve requirement based on revenue and budget information available when the OSPB June 2014 Revenue Forecast was complete. All of the Fiscal Year 2013-14 excess reserves, except for $25 million that is to remain in the General Fund, are to be transferred to various funds in a specified order of priority pursuant to HB 14-1339, HB 14-1342 and Senate Bill ("SB") 14-223. These transfers will occur in Fiscal Year 2014-15. The amount retained in the General Fund will become part of the beginning reserve and funds available in Fiscal Year 2014-15. Under current law, all of the projected Fiscal Year 2014-15 surplus will become part of the beginning reserve and funds available in Fiscal Year 2015-16.

The next OSPB revenue forecast will be released in September of 2014. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2014 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2014-15 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 2014-15 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2014-15 Notes Repayment Account on June 25, 2015. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST."

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See the 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 2014A 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 2014A Notes. The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2014-15 in an aggregate principal amount of approximately $250 million. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2014A NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2014A 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 2014A Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2014A 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 2014A 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 2014-15, 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 2014-15. The District Note matures on June 25, 2015 (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 2014A 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 2014A 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 2015 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 2014A 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 2014A 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 2014A 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 2014-15; (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 2015 that are required to be credited to the Participating District's general fund. These in turn are comprised of the ad valorem property taxes that the Participating District is authorized to impose in accordance with the Public School Finance Act, plus certain permitted "override revenues," both of which are discussed in this section.

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

State Equalization Funding of School Districts

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

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

The constitutionality of the existing public school finance system has been subject to challenge on occasion, the most recent being a lawsuit (*Lobato v. State of Colorado*) brought in Denver District Court against the State by several school districts, students and parents. In May of 2013 the Colorado Supreme Court ruled that the Colorado public school financing system complies with the State Constitution and is rationally related to the constitutional mandate that the General Assembly provide a "thorough and uniform" system of public education. A lawsuit was filed on or about June 27, 2014, against the State asserting generally that the General Assembly has failed to adequately fund the State's public school system as required by Amendment 23 to the State constitution (see "*Amendment 23*" hereafter). The specifics of the suit and the potential impact on State finances if the suit is ultimately resolved against the State are not yet known. However, the State intends to vigorously defend the case. See also "INVESTMENT CONSIDERATIONS – Future Changes in Laws" and "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Current Litigation."

During the 2013 legislative session the General Assembly passed SB 13-213, which creates a new public school finance act that substantially changes the current public school finance system. However, implementation of the new funding program is conditional upon passage by no later than November 2017 of a citizen-initiated Statewide ballot measure to increase State revenues for funding public education. Such an initiative was submitted to the State's voters at the State's general election held on November 5, 2013, but was defeated. Should a subsequent funding initiative be successful, various administrative provisions of the new program would take effect during the first budget year commencing after the election and the new funding formula and the distribution of State moneys under the provisions of the new program would take effect in the second budget year commencing after the election. The new funding program, if eventually implemented, will have no impact on the State's ability to pay the Series 2014A Notes.

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 ($5,954.28 for Fiscal Year 2013-14 and $6,121.00 for Fiscal Year 2014-15), 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 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 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, pupils Statewide eligible for the federal free lunch program and English language learner pupils.
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 Statewide Total Program funding amount is established in the Public School Finance Act initially based upon projections of various factors. Once actual figures are known, a mid-year revision may be made to this amount.

The Statewide Total Program funding amount for Fiscal Year 2013-14, after application of the Negative Factor, was established by House Bill ("HB") 13-260, and revised by HB 14-1251, at an amount of not less than $5,524,046,767. The final Statewide Total Program funding amount for Fiscal Year 2013-14, after application of the Negative Factor, is $5,526,933,750, constituting a Negative Factor of 15.42%.

The Statewide Total Program funding amount for Fiscal Year 2014-15, after application of the Negative Factor, has been established by HB 14-1292 at an amount of not less than $5,911,109,267.

The Public School Finance Act provides for a minimum level of Total Program funding for Fiscal Year 2013-14 of $6,311.40 ($7,462.15 before application of the Negative Factor) per traditional pupil, plus $6,072.76 ($7,180.00 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.

The minimum level of Total Program funding for Fiscal Year 2014-15 is currently projected to be $6,660.68 ($7,669.31 before application of the Negative Factor) per traditional pupil, plus $6,410.29 ($7,381.00 before application of the Negative Factor) per on-line pupil.

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
2013 and 2014	2014 and 2015	2012	Jan. 1, 2011 to June 30, 2012

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 was restored beginning with property tax bills payable in 2013.

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 2014 will be collected in 2015. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

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

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

Taxpayer's Bill of Rights

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

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

Budgets

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

No later than 30 days prior to the beginning of each Fiscal Year, the administrators of the school district are required to present the proposed budget to the Board of Education. After conducting a public hearing on the budget proposals, at which time any person paying school taxes in the school district has an opportunity to be heard, the Board of Education is required to adopt a final budget for the succeeding Fiscal Year by resolution specifying the amount of money appropriated to each fund. 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 2014A 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)

	Amount of Program Loans[1]						Actual and Estimated Fiscal Year 2014-15 Tax Information				Fiscal Year 2013-14 Loan Program Information	
Participating District	Series 2014A Notes	% of Total	Parity Lien Notes	% of Total	Total Amount Borrowed	% of Total	Estimated 2014 Assessed Valuation (000's)[2]	Estimated Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2015 Tax Collections	3 Year Average[4]	Amount Borrowed[5]	Repayment Date (2014)
Aurora (Adams-Arapahoe 28J)	$ 7,528,878	4.49%	$ --	-- %	$ 7,528,878	1.85%	$ 1,808,829	$ 78,316,318	9.60%	98.90%	$ 4,087,554	March 11
Boulder Valley RE-2	53,292,120	31.78	54,873,692	23.01	108,165,812	26.63	4,978,560	177,669,901	60.90	99.40	107,721,919	May 13
Briggsdale (Weld RE-10)	488,909	0.29	642,157	0.27	1,131,066	0.28	188,121	2,527,659	44.70	99.87	709,971	May 13
Cherry Creek 5	8,901,288	5.31	52,575,797	22.05	61,477,085	15.14	4,461,720	190,005,854	32.40	97.53	41,244,448	March 11
Colorado Springs 11	8,761,581	5.22	5,616,049	2.36	14,377,630	3.54	2,329,652	76,698,523	18.70	100.00	8,060,220	March 11
Commerce City (Adams 14)	1,460,535	0.87	3,473,186	1.46	4,933,721	1.21	633,465	17,916,335	27.50	98.80	2,395,618	March 11
Cripple Creek-Victor RE-1	55,842	0.03	810,024	0.34	865,866	0.21	315,064	3,493,852	24.80	100.00	1,126,812	May 13
Custer County C-1	302,249	0.18	611,012	0.26	913,261	0.22	97,817	1,738,470	52.50	100.27	511,674	May 13
Denver 1	71,710,189	42.76	73,182,251	30.69	144,892,440	35.68	10,645,815	331,615,080	43.70	98.60	125,797,000	May 13
Douglas RE-1	--	--	8,669,135	3.64	8,669,135	2.13	4,804,680	144,395,288	6.00	97.67	--	--
Durango 9-R	1,930,225	1.15	4,189,530	1.76	6,119,755	1.51	1,300,670	15,148,694	40.40	98.60	1,299,803	March 11
Eagle County RE-50	3,526,995	2.10	6,527,590	2.74	10,054,585	2.48	2,453,454	31,581,287	31.80	98.87	9,693,809	March 11
Estes Park (Park R-3)	134,545	0.08	949,272	0.40	1,083,817	0.27	342,074	7,518,894	14.40	99.13	1,142,500	March 11
Gilcrest (Weld RE-1)	594,618	0.35	2,493,638	1.05	3,088,256	0.76	1,200,003	8,123,032	38.00	98.93	3,039,197	May 13
Hayden RE-1	281,348	0.17	1,271,258	0.53	1,552,606	0.38	111,001	2,953,376	52.60	98.10	1,315,798	May 21
Leadville (Lake R-1)	520,526	0.31	2,039,682	0.86	2,560,208	0.63	238,114	4,448,081	57.60	103.33	1,807,000	May 13
Mapleton (Adams 1)	778,683	0.46	1,076,179	0.45	1,854,862	0.46	465,766	8,782,438	21.10	97.31	--	--
Grand Junction (Mesa 51)	--	--	4,262,995	1.79	4,262,995	1.05	1,632,958	43,132,339	9.90	99.58	--	--
Montezuma-Cortez RE-1	2,394,343	1.43	2,801,778	1.18	5,196,121	1.28	599,545	10,437,860	49.80	103.47	3,318,144	May 13
Platte Valley (Weld RE-7)	1,507,527	0.90	2,051,409	0.86	3,558,936	0.88	1,212,776	7,690,814	46.30	99.90	2,950,000	May 13
Pueblo 70	1,810,597	1.08	5,134,506	2.15	6,945,103	1.71	635,500	14,929,395	46.50	99.27	8,385,903	May 13
Sierra Grande R-30	219,672	0.13	183,608	0.08	403,280	0.10	62,442	1,377,551	29.30	97.33	745,173	May 30
South Routt RE-3	707,677	0.42	859,040	0.36	1,566,717	0.39	107,792	2,978,566	52.60	99.00	1,753,551	May 21
Summit RE-1	788,394	0.47	2,588,553	1.09	3,376,947	0.83	1,559,967	20,232,453	16.70	99.79	1,366,000	March 11
Windsor RE-4	--	--	1,546,276	0.65	1,546,276	0.38	493,689	14,371,437	10.80	100.27	750,695	March 11
	$167,696,741	100.0%	$238,428,617	100.0%	$406,125,358	100.0%						

[1] These are estimates based upon information furnished by the Participating Districts regarding the amounts that they will borrow from the proceeds of the Series 2014A Notes and Parity Lien Notes expected to be issued by the State Treasurer in Fiscal Year 2014-15. 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 2014A NOTES PROCEEDS." The Owners of the Series 2014A 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 2014A Notes program (and thus are not included in the table) but eventually do participate in the program. Such lien also will be on parity with the lien thereon of the Owners of any Parity Lien Notes. The State Treasurer expects to issue Parity Lien Notes in Fiscal Year 2014-15. See "THE SERIES 2014A NOTES – Parity Lien Notes."

[2] Assessed valuation amounts are required by State law to be certified by County Assessors to the school districts within their respective counties no later than August 25th of each year, and are subject to adjustment until December 10th of such year. See "Ad Valorem Property Tax Procedure – *Taxation Procedure*" above. The estimated amounts have been provided by the Department of Education based upon information furnished by the Participating Districts and the applicable County Assessors, and other factors. Such amounts are estimates only, and material differences could occur between these estimates and the final assessed valuations certified by the County Assessors. See also the inside cover of this Official Statement regarding forward-looking statements.

[3] This amount was calculated for each Participating District by multiplying the 2014 assessed value of the Participating District by the Participating District's estimated 2014 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 2015. Mill levies for 2015 tax collections are not required to be certified by the Participating Districts until December 15, 2014. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2014-15 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 2010-11, 2011-12 and 2012-13.

[5] Participating District's actual borrowing amounts and repayment dates for Fiscal Year 2013-14. These amounts were funded with the proceeds of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2013A and Series 2013B.

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 the largest borrower of proceeds of the Series 2014A Notes and planned Parity Lien Notes. DPS expects to borrow approximately 42.8% of the net proceeds of the Series 2014A Notes and approximately 30.7% of the net proceeds of the planned Parity Lien Notes, or approximately 35.7% of the combined amount of the Series 2014A Notes and the planned Parity Lien Notes.

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the City, encompassing approximately 155 square miles with an estimated population of approximately 635,000. For the 2013-14 school year, the District's full time equivalent pupil count (October 1 pupil count), including charters but excluding on-line, is 77,251.5. The October 1 pupil counts for the 2012-13, 2011-12 and 2010-11 school years were 74,486.5, 72,270.5 and 70,061.5, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2013 certified assessed valuation of DPS (for ad valorem property tax collections in 2014), net of the assessed valuation attributable to tax increment financing districts from which the District derives no property tax revenue, is $10,454,481,178. The District's total tax levy for the 2013 levy year (2014 tax collection year) is 49.299 mills, of which 25.541 mills is for the District's local share of Total Program funding pursuant to the Public School Finance Act, 12.431 mills is for voter-approved override revenues, 10.446 mills is for debt service on general obligation bonds and 0.881 mills is to recover lost revenue due to prior year tax abatements and credits. The 2014 assessed valuation of DPS (for ad valorem property tax collections in 2015), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is estimated to be $10,645,815,127.

Boulder Valley School District RE-2. Boulder Valley School District RE-2 ("BVSD") is expected to be the second largest borrower of proceeds of the Series 2014A Notes and planned Parity Lien Notes. BVSD expects to borrow approximately 31.8% of the net proceeds of the Series 2014A Notes and approximately 23.0% of the net proceeds of the planned Parity Lien Notes, or approximately 26.6% of the combined amount of the Series 2014A Notes and the planned Parity Lien 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 211,000. For the 2013-14 school year, the District's full time equivalent pupil count (October 1 pupil count), including charters but excluding on-line, is 28,538.4. The October 1 pupil counts for the 2012-13, 2011-12 and 2010-11 school years were 28,080.0, 27,865.5 and 27,742.0, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2013 certified assessed valuation of BVSD (for ad valorem property tax collections in 2014), net of the assessed valuation attributable to tax increment financing districts from which the District derives no property tax revenue, is $4,903,070,971. The District's total tax levy for the 2013 levy year (2014 tax collection year) is 45.372 mills, of which 25.023 mills is for the District's local share of Total Program funding pursuant to the Public School Finance Act, 12.576 mills is for voter-approved override revenues, 1.489 mills is to fund excess transportation costs, 5.792 mills is for debt service on general obligation bonds and 0.492 mills is to recover lost revenue due to prior year tax abatements and credits. The 2014 assessed valuation of BVSD (for ad valorem property tax collections in 2015), net of the assessed valuation attributable to tax increment financing districts from which the District derives no property tax revenue, is estimated to be $4,978,559,900.

Cherry Creek School District No. 5. Cherry Creek School District No. 5 ("CCSD") is expected to be the third largest borrower of proceeds of the Series 2014A Notes and planned Parity Lien Notes. CCSD expects to borrow approximately 5.3% of the net proceeds of the Series 2014A Notes and approximately 22.1% of the net proceeds of the planned Parity Lien Notes, or approximately 15.1% of the combined amount of the Series 2014A Notes and the planned Parity Lien 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 301,000. For the 2013-14 school year, the District's full time equivalent pupil count (October 1 pupil count), including charters but excluding on-line, is 50,435.3. The October 1 pupil counts for the 2012-13, 2011-12 and 2010-11 school years were 49,957.0, 49,312.5 and 48,927.0, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2013 certified assessed valuation of CCSD (for ad valorem property tax collections in 2014), net of the assessed valuation attributable to tax increment financing districts from which the District derives no property tax revenue, is $4,421,534,304. The District's total tax levy for the 2013 levy year (2014 tax collection year) is 57.492 mills, of which 25,712 mills is for the District's local share of Total Program funding pursuant to the Public School Finance Act, 1.548 mills for hold harmless override revenues, 17.587 mills is for voter-approved override revenues, 11.451 mills is for debt service on general obligation bonds and 1.194 mills is to recover lost revenue due to prior year tax abatements and credits. The 2014 assessed valuation of CCSD (for ad valorem property tax collections in 2015), net of the assessed valuation attributable to tax increment financing districts from which the District derives no property tax revenue, is $4,461,720,322.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June 2015. 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, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX C – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013" and "APPENDIX D – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the General Assembly to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials commenced in January of 2011 and will expire on the second Tuesday in January of 2015, following a general election to be held in November of 2014. No elected executive official may serve more than two consecutive terms in the same office.

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

STATE FINANCIAL INFORMATION

The information in this section, "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST" describes general State finances and particularly funds that are eligible for investment in the District Notes. On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2014-15 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2014A Notes from the Closing Date to the Series 2014A Notes Maturity Date. The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2014-15 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2015, 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, 2015, together with investment earnings thereon, is insufficient to pay the principal of the Series 2014A Notes when due, the principal of the Series 2014A 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 2014A Notes are not general obligations of the State. See also "THE SERIES 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 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 A – THE STATE GENERAL FUND – Investment of the State Pool." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer's Bill of Rights

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

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

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

Thirdly, TABOR requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "Long Bill") designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The amounts of the TABOR Reserve for Fiscal Years 2013-14 and 2014-15 have been estimated by the General Assembly in the related Long Bills to be approximately $329.6 million and $361.5 million, respectively.

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

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

Several measures were passed by the General Assembly during the 2005 legislative session in an effort to relieve State budget challenges, including statutory changes designed to mitigate the ratchet down effect of TABOR on the State's finances. One of two measures that were referred by the General Assembly to a statewide vote in November of 2005, designated "Referendum C," was approved by State voters and thereafter codified as Sections 24-77-103.6 and 106.5, C.R.S. The immediate impact of Referendum C was to preclude any ratchet down effect on the State beginning in Fiscal Years 2005-06. It also authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. For Fiscal Years 2010-11 and thereafter, Referendum C created an Excess State Revenues Cap, or "ESRC," as a voter-approved revenue change under TABOR that now serves as the limit on the State's fiscal year revenue retention. The base for the ESRC was established as the highest annual State TABOR revenues received in Fiscal Years 2005-06 through 2009-10. This amount, being the revenues received in Fiscal Year 2007-08, is then adjusted for each subsequent Fiscal Year for inflation, the percentage change in State population, the qualification or disqualification of enterprises and debt service changes, each having their respective meanings under TABOR and other applicable State law. As a result of Referendum C, the State was able to retain the following amounts in excess of the previously applicable TABOR limit: $1.116 billion in Fiscal Year 2005-06, $1.308 billion in Fiscal Year 2006-07 and $1.169 billion in Fiscal Year 2007-08. TABOR revenues did not exceed the TABOR limit in either of Fiscal Years 2008-09 or 2009-10. TABOR revenues exceeded the TABOR limit in Fiscal Years 2010-11, 2011-12 and 2012-13 by $0.771 billion, $1.473 billion and $1.860 billion, respectively, although no refunds were required because such revenues were below the applicable ESRC. The OSPB June 2014 Revenue Forecast projects that TABOR revenues in Fiscal Years 2013-14 and 2014-15 will exceed the TABOR limit by $2.000 billion and $2.218 billion, respectively, and that the State will be $285.5 million below the applicable projected ESRC in Fiscal Year 2013-14 and $168.4 million below the projected ESRC in Fiscal Year 2014-15.

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

Effect of TABOR on the Series 2014A Notes. Voter approval under TABOR is not required for the issuance of the Series 2014A 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 2014A 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 2014A 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 2014A General Fund Notes. See "THE SERIES 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 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," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST."

Budget Process and Other Considerations

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

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2014-15 was adopted by the General Assembly in April of 2014.

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 2014-15 was approved and signed by the Governor on April 30, 2014.

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

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (as previously defined, the "Unappropriated Reserve"), which may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation, unless they are obligated by statute for another purpose. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Set forth in the following table are the Unappropriated Reserve requirements for Fiscal Years 2008-09 and thereafter. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

State of Colorado
Unappropriated Reserve Requirement

Fiscal Years	Unappropriated Reserve Requirement[1]
2008-09 and 2009-10 [1]	2.0%
2010-11	2.3
2011-12	4.0
2012-13 and 2013-14	5.0
2014-15 and thereafter [2]	6.5

[1] The Unappropriated Reserve for Fiscal Years 2008-09 and 2009-10 was reduced from previously designated level of 4.0% of the amount appropriated for expenditure from the General Fund in such Fiscal Years.

[2] Per HB 14-1337, the Unappropriated Reserve for Fiscal Years 2014-15 and thereafter was increased to 6.5% of the amount appropriated for expenditure from the General Fund in such Fiscal Years.

The State's Fiscal Year 2012-13 CAFR appended to this Official Statement shows that the State ended such Fiscal Year with $1,073.5 million in General Fund Surplus, which is in excess of the required

5.0% Unappropriated Reserve level. The OSPB June 2014 Revenue Forecast projects that the State will end Fiscal Years 2013-14 and 2014-15 with reserves equal to $145.6 million and $150.6 million, respectively, above the applicable Unappropriated Reserve requirement. The Fiscal Year 2013-14 surplus is to be apportioned among the General Fund and various other State Funds as discussed in "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts" above and in "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview." These figures are based on revenue and budget information available when the OSPB June 2014 Revenue Forecast was complete. The figures are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST."

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 to and including 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 statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation and whether the appropriation contains sufficient funds to pay the expenditure. All payments from the State Treasury are made by warrants or checks signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant or check is full authority for the State Treasurer to pay the warrant or check upon presentation.

The State Controller is appointed by the Executive Director of the Department of Personnel & Administration. Except for certain institutions of higher education which have elected to establish their own fiscal rules, the State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants or checks for payment of claims against the State. The State Controller prepares a comprehensive annual financial report ("CAFR") in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's Comprehensive Annual Financial Report for Fiscal Year 2012-13 (the "Fiscal Year 2012-13 CAFR") is appended to this Official Statement.

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 2012-13 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 2012-13 CAFR, including the State Auditor's Opinion thereon, is appended to this Official Statement. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor's report included herein, any procedures on the financial statements presented in the Fiscal Year 2012-13 CAFR, nor has the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

The State Treasurer is empowered by Articles 36 and 75 of Title 24, C.R.S., as well as other State statutes, to invest State funds in certain public and non-public fixed income securities. In making such investments, the State Treasurer is to use prudence and care to preserve the principal and to secure the maximum rate of interest consistent with safety and liquidity. The State Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each 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 2012-13 CAFR appended to this Official Statement and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

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

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2014-15 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2014A Notes from the Closing Date to the Series 2014A Notes Maturity Date. See "The State General Fund" below and "APPENDIX A – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2014-15 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2015, in repayment of their Program Loans. However, if on June 26, 2015, the amount credited to the Principal Subaccount of the Series 2014-15 Notes Repayment Account is less than the principal amount of the Series 2014A 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 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 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 2014-15 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 2014-15, including, without limitation, the State Series 2014A General Fund Notes. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

Certain Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the Series 2014-15 Notes Repayment Account on June 25, 2015, 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 2014-15 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 2014A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2015. See also "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State Funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two 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 2014-15 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 2014-15 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 2008-09 through 2012-13. 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.

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
2009	$293.2
2010	152.3
2011	147.8
2012	140.6
2013	192.9

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 2008-09 through 2012-13.

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
2009	$1,197.0
2010	1,148.3
2011	1,118.3
2012	1,130.9
2013	1,116.2

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 Fund, are not Borrowable Resources. Borrowable Resources are considered to be moneys in the State pool, and as such are invested as described in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the Series 2014-15 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 2014-15, including, without limitation, the State Series 2014A 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 2013-14 and estimated Borrowable Resources for Fiscal Year 2014-15. 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.

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State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2013-14 [1,2]

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

	Actual											Estimated[3]
	July 2013	**Aug 2013**	**Sept 2013**	**Oct 2013**	**Nov 2013**	**Dec 2013**	**Jan 2014**	**Feb 2014**	**Mar 2014**	**Apr 2014**	**May 2014**	**June 2014**
Aviation Fund	$ 21.6	$ 18.3	$ 17.1	$ 18.2	$ 16.2	$ 15.8	$ 16.8	$ 15.5	$ 13.6	$ 13.5	$ 13.4	$ 14.4
Capital Construction Fund	227.1	207.4	195.7	179.5	175.7	171.8	167.1	199.9	154.4	144.6	145.5	140.0
College Scholarship Fund	164.1	163.8	115.6	50.5	44.7	165.1	164.3	119.4	55.6	49.9	49.7	33.4
Colorado Student Obligation Bond Authority – Administration	31.4	31.8	31.8	30.9	31.5	30.6	31.6	31.7	31.8	31.9	32.0	31.8
Hazardous Substance Fund	14.8	14.8	14.6	14.7	14.8	14.3	14.4	14.4	14.2	14.3	13.9	12.7
Higher Education Funds [4]	1,127.3	1,275.6	1,385.3	1,366.6	1,279.1	1,351.4	1,521.4	1,561.6	1,518.6	1,410.4	1,304.2	1,359.2
Hospital Provider Fee	50.4	63.8	39.2	50.1	65.8	34.5	50.7	66.9	70.8	63.6	53.0	0.0
Limited Gaming Fund	43.3	1.6	4.3	7.2	10.7	14.6	18.4	22.2	26.5	31.9	36.7	42.2
Lottery Fund	48.9	27.9	36.6	50.0	27.0	38.0	49.9	30.1	40.5	49.4	34.1	39.4
Mineral Impact Fund	102.8	112.9	72.5	85.6	98.0	82.9	94.9	104.1	94.3	107.7	122.0	106.7
School Capital Construction Assistance	169.9	187.6	170.9	176.3	181.7	183.7	197.6	203.5	187.3	190.3	197.5	200.0
State and Local Severance Tax Funds	106.6	114.9	96.4	100.5	105.3	116.9	125.7	133.6	144.6	164.9	176.0	158.5
State Public School Fund	447.2	151.2	914.3	621.2	327.7	913.0	622.8	326.5	358.5	638.7	340.5	8.5
Tobacco Tax Funds	34.3	37.0	25.3	29.3	35.4	25.5	29.0	35.7	25.5	28.0	32.7	15.5
Water Conservation Construction Fund	136.0	133.9	137.2	153.3	151.1	152.5	161.2	159.6	165.0	167.7	171.7	169.7
Workers' Compensation Fund	0.0	1.1	8.4	7.0	4.3	2.1	11.9	6.5	3.4	0.9	0.0	0.0
Other Borrowable Resources	1,774.2	1,899.9	1,936.8	1,919.8	1,958.2	1,916.0	1,963.0	2,003.0	2,109.4	2,119.7	2,213.7	1,722.8
Total Borrowable Resources	4,499.9	4,443.5	5,202.0	4,860.7	4,527.2	5,228.7	5,240.7	5,034.2	5,014.0	5,227.4	4,936.6	4,054.8
Total General Fund	824.8	864.3	229.9	550.8	698.2	(992.0)	(542.2)	(482.5)	(630.9)	218.1	361.4	77.7
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	$4,824.7	$4,807.8	$4,931.9	$4,911.5	$4,725.4	$3,736.7	$4,198.5	$4,051.7	$3,883.1	$4,945.5	$4,798.0	$4,132.5

[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] These 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 estimates will be realized.

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

Source: State Treasurer's Office

State of Colorado
Estimated Borrowable Resources
Fiscal Year 2014-15 [1,2,3]

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

	July 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015
Aviation Fund	$ 14.4	$ 12.2	$ 11.4	$ 12.1	$ 10.8	$ 10.5	$ 11.2	$ 10.3	$ 9.0	$ 9.0	$ 8.9	$ 9.6
Capital Construction Fund	140.0	127.8	120.6	110.6	108.3	105.9	103.0	123.2	95.2	89.1	89.7	86.3
College Scholarship Fund	153.4	153.1	108.1	47.2	41.8	154.3	153.6	111.6	52.0	46.6	46.5	31.2
Colorado Student Obligation Bond Authority – Administration	31.8	32.2	32.2	31.3	31.9	31.0	32.0	32.1	32.2	32.3	32.4	32.2
Hazardous Substance Fund	12.7	12.7	12.5	12.6	12.7	12.3	12.4	12.4	12.2	12.3	11.9	10.9
Higher Education Funds [4]	1,223.5	1,384.5	1,503.5	1,483.2	1,388.3	1,466.7	1,651.2	1,694.9	1,648.2	1,530.8	1,415.5	1,475.2
Hospital Provider Fee	61.0	77.2	47.4	60.6	79.6	41.8	61.4	81.0	85.7	77.0	64.1	0.0
Limited Gaming Fund	42.2	1.6	4.1	7.0	10.4	14.2	17.9	21.6	25.8	31.1	35.8	41.2
Lottery Fund	39.4	22.5	29.5	40.3	21.8	30.6	40.2	24.3	32.6	39.8	27.5	31.7
Mineral Impact Fund	108.0	118.6	76.2	89.9	103.0	87.1	99.7	109.4	99.1	113.1	128.2	112.1
School Capital Construction Assistance	205.0	226.4	206.2	212.7	219.2	221.7	238.4	245.5	226.0	229.6	238.3	241.3
State and Local Severance Tax Funds	155.8	167.9	140.9	146.9	153.9	170.9	183.7	195.3	211.3	241.0	257.2	231.6
State Public School Fund	8.5	2.9	17.4	11.9	6.3	17.4	11.9	6.2	6.8	12.2	6.5	0.2
Tobacco Tax Funds	15.5	16.7	11.4	13.2	16.0	11.5	13.1	16.1	11.5	12.6	14.8	7.0
Water Conservation Construction Fund	169.7	167.1	171.2	191.3	188.6	190.3	201.2	199.2	205.9	209.3	214.3	211.8
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	2,251.6	2,411.1	2,457.9	2,436.3	2,485.1	2,431.5	2,491.2	2,541.9	2,676.9	2,690.0	2,809.3	2,186.3
Total Borrowable Resources	4,632.5	4,934.4	4,950.7	4,907.3	4,877.5	4,997.7	5,322.0	5,424.9	5,430.6	5,375.9	5,400.9	4,708.6
Total General Fund	(189.3)	(290.5)	(670.9)	(210.8)	(25.4)	(991.3)	(323.4)	(281.1)	(826.8)	14.8	342.5	348.0
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	$3,943.2	$4,143.9	$3,779.8	$4,196.5	$4,352.1	$3,506.4	$4,498.6	$4,643.8	$4,103.8	$4,890.7	$5,243.4	$5,056.6

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

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

[3] Amounts in this table are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such estimates will be realized. See also the 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 certain institutions that have statutory authority to operate their own Treasury.

Source: State Treasurer's Office

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. As required by recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special 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 2012-13 CAFR as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2014-15 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 2014-15, including, without limitation, the State Series 2014A General Fund Notes. See "APPENDIX A – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. The State currently has, and upon issuance of the Series 2014A Notes will have, no outstanding general obligation debt.

The State is authorized to and has entered into lease-purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease-purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Note 24 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2013 (which had an aggregate value at that time of approximately $302.5 million), as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2013-14 and thereafter. See also 42 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2013, but before publication of the Fiscal Year 2012-13 CAFR. The State also entered into a lease-purchase agreement on July 9, 2014, for a laboratory facility for the Colorado Bureau of Investigation, the acquisition and renovation of which was funded by the sale of $11 million in principal amount of certificates of participation in such lease-purchase agreement.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Note 22 to the State's Fiscal Year

2012-13 CAFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2013, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2013-14 and thereafter.

The Colorado Department of Transportation ("CDOT") has issued Transportation Revenue Anticipation Notes for the purpose of financing certain qualified federal aid transportation projects in the State. At June 30, 2013, CDOT had outstanding $574.15 million in aggregate principal amount of such notes. The 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.

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 24 and 42 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2013, and of those issued after June 30, 2013, but before publication of the Fiscal Year 2012-13 CAFR. The revenue bonds and certificates of participation listed in Notes 24 and 42 have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings directly with banks or other financial institutions.

State Tax and Revenue Anticipation Notes

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more 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 2014A 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 2014A Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See Notes 23 and 42 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement for a discussion of such notes outstanding as of June 30, 2013, and of such notes issued after June 30, 2013, but before publication of the Fiscal Year 2012-13 CAFR. After publication of the Fiscal Year 2012-13 CAFR, the State issued $210 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2013B, which matured on June 27, 2014, and resulted in $2.0 million of interest paid.

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State and the State Treasurer has no responsibility for such issuances. Generally, State authorities are legally separate, independent bodies governed by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate).

Pension and Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX E – STATE PENSION SYSTEM," the "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 E – STATE PENSION SYSTEM." For a detailed discussion of the Plan, the defined contribution plan and PERA, see Notes 18, 19 and 20 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2013 (the "PERA 2013 CAFR"), which is the most current PERA CAFR available. The information in the State's Fiscal Year 2012-13 CAFR is derived from PERA's Comprehensive Annual Financial Report for calendar year 2012. However, the information under this caption and in "APPENDIX E – STATE PENSION SYSTEM" is derived from the PERA 2013 CAFR. See also "*Future Accounting Standards*" hereafter.

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 E – STATE PENSION SYSTEM – Funding and Contributions." Although the State has made all statutorily required contributions ("SRC") to the Plan, as of December 31, 2013, the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were $13.1 billion and $22.8 billion, respectively, resulting in an unfunded actuarial accrued liability ("UAAL") of $9.7 billion and a funded ratio of 57.5%, assuming an investment rate of return of 7.5%. The UAAL at December 31, 2013, would amortize over a 60-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC)[*]. See "APPENDIX E – 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.

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 57.5%. The funded ratio of the Plan at December 31, 2013, based on the market value of assets, was 61.0%, representing an unfunded accrued liability of $8.9 billion. See "APPENDIX E – 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" in the State's Fiscal Year 2012-13 CAFR appended to this Official Statement and under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions," and Notes 18, 19 and 20 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement. Calculation of the UAAL and the ARC is based on numerous assumptions, including future retiree participation and 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.

[*] 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 60-year amortization of the UAAL at December 31, 2013.

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, 2013, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.3 billion, a funded ratio of 18.8% and a 40-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 35% of the covered payroll reported for the Health Care Trust Fund at December 31, 2013. Although at December 31, 2013, the funded ratio of the Health Care Trust fund was 18.8%, 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 2013 CAFR for additional information regarding the Health Care Trust Fund.

Future Accounting Standards. Effective for Fiscal Year 2014-15, GASB issued Statement No. 68 - Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most governments, such as the State, that provide their employees with pension benefits. The statement will require cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division has an unfunded accrued actuarial liability of approximately $8.7 billion as of December 31, 2012, and approximately $9.7 billion as of December 31, 2013. However, at June 30, 2013, the State was unable to estimate the magnitude of its share of the unfunded pension liability. See Note 1 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement and "APPENDIX E – STATE PENSION SYSTEM."

Effect of Pension Liability on the Series 2014A Notes. The Series 2014A Notes are short-term obligations maturing on June 29, 2015, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2015, as repayment of their Program Loans and a portion of the proceeds of the Series 2014A Notes deposited to the Series 2014-15 Notes Repayment Account as discussed in "THE SERIES 2014A NOTES – Security and Sources of Payment." Therefore, the State's current pension liability or any change in the State's pension liability is not expected to adversely affect the State's ability to pay the Series 2014A Notes. However, no assurance can be given that the assumptions underlying the State's current plan to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement. For a discussion of the State's current pension liability, see "Management's Discussion and Analysis" in the Financial Section of the State's Fiscal Year 2012-13 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2014A 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 2014A Notes or questioning or affecting the validity of the Series 2014A 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 2014A Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

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

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

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See

Notes 6H, 21, 41 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2012-13 CAFR appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 41 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement. A lawsuit was filed on or about June 27, 2014, against the State asserting generally that the General Assembly has failed to adequately fund the State's public school system as required by Amendment 23 to the State constitution (see "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – *Public School Finance Act of 1994*"). The specifics of the suit and the potential impact on State finances if the suit is ultimately resolved against the State are not yet known. However, the State intends to vigorously defend such lawsuit. The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in Note 41, but the ultimate outcome cannot presently be determined. Except as provided in such Note, 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 McGraw-Hill Financial, Inc., have assigned to the Series 2014A 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 2014A 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 2014A Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2014A Notes

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 2014A 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 2014A Notes, that during such time as any of the Series 2014A Notes are outstanding, the State Treasurer will provide to the Municipal Securities Rulemaking Board (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 2014A Notes, including, without limitation: (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 2014A Notes; (iv) modifications to rights of owners of the Series 2014A Notes, if material; and (v) rating changes.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2014A 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 2014A Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

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 do so.

The State Treasurer has also determined that the State Treasurer or certain other State departments or agencies have not complied with other continuing disclosure undertakings entered into by such entities pursuant to Rule 15c2-12 in connection with municipal securities issued by or for the benefit of such entities by failing on a timely basis to file with the MSRB certain "Annual Information" and/or "Audited Financial Information" required by and defined in those continuing disclosure undertakings. Partially in response to the foregoing, the State Treasurer requested and the General Assembly enacted legislation in 2012 to provide the State Treasurer with statutory authority over debt issuance and post-issuance compliance with continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit (collectively, the "Included Entities") in connection with financial obligations issued by or for the benefit of such the Included Entities. Consistent with this authorization, the responsibility for compliance with the continuing disclosure undertakings entered into by the Included Entities has been centralized with the State Treasurer, which is intended to ensure future compliance with such continuing disclosure undertakings.

In early 2013, the State Treasurer retained Digital Assurance Certification, L.L.C., as its disclosure dissemination agent for the purpose of assisting it with auditing past compliance, making remedial filings and ensuring ongoing compliance with its continuing disclosure filing requirements with the MSRB of all information required in the continuing disclosure undertakings entered into by the Included Entities, and plans to implement other procedures intended to ensure future material compliance with such continuing disclosure undertakings. In addition, consistent with its statutory authorization and as a result of the circumstances described above, the State Treasurer's office is conducting a further review of compliance by the Included Entities with the continuing disclosure undertakings entered into by the Included Entities for the purpose of determining whether there are other instances of material non-compliance with such continuing disclosure undertakings or instances of material inaccuracies in disclosure documents prepared by the Included Entities relating to the descriptions of compliance by the

Included Entities with their continuing disclosure undertakings. If and to the extent that it is determined by the State Treasurer that any such instances of material non-compliance or material inaccuracies have occurred, the State Treasurer's office intends to take the appropriate remedial actions, which may include, without limitation, filing notices of failure to file and/or notices of corrective action pursuant to continuing disclosure undertakings and participation in the U.S. Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperative Initiative.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2014A Notes, as well as the treatment of interest on the Series 2014A 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, a division of Dinsmore & Shohl 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 2014A 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 2014A Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2014A Notes. Failure to comply with such covenants could cause interest on the Series 2014A Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2014A 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 2014A Notes. Notwithstanding Bond Counsel's opinion that interest on the Series 2014A 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 2014A 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 2014A Notes may otherwise affect the federal income tax liability of the owners of the Series 2014A 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 2014A Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the

Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2014A Notes.

The amount treated as interest on the Series 2014A 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 2014A 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 2014A Notes and the aggregate amount to be paid at maturity of the Series 2014A Notes (the "original issue discount"). For this purpose, the issue price of the Series 2014A Notes is the first price at which a substantial amount of the Series 2014A 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 2014A Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2014A Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2014A 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 2014A Note over its stated redemption price at maturity constitutes original issue premium on such Series 2014A Note. An initial purchaser of a Series 2014A Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Code. Purchasers of a Series 2014A 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 2014A 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 2014A 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 2014A 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 2014A Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2014A 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 2014A 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 2014A Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2014A 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 2014A Notes will be purchased from the State by J.P. Morgan Securities LLC (the "Underwriter"), pursuant to a competitive sale conducted by the State, for a purchase price of $166,402,500, being the principal amount of the Series 2014A Notes plus an original issue premium of $1,409,100 and less an underwriting discount of $6,600.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2014A 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 2014A 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 2014A Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2014A Notes is contingent upon the issuance and delivery of the Series 2014A 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 2014A Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

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

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

APPENDIX A

THE STATE GENERAL FUND

The State Resolution requires that if on June 25, 2015, the amount credited to the Principal Subaccount of the Series 2014-15 Notes Repayment Account is less than the principal amount of the Series 2014A 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 2014-15 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 2014-15, including, without limitation, the State Series 2014A General Fund Notes. See "THE SERIES 2014A NOTES – Security and Sources of Payment – *The Series 2014-15 Notes Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

This Appendix contains a discussion of the General Fund, including the estimated cash flows for the General Fund for Fiscal Year 2014-15. See also "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST."

The General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. As required by recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special 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 2012-13 CAFR as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2013-14 and 2014-15. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST," as well as the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Revenue Sources

(Accrual basis; dollar amounts expressed in millions)

	Actual										OSPB June 2014 Revenue Forecast			
	Fiscal Year 2008-09		Fiscal Year 2009-10		Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Taxes:														
Sales Tax [1]	$1,931.1	(9.2)%	$1,825.0	(5.5)%	$2,043.5	12.0%	$2,093.2	2.4%	$2,211.7	5.7%	$2,373.2	7.3%	$2,507.1	5.6%
Use Tax	176.7	(7.6)	155.7	(11.9)	190.1	22.0	200.6	5.6	242.7	21.0	241.4	(0.6)	261.9	8.5
	2,107.8	(9.1)	1,980.7	(6.0)	2,233.6	12.8	2,293.8	2.7	2,454.4	7.0	2,614.6	6.5	2,769.0	5.9
Cigarette Tax	43.5	(3.9)	40.8	(6.0)	39.3	(3.8)	39.5	0.5	38.3	(3.1)	37.0	(3.2)	36.6	(1.2)
Tobacco Products [2]	13.2	(5.9)	16.1	22.4	13.8	(14.2)	16.0	16.1	15.6	(2.9)	16.9	8.2	17.1	1.7
Liquor Tax	35.0	(2.0)	35.4	1.3	36.4	2.8	38.4	5.3	39.2	2.2	40.1	2.3	40.4	0.6
	91.7	(1.7)	92.3	0.7	89.5	(3.0)	93.9	4.9	93.1	(0.9)	94.0	1.0	94.1	0.1
Total Excise Taxes	2,199.4	(8.8)	2,073.1	(5.7)	2,323.1	12.1	2,387.7	2.8	2,547.5	6.7	2,708.5	6.3	2,863.2	5.7
Income Taxes:														
Net Individual Income Tax	4,333.3	(12.9)	4,083.8	(5.8)	4,496.1	10.1	5,011.6	11.5	5,596.3	11.7	5,698.7	1.8	6,189.3	8.6
Net Corporate Income Tax	292.5	(42.4)	372.1	27.2	393.9	5.9	486.5	23.5	636.3	30.8	721.4	13.4	778.7	7.9
Total Income Taxes	4,625.8	(15.6)	4,455.9	(3.7)	4,890.0	9.7	5,498.1	12.4	6,232.6	13.4	6,420.1	3.0	6,968.0	8.5
Less State Education Fund Diversion[2]	(339.9)	(16.7)	(329.0)	(3.2)	(370.5)	12.6	(407.5)	10.0	(486.3)	19.3	(491.1)	1.0	(536.5)	9.2
Total Income Taxes to the General Fund	4,285.9	(15.5)	4,126.9	(3.7)	4,519.5	9.5	5,090.6	12.6	5,746.2	12.9	5,929.0	3.2	6,431.5	8.5
Other Revenues:														
Estate	0.0	--	0.2	--	(0.1)	--	0.3	--	(0.1)	--	--	--	--	--
Insurance	192.4	(2.2)	186.9	(2.9)	189.7	1.5	197.2	4.0	210.4	6.7	235.3	11.8	241.2	2.5
Interest Income	9.4	(47.8)	10.1	7.7	7.9	(21.6)	13.6	71.5	17.4	28.6	21.1	26.5	25.6	16.3
Pari-Mutuel	0.5	(83.1)	0.5	17.0	0.5	(0.6)	0.6	14.4	0.7	10.3	0.6	(12.9)	0.5	(10.0)
Court Receipts	24.1	(18.6)	17.8	(26.1)	3.6	(80.0)	2.6	(27.6)	2.3	(9.0)	2.4	1.0	2.3	(5.0)
Gaming	2.8	N/A	16.2	476.3	20.4	25.9	20.3	(0.5)	12.1	(40.4)	10.8	(10.8)	12.2	13.0
Other Income	28.3	46.2	26.2	(7.4)	21.2	(18.8)	23.1	8.8	18.1	(21.6)	20.3	11.9	24.6	21.5
Total Other	257.4	(0.2)	257.7	0.1	243.2	(5.6)	257.6	5.9	261.1	1.3	291.4	11.6	306.4	5.1
Gross General Fund	**$6,742.7**	**(12.9)%**	**$6,457.7**	**(4.2)%**	**$7,085.8**	**9.7%**	**$7,736.0**	**9.2%**	**$8,554.8**	**10.6%**	**$8,928.9**	**4.4%**	**$9,601.0**	**7.5%**

[1] State voters approved Proposition AA in November of 2013, which included the imposition of a sales tax of 10% on retail marijuana effective January of 2014. Under current law, the revenue from this sales tax first goes to the General Fund and is then transferred to a cash fund. A portion of this revenue is also distributed to local governments where retail marijuana sales occur. Also approved by Proposition AA was the imposition by the State of an excise tax of 15% on retail marijuana that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects.

[2] 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 10 to the table in "General Fund Overview" hereafter.

Source: Office of State Planning and Budgeting

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Year 2008-09 through Fiscal Year 2012-13 and the forecasts for Fiscal Years 2013-14 and 2014-15 from the OSPB June 2014 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB June 2014 Revenue Forecast for Fiscal Years 2013-14 and 2014-15. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations." See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST," as well as the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2008-09 through 2014-15

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

	Actual (Unaudited) [1]					OSPB Forecast	
	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15
REVENUE:							
Beginning Reserve	$ 326.9	$ 443.8	$ 137.4	$ 156.6	$ 795.8	$ 373.0	$ 435.9
Gross General Fund Revenue	6,742.7	6,457.7	7,085.8	7,736.0	8,554.8	8,928.9	9,601.0
Transfers to the General Fund	813.8	418.5	158.1	142.1	0.3	2.4	16.5
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	7,883.4	7,320.0	7,381.2	8,034.7	9,351.0	9,304.2	10,053.5
EXPENDITURES:							
Appropriation Subject to Limit [2]	7,410.7	6,631.6	6,811.1	7,027.8	7,459.2	8,218.7	8,767.6
Dollar Change From Prior Year	322.9	(779.1)	179.5	216.7	431.5	759.5	548.9
Percent Change From Prior Year	4.2%	(10.2)%	2.7%	3.2%	6.1%	10.2%	6.7%
Spending Outside Limit:	54.4	601.5	151.5	189.0	452.3	528.9	565.4
TABOR Refund	--	--	--	--	--	--	--
Rebates and Expenditures [3]	221.6	143.2	127.6	134.8	380.9	251.3	256.2
Transfer to Capital Construction [4]	39.4	0.2	12.0	49.3	61.4	186.7	225.5
Transfers to Highway Users Tax Fund [4]	29.0	N/A	N/A	N/A	N/A	--	--
Transfers to State Education Fund per SB 13-234 [5]	N/A	N/A	N/A	N/A	N/A	45.3	25.3
Transfers to Other Funds [6]	2.3	458.1	--	5.0	4.6	39.7	58.4
Other Expenditures Exempt from General Fund Appropriations Limit [7]	(237.9)	--	12.0	--	5.4	5.9	--
TOTAL GENERAL FUND OBLIGATIONS	7,465.1	7,233.1	6,962.6	7,216.8	7,911.5	8,747.6	9,333.0
Percent Change from Prior Year	(6.2)%	(3.1)%	(3.7)%	3.7%	9.6%	10.6%	6.7%
Reversions and Accounting Adjustments	25.4	50.5	26.9	36.9	7.1	--	--
RESERVES							
Year-End General Fund Balance	443.8	137.4	445.5	854.8	1,446.5	556.6	720.5
Year-End General Fund as a % of Appropriations	6.0%	2.1%	6.5%	12.2%	19.4%	6.8%	8.2%
General Fund Statutory Reserve Amount	148.2	132.6	156.6	281.1	373.0	410.9	569.9
Unappropriated Reserve Percentage [8]	2.0%	2.0%	2.3%	4.0%	5.0%	5.0%	6.5%
Amount Above (Below) Statutory Reserve	295.6	4.8	288.9	573.7	1,073.5	145.6	150.6
Transfer of Excess Reserve to State Education Fund/Other Funds [9]	--	--	--	--	(1,073.5)	(120.6)	--
Balance After Any Funds Above Statutory Reserve are Allocated	443.8	137.4	156.6	795.8	--	25.0	150.6

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

2 Per SB 09-228, commencing with Fiscal Year 2009-10 this appropriation limit was revised from: (a) 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 (b) 5% of Colorado Personal Income.

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

4 Current law requires transfers to capital construction and the Highway Users Tax Fund when personal income increases by more than 5.0%. This is projected to occur in 2014, which will trigger the transfers in Fiscal Year 2015-16. Expected and budgeted transfers to capital construction are occurring each Fiscal Year regardless of the requirement.

5 SB 13-234 requires annual General Fund transfers to the State Education Fund in Fiscal Years 2013-14 through 2018-19.

6 State law requires transfers of General Fund money to various State cash funds. Starting in Fiscal Year 2013-14, this line item includes transfers of General Fund money from the new 10% retail marijuana sales tax to a cash fund. See Note 1 to the table in "General Fund Revenue Sources" above.

[Notes continued on next page]

[7] Spending by the Medicaid program above the appropriated amount, called "Medicaid Overexpenditures," is usually the largest amount in this line.

[8] Per HB 14-1337, for Fiscal Year 2014-15 and subsequent Fiscal Years, the Unappropriated Reserve has been increased to 6.5% of the amount appropriated for expenditure from the General Fund in such Fiscal Years. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*."

[9] In recent years, all or a portion of the amount in excess of the statutory reserve was required by law to be credited to other funds, mostly the State Education Fund. For example, per HB 12-1338, all of the Fiscal Year 2012-13 excess was transferred to the State Education Fund. All of the Fiscal Year 2013-14 excess reserves, except for $25 million that is to remain in the General Fund, are to be transferred to various other State Funds in a specified order of priority pursuant to HB 14-1339, HB 14-1342 and SB 14-223. The amount remaining in the General Fund will become part of the beginning reserve and funds available in Fiscal Year 2014-15.

Source: Office of State Planning and Budgeting

Discussion of Recent General Fund Revenues and Reserves

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" above. The following also discusses revenue to the State Education Fund, which after the General Fund is the second largest funding source for State spending for preschool through 12th grade education.

Fiscal Year 2012-13. General Fund revenues increased by 10.6% in Fiscal Year 2012-13 compared to an increase of 9.2% in Fiscal Year 2011-12. In Fiscal Year 2012-13, sales and use tax revenues increased by 7.0% compared to an increase of 2.7% in Fiscal Year 2011-12. Other excise tax revenues decreased 0.9% compared to an increase of 4.9% in Fiscal Year 2011-12. Corporate and individual income tax collections increased 13.4% compared to an increase of 12.4% in Fiscal Year 2011-12. Other revenues increased by 1.3% in Fiscal Year 2012-13 compared to an increase of 5.9% in Fiscal Year 2011-12. Total available funds for Fiscal Year 2012-13 (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 $9,351.0 million and total obligations were $7,911.6 million. The required reserve was $373.0 million, or 5.0% of Fiscal Year appropriations. The amount of General Fund above the required reserve was $1,073.5 million. In accordance with Amendment 23 and other State laws, $548.5 million was credited to the State Education Fund.

Fiscal Year 2011-12. 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 12.4% compared to an increase of 9.7% in Fiscal Year 2010-11. Other excise tax revenues increased 4.9% compared to a decrease of 3.1% in Fiscal Year 2010-11. Other revenues increased 5.9% 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 $8,034.7 million and total obligations were $7,216.8 million. The required reserve was $281.1 million, or 4.0% of Fiscal Year appropriations. The amount of General Fund above the required reserve was $573.7 million. In accordance with Amendment 23 and other State laws, $644.4 million was credited to the State Education Fund.

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 $7,381.3 million and total obligations were $6,962.6 million. The required reserve was $156.6 million, or 2.3% of Fiscal Year appropriations. The amount of General Fund above the required reserve was $288.9 million. In accordance with Amendment 23 and other State laws, $376.8 million was credited to the State Education Fund.

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 0.9% 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 the General Fund) were $7,320.0 million and total obligations were $7,233.1 million. The required reserve was $132.6 million, or 2.0% of Fiscal Year appropriations. The amount of General Fund above the required reserve was $4.8 million. In accordance with Amendment 23 and other State laws, $339.5 million was credited to the State Education Fund.

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 other State funds, and includes beginning General Fund Surplus and any amounts transferred into the General Fund) were $7,883.4 million and total obligations were $7,465.1 million. The required reserve was $148.2 million, or 2.0% of Fiscal Year appropriations. The amount of General Fund above the required reserve was $295.6 million. In accordance with Amendment 23, $475.7 million was credited to the State Education Fund.

Revenue Estimation; OSPB Revenue and Economic Forecasts

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

The most recent OSPB Revenue Forecast was issued on June 20, 2014, and is included in this Official Statement as "APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST." The OSPB June 2014 Revenue Forecast projects revenues for Fiscal Years 2013-14 through 2015-16. The amounts forecast for Fiscal Years 2013-14 and 2014-15 are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast for the OSPB June 2014 Revenue Forecast was provided by

Moody's Economy.com. 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 the current forecast, there is anticipated to be an Unappropriated Reserve, the State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid. Also, prior forecasts of General Fund revenue may have overestimated the amount the State would receive for the Fiscal Year.

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

The next OSPB revenue forecast will be released in September of 2014. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2014 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. Such volatility may be reflected in subsequent revenue forecasts. If a revenue shortfall is projected for Fiscal Year 2014-15 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 2014-15 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2014-15 Notes Repayment Account on June 25, 2015. See "SELECTED STATE FUNDS

ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts."

Investment of the State Pool

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

Fiscal Years 2012-13 and 2013-14 Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State Pool as of the end of each month in Fiscal Years 2012-13 and 2013-14 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2012-13
(Amounts expressed in millions)[1]

	July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	April 2013	May 2013	June 2013
Agency CMOs	$ 94.0	$ 90.0	$ 85.0	$ 76.8	$ 71.9	$ 67.4	$ 62.6	$ 59.1	$ 55.9	$ 49.0	$ 42.4	$ 36.4
Commercial Paper	50.0	50.0	0.0	50.0	40.0	100.0	100.0	60.0	0.0	100.0	127.0	75.0
U.S. Treasury Notes	703.9	718.9	674.0	713.9	713.9	773.9	794.0	784.0	799.0	769.2	809.2	824.0
Federal Agencies	4,631.2	4,450.3	4,493.7	4,128.0	3,824.6	3,886.1	4,275.0	3,800.5	3,889.5	4,526.5	4,160.8	3,798.5
Asset-Backed Securities	366.4	439.1	533.7	701.8	764.3	764.2	853.6	977.1	991.1	1,066.6	1,125.4	1,131.4
Money Market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.0	0.0	0.0	0.0
Corporates	1,042.5	1,106.2	1,123.2	1,135.2	1,170.1	1,235.0	1,265.0	1,292.1	1,336.0	1,341.0	1,378.9	1,375.9
Certificates of Deposit	1.3	0.9	0.9	0.9	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.0
Totals	$6,889.3	$6,855.4	$6,910.5	$6,806.6	$6,585.3	$6,827.1	$7,350.7	$6,973.3	$7,097.0	$7,852.8	$7,644.2	$7,243.2

[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 2013-14
(Amounts expressed in millions)[1]

	July 2013	Aug 2013	Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	April 2014	May 2014
Agency CMOs	$ 31.6	$ 29.9	$ 28.4	$ 27.1	$ 25.7	$ 24.5	$ 23.4	$ 22.4	$ 21.4	$ 20.4	$ 19.4
Commercial Paper	250.0	173.0	170.0	185.0	80.0	0.0	158.2	636.9	230.0	305.0	150.0
U.S. Treasury Notes	823.9	824.0	848.5	858.5	858.5	888.2	888.4	908.8	949.1	974.3	1,003.9
Federal Agencies	3,853.1	3,818.7	3,818.9	3,675.7	3,514.6	3,708.1	4,175.5	3,354.2	3,792.1	4,203.1	4,087.1
Asset-Backed Securities	1,180.4	1,209.2	1,248.3	1,267.6	1,287.3	1,294.5	1,303.1	1,329.4	1,353.9	1,420.9	1,435.0
Money Market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporates	1,395.9	1,433.6	1,438.6	1,437.7	1,491.6	1,533.4	1,531.4	1,538.4	1,621.0	1,636.0	1,656.0
Certificates of Deposit	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0	6.5
Totals	$7,536.9	$7,490.4	$7,556.7	$7,455.6	$7,261.7	$7,452.7	$8,084.0	$7,794.1	$7,971.5	$8,565.7	$8,357.9

[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

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 2013-14, and the estimated cash flows for the General Fund for Fiscal Year 2014-15, 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 2013-14 and 2014-15 are based upon (i) the General Fund appropriations for Fiscal Years 2013-14 and 2014-15 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 June 2014 Revenue Forecast discussed in "Revenue Estimation; OSPB Revenue and Economic Forecasts" above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of estimated cash flows. Additionally, the timing of transactions from month to month may vary from the forecasts. Therefore, there are likely to be differences between the forecasted and actual results, and such differences may be material. See the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Actual and Estimated General Fund Cash Flow
Fiscal Year 2013-14
Current Law

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

	Actual											Estimated[1]	
	July 2013	**Aug 2013**	**Sept 2013**	**Oct 2013**	**Nov 2013**	**Dec 2013**	**Jan 2014**	**Feb 2014**	**Mar 2014**	**Apr 2014**	**May 2014**	**June 2014**	**Total**
Beginning Cash and Investments Balance	$1,161.2												$ 1,161.2
Revenues:													
General Fund Revenue:													
Sales and Use Tax	209.4	$ 220.0	$ 223.0	$ 211.9	$ 212.3	$ 208.4	$ 245.9	$ 197.2	$ 201.1	$ 232.8	$ 215.4	$ 204.9	2,582.3
Individual Income Tax	361.4	344.4	478.1	415.8	349.2	417.2	622.1	215.2	297.4	841.2	402.8	418.4	5,163.2
Corporate Income Tax	12.7	79.0	118.3	41.4	3.6	106.8	15.4	(6.4)	94.9	119.2	10.2	123.3	718.4
Other	50.5	24.1	10.0	55.6	17.0	9.9	16.5	63.7	36.2	45.8	28.6	89.7	447.6
Total General Fund Revenue	634.0	588.5	829.4	724.7	582.1	742.3	899.9	469.7	629.6	1,239.0	657.0	836.3	8,832.5
Federal Revenue	364.0	560.8	530.7	527.6	523.5	661.8	529.0	563.3	779.8	599.5	598.5	725.1	6,963.6
Total Revenues	998.0	1,149.3	1,360.1	1,252.3	1,105.6	1,404.1	1,428.9	1,033.0	1,409.4	1,838.5	1,255.5	1,561.5	15,796.2
Expenditures:													
Payroll	128.2	123.4	133.2	125.3	126.7	125.1	140.3	127.0	125.6	126.1	128.2	128.9	1,538.0
Medical Assistance	454.2	499.8	444.7	418.6	458.4	486.1	456.0	499.5	599.8	500.6	500.8	266.1	5,584.6
Public School Distribution	752.6	30.1	1,120.5	102.1	34.1	916.3	46.7	50.2	360.0	110.8	46.2	1.2	3,570.8
Higher Education Distribution	2.1	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	101.3
Grants and Contracts	32.5	225.8	213.7	204.1	202.4	220.4	188.1	190.4	237.7	313.0	183.7	272.6	2,484.4
Other	450.8	142.0	153.2	116.5	129.1	230.8	127.5	91.9	173.8	112.6	101.7	382.9	2,212.8
Total Expenditures:	(1,633.7)	(1,066.2)	(2,067.4)	(970.7)	(954.9)	(2,021.3)	(958.9)	(959.4)	(1,497.3)	(1,058.3)	(961.0)	(1,050.9)	(15,200.0)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	525.5	83.1	(707.3)	281.6	150.7	(617.2)	470.0	73.6	(87.9)	780.2	294.5	510.6	1,757.4
Revenue Accrual Adjustment	130.6	(61.9)	39.7	79.8	(60.1)	22.9	41.7	(34.6)	(132.9)	61.4	66.5	(17.6)	135.5
Expenditure Accrual Adjustment	(144.6)	18.3	33.2	(40.5)	56.8	(2.1)	(61.9)	20.7	72.4	112.6	(217.7)	(275.9)	(428.7)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(105.2)	--	--	(105.2)
General Fund Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(186.7)	--	--	--	--	--	--	--	--	--	--	--	(186.7)
State Education Fund Transfer	--	--	--	--	--	(1,093.8)	--	--	--	--	--	--	(1,093.8)
Actual/Projected Monthly Cash Change	824.8	39.5	(634.4)	320.9	147.4	(1,690.2)	449.8	59.7	(148.4)	849.0	143.3	(283.7)	77.7
General Fund Cash Balance End of Month	**$ 824.8**	**$ 864.3**	**$ 229.9**	**$ 550.8**	**$ 698.2**	**$ (992.0)**	**$ (542.2)**	**$ (482.5)**	**$ (630.9)**	**$ 218.1**	**$ 361.4**	**$ 77.7**	

[1] General Fund revenues in these columns are derived from the OSPB June 2014 Revenue Forecast. The amounts for these months 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

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2014-15[1]
Current Law

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

	July 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	June 2015	Total
Beginning Cash and Investments Balance	$ 77.7												$ 77.7
Revenues:													
General Fund Revenue													
Sales and Use Tax	209.4	$ 232.8	$ 242.1	$ 233.5	$ 219.5	$ 222.5	$ 266.8	$ 202.0	$ 205.0	$ 228.9	$ 221.4	$ 237.8	2,721.8
Individual Income Tax	361.4	387.5	543.0	496.1	442.2	469.5	664.2	191.1	241.3	690.1	477.6	632.2	5,596.2
Corporate Income Tax	12.7	7.1	168.6	63.2	(48.6)	68.7	57.9	9.2	94.6	152.8	31.1	157.6	774.9
Other	50.5	19.3	(28.0)	(41.3)	22.0	(44.5)	(20.9)	53.9	30.1	203.4	(23.4)	159.7	380.6
Total General Fund Revenue	634.0	646.7	925.7	751.5	635.1	716.1	967.9	456.1	571.0	1,275.2	706.7	1,187.3	9,473.4
Federal Revenue	434.0	515.1	659.0	569.6	563.5	651.4	543.3	559.3	791.7	539.7	566.8	783.7	7,177.1
Total Revenues	1,068.0	1,161.8	1,584.7	1,321.1	1,198.7	1,367.6	1,511.2	1,015.5	1,362.7	1,814.9	1,273.5	1,970.9	16,650.5
Expenditures:													
Payroll	128.2	144.2	135.0	135.8	134.6	131.9	131.9	127.4	129.0	125.0	126.6	136.4	1,586.1
Medical Assistance	433.0	504.0	366.3	361.4	546.4	462.8	312.5	501.6	397.5	665.3	662.7	443.6	5,657.2
Public School Distribution	748.5	32.7	1,132.5	98.0	45.0	955.0	42.0	58.6	372.0	115.0	49.9	1.2	3,650.4
Higher Education Distribution	3.0	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.2
Grants and Contracts	41.0	251.2	298.3	199.3	230.7	284.8	242.8	233.2	264.3	230.7	237.2	267.1	2,780.7
Other	433.1	305.4	32.1	41.8	49.7	378.0	141.1	35.4	755.9	(46.6)	(53.4)	323.5	2,396.0
Total Expenditures:	(1,608.1)	(1,282.5)	(1,966.3)	(840.5)	(1,010.7)	(2,255.2)	(870.7)	(956.5)	(1,919.1)	(939.8)	(873.5)	(1,171.0)	(15,693.8)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(462.4)	(120.7)	(381.6)	480.6	188.0	(887.6)	640.5	58.9	(556.5)	875.1	400.1	800.0	1,034.4
Revenue Accrual Adjustment	125.0	(20.1)	2.1	6.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	25.8
Expenditure Accrual Adjustment	(139.6)	39.6	(0.9)	(27.1)	29.5	(9.0)	25.4	(16.3)	12.7	66.3	(19.9)	(275.9)	(315.2)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(110.0)	--	--	(110.0)
General Fund Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(501.0)	(1.0)
Capital Construction Transfer	(212.3)	--	--	--	--	--	--	--	--	--	--	--	(212.3)
State Education Fund Transfer	--	--	--	--	--	(73.7)	--	--	--	--	--	--	(73.7)
Actual/Projected Monthly Cash Change	(189.3)	(101.2)	(380.4)	460.1	185.4	(965.9)	667.9	42.3	(545.7)	841.6	327.7	5.5	348.0
General Fund Cash Balance End of Month	**$ (189.3)**	**$ (290.5)**	**$ (670.9)**	**$ (210.8)**	**$ (25.4)**	**$ (991.3)**	**$ (323.4)**	**$ (281.1)**	**$ (826.8)**	**$ 14.8**	**$ 342.5**	**$ 348.0**	

[1] General Fund revenues in this table are derived from the OSPB June 2014 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

APPENDIX B

OSPB JUNE 2014 REVENUE FORECAST

As discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts," the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2013-14 through 2015-16. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB Revenue Forecast was issued on June 20, 2014, and is presented in its entirety in this Appendix. The pagination of this Appendix reflects the original printed document.

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

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COLORADO
Office of State Planning
& Budgeting

June | 2014

The Colorado Economic Outlook

Economic and Fiscal Review

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Summary

- Compared with the March 2014 forecast, projections for General Fund revenue for FY 2013-14 are 1.1 percent higher and 1.3 percent higher for FY 2014-15. This translates to $96.4 million in higher collections for FY 2013-14, and $127.6 million more for FY 2014-15.

- The State's General Fund reserve is projected to be $145.6 million above its required amount for FY 2013-14. All but $25 million of this money, which remains in the General Fund, is allocated under current law to various cash funds. Under the adopted budget for FY 2014-15, this forecast shows that the General Fund will have $150.6 million above the 6.5 percent reserve requirement.

- Expectations for economic conditions, and thus tax revenue, have not changed materially from recent forecasts. After growing 4.4 percent this fiscal year, General Fund revenue is expected to grow 7.5 percent in FY 2014-15. As was expected in previous OSPB forecasts, the slowdown in General Fund revenue growth in FY 2013-14 was mostly from a one-time decline in income taxes on investment income. Continued economic growth will generate higher General Fund revenue growth in FY 2014-15.

- The State Education Fund (SEF) is supporting a larger share of education funding than it has historically, which will draw down the fund balance. The SEF plays an important role in the State's General Fund budget because the level of spending from the SEF affects the amount of General Fund spending necessary for education. Decisions on the mix of spending between the General Fund and the SEF have budgetary implications for the future.

- Colorado's economy continues to expand faster than many other states. The state has ingredients that are producing growth in today's high-tech and complex economy, including a skilled workforce, entrepreneurial energy and innovation, diverse industries, and a rich ecosystem that connects ideas and resources. Growth is not uniform in all regions of the state, however. There continue to be areas affected by out-migration, drought, or the loss of key employers.

- The economy appears to have a foundation for further steady growth. Nevertheless, adverse circumstances that could cause a downturn are often hard to identify and can sometimes materialize quickly. Such an event would reduce tax revenue to the state and increase budgetary pressures. Notable visible risks include geopolitical tensions, such as those in Russia and the Middle East, which could cause a material increase in energy prices. In addition, adverse shocks in the financial system similar to those that have preceded previous slowdowns, such as a fall in asset values and decline in the flow of credit, are difficult to predict and pose a risk.

- Cash fund revenue subject to TABOR is forecast to remain roughly flat over the forecast period, growing less than one-half of one percent in FY 2014-15 and falling slightly in FY 2015-16. For FY 2014-15, growth in severance tax revenue and miscellaneous cash funds will be offset by a decline in Hospital Provider Fee revenue and a moderate decrease in transportation-related cash funds.

- This forecast does not project that the State will reach its Referendum C revenue cap through FY 2015-16. TABOR revenue, however, will be just $168.4 million, or 1.4 percent, under the cap in FY 2014-15, and $156.1 million, or 1.2 percent, below the cap in FY 2015-16. Therefore, the cap is within the bounds of typical forecast error and future forecasts may show revenue exceeding the cap if they include upward revisions. Under such a scenario, a refund to taxpayers would occur unless voters allow the State to retain the revenue.

The Economy: Issues, Trends, and Forecast

Our analysis of economic conditions allows us to determine both the extent of opportunities for employment and business expansion and how economic activity will drive State tax collections and influence the use of certain State services. The following section discusses overall economic conditions in Colorado and around the world, as well as specific issues affecting economic performance. The analysis focuses on conditions specific to Colorado and provides broader context on national and global conditions because of how they can affect the state's economy. The discussion includes:

Trends and forecasts for key economic indicators — At the end of this section on page 25 is a summary of key economic indicators, showing their recent trends and forecasts. This summary is intended to provide a snapshot of the performance of the broad economy and OSPB's economic projections, which are formed by the following analysis of the economy.

Summary — Colorado's economy continues to expand faster than many other states. The state has the ingredients that are producing growth in today's high-tech and complex economy, including a skilled workforce, entrepreneurial energy and innovation, diverse industries, and a rich ecosystem enabling the connectivity of ideas and resources. As a result, the labor, construction, retail, and housing markets are all continuing to grow, mostly at a pace higher than the nation. The state's overall job growth is at its highest rate since 2000. We continue to note, however, that growth is not uniform in all regions of the state. There are areas affected by out-migration, drought, or the loss of key employers.

Although the national economy has certain regions experiencing stronger growth like Colorado's Front Range, overall it continues a steady, yet modest expansion. The level of nonfarm employment at the national level finally reached its pre-Great Recession level in May, almost five years after the recovery began. Unemployment levels in both Colorado and the nation continue to steadily fall, but remain elevated compared with before the Great Recession, especially for those unemployed for longer periods of time.

Economic risks — The broader economy appears to have a foundation for further steady growth. Nevertheless, adverse circumstances that could cause a downturn are often hard to identify and can sometimes materialize quickly. For example, a fall in asset values (like homes or stock prices) and decline in the flow of credit stemming from disruptions in complex financial markets could weaken confidence and lower investment and hiring. Also, monetary policy can influence the broader economy. Negative unintended consequences from the current policies of central banks, as well as any policy changes, especially if sudden or larger than expected, could contribute to a slowdown. In addition, much of Europe continues to experience only weak growth, and there are concerns over China's s economy and components of its financial system. Due to the highly connected global economy, a major slowdown in these large economies could negatively affect portions of the state and national economies. Further, geopolitical tensions, such as those in Russia and the Middle East, can negatively affect the economy, especially if they cause a material increase in energy prices.

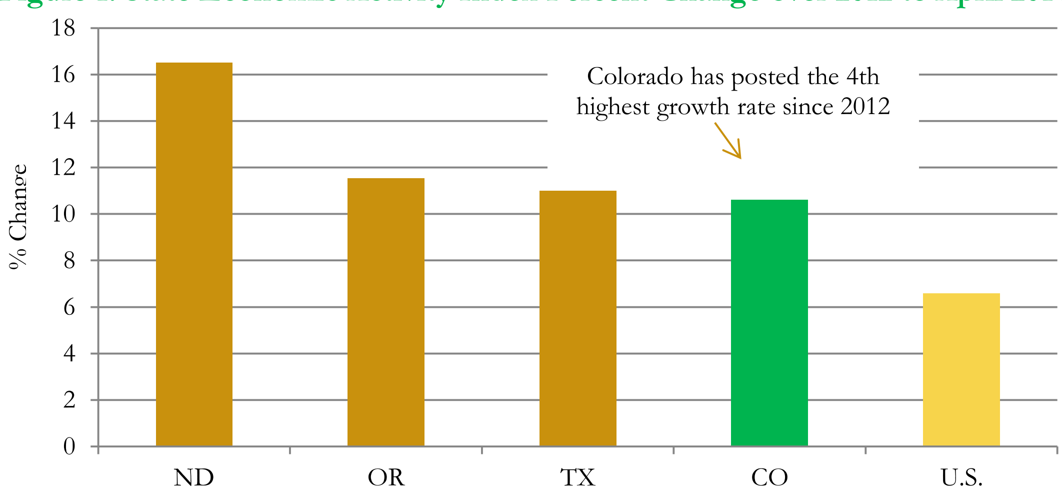
Colorado Economy Overview

Colorado's economy continues to expand faster than most other states — The state has many of the ingredients conducive for producing growth in today's complex, information and technology intensive economy. These ingredients include a skilled workforce, entrepreneurial energy and innovation, diverse industries, and a rich ecosystem enabling the connectivity of ideas and resources. As a result, the labor, construction, retail, and housing markets are all continuing to grow, mostly at a pace higher than the nation. The state's overall job growth is at its highest rate since 2000. The ingredients for stronger growth are less prevalent in some of the state's regional economies, however. In general, less populated and economically diverse regions are experiencing more modest growth compared with the more populated Front Range.

The state's overall job growth is at its highest rate since 2000.

Since 2012, Colorado's economy has had the fourth highest growth among states as measured by the Federal Reserve Bank of Philadelphia's monthly State Coincident Economic Activity Index. This is one of the most up-to-date broad measures of state economic activity. The index tends to match growth in a state's gross domestic product (GDP) over time by combining four state-level indicators to track current economic conditions − employment, average hours worked in manufacturing, the unemployment rate, and inflation-adjusted wage and salary disbursements. Recently released state GDP data from the U.S. Bureau of Economic Analysis corroborate Colorado's strong performance as the state posted the sixth highest GDP growth among states in 2013. Figure 1 shows the top performing state economies since 2012 as measured by the State Coincident Economic Activity Index, compared to the U.S.

Figure 1. State Economic Activity Index Percent Change over 2012 to April 2014



Source: Philadelphia Federal Reserve Branch

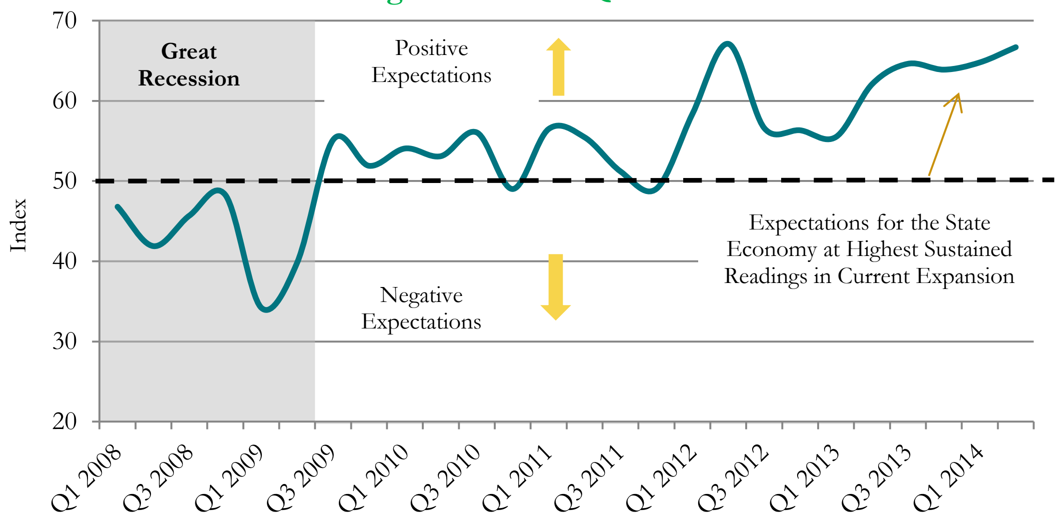
Continued positive broader economic conditions are reflected in business confidence, which will also support continued growth — Many Colorado businesses continue to have positive expectations for the state economy. Expectations not only provide information on current economic conditions, but can also help to predict future performance. Businesses are more likely to hire and invest to help fuel growth if they expect positive conditions in the future.

> Business confidence measured by the CU Leeds Business Confidence Index continues to be at its highest sustained level in the current expansion, which will help fuel further growth.

The Leeds Business Confidence Index (LBCI), published by the University of Colorado at Boulder, Leeds School of Business, measures business assessments about economic conditions for the upcoming quarter. Figure 2 shows the index for business expectations for the overall state economy through the second quarter of 2014. Reflecting Colorado's pickup in growth in 2013 and lower levels of economic uncertainty, the index continues to exhibit the most positive sustained readings in the current economic expansion.

Based on responses from 345 businesses, expectations for the state economy moved higher in the second quarter of 2014, posting a reading of 66.7, up from 64.8 for the first quarter. This was the fifth consecutive quarter above 60. Readings above 50 indicate positive expectations and higher readings signify greater business confidence.

Figure 2. CU Leeds Business Confidence Index on Expectations for the State Economy,* 2008 through the Second Quarter of 2014



Source: CU Leeds School of Business, Business Research Division
* Readings above 50 indicate positive expectations, while below 50 represent negative perceptions.

The respondents represent several industries in the state, though the highest number in the second quarter's survey came from professional and technical services, finance and insurance, and real estate and rental and leasing. Most of the respondents are from businesses five years or older. Closely mirroring the economic distribution of Colorado, many of the respondents were concentrated along the Front Range, though roughly a quarter of respondents represent other areas. Larger businesses indicated slightly higher levels of confidence compared with smaller businesses.

New Business Creation and Economic Dynamism in Colorado

Growth in new businesses will continue to fuel growth — The Kauffman Foundation recently reported that Colorado had the 5th highest entrepreneurial activity rate in the nation in 2013. Other measures also rank Colorado among the top 5 or 10 states in entrepreneurship. Colorado's level of entrepreneurship continues to be a main factor behind the state's economic performance.

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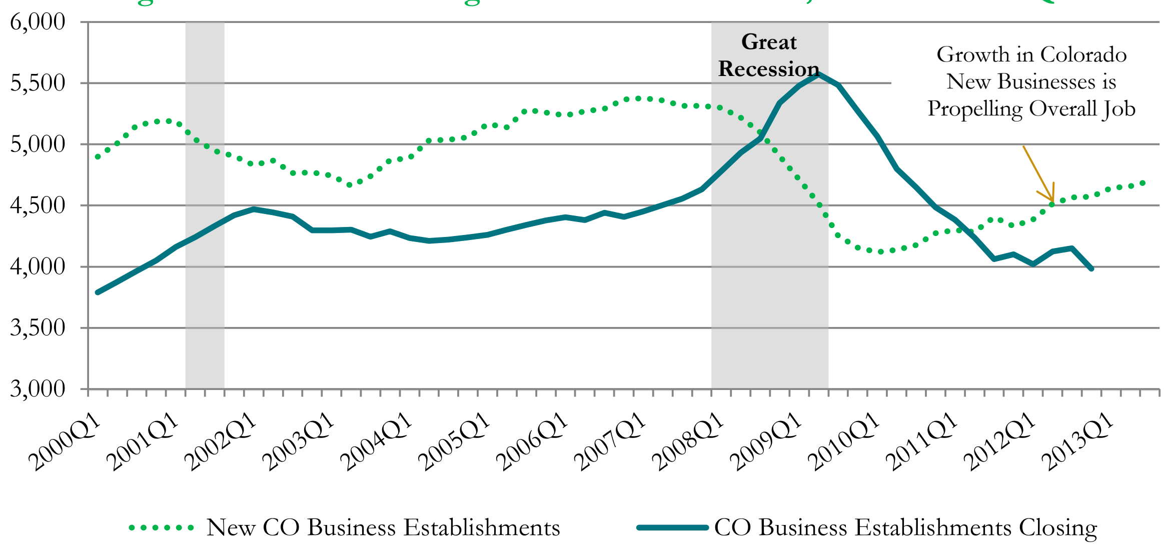
New and young businesses are the main source of net new jobs in the economy. After falling during the Great Recession, growth in new businesses has helped boost overall job creation for the state.

Figure 3 shows the level of new businesses as well as closing businesses since the beginning of 2000. Job creation is a continual process, involving not just the opening of new businesses but the closing of other businesses. In the most recent four quarters of data, on average, around 4,700 new businesses establishments were created each quarter, while 3,980 were closed.

The sharp decline in new businesses combined with the increase in business closings during the Great Recession contributed to the downturn's substantial job loss. It also contributed to the modest jobs recovery in the few years following the end of the recession as there were less young businesses adding jobs. Since its low point in the third quarter of 2009, through the third quarter of 2013, however, new business creation has increased 27 percent, helping push Colorado's overall job creation rate to its highest level since 2000.

> New business creation in Colorado has increased 27 percent since the end of the recession, helping boost overall job creation for the state.

Figure 3. New and Closing Businesses in Colorado, 2000 to 2013 3rd Quarter*



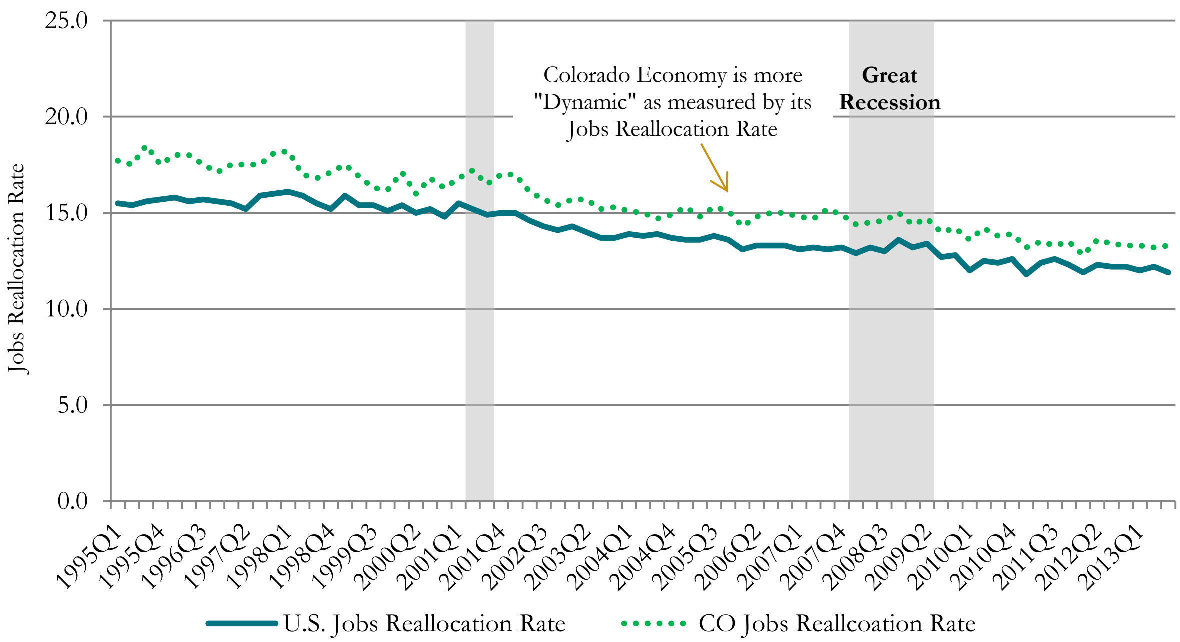
*Data on business closings is only available through the 4th quarter of 2012 as it takes longer to determine whether a business has closed.
Source: Business Employment Dynamics, U.S. Bureau of Labor Statistics

***Economic dynamism is also helping growth* —** In addition to having a relatively higher rate of new business creation compared with other states, data also indicates that Colorado is more "dynamic" in the process of allocating capital and labor to different uses. An economy is able to expand faster over time when resources move more quickly in response to growth opportunities.

An economy's dynamism can be measured by the rate at which jobs are reallocated from closing or contracting businesses to new and expanding ones. A "jobs reallocation rate" is calculated by taking total job gains and losses as a share of total jobs in an economy. Figure 4 shows the job reallocation rates for Colorado and the nation from 1995 through the first three quarters of 2013, the latest data available. Colorado has a higher reallocation rate than the nation's, though both the state and the nation have experienced a slightly declining rate since the late 1990s. Using data from 2013, Colorado was tied for the 11th highest reallocation rate among states.

In addition, the Information Technology and Innovation Foundation recently reported that Colorado has the second highest level of economic dynamism among states according to its 2014 State New Economy Index. In addition to job reallocation, economic dynamism is measured in the index by the number of fast growing firms, initial public offerings, new business creation, and inventor patents. Colorado's economic dynamism is helping the state experience faster growth.

Figure 4. Colorado and National Job Reallocation Rates, 1995 to 2013 3rd Quarter



Source: Business Employment Dynamics, U.S. Bureau of Labor Statistics

***The job reallocation rate varies by industry* —** In the third quarter of 2013, construction had the highest reallocation rate among major industries in Colorado while the information sector, had the lowest level. Construction has recently had one of highest rates of overall job growth while information has experienced flat or declining job levels. After construction, other major industries with higher reallocation rates were leisure and hospitality, other services, professional and business services, and retail trade. These sectors are also among the largest in the Colorado economy.

Entrepreneurial and Innovative Ecosystems

***Networks and atmosphere are very important components of entrepreneur's satisfaction with their community* –** The culture and atmosphere in which businesses operate play an important role in economic performance. Places with greater connectivity and collaboration enable the spread of ideas and information as well as problem solving that helps foster business success. A recent OSPB survey of 348 entrepreneurs and CEO's of young firms in Colorado, or "startups," found that networks and local atmosphere are the two most important attributes of the startup environment.

A summary of the survey data, shown in Figure 5, indicates the average satisfaction levels among entrepreneurs with regard to attributes of their environment. These scores, which fall on a scale from 1 to 10, represent the categories of community characteristics that have been shown to be the most important to entrepreneurial satisfaction. The relative importance column represents how closely each attribute is correlated with overall satisfaction with the entrepreneur's community.

Figure 5. Startup Value Survey of Colorado Entrepreneurs, December 2013

Attribute	Relative Importance	Average Score
What Startups Get		
Network for Startups	38%	7.0
Availability of Talent	6%	6.1
Access to Capital	11%	4.7
Local Atmosphere	29%	8.3
Institutions	15%	6.0
"What Startups Get"	100%	7.0
What Startups Pay		
Business Costs	52%	6.0
Government-Related Costs	18%	5.2
Personal Costs	30%	6.0
"What Startups Pay"	100%	6.3
Overall Value		
What Startups Get	71%	7.0
What Startups Pay	29%	6.3
Overall Value		**7.8**

Source: Office of State Planning
For more information about this data set and detailed analysis, visit www.colorado.gov/StartupValueSurvey

The data indicates that startups in Colorado rate the atmosphere in which they live and work and their networks relatively highly. Because these two attributes are highly important to entrepreneurs, this dynamic helps to add context to the level of new business creation and job growth in the state.

The survey data indicates that entrepreneurs place a strong emphasis on the benefits they are able to access in their community, as opposed to the costs of living and operating there, which are important but are less correlated with overall satisfaction levels. Further analysis of the data also showed unevenness in the satisfaction levels of entrepreneurs in various industries within Colorado. Entrepreneurs in Colorado's information and technology-related industries appear to have the highest levels of satisfaction with access to the resources they require in order to succeed.

The prevalence of networks and collaborative workspaces in Colorado helps form a good foundation for its economy going forward – Networks provide entrepreneurs and innovators access to valuable resources such as the knowledge and experience of other entrepreneurs as well as connections with mentors, leaders, investors, and talent via regularly held events. Through networks, entrepreneurs collaborate, refine their pitch, find investors, share information about business practices and the marketplace, and learn from each other as they share both successes and failures.

Important resources in a viable network include business incubators and accelerators and collaborative workspaces; also, frequent networking events engage individuals with the entrepreneurial community. Incubators and accelerators provide startup businesses assistance from peer entrepreneurs and mentors to help guide them in the development of their business. With this help, entrepreneurs make contacts and build successful networks in the business and investment communities. The interest and growth in collaborative workspaces stems from an increasingly information- and knowledge-intensive economy expanded by global high-speed Internet connectivity and mobile technology.

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National Economy Overview

Economic growth continues to be modest for the nation overall – The national economic recovery still has not established a robust footing and the expansion has been uneven, though some parts of the country are experiencing stronger growth. Unexpected weakness in statistics for the first few months of 2014 reflected the continued sluggishness of the recovery, though it was likely also influenced by the unusually cold winter across most of the country as well as other factors. Economic reports for the spring months indicate general improvement in economic conditions but continue to show modest growth in many areas and sectors.

At the national level, certain "positive feedback mechanisms" have still not sufficiently developed to produce more robust economic growth. For example, in a stronger period of expansion, households with higher expectations for the future make more purchases, which in turn raise confidence among businesses, encouraging them to hire more workers and increase orders for goods and equipment. As of now this cycle is running more slowly than in past expansions.

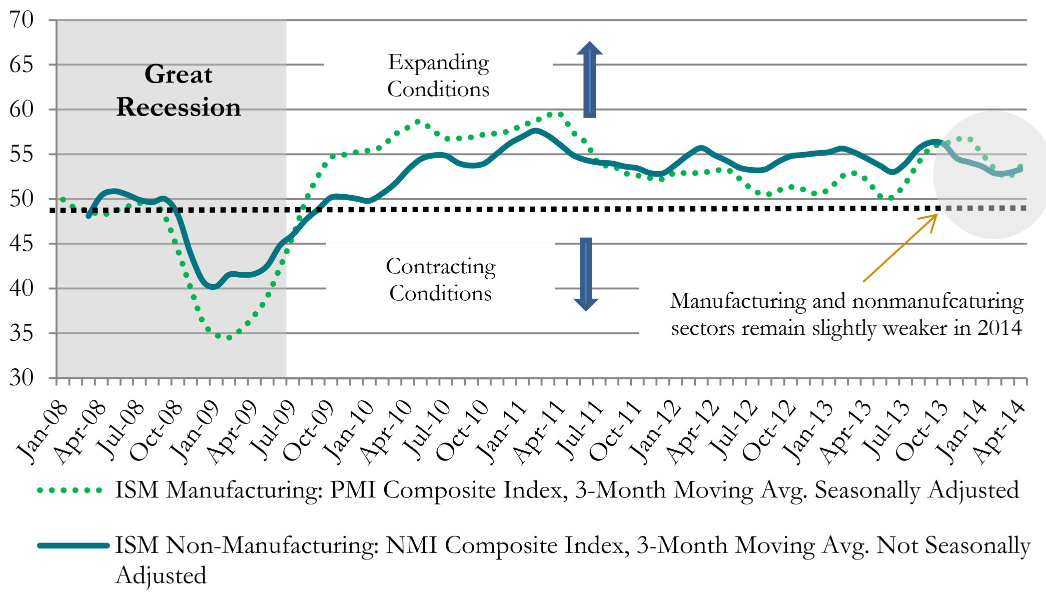
There are likely several reasons for the slower positive feedback mechanisms. It may be related to a longer period of adjustment needed in the increased complexity of today's more specialized and technological economy compared with previous economic recoveries. This may especially be the case after the massive disruptions of the Great Recession and the high debt levels, stock and housing market downturns, and financial crisis that accompanied it.

> The types of positive feedback mechanisms that tend to drive economic expansion have not been sufficiently established across much of the nation, making the recovery less robust.

Two measures of economic momentum often included in OSPB forecasts are the manufacturing composite index and the non-manufacturing composite index published by the Institute for Supply Management (ISM). These two indices show data collected from surveys of businesses which gauge business activity by tracking key behaviors, such as placing new orders, increasing production volume, hiring new employees, and making deliveries. Because these activities tend to precede growing business output in the future, they also can serve as a leading indicator of overall activity.

Both ISM indices showed declines every month in 2014 until April, when each index ticked upward slightly. Until April, the manufacturing index had been falling since September 2013, indicating softening confidence among businesses in the manufacturing sector. Still, the readings for both indices have remained above 50, the level that distinguishes between expectations for growth versus expectations for decreasing activity.

Figure 6. ISM Manufacturing and Non-Manufacturing Indices, January 2008 to April 2014



Source: Institute for Supply Management

Many indicators of economic activity improved during the spring – Recent data shows at least modest growth in most parts of the economy. Consumer spending, especially on vehicles, has been reported as stable or growing in nearly all regions of the United States. This has supported strength in non-financial services and manufacturing, which was reported as expanding in all twelve Federal Reserve districts in the most recent "Beige Book" summary of economic conditions published by the Federal Reserve System. The financial sector also remained healthy over the first several months of 2014, as loan demand and credit quality remained strong during this time. Demand for auto loans has been especially strong, indicating that consumers have continued to replace automobiles, which, along with other durable goods purchases, indicates a generally positive outlook among households.

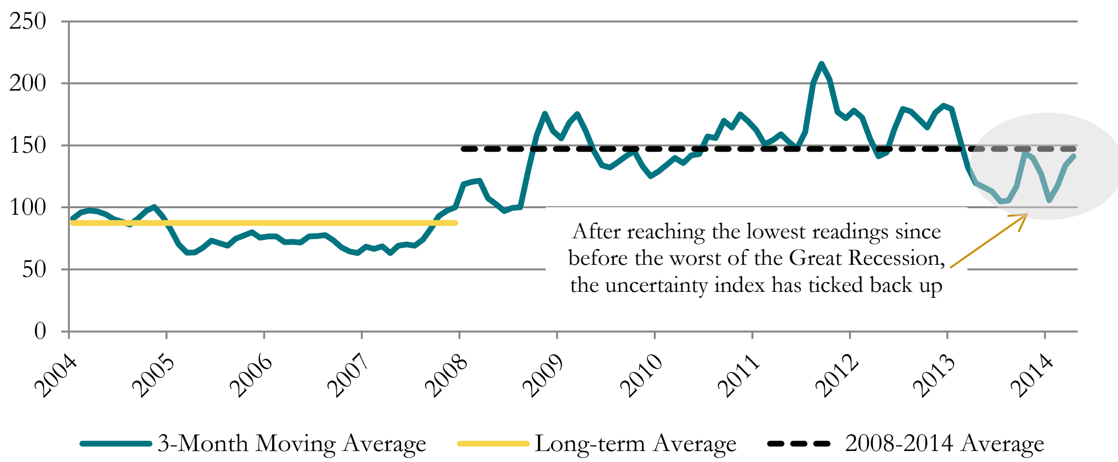
While nearly all parts of the country showed signs of growth in the first part of 2014, the pace of growth has been slow, remaining modest and uneven. Among major sectors, agricultural activity has been the least strong in 2014, having been impacted by the cold winter as well as drought conditions in 2013. The pace of employment growth has also been slow despite increased unfilled job postings by employers.

The highest levels of confidence among business leaders are among those businesses that were most recently opened. The Startup Confidence Index published by The Ewing Marion Kauffman Foundation and LegalZoom gauges the outlook of business owners who have formed their entities within the past six months. The index for the first quarter of 2014 showed that 91 percent of respondents were confident that their business would be more profitable over the next 12 months, remaining at the highest reading since the survey began in the first quarter of 2012. While entrepreneurial confidence levels are typically higher than overall business confidence levels, the reading indicates that those individuals who are taking entrepreneurial risks remain positive about prospects in the near-term.

***Uncertainty remains elevated since the recession* –** The Economic Policy Uncertainty (EPU) index, developed by economists from Stanford University and the University of Chicago, ticked upward in the last two months after falling to some of the lowest levels since the recession. The increase in the EPU index indicates that news organizations are still reporting on risks at a higher rate than before the recession. Figure 7 below shows the history of the EPU, which is constructed using information about news topics, federal tax code provision changes, and disagreement among economic forecasters, as well as the long-term average index reading and the average from 2008-2014.

> Even with fewer visible risks to the economy, uncertainty about the future may be continuing to present an obstacle to stronger growth at the national level.

Figure 7. Economic Policy Uncertainty Index for the United States, 2004 to Present



Source: Economic Policy Uncertainty, www.policyuncertainty.com

Elevated uncertainty about future conditions tends to be one of the largest obstacles to economic growth, and uncertainty has been much higher than usual since the Great Recession as a result of many factors such as the nature of the financial crisis, unprecedented monetary policy from the Federal Reserve, and a higher degree of disagreement among fiscal policy makers at the federal level.

International Trade

Economic performance across the word is mixed – According to a recent World Bank report, the global economy started the year more slowly than expected, attributable to unusually cold weather in the United States and conflict in the Ukraine and Russia. Additionally, the euro zone, still in an early phase of recovery, has grown tepidly with the larger economies of Germany and the United Kingdom as the key sources of demand for the rest of Europe. Italy, Portugal, and France are slower to recover and overall growth remains weak. Though global activity is slower than forecasted, it is expected to improve throughout 2014 and in 2015, with much of the momentum coming from "advanced economies" such as the U.S., euro zone countries, and Japan.

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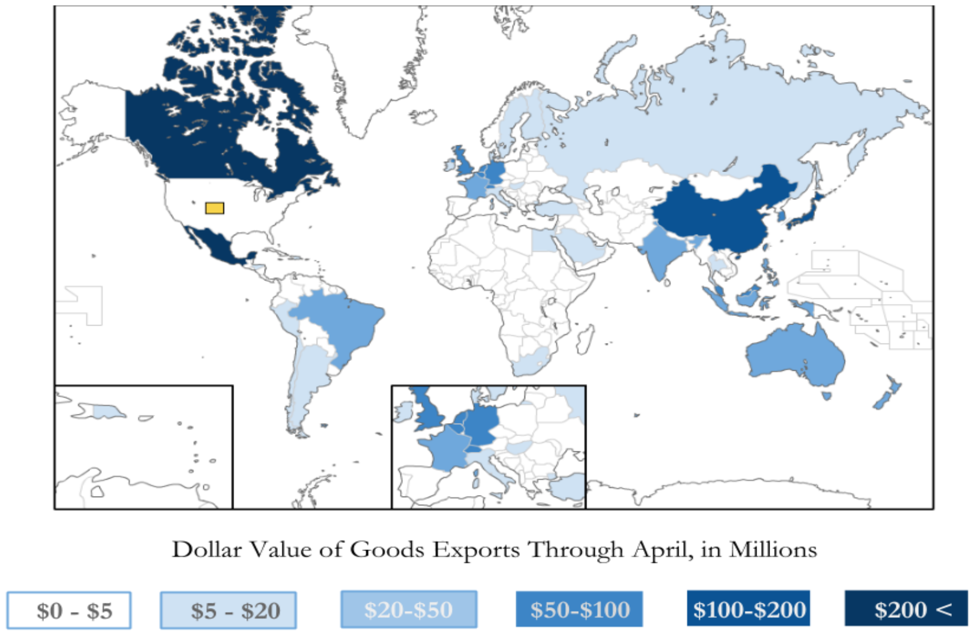
Although activity in many "emerging economies" such as Brazil, China, India, and Russia, remains sluggish, exports to advanced economies are expected to strengthen. In May, the Hongkong Shanghai Bank Corporation (HSBC) China Composite Purchasing Managers' Index (PMI) index showed a fourth successive monthly fall in output. Concurrent to this decline, however, Chinese export orders in May increased at a level not seen since April 2010. Other emerging economies, such as Russia, India, and Brazil saw falling output in April, according to the HSBC Emerging Markets Index. For the highly connected global economy, conditions and economic activity in other parts of the world impact Colorado and the U.S. Therefore, if growth in these regions were higher, it would be reasonable to expect a positive outcome on Colorado's economy.

Signs of slowing export growth for Colorado – The slowing economies in Asia and in emerging countries and a slow recovery in Europe have dampened Colorado and U.S. exports. Colorado's largest export destinations include Canada, Mexico, China, Japan, and euro zone countries, as shown in Figure 8. Thus, a change in economic growth in these economies directly impacts the state. Goods exports decreased 4.3 percent in Colorado and increased 2.1 percent nationally through April compared to the same period a year ago. Most of the drop in Colorado's exports was due to a decline in trade with Europe in industrial and electrical machinery, pharmaceutical products, and plastics. With global growth forecasted to improve, this growth will help bolster Colorado's exports throughout the year.

Figure 8. Colorado's Largest Goods Export Destinations, Million Dollars, Year-to-Date through April 2014



Source: Wiser Trade Data

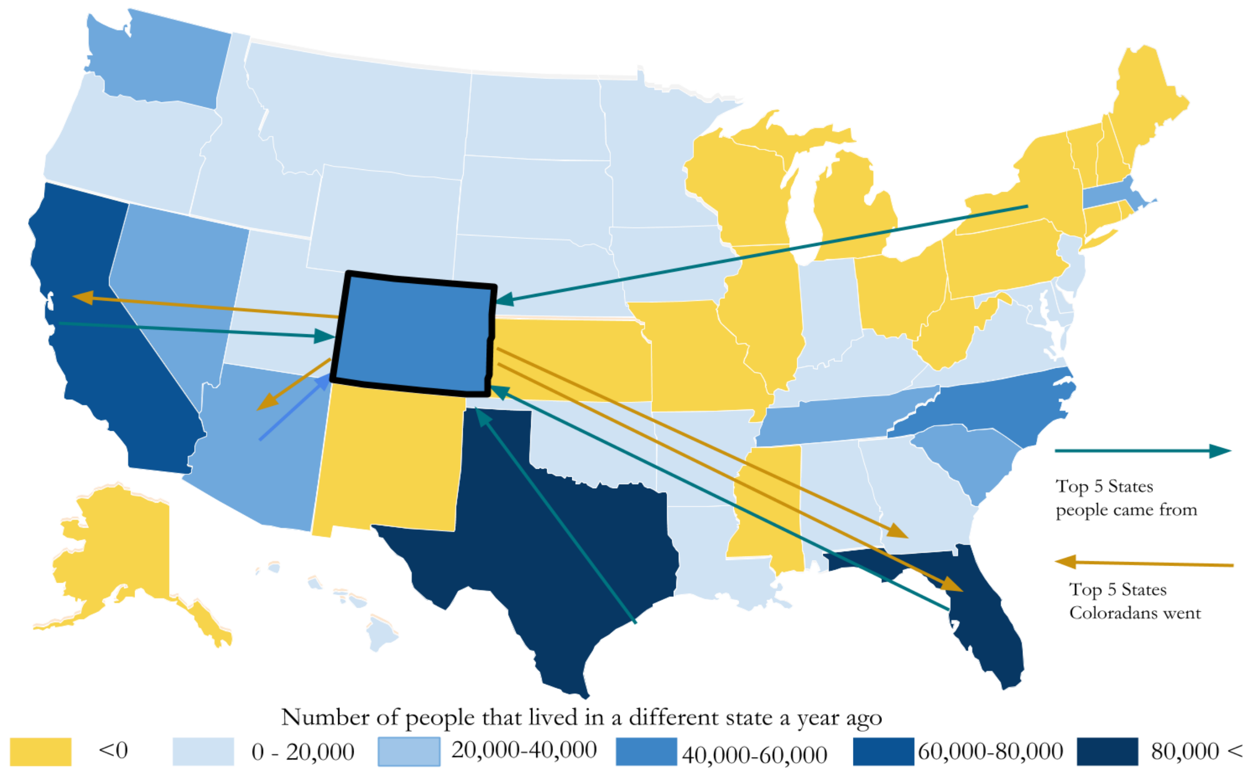
Colorado's export of services **–** Compared with the nation, Colorado's economy is more services-intensive, particularly in regard to services that can be exported, such as engineering, legal, accounting, technological, and business consulting services. Unfortunately, in contrast with goods exports, state level data on the amount of services exported is unavailable.

The Institute for Supply Management's (ISM) new export orders index for services and non-manufacturing activities in the United States for May registered 53, indicating that the export of services continues to grow. Industries reporting increases in new export orders include, information, retail trade, professional, scientific services and technical services, and finance and insurance. This is positive for Colorado more service-intensive exports.

Labor Market Conditions and Demographics

Migration to Colorado continues to bolster Colorado's economy and labor force **–** In 2012, Colorado had the fifth highest level of net migration among states. The top states of origin for this migration to Colorado were Texas, Florida, California, and North Carolina as shown in the Figure 9. Factors that attract or "pull" migrants to Colorado include job growth, local atmosphere, varied lifestyle options, business networking and support, and a favorable climate.

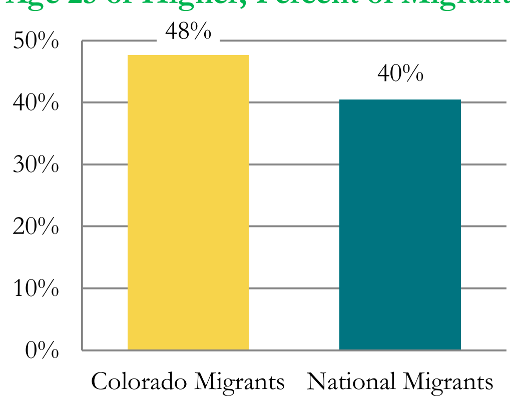
Figure 9. Migration Across States in 2012



Source: Census Bureau

In 2012, 48 percent of in-migrants to Colorado aged 25 years and older had a bachelor's degree or higher. According to Census Bureau data as shown in Figure 10, Colorado's in-migrants on average have higher educational levels than migrants nationally. This level of human capital migrating to Colorado helps fuel the economy by enabling greater business creation, innovation, and production of high value goods and services.

Figure 10. Bachelor's Degree or Higher for Age 25 or Higher, Percent of Migrants



Source: Census Bureau; national migrants are those that have migrated between states in the past year

Job growth in Colorado's industries **–** Overall, Colorado's job growth has been relatively strong. Based on an analysis by Economic Modeling Specialists Intl, a labor market and economic analysis firm, Colorado had the 5th highest job gains per capita among states, including Washington D.C., from 2010 to 2013.

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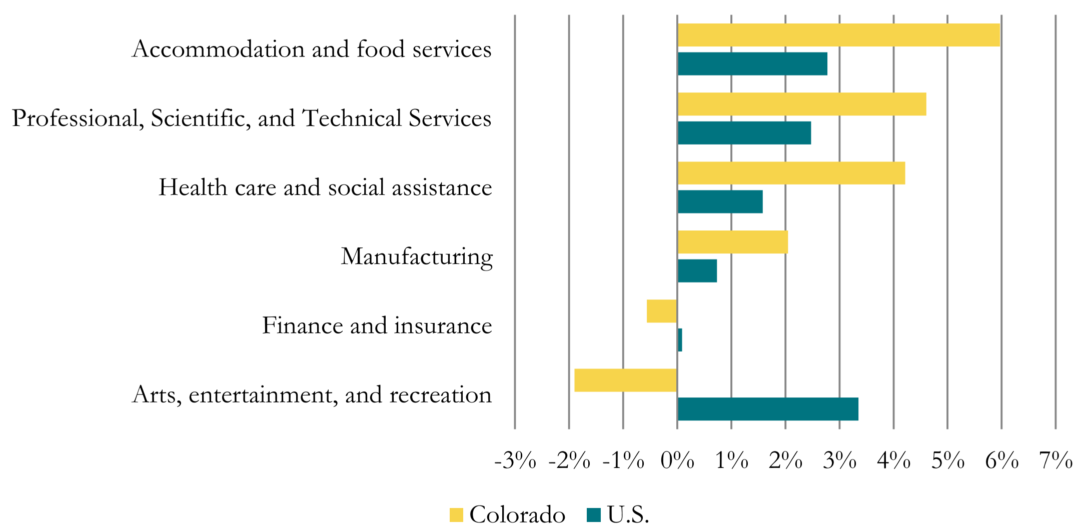
In today's information- and technology- based economy, high-skilled workers play a major role in economic growth. Growth in industries that employ skilled workers, such as engineering, consulting and technological product development and services, help generate growth in peripheral sectors such as housing-related industries and services-based sectors including accommodation and food services.

Figure 11 depicts Colorado's job growth in select industries. Since the end of the Great Recession, much of Colorado's recent job growth has occurred in health care and social assistance, professional, scientific and technical services, and construction, accommodation and food services. Industries with slower or negative growth include finance and insurance, arts, entertainment, and recreation, and manufacturing. It is noteworthy, however, that manufacturing is experiencing job growth both nationally and in Colorado as the industry had a long period of job losses preceding the Great Recession.

Figure 11. Job Growth in Various Industries, Colorado and the US
Percent Change of Monthly Average,
January through April 2014 over January through April 2013

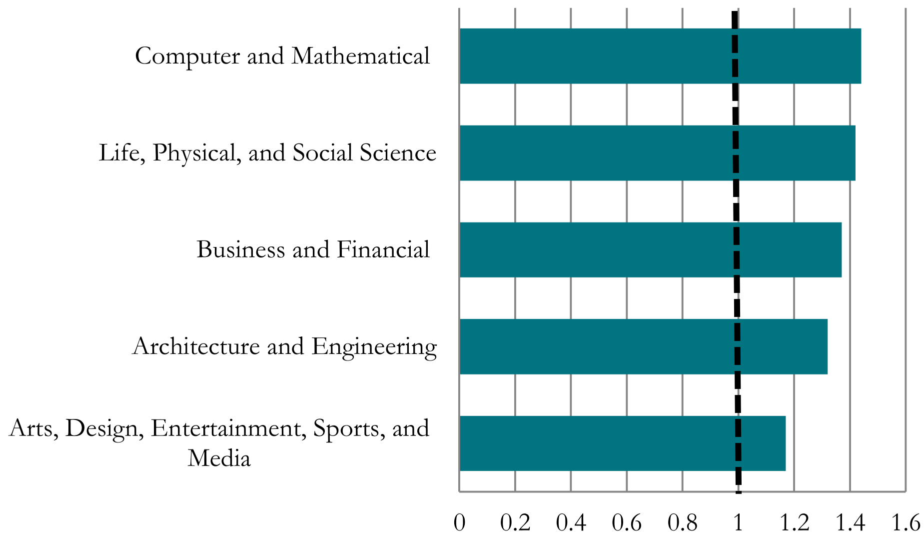


Source: U.S. Bureau of Labor Statistics; non-seasonally adjusted data

Colorado has a concentration of workers in STEM and creative occupations **–** Regional economies with concentrations of people with science, technology, engineering, and mathematics (STEM) skills and in creative occupations, such as the arts, entertainment and media, tend to experience more growth. These types of workers are generally involved in more innovative activities and produce higher-valued goods and services. These activities promote higher levels of income growth in an economy.

As shown in Figure 12 below, the state has a concentration of STEM and creative-related occupations. An occupation's "location quotient" measures a region's specialization relative to the nation. A location quotient greater than 1 indicates that the state has proportionally more workers compared to the nation as a whole.

Figure 12. Colorado Location Quotient for STEM and Creative Class Occupations, May 2013



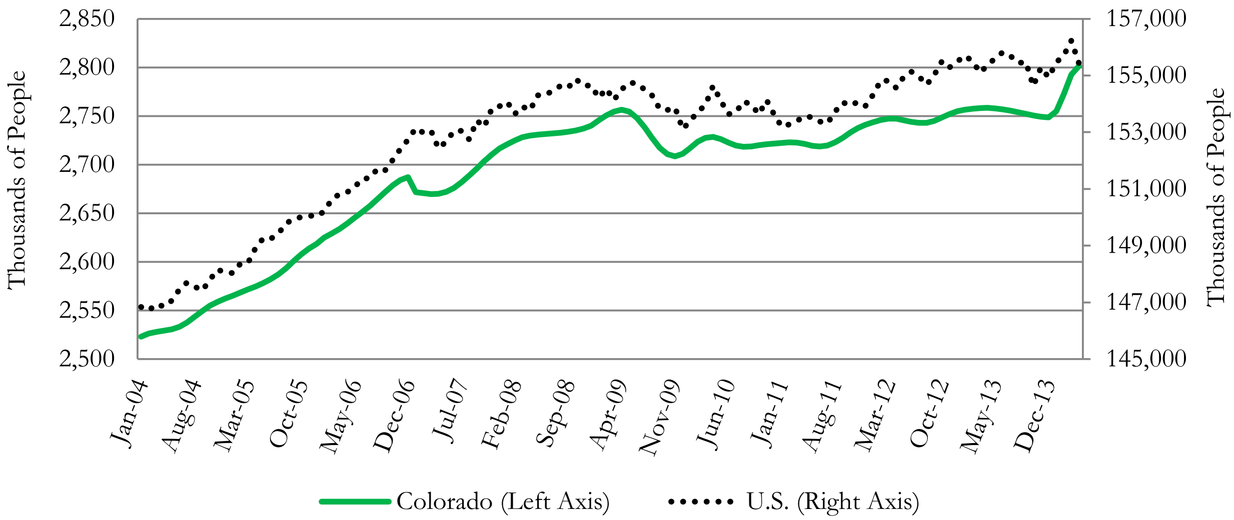
Source: Bureau of Labor and Statistics

> As a signal of further growth in the economy, Colorado has the most bachelor's level and higher STEM job postings per capita and the second most STEM job postings overall.

***Colorado has a high number of STEM job postings* –** Colorado has the most bachelor's level and higher STEM job postings per capita and the second most STEM job postings overall, according to a recent 2014 report on the market for STEM entry-level jobs by Burning Glass Technologies, a Boston-based labor market analytics firm. This level of job postings in STEM occupations signals a potential for continued economic and wage growth in the future in state due to the value of these workers to the economy. In addition, entry-level workers generally have more potential for greater wage increases. Growth in STEM occupations also often leads to job growth in other sectors as STEM occupations are higher paying– nationally averaging $75,454 per year and $77,878 per year in Colorado.

***Recent growth in Colorado's labor force is a sign of recent economic momentum* –** Colorado's labor force grew by 53,000 people, or 1.9 percent, through April since December of 2013 while it remained flat over the same period at the national level. The lack of growth in the labor force starting in the Great Recession both nationally and in Colorado can be attributed to several factors, including an aging population, more people attending school and taking care of family, as well as more people having difficulty finding employment opportunities. The recent increase in Colorado's labor force, shown in the Figure 13, signals continued improvement in the state economy, and individuals perceive that there are more opportunities to earn income.

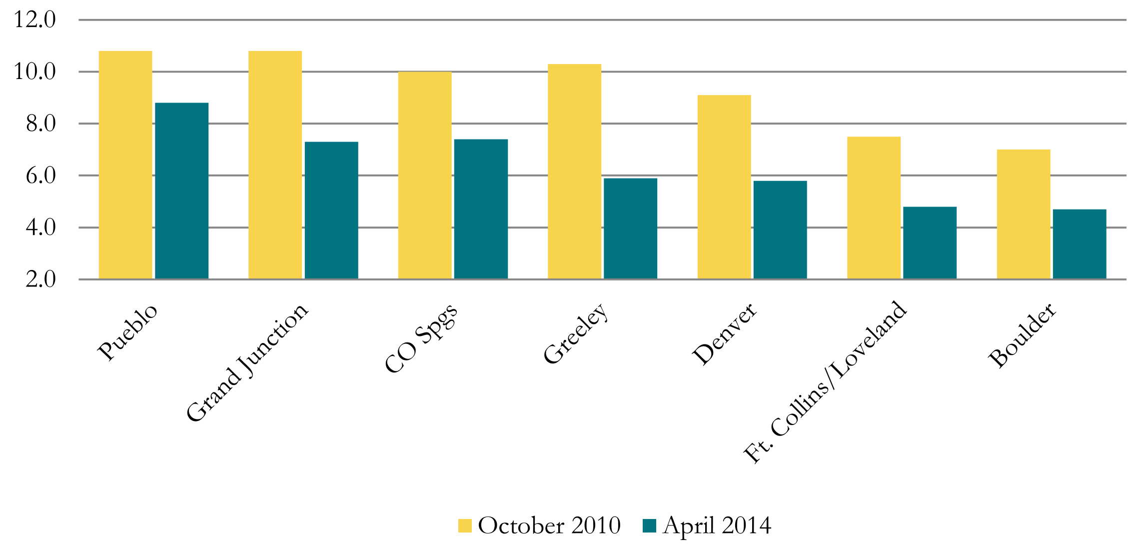
Figure 13. Colorado and US Labor Force,
January 2004 to April 2014



Source: U.S. Bureau of Labor Statistics

***The state's unemployment rate continues to fall but challenges persist in the labor market* –** The rate of job creation in Colorado has absorbed migrant and in-state job seekers, thus reducing the state's overall unemployment rate, also known as the "U-3" rate. Though progress has occurred across Colorado and the nation, certain segments of the labor market still face difficult adjustments from the Great Recession. Differences in both the levels and the decline of unemployment rates across the state illustrate the unevenness of the recovery as shown by Figure 14. In general, the regions with the highest concentration of skilled workers and more diverse growing industries have bounced back from the disruptions of the Great Recession with stronger job growth and have lower unemployment levels. Still, though unemployment remains elevated in some parts of Colorado, it has declined in every region since the recession.

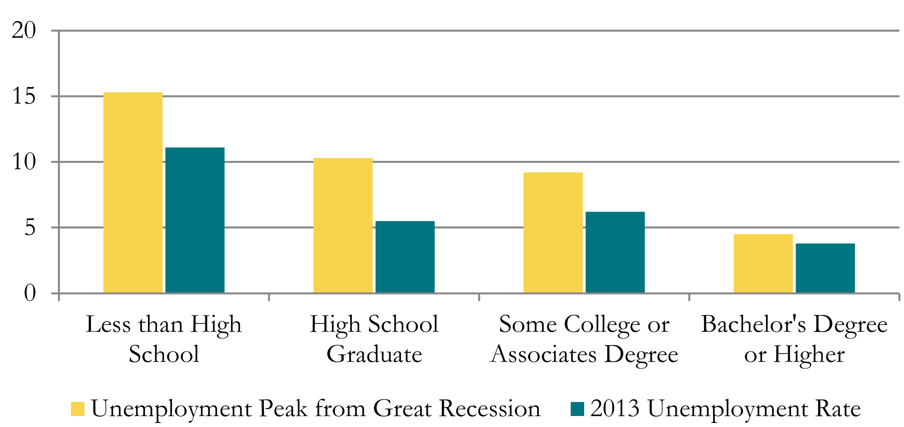
Figure 14. Unemployment Rates Across Colorado's Major Regional Economies, Great Recession Peak, October 2010 to April 2014



Source: U.S. Bureau of Labor Statistics

Figure 15 shows unemployment in Colorado by level of educational attainment both during the Great Recession and in 2013. The unemployment rate dropped faster for less skilled workers, though these individuals had more elevated unemployment rates during the peak of the recession. Some of the drop in the unemployment rate for high school graduates is from a decline in these individuals being counted in the labor force due to several reasons, such as attending college rather than work and less employment opportunities in the aftermath of the Great Recession.

Figure 15. Colorado Unemployment Rates by Level of Educational Attainment, Great Recession Peak and 2013 Unemployment Rate, Percent



Source: U.S. Bureau of Labor Statistics and U.S. Census Bureau, Current Population Survey

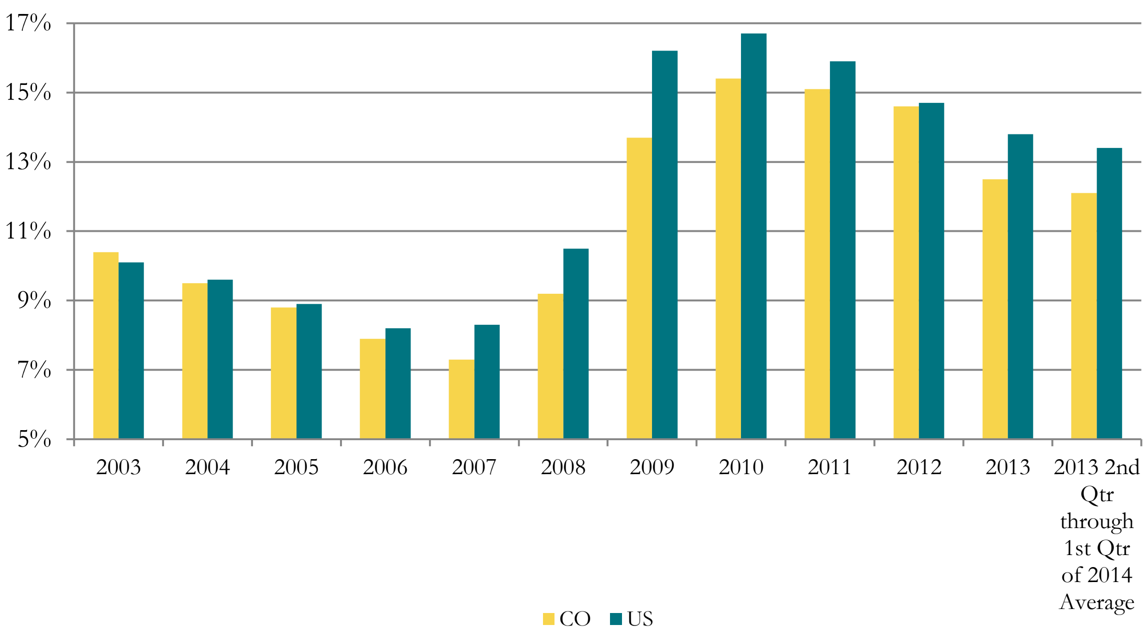
Underemployment and the duration of unemployment continues to be a lingering problem in the labor market – Short-term unemployment, those unemployed for less than 27 weeks, has returned to prerecession levels. In contrast, long-term unemployment, those unemployed over 27 weeks, has remained above prerecession levels, which raises the overall unemployment rate.

In addition, the U-3 rate does not fully capture the broader labor market as some individuals leave the labor force for various reasons, as noted above. These individuals are not actively searching for a job so they are not counted as unemployed nor included in the labor force.

In Colorado, the U-6 rate of unemployment was 12.1 percent in the second quarter of 2013 through the first quarter of 2014.

The U-6 rate, a broader measure of unemployment, captures the number of unemployed as counted in the traditional U3 rate, plus individuals who want to be employed but who have not recently looked for work, sometimes because they are discouraged by their job prospects, and individuals who want to work full-time but who are only employed part-time for economic reasons. As shown in Figure 16, in Colorado, the U-6 rate of unemployment was 12.1 percent in the second quarter of 2013 through the first quarter of 2014, decreasing from the recession high of 15.4 percent in 2010. The national U-6 rate was slightly higher at 13.4 percent over that same period.

Figure 16. Colorado U-6 Unemployment Rate, 2003 to 2013 Second Quarter through First Quarter of 2014



Source: U.S. Bureau of Labor Statistics

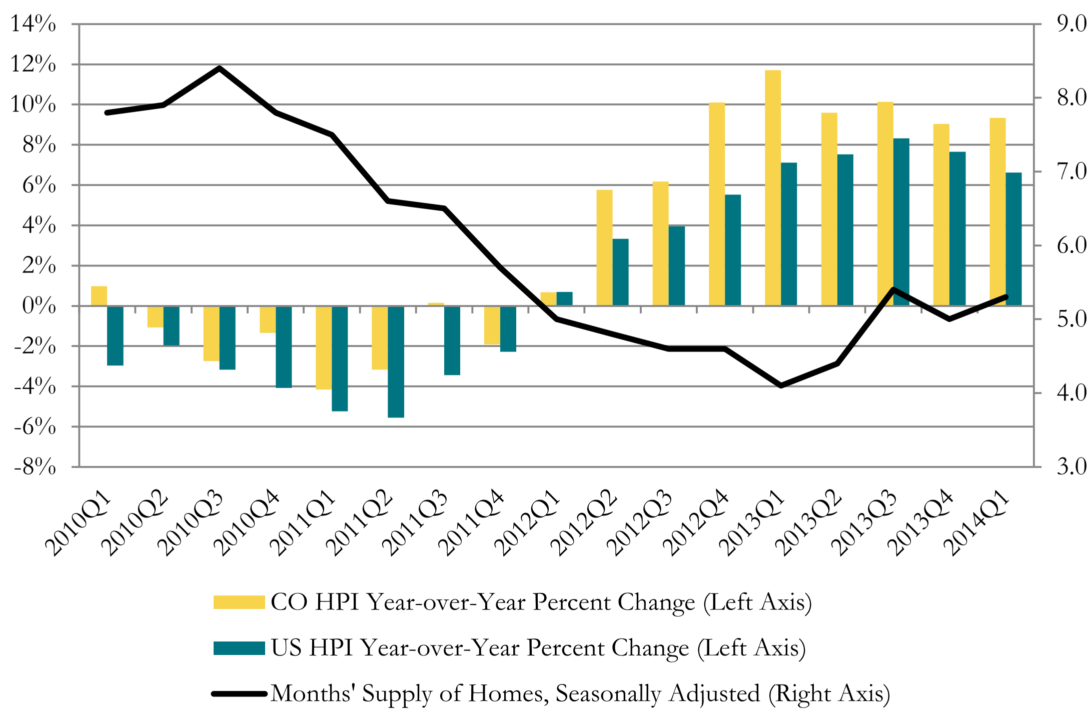
Housing and Construction

> Positive feedback mechanisms appear to have taken hold in the housing market, where rising prices are contributing to more activity and also reducing negative equity. In some areas, supply shortages are constraining growth and causing high prices.

Home prices generally continued to rise in the first quarter of 2014 as demand for homes remained relatively strong in many regions. Price growth is being supported, in part, by lower inventories of homes for sale and fewer distressed properties. Rents are also increasing in the largest metro areas as the rate of household formation grows along with job gains and increased income. High rents in many parts of the country are encouraging homebuilders to focus on apartments and condominium construction projects more than usual.

Figure 17 shows the seasonally-adjusted Home Price Index (HPI) published by the Federal Housing Finance Agency (FHFA), as well as the inventory of homes for sale as reported by the US Census Bureau. The rate of price growth moderated for the nation as a whole while price gains accelerated in Colorado, reflecting the state's better economic performance.

Figure 17. FHFA House Price Index Year-over-Year Change with National Months' Supply of Existing Homes, 2010 through First Quarter of 2014

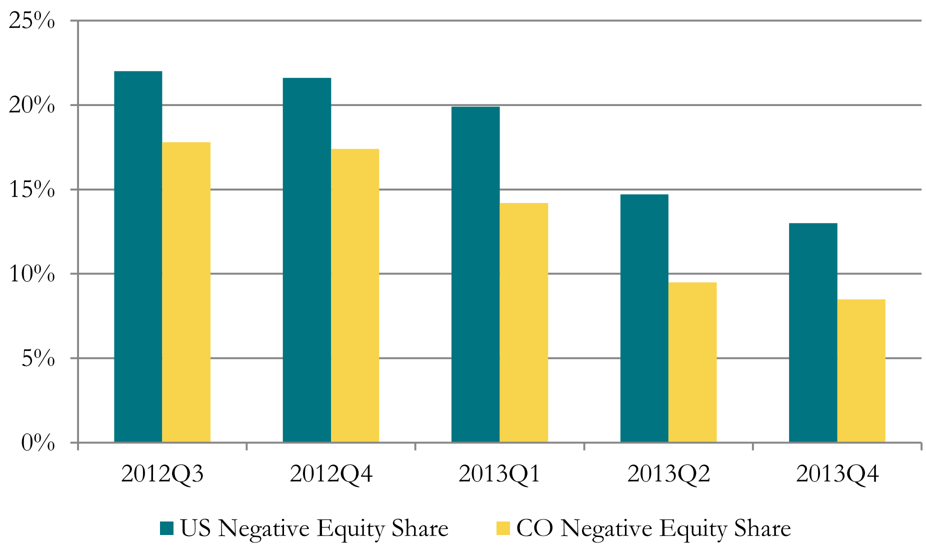


Source: Federal Housing Finance Agency and U.S. Census Bureau

Higher values, combined with economic growth, are resulting in fewer troubled properties – High levels of distressed sales typically put downward pressure on housing prices, so declining numbers of distressed sales tend to predict stronger growth in home values. "Distressed sales" refers to sales of properties that are in foreclosure or sales of properties for less than the amount owed on the mortgage.

One strong predictor of distressed property sales is the number of mortgaged properties that are "underwater," meaning that the amount owed on the mortgage loan is more than the amount for which the property could be sold. Figure 18 illustrates the most recent changes in the share of properties with negative equity as reported by Core Logic, a major provider of data on consumer credit and the housing market. In addition to supporting housing prices, the declining share of negative equity means that more homeowners have access to growing home equity, a factor which supports economic growth by improving consumer confidence and offering more opportunities to finance entrepreneurial endeavors.

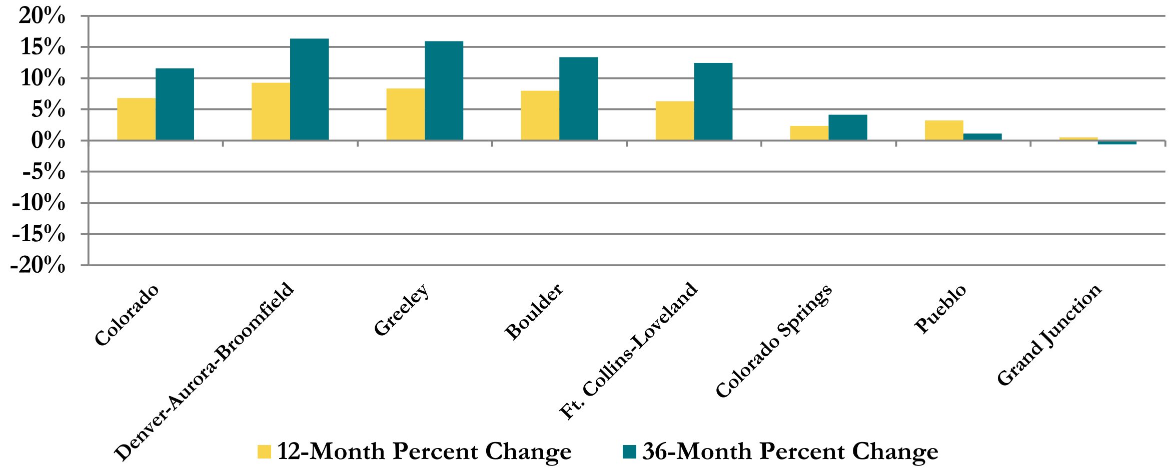
Figure 18. Share of Mortgage Loans with Negative Equity, U.S. and Colorado, Third Quarter of 2012 through Fourth Quarter of 2014



Source: Core Logic

Home prices are now rising in all Colorado markets, though growth remains uneven – For the first time since the Great Recession, average home prices have grown over the last twelve months in all major housing markets in Colorado. Figure 19 shows the percentage change in home prices over the last 12 months and the last 36 months in each region of Colorado for which the FHFA publishes home price data. The pace of growth and the actual average value of homes varies widely among regions in the state.

Figure 19. Changes in FHFA House Price Index for Regions of Colorado, as of the First Quarter of 2014

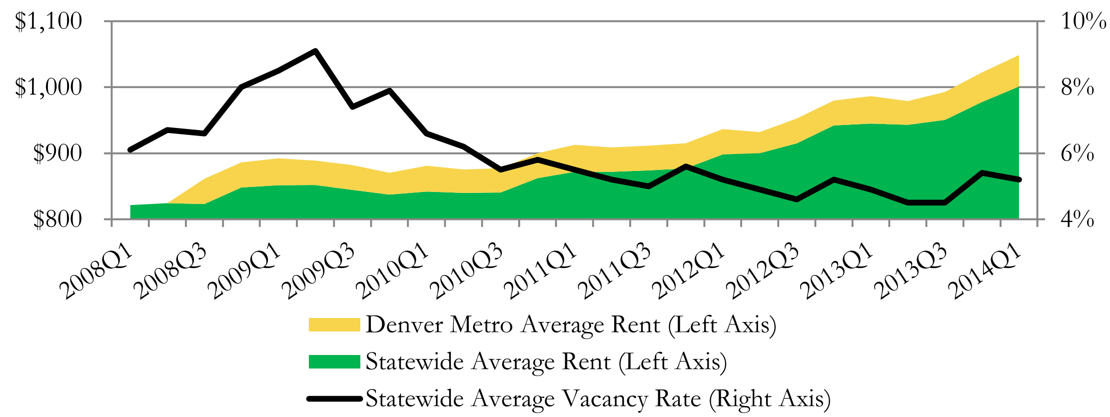


Source: Federal Housing Finance Agency

Housing markets across the United States have experienced wide variation in performance. While housing markets are generally not declining throughout the United States, many areas are sluggish, with some still not seeing home prices rise. Average home prices in Colorado surpassed their pre-recession peak at the end of 2012, yet home prices at the national level still remain below the peak reached in 2007 before the housing market collapse.

Rising rents continue to characterize Colorado's housing market – Average rent for the Denver metro area rose to $1,073 and statewide average rent rose to $1,028 in the first quarter of 2014, according to reports co-sponsored by the Colorado Division of Housing. These figures mark record high rates for both the Denver metro area and for Colorado as a whole, and they continue a pattern of growing rents supported by strong demand for rental units and a growing population.

Figure 20. Average Rent and Vacancy Rate for Colorado, Statewide and Denver Metro Area, 2008 through First Quarter of 2014



Source: Colorado Division of Housing

Not all rental housing markets in Colorado are experiencing rent growth similar to the Denver metro area. Grand Junction has experienced declining rents for five consecutive quarters and Pueblo has seen rents rise and fall in alternating quarters for the last twelve months. On the other hand, the rental housing markets in Greeley, Colorado Springs, and Fort Collins/Loveland have all experienced price growth over the last several quarters, reaching average rents of $793, $822, and $1183, respectively, in the first quarter of 2014.

> The demand for rental housing is strong, in the Denver metro area due to a growing population and economy. Other parts of the state are experiencing mixed conditions in the market for rental housing.

A key contributor to rental demand is reluctance among many households to return to the housing market since the financial downturn and recession, causing them to rent housing as an alternative to owning a home. Even for those who would like to purchase a home, the slower labor market recovery for some sectors and tightened credit standards have increased the difficulty of qualifying for a mortgage loan.

Additionally, as people first form households, it is common for them seek rental housing rather than purchase a home immediately. The rate of household formation in Colorado has increased as economic growth strengthens, allowing many young people to find employment and leave parents' homes, a trend that will continue to support the demand for all types of housing, including rentals and home purchases.

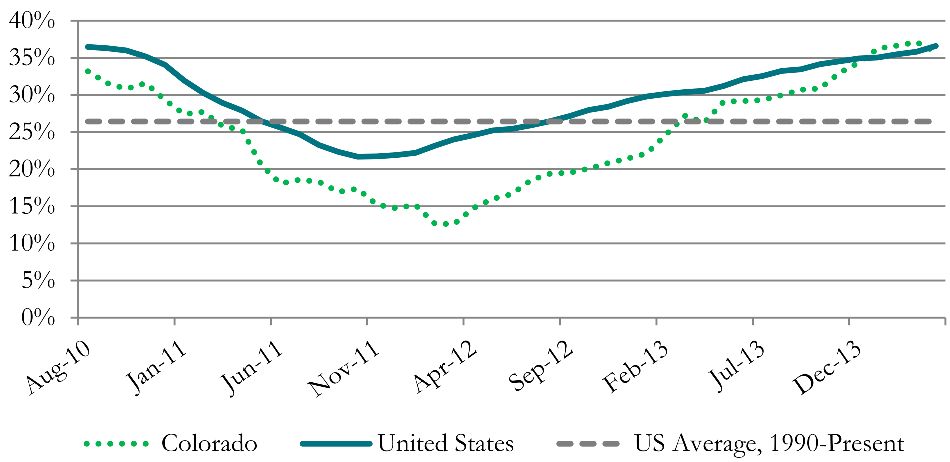
Housing market strength is supporting increased construction, especially of apartments and condominiums – Home builders have increased residential construction projects in response to growing demand. Residential construction in Colorado is accelerating faster than the nation, though all residential construction remains below its levels before the housing downturn.

A growing share of new construction permits are for multi-family units, such as apartments and condominiums. This is reflective of the higher demand for rental housing, low vacancy rates, and resulting high rents. All of these factors indicate that additional supply is needed in the residential rental market, especially in parts of Colorado, which is attracting investors and builders to multi-family construction projects.

> High rent, low vacancy rates, accelerating household formation, and continued population growth are all making multi-family construction more attractive to homebuilders.

Figure 21 shows a history of the share of total building permits that were for multi-family units in both Colorado and the nation. As shown, the current proportion of roughly 35 percent of all construction permits is much higher than the long-term average of about 26 percent. The high proportion of multi-family construction permits will result in a high number of new rental units coming available for Colorado renters over the next several months and the resulting increased inventory is expected to moderate rent increases in the state.

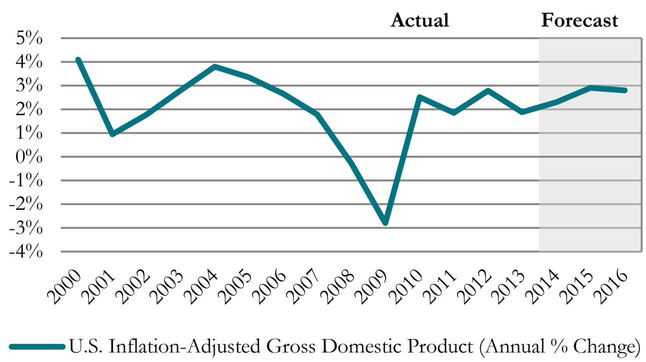
Figure 21. Share of Building Permits for Multi-Family Units, United States and Colorado, August 2010 through April 2014



Source: U.S. Census Bureau

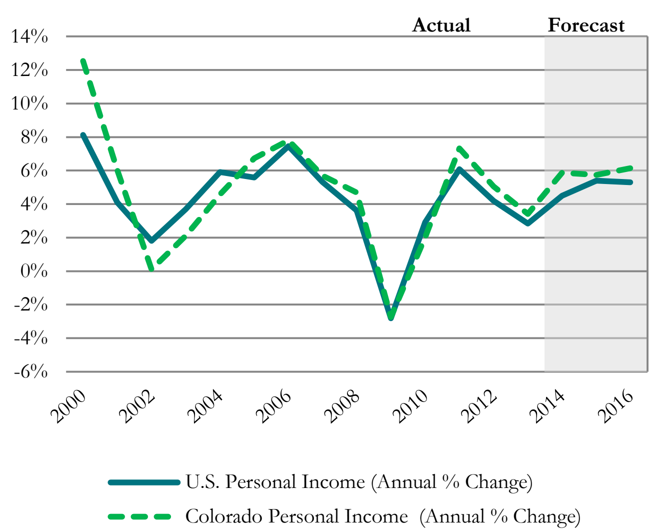
SUMMARY OF KEY ECONOMIC INDICATORS
ACTUAL AND FORECAST

U.S. Gross Domestic Product (GDP)



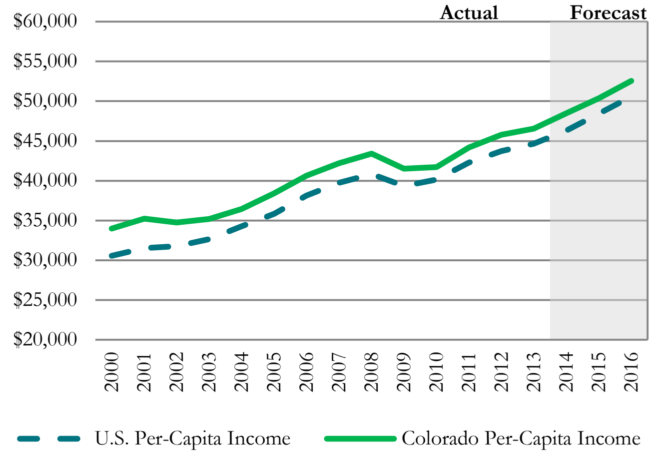
- GDP is a barometer for the economy's overall performance and reflects the final value of goods and services produced in the U.S.
- GDP grew 1.9 percent in 2013 and will grow 2.3 percent in 2014.

U.S. and Colorado Personal Income



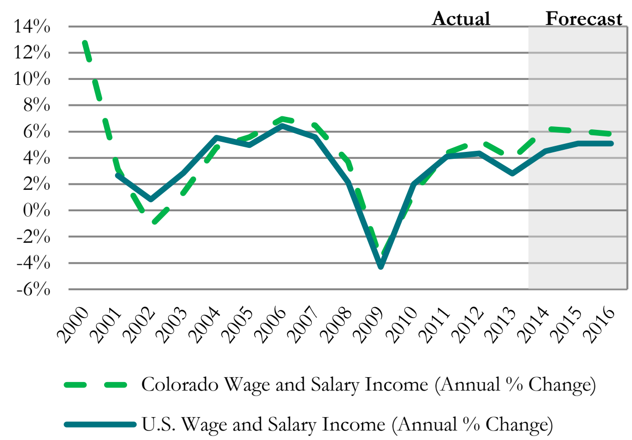
- Personal income consists of wage and salary income, proprietors' income, government transfer receipts, and interest and dividend income. It is an indicator of economic health, as households earn more their finances improve and spending is supported across the economy.
- Personal income received by Coloradans grew at a rate of 3.4 percent in 2013 and will grow 5.9 percent in 2014.
- Personal income for the nation grew 2.8 percent in 2013 and will grow 4.5 percent in 2014.
- The lower growth rates in 2013 were due in part to the shifting of certain income into 2012 from federal tax policy changes.

U.S. and Colorado Per-Capita Income



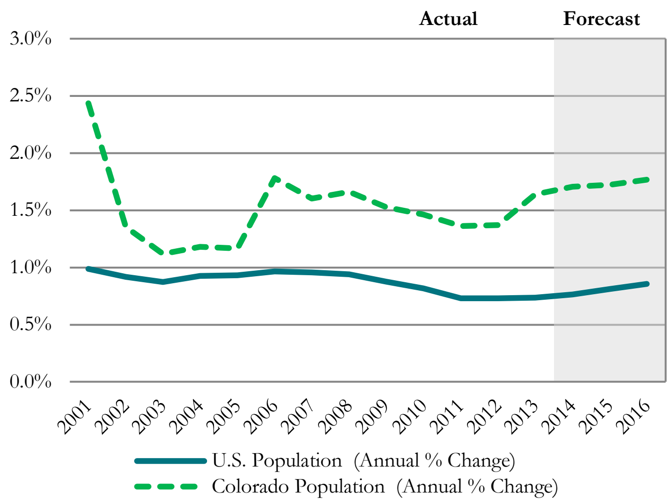
- Per-capita income in Colorado grew to $46,562 in 2013 and will grow 4.1 percent to $48,470 in 2014.
- Nationally, per-capita income increased in 2013 to $44,666 and will grow 3.7 percent in 2014 to $46,320.

U.S. and Colorado Wage and Salary Income



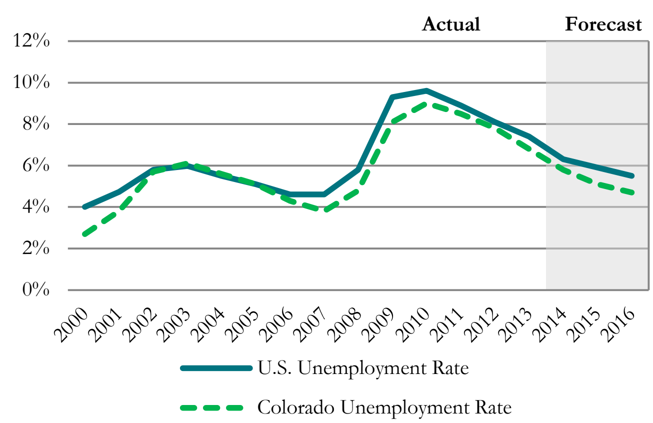
- Total wages and salaries paid to workers grew in Colorado at a rate of 3.9 percent in 2013 and will accelerate to 6.2 percent in 2014.
- Wage and salary income for the nation increased 3.0 percent in 2013 and will grow 5.0 percent in 2014.
- As with personal income, the lower growth rates in 2013 were due in part to the shifting of certain income into 2012 from federal tax policy changes.

U.S. and Colorado Population



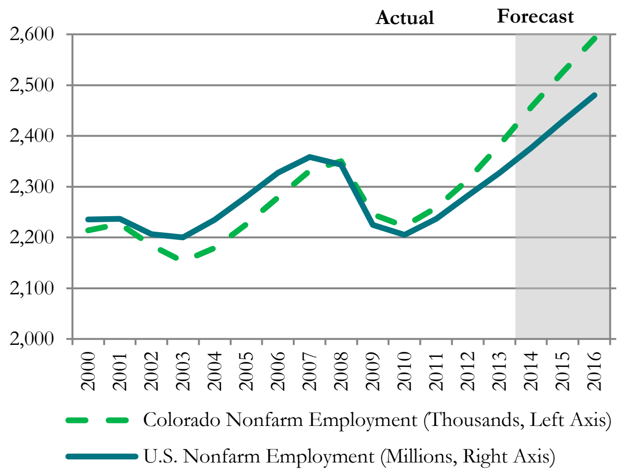
- The state's average population growth rate from 2008 to 2013 was approximately 1.5 percent. Nationally, average population growth was slightly less than one percent.
- Colorado's population is expected to grow 1.7 percent and reach 5.4 million in 2014.
- The nation's population will continue to grow less than one percent throughout the forecast period.

U.S. and Colorado Unemployment



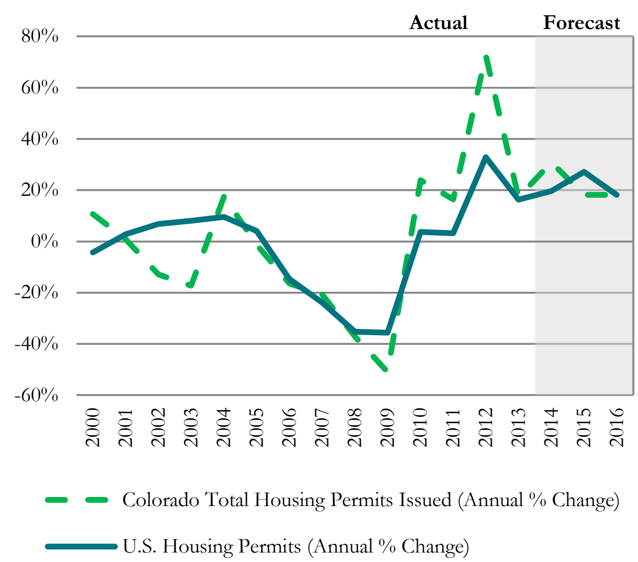
- The unemployment rate continues to fall.
- OSPB forecasts Colorado's unemployment rate at 5.8 percent in 2014 after averaging 6.8 percent in 2013.
- The national unemployment rate in 2014 will average 6.3 percent, after a rate of 7.4 percent in 2013.

U.S. and Colorado Total Nonagricultural Employment



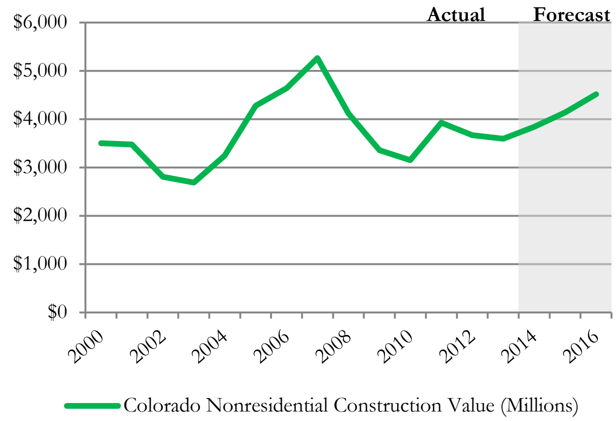
- Colorado gained 69,100 nonfarm jobs, or 3.0 percent in 2013, with broad growth across industries.
- Payroll jobs from Colorado employers will increase 3.1 percent in 2014.
- The nation is seeing signs of pickup in the labor market as over 4 million job openings were recorded for the third consecutive month in April. The number of quits are also increasing, indicating that workers are more optimistic with their job prospects. Nonfarm payroll jobs will increase 1.8 percent in 2014, after growing 1.7 percent in 2013.

U.S. and Colorado Housing Permits Issued



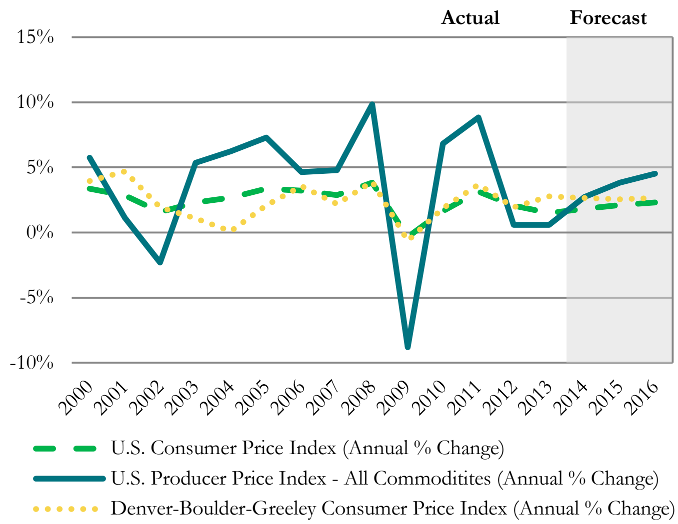
- Home prices in Colorado grew 9.3 percent between the first quarter of 2013 and the same time in 2014, rising to 13.8 percent above their pre-recession peak in 2007.
- National home price growth has decelerated to 6.6 percent year-over-year growth in the first quarter of 2014. Home prices on average nationally remain about 7.9 percent below their 2007 peak.
- Colorado residential construction permits grew 17.2 percent in 2013 and will grow 30.9 percent in 2014.
- Housing permits for the nation increased 16.3 percent in 2013 and will grow 19.6 percent in 2014.

Colorado Nonresidential Construction Permits



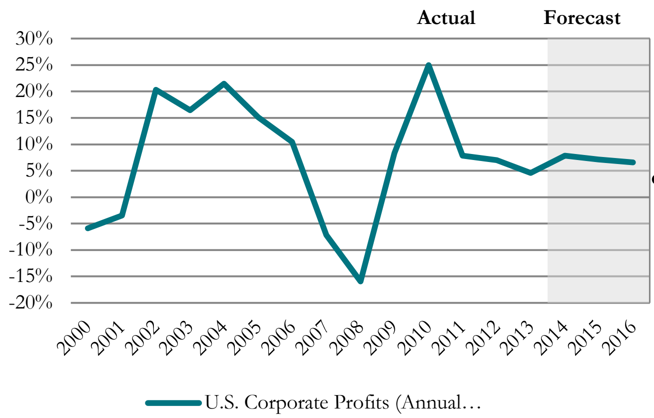
- Growth in nonresidential construction activity remains modest as companies are seeking less office and industrial space, though some stronger regional economies are experiencing higher levels of construction.
- In Colorado, the total value of nonresidential construction projects decreased 2.0 percent in 2013 and will grow 6.7 percent in 2014.

Consumer Price Index and Producer Price Index



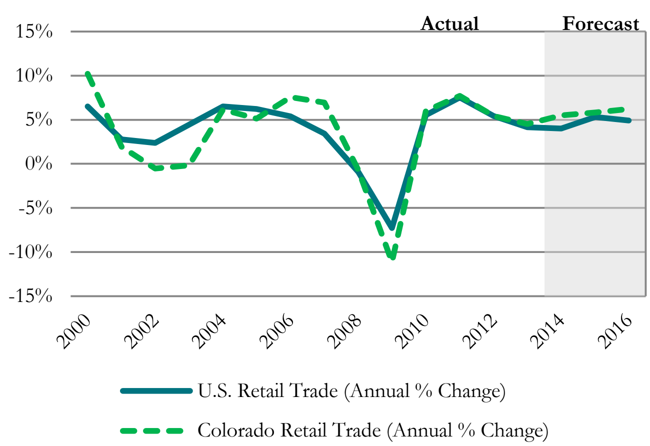
- The Denver-Boulder-Greeley Consumer Price Index increased 2.8 percent in 2013 and will increase 2.6 percent in 2014, driven largely by higher housing costs.
- Nationally, consumer prices increased 1.5 percent in 2013 and will grow 1.8 percent in 2014.
- The more volatile producer prices in the U.S. were flat in 2013 and will increase 2.7 percent in 2014.

U.S. Corporate Profits



- Corporate profits at the national level increased 4.6 percent in 2013 and will grow 7.9 percent in 2014.

Retail Trade



- Retail trade sales in Colorado will grow 5.5 percent in 2014 after increasing 4.5 percent in 2013.
- Nationwide retail trade grew 4.2 percent in 2013 and will grow 4.0 percent in 2014.

General Fund and State Education Fund Revenue Forecast

General Fund Revenue Forecast

Compared with the March 2014 forecast, projections for General Fund revenue for this fiscal year are 1.1 percent higher and 1.3 percent higher for FY 2014-15. This translates to $96.4 million in higher collections this fiscal year, and $127.6 million more for FY 2014-15.

After growing 4.4 percent this fiscal year, General Fund revenue is expected to grow 7.5 percent in FY 2014-15. As was expected in previous OSPB forecasts, the slower growth rate in FY 2013-14 was mostly from a one-time decline in income taxes on investment income due to taxpayers shifting some of their income into FY 2012-13 because of federal tax law changes.

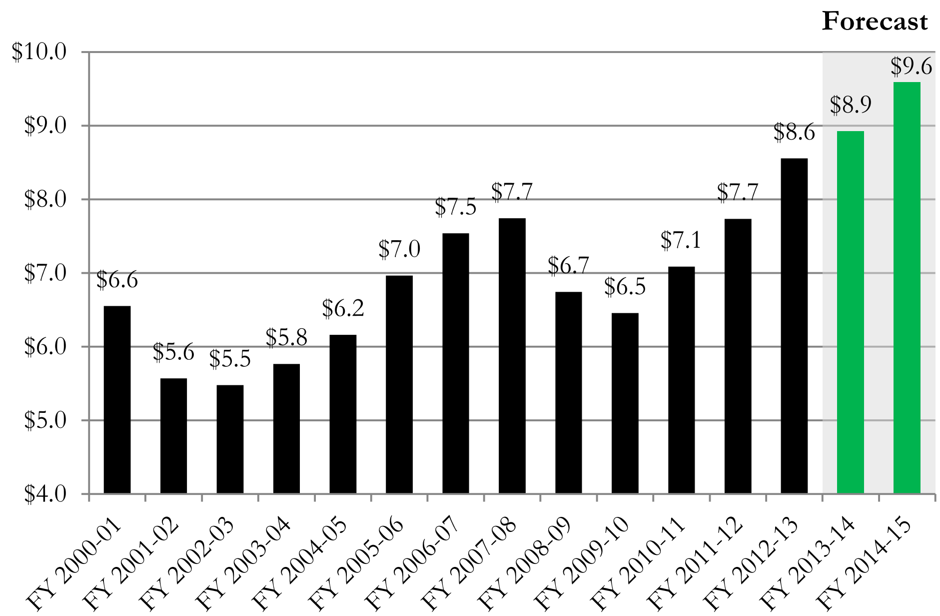
> As was expected in previous OSPB forecasts, a slowdown in General Fund revenue growth in FY 2013-14 was mostly from a one-time decline in income taxes on investment income. Due to continued economic growth, General Fund revenue will grow 7.5 percent in FY 2014-15.

A rebound in tax collections from investment income combined with continued economic growth will generate higher General Fund revenue growth in FY 2014-15. Less robust corporate income tax revenue collections, however, will prevent General Fund revenue from reaching the growth rates experienced from FY 2010-11 to FY 2012-13.

The General Fund is the State's main account for funding its core programs and services such as education, health and human services, public safety, and courts. It also funds capital construction and maintenance needs for State facilities, and in some years, transportation projects. The largest revenue sources for the General Fund are income and sales taxes paid by households and businesses in the state, which are heavily influenced by the performance of the economy.

Figure 21 shows actual and projected total General Fund revenue from FY 2000-01 through FY 2014-15. A more detailed forecast of General Fund revenue by source is provided in Table 3 in the Appendix.

Figure 21. General Fund Revenue, Actual and Forecast, FY 2000-01 to FY 2014-15, $s in Billions



Source: Office of the State Controller and OSPB

Forecast Discussion of Major General Fund Revenue Sources

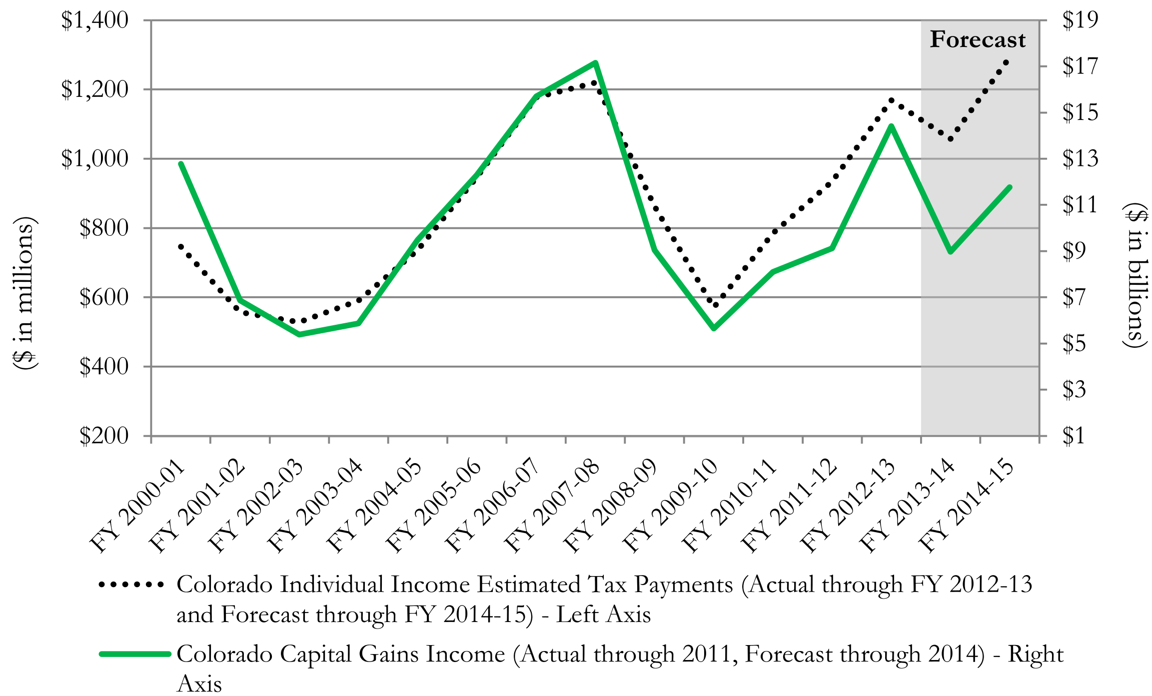
The following discusses the forecasts for the three major General Fund revenue sources that make up 95 percent of the total: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the remaining group of miscellaneous sources — such as taxes paid by insurers on premiums and excise taxes on tobacco products and liquor — will continue to grow modestly over the forecast period.

Individual income tax – After modest growth of 1.8 percent in FY 2013-14, individual income tax collections will rebound in FY 2014-15, growing 8.6 percent. Income taxes are inherently volatile as economic conditions change and because of fluctuations in investment income from equities and other assets.

As expected in previous forecasts, growth in income tax collections moderated substantially in FY 2013-14. Though final data is not available, tax collections from Coloradans' investment income from capital gains appears to have decreased in tax year 2013, mostly because taxpayers shifted investment gains into 2012 to avoid the higher tax liabilities from federal tax increases that took effect at the beginning of 2013. As a result, income taxes paid through estimated payments and annual tax returns declined 4 percent, or $67.4 million, in FY 2013-14 after surging 30 percent, an increase of $434 million, in FY 2012-13. Continued growth in other categories, such as wages, rental income, and business income, helped offset some of the decline in investment income.

The historical and projected volatility in estimated tax payments and capital gains income to Coloradans are shown in Figure 22 below. Investors with high income levels typically pay their tax liabilities through estimated payments periodically throughout the year. Tax liabilities from other sources, such as business income, rental income, and income from energy production royalties often are also paid through estimated payments. After the decline this fiscal year, estimated payments will rebound in FY 2014-15 with continued economic growth and because the one-time shifting of investment income will no longer be a factor.

Figure 22. Capital Gains Income to Coloradans and State Individual Income Estimated Tax Payments, Actual and Forecast, FY 2000-01 to FY 2014-15



Source: Internal Revenue Service, Colorado Department of Revenue, Congressional Budget Office, and OSPB

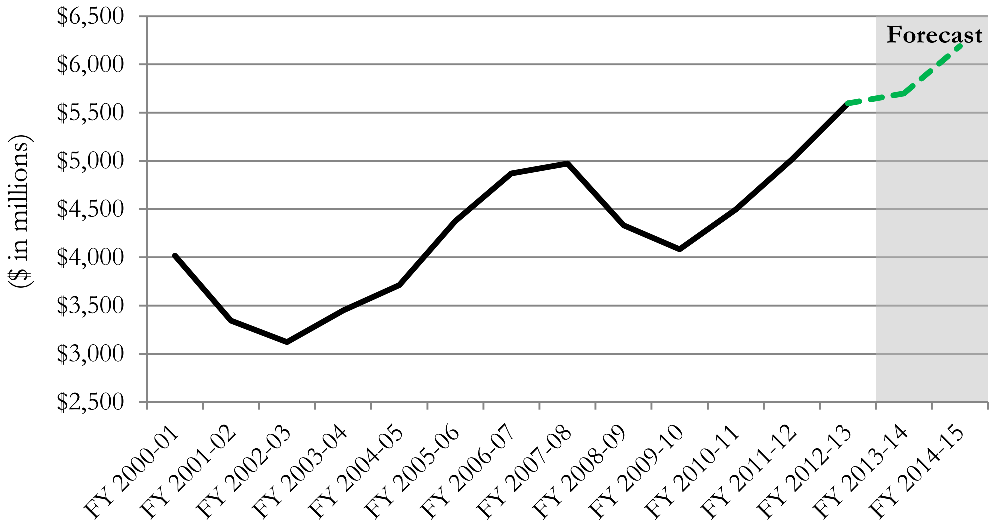
The resumption of growth in investor income, combined with continued economic growth, will cause a larger increase in individual income tax revenue in FY 2014-15. Job growth will continue to post the fastest growth since 2000, helping to generate increases in wage withholding taxes. Tax revenue from withholdings comprises around 80 percent of income tax revenue. Also, Colorado businesses, the majority of which pay their income tax through the individual income tax system, are experiencing income gains.

> The resumption of growth in investor income, combined with continued economic growth, will generate an increase of 8.6 percent in individual income tax revenue in FY 2014-15.

Changes in tax deductions and credits at both the state and federal level[1] are affecting revenue collections over the forecast period. Tax credits for low income housing development, child care, business personal property taxes, historic preservation, alternative-fuel trucks, and brownfield cleanup that were adopted during the 2014 legislative session will reduce revenue by an estimated $16 million in FY 2014-15 and $29.4 million in FY 2015-16. Other changes will increase revenue in the forecast period. The expiration of higher federal tax deductions for business investments, as well as the adoption of limits on federal tax deductions and exemptions for higher income earners that started in 2013, will bolster income tax collections.

[1] Because taxable income for State income tax purposes is based on federal taxable income, certain federal tax policy changes that affect deductions and exemptions impact Colorado income tax collections.

Figure 23. Individual Income Tax Revenue, Actual and Forecast, FY 2000-01 to FY 2014-15



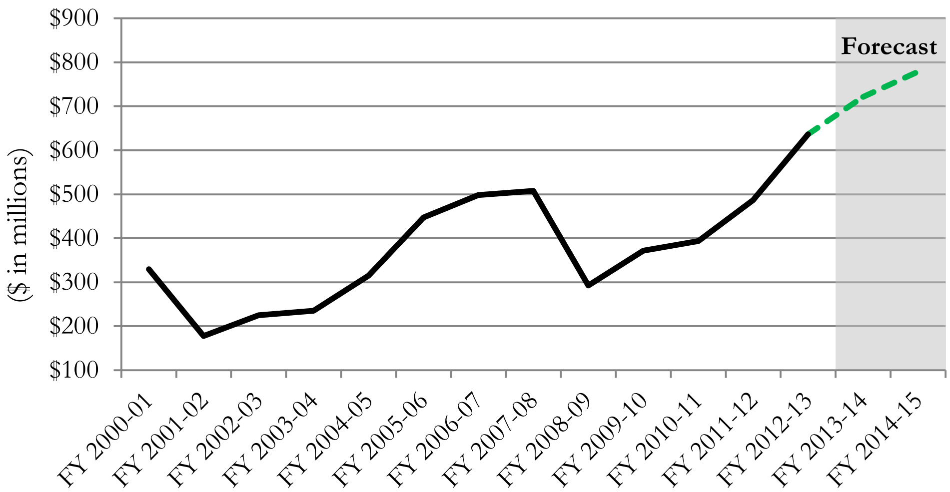
Source: Office of the State Controller and OSPB

Corporate income tax – Corporate tax revenue will grow 7.9 percent in FY 2014-15 after increasing 13.4 percent in FY 2013-14. These growth rates are occurring after substantial increases in the prior two fiscal years.

Despite moderating in FY 2013-14 and FY 2014-15, corporate income taxes will continue posting growth rates slightly higher than overall General Fund revenue growth during the forecast period.

Business costs, most notably for labor resulting from higher job growth in the state, are expected to rise and reduce profit margins as the economic expansion matures. Also, State tax policies are tempering corporate tax collections over the forecast period. Examples include ending the cap on the amount of net operating losses that corporations can deduct and the tax credit for businesses undertaking job creation projects. Nevertheless, corporate income taxes will continue posting growth slightly higher than overall General Fund revenue. Corporations' sales in the state, a main driver for corporate tax revenue, continue to be fueled by the growing economy.

Figure 24. Corporate Income Tax Revenue, Actual and Forecast, FY 2000-01 to FY 2014-15



Source: Office of the State Controller and OSPB

Sales and use tax – Sales tax revenue will grow 7.3 percent this fiscal year and 5.6 percent in FY 2014-15. Continued economic growth, along with an active housing market, will continue to support consumer and business spending. About 40 percent of State sales tax collections come from purchases by businesses. Continued growth in consumer purchases of durable goods, such as vehicles, furniture, appliances, and building materials, will also contribute to sales tax revenue growth. These items comprise about a quarter of State sales tax collections.

> Continued economic growth, along with more activity in the housing market, will continue to support consumer and business spending.

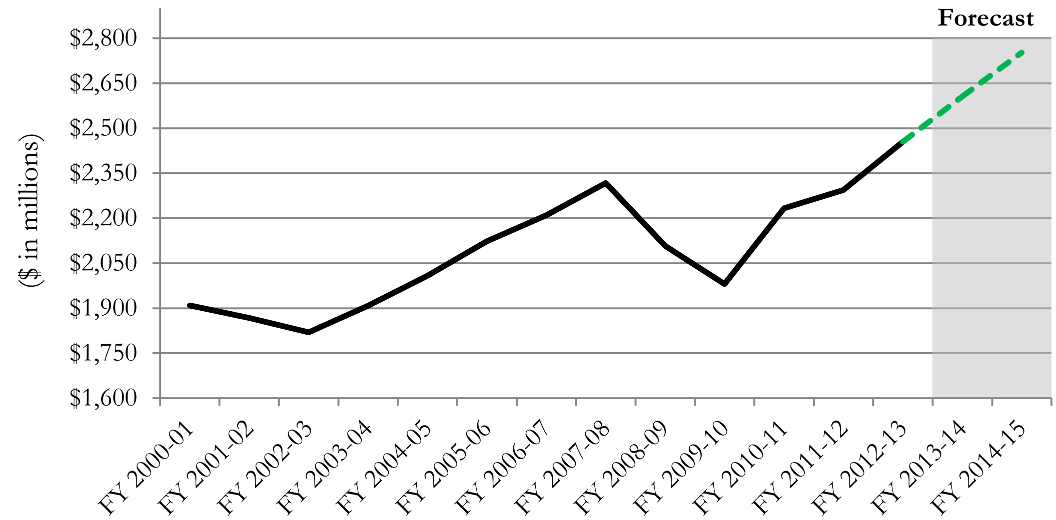
Reinstatement of the vendor discount to its traditional higher level in FY 2014-15 will reduce revenue collections. The vendor discount allows a portion of sales tax revenue to be retained by retailers who collect and remit the tax to the State. This tax policy change, set in 2011 with the adoption of SB 11-223, is estimated to reduce sales tax collections by about $28 million and similar amounts going forward. The vendor discount was eliminated during the recession to increase revenue to the State, and then brought back partially in FY 2011-12.

The growth rates for sales tax revenue are boosted this fiscal year and next by the State's collection of a new sales tax of 10 percent on retail marijuana from the passage of Proposition AA by voters in November. (Voters also approved an excise tax of 15 percent on retail marijuana that is mostly credited to a cash fund for public school capital construction projects.) Revenue from retail marijuana sales will first go to the General Fund ─ and is included under sales tax revenue in Table 3 in the Appendix ─ but then is transferred to the Marijuana Tax Cash Fund to support regulation and enforcement of the retail marijuana industry. Also, a portion is distributed to local governments where retail marijuana sales occur. Projections for this revenue source are highly uncertain and revisions will occur when more information becomes available. At this time, we expect a downward revision from the projections issued in February 2014.

Collections from the use tax, a companion to the sales tax that brings in a much smaller amount of revenue, are expected to increase 8.5 percent in FY 2014-15 after a temporary pause in growth in FY 2013-14.

Continued construction activity, business investment, and the growing oil and gas industry, will generate revenue growth in FY 2014-15. Use tax collections can be volatile and do not always grow commensurately with the economy. Most of the State's use tax revenue comes from Colorado businesses paying the tax on transactions involving out-of-state sellers.

Figure 25. Sales and Use Tax Revenue, Actual and Forecast, FY 2000-01 to FY 2014-15



Source: Office of the State Controller and OSPB

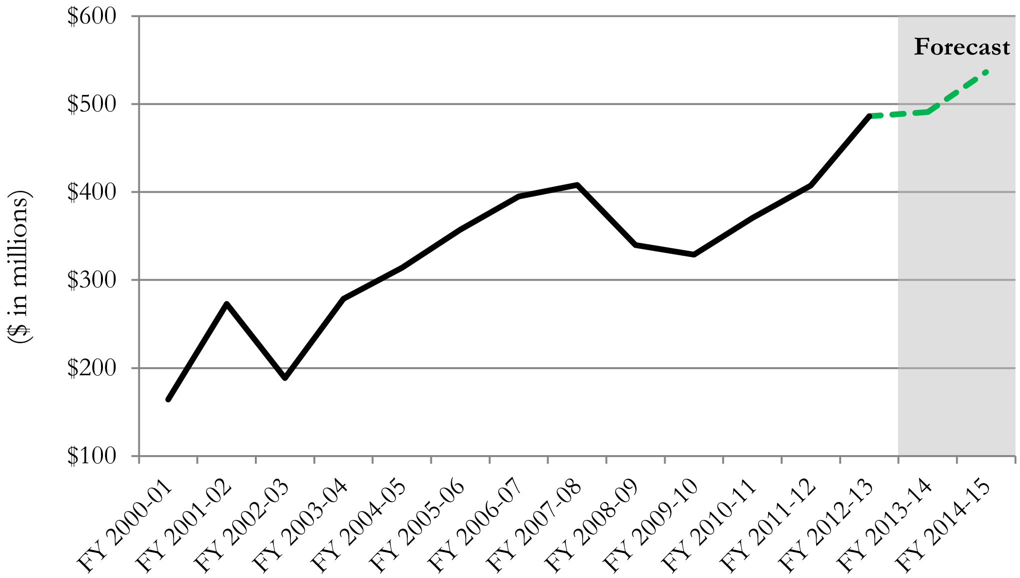
State Education Fund Revenue Forecast

> Tax revenue to the State Education Fund will increase 9.2 percent in FY 2014-15 due to higher taxable income growth.

Tax revenue to the State Education Fund will increase 9.2 percent in FY 2014-15 due to higher taxable income growth following the decline in investor income in tax year 2013, as discussed in the section on individual income tax revenue. This decline contributed to the modest 1.0 percent growth rate in State Education Fund revenue in FY 2013-14.

As discussed on page 46 in the *General Fund with the State Education Fund Overview* section, the state constitution requires that one third of one percent of taxable income from Colorado taxpayers be credited to the State Education Fund. Because this revenue comes from taxable income, it largely follows the trends discussed above in individual income and corporate income tax revenue collections. In addition to receiving the percentage of taxable income that is dedicated to the State Education Fund by the state constitution, recent policies have transferred other General Fund money to the State Education Fund, which is shown in detail in Figure 35 on page 46.

Figure 26. State Education Fund Revenue from One Third of One Percent of Taxable Income, Actual and Forecast, FY 2000-01 to FY 2014-15



Source: Office of the State Controller and OSPB.

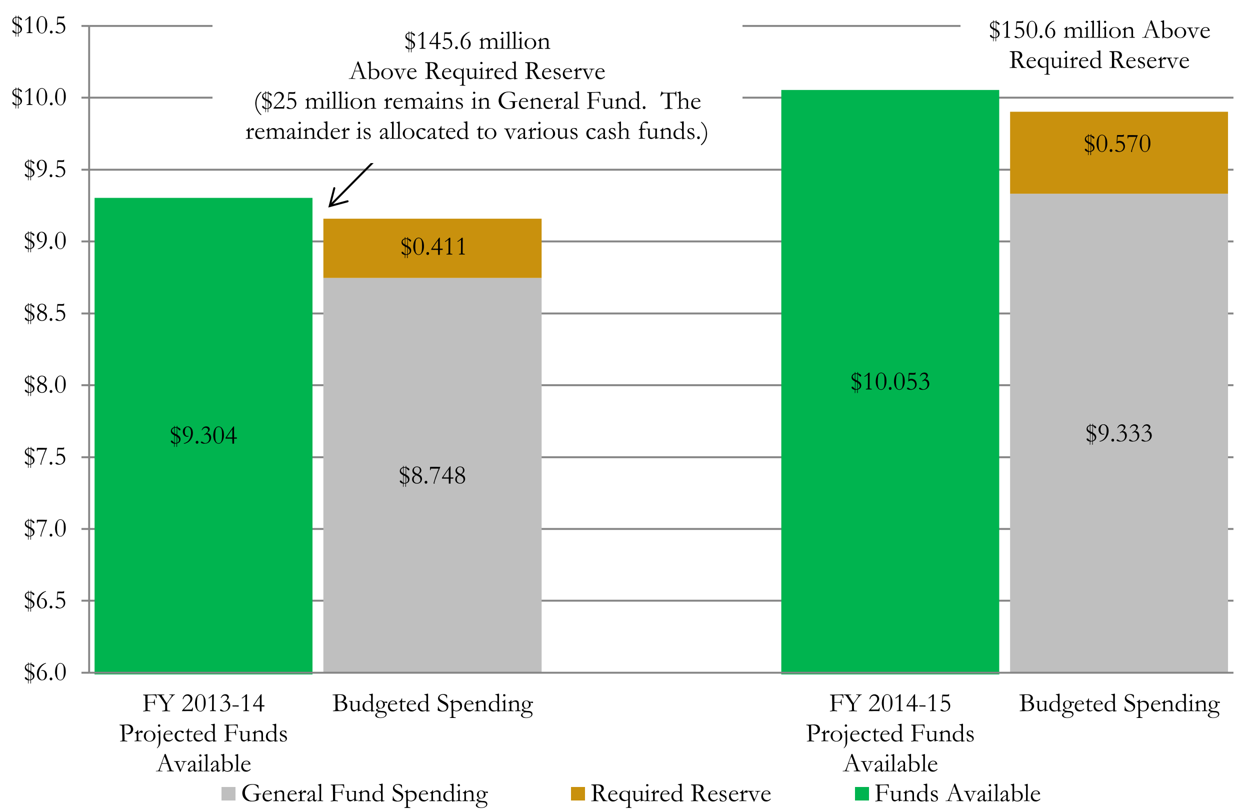
General Fund and State Education Budget

Summary

General Fund – As discussed in the *General Fund Revenue Forecast* section starting on page 31, this forecast projects that General Fund revenue will be $96.4 million higher this fiscal year than forecasted in March and $127.6 million higher in FY 2014-15. With this forecast and under current-law spending levels, the State's General Fund reserve is projected to be $145.6 million above its required amount for FY 2013-14. All but $25 million of this money is allocated under current law to various cash funds. The State's General Fund reserve is projected to be $150.6 million above its required amount for FY 2014-15.

Figure 27 below summarizes total General Fund revenue available, total spending, and reserve levels for FY 2013-14 and FY 2014-15 based on the forecast and current law.

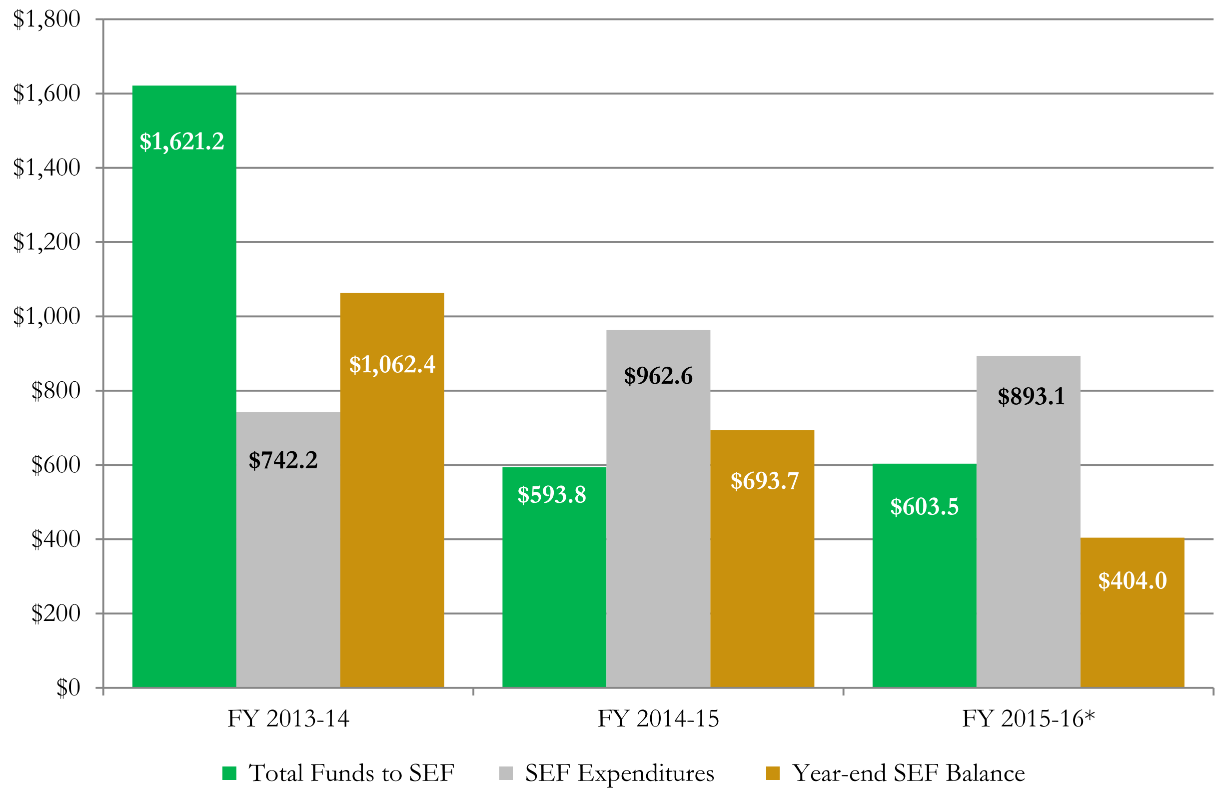
Figure 27. General Fund Money, Spending, and Reserves, FY 2013-14 and FY 2014-15, $ in Billions



State Education Fund – The State Education Fund is supporting a larger share of education funding than it has historically, which will draw down its fund balance. Figure 28 summarizes total

State Education Fund revenue available, total spending, and balance levels from FY 2013-14 through FY 2015-16 based on the forecast. The FY 2015-16 expenditures amount reflects projected spending that could occur while maintaining a reserve in the State Education Fund amounting to roughly 6.5 percent of total State and local school finance expenditures.

Figure 28. State Education Fund Money, Spending, and Reserves FY 2013-14 through FY 2015-16, $ in Millions



*Actual expenditures from the State Education Fund will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections for FY 2015-16 are illustrative only.

Detailed Overview Tables – A detailed overview on the amount of money available in the General Fund and State Education Fund, expenditures, and end-of-year reserves are provided in the overview tables in the Appendix at the end of this document. These overviews are discussed starting on page 46.

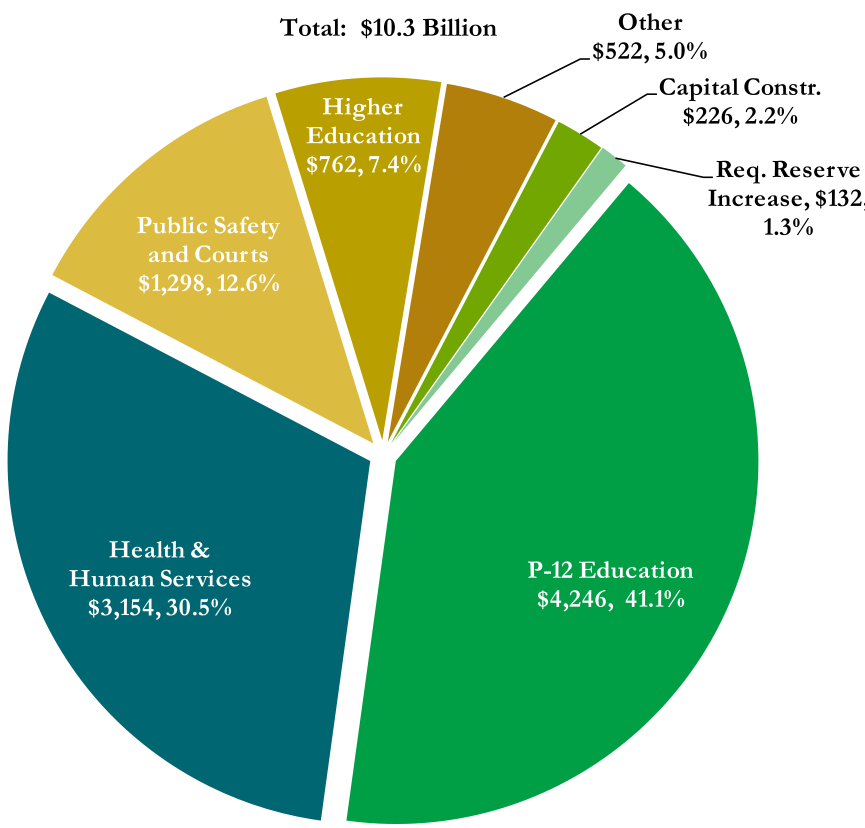
Spending by Major Department or Program Area

The General Fund provides funding for the State's core programs and services, such as preschool through 12th-grade and higher education, assistance to low-income populations, the disabled and elderly, courts, and public safety. It also helps fund capital construction and maintenance needs for State facilities, and in some years, transportation projects. Under the state constitution, the State

Education Fund helps fund preschool through 12th-grade education and annually receives a portion of income taxes. In recent years, it has also received supplemental money from the General Fund.

Figure 29, shows the allocation of General Fund revenues as enacted into law, incorporating spending on education from the State Education Fund and reserve increases, for FY 2014-15 by major department or program area. As noted above, the current forecast shows $150.6 million above the required General Fund reserve currently unallocated.

Figure 29. Composition of FY 2014-15 General Fund and State Education Fund Budget, $ in Millions



Risks to the Budget Outlook

This budget outlook is based on OSPB's economic analysis and forecast, discussed in the section titled, *The Economy: Important Issues, Trends, and Forecast*, beginning on page 3. Changes in the overall Colorado economy determine revenue to the General Fund and State Education Fund. In addition to revenue, changes in economic conditions impact the budget outlook through associated changes in the use of many State services, including higher education, Medicaid, and other human services.

In times of weaker economic conditions, the use of government services increases as income declines, more are unemployed, or an increased number of individuals seek more education to better their career prospects.

Although economic conditions appear to be more stable than in recent years, downside risks should still be considered. Unexpected events, such as the impact of global conflicts or sudden changes in financial and monetary conditions, could have negative implications for the economy. Such events could spur a pullback in investing, hiring, and spending that would slow the economy.

Colorado's economic growth could also prove to be more robust than expected, generating faster revenue growth. The State is within 1.4 percent of reaching its TABOR revenue cap in FY 2014-15, within the bounds of typical forecast error. It is possible that strong economic growth and other factors could cause future forecasts to show the State exceeding the cap. If that were to happen, the State would need to refund excess revenue to taxpayers or ask voters for permission to retain it.

Unexpected changes in the economy may result in revenue collections that are substantially different from this forecast. Even relatively small changes in the projected growth rate of revenue sources can materially impact the budget outlook. For example, each percentage point difference from the current General Fund projected growth rate for FY 2014-15 amounts to an $89.2 million change in General Fund revenue collections.

General Fund Overview Table

Table 4 in the Appendix presents the General Fund Overview for the June 2014 OSPB revenue forecast, providing details on the amount of money forecasted to be available in the General Fund, expenditures, and end-of-year-reserves. The following section discusses the information presented in Table 4. To aid understanding, the discussion includes figures showing each section of the detailed overviews found in the Appendix.

Revenue

The top portion of the overview, shown in the figures below, shows the amount of General Fund money available for spending. The forecast for General Fund revenue is discussed in further detail in the *General Fund Revenue Forecast* section starting on page 31.

The 0.5 percent decline in total General Fund available for FY 2013-14 is attributable to modest revenue growth and a smaller beginning fund balance than the prior year. Higher revenue growth and growth in beginning balances in FY 2014-15 and FY 2015-16 will result in an increase of 8.1 percent and 8.2 percent, respectively, in funds available.

Figure 30. General Fund Revenue Available under Current Law (from Table 4 in Appendix), $ in Millions

Table 4 Line No.		FY 2013-14	FY 2014-15	FY 2015-16
1	Beginning Balance	$373.0	$435.9	$720.5
2	General Fund Revenue	$8,928.9	$9,601.0	$10,158.3
3	Transfers to the General Fund	$2.4	$16.5	$0.4
4	**Total General Funds Available**	**$9,304.2**	**$10,053.5**	**$10,879.2**
	Dollar Change from Prior Year	-$46.8	$749.3	$825.8
	Percent Change from Prior Year	-0.5%	8.1%	8.2%

Expenditures

Spending subject to the appropriations limit **–** The middle portion of the General Fund overview in Table 4 shows General Fund spending. Most General Fund spending is subject to a limit that cannot exceed five percent of the level of personal income received by Coloradans. The limit is projected to be $11.9 billion in FY 2014-15. Thus, the $8.768 billion in General Fund appropriations for these programs under current law are $3 billion under the limit. The appropriations amount subject to the limit is shown in the figures below.

Figure 31. General Fund Spending Subject to the Appropriations Limit under Current Law (from Table 4 in Appendix), $ in Millions

Table 4 Line No.		FY 2013-14	FY 2014-15
5	**Appropriations**	**$8,218.7**	**$8,767.6**
6	Dollar Change from Prior Year	$759.5	$548.9
7	Percent Change from Prior Year	10.2%	6.7%

The General Fund appropriations amount for FY 2013-14 and FY 2014-15 in Figure 31 reflect current law. The FY 2014-15 amount is subject to change based on future budget decisions. The FY 2015-16 amount in Table 4 in the Appendix reflects the level of spending that can be supported by forecasted revenue while maintaining the required reserve level.

Spending not subject to the appropriations limit – General Fund spending that does not count under the General Fund appropriations limit is summarized in Figure 32. More information about these spending lines is discussed below.

Figure 32. General Fund Spending Not Subject to the Appropriations Limit Under Current Law (from Table 4 in Appendix), $ in Millions

Table 4 Line No.		FY 2013-14	FY 2014-15	FY 2015-16
9	TABOR Refund	$0.0	$0.0	$0.0
	Cigarette Rebate to Local Governments	*$9.4*	*$9.3*	*$8.9*
	Marijuana Rebate to Local Governments	*$2.9*	*$9.2*	*$10.4*
	Old-Age Pension Fund/Older Coloradans Fund	*$116.4*	*$107.7*	*$111.4*
	Aged Property Tax & Heating Credit	*$6.9*	*$8.4*	*$8.4*
	Homestead Exemption	*$109.8*	*$115.1*	*$121.5*
	Interest Payments for School Loans	*$0.8*	*$1.3*	*$1.5*
	Fire/Police Pensions	*$4.3*	*$4.3*	*$4.3*
	Amendment 35 General Fund Expenditure	*$0.8*	*$0.8*	*$0.8*
10	**Total Rebates and Expenditures**	**$251.3**	**$256.2**	**$267.2**
11	Transfers to Capital Construction	$186.7	$225.5	$53.3
12	Transfers to Highway Users Tax Fund	$0.0	$0.0	$203.2
13	Transfers to State Education Fund per SB 13-234	$45.3	$25.3	$25.3
14	Transfers to Other Funds	$39.7	$58.4	$66.9
15	Other	$5.9	$0.0	$0.0
	Total	**$528.9**	**$565.4**	**$615.9**
	Dollar Change from Prior Year	$76.6	$36.4	$50.5
	Percent Change from Prior Year	16.9%	6.9%	8.9%

As shown, "Rebates and Expenditures" account for the largest portion of General Fund spending not subject to the appropriations limit. The largest of these programs are: (1) the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; (2) the Marijuana Rebate, which distributes 15 percent of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; (3) the Old Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; (4) the Property Tax, Heat, and Rent Credit, which provides property tax, heating bill, or rent assistance to qualifying low-income disabled or elderly individuals; and (5) the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans.

General Fund money transferred for State capital construction and facility maintenance, as well as transportation projects, also is not subject to the limit. Transfers for these purposes can be made through legislation. The FY 2014-15 budget includes a total transfer of $225.5 million for capital construction projects. The capital construction amount in FY 2015-16 reflects the needed funding level for specific "certificate of participation" (COP) financing agreements used for capital projects, as well as priority, or "Level I," building-maintenance projects.

Transfers to capital construction and transportation *are required* if growth in statewide personal income exceeds five percent. This five percent trigger and the associated transfers are referred to as "228" transfers because they were put into law by Senate Bill 09-228. This forecast projects that personal income growth will exceed five percent in 2014, which will trigger an expected transfer of $203.2 million for transportation in FY 2015-16. This explains the larger increase in total spending not subject to the limit in Figure 32. The amount needed for capital construction in FY 2015-16 shown in Table 4 for COP payments and priority facility maintenance projects exceeds the amount of the required transfer.

Senate Bill 13-234 requires annual General Fund transfers to the State Education Fund from FY 2013-14 through FY 2018-19. The FY 2013-14 transfer is $45.3 million, while the amount in FY 2014-15 and FY 2015-16 is $25.3 million. In addition, state law requires transfers of General Fund money to various State cash funds. Starting in FY 2013-14, this line includes transfers of General Fund money from the new additional sales tax on retail marijuana approved by voters to the Marijuana Tax Cash Fund.

In some years, State programs may need to exceed their appropriated funding near the end of the fiscal year in order to meet services demands. These amounts are called "overexpenditures" and are shown under "Other Expenditures Exempt from the General Fund Appropriations Limit." Any over-expended amounts must receive an appropriation in the subsequent year to authorize the spending. Spending by the Medicaid program, or "Medicaid over-expenditures," is usually the largest amount for this line. The entire FY 2012-13 and FY 2013-14 amounts in Table 4 are Medicaid-related over-expenditures.

Finally, spending not subject to the limit includes any TABOR refunds funded from the General Fund, which occur when State revenue exceeds its cap as defined in Article X, Section 20 of the Colorado Constitution ("TABOR") and Section 24-77-103.6, C.R.S. ("Referendum C"). Under this forecast, TABOR revenue will be $285.5 million below the cap this fiscal year, $168.4 million below the cap in FY 2014-15, and $156.1 million below the cap in FY 2015-16. Page 53 and Table 7 in the Appendix provide further detail on TABOR revenue.

Reserves

The final section of the overview table in the Appendix ("Reserves") shows General Fund remaining at the end of each fiscal year – the "Year-End General Fund Balance." This amount reflects the difference between total funds available and total expenditures. The section shows the statutorily-determined reserve requirement and whether the amount of funds is above or below the requirement ("Above (Below) Statutory Reserve"). Figure 33 provides information on the General Fund ending balance.

Figure 33. General Fund Reserves under Current Law (from Table 4 in Appendix), $ in Millions

Table 4 Line No.		FY 2013-14	FY 2014-15	FY 2015-16
19	Year-End General Fund Balance	$556.6	$720.5	$626.4
20	Balance as a % of Appropriations	6.8%	8.2%	6.5%
21	**General Fund Required Reserve**	**$410.9**	**$569.9**	**$626.4**
22	Money Above/Below Req. Reserve	$145.6	$150.6	$0.0
23	Excess Reserve to Other Funds	$120.6	$0.0	$0.0
24	**Balance After Any Funds Above Statutory Reserve are Allocated**	**$25.0**	**$150.6**	**$0.0**

For FY 2013-14, under this forecast and current law, the reserve is projected to be $145.6 million above the required amount. This entire amount, except $25 million that remains in the General Fund, is transferred to various cash funds in a specified order of priority listed in Figure 34 pursuant to HB 14-1339, HB 14-1342, and SB 14-223. The extent of the transfers is contingent upon the amount of excess reserves available at the end of the fiscal year. The $145.6 million in excess reserves projected by this forecast will allow for all of the transfers to occur except for the full $135.3 million transfer to the Capital Construction Fund. The money from these transfers will be available in FY 2014-15.

Figure 34. FY 2013-14 Excess General Fund Reserve Transfers

Total General Fund Excess	**$145.6**
Transfers in order of Priority:	
Colorado Water Conservation Board Construction Fund	$30.0
State Education Fund	$20.0
Remains in General Fund	$25.0
Economic Development Fund	$1.0
Hazardous Substance Site Response Fund	$10.0
Capital Construction Fund (up to $135.3)	$53.5
State Education Fund	$6.1

As shown in Figure 34, under this forecast, $53.5 million of the excess reserves will be transferred to the Capital Construction Fund. Under the provisions of HB 14-1342, if the amount of the capital construction fund transfer is not sufficient to completely fund a prioritized project, then an appropriation is made for the next or following projects on the prioritized list that can be completely funded. Under this forecast, excess reserves will be available for the following projects: Auraria Higher Education Center's Library Renovation, Ft. Lewis College's Bernt Hall Reconstruction, Colorado State University's Chemistry Building Addition, University of Colorado's Ketchum Arts and Sciences Building, Metropolitan State University of Denver's Aviation, Aerospace, and Advanced Manufacturing Building, and Adams State University's East Campus Renovation. Any amount of excess reserves available that are insufficient to cover the capital construction projects or the controlled maintenance projects in the list in HB 14-1342 ─ $6.1 million under this forecast ─ are transferred to the State Education Fund.

General Fund with the State Education Fund Overview

The State Education Fund plays an important role in the State's General Fund budget. Under the state constitution, the State Education Fund helps fund preschool through 12th-grade education, the largest General Fund program. Therefore, higher or lower spending from the State Education Fund generally means that General Fund appropriations can subsequently be lower or higher to support the targeted level of funding for schools. Decisions in one year, however, affect the range of choices in the next year because they impact the available balance in the State Education Fund for future spending and General Fund available for other programs.

Table 5 in the Appendix incorporates all of the same information from the General Fund overview request in Table 4, but also includes spending, revenue, and fund-balance information for the State Education Fund. Because of the budget implications of the balance between funding from the State Education Fund and General Fund, a unified and multi-year view provides important insight to the sustainability of budgeting decisions.

Figure 35 summarizes State Education Fund annual revenue and spending. It includes each year's actual or projected beginning and ending fund balance. State Education Fund expenditures for FY 2014-15 reflect current law and are subject to change based on future budget decisions. The expenditures shown for FY 2015-16 reflect projected spending that could occur while maintaining a reserve in the State Education Fund amounting to roughly 6.5 percent of total State and local school finance expenditures. Actual expenditures from the State Education Fund will be adopted in future budget legislation; thus, these fund-balance projections are illustrative only.

Transfers of excess reserves in recent years, especially the excess reserves from FY 2012-13, have caused a significant increase in the balance of the State Education Fund. The fund will receive an additional $26.1 million of FY 2013-14's $145.6 million in excess reserves. Still, a combination of higher spending and lower amounts of projected revenue will draw down the balance.

Figure 35. State Education Fund Revenue, Spending, and Reserves
FY 2013-14 through FY 2015-16 (from Table 4 in Appendix), $ in Millions

	FY 2013-14	FY 2014-15	FY 2015-16
Beginning Balance	***$183.4***	***$1,062.4***	***$693.7***
One-third of 1% of State Taxable Income	*$491.1*	*$536.5*	*$572.2*
Money from Prior Year-end Excess Reserves	*$1,073.5*	*$26.1*	*$0.0*
Transfers under SB 13-234	*$45.3*	*$25.3*	*$25.3*
Other	*$11.3*	*$5.9*	*$6.0*
Total Funds to State Education Fund	**$1,621.2**	**$593.8**	**$603.5**
State Education Fund Expenditures	**$742.2**	**$962.6**	**$893.1**
Year-end Balance	**$1,062.4**	**$693.7**	**$404.0**

Cash Fund Revenue Forecast

Cash fund revenue supports a wide array of State programs that collect fees, fines, and interest to support services. When fees or other revenue are designated for a particular program, they often are directed to a cash fund that is established to fund the program. Cash fund revenue subject to TABOR will grow 4.3 percent to $2.65 billion in FY 2013-14. The increase is mostly attributable to a $115 million increase in severance tax revenue, a $40 million increase in transportation-related cash funds, and a $40 million increase in other miscellaneous cash funds. The large growth in severance tax revenue is a reflection of higher natural gas prices across the United States as well as growing oil production in Colorado. The cash fund revenue forecast also incorporates a decline of $84 million in revenue from the Hospital Provider Fee.

Cash fund revenue subject to TABOR is forecast to remain roughly flat over the remainder of the forecast period, growing less than one-half of one percent in FY 2014-15 and falling slightly in FY 2015-16. For FY 2014-15, additional growth in severance tax revenue and miscellaneous cash funds will be offset by further declines in Hospital Provider Fee revenue and a moderate decrease in transportation-related cash funds.

OSPB's forecast of cash fund revenue subject to TABOR is shown in Table 6 in the Appendix. Table 6 shows only the outlook for revenue that is subject to the TABOR provisions in the Colorado Constitution that place a limit on the amount of revenue that can be retained by the State each year. Cash fund revenue that is not subject to TABOR generally includes revenue exempted by Colorado voters, federal money, and revenue received by entities designated as enterprises that receive most of their money from sources other than the State, such as public universities and colleges. More information on TABOR revenue and the revenue limit can be found on page 53.

Transportation-related cash funds — Transportation-related cash funds subject to TABOR will grow to $1.14 billion in FY 2013-14, an increase of nearly $40 million, or 3.6 percent, from the prior year. The growth is largely attributable to a combined increase of about 6 percent in gasoline tax and diesel fuel tax revenue over FY 2012-13. This growth in fuel tax collections results from greater quantities of fuel sold in Colorado, an outcome of increased road usage from a growing population and economy that is generating a higher level of recreational travel and road-trips, more people commuting to work, and increased freight shipping via the highway system.

> Fuel tax revenues, which account for a large portion of transportation-related cash funds, will grow about 6 percent in FY 2013-14. This will contribute to overall growth of nearly $40 million in total transportation-related cash funds. Smaller fuel tax growth will be a factor in the slight decline of transportation revenues in FY 2014-15.

Transportation-related cash fund revenue is expected to remain roughly flat over the remainder of the forecast period, falling by one-tenth of one percent in FY 2014-15 and then growing 2.3 percent, to $1.16 billion in FY 2015-16. This is the result of more moderate activity in fuel tax collections and vehicle registration fees, as well as normal variation in revenue related to projects with local government partners.

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and several smaller cash funds. Funds in this category receive revenue from fuel taxes, vehicle registrations and permits, other fines and fees related to transportation, and interest on fund balances. The HUTF accounts for more than 80 percent of the revenue in this category, and its funds are distributed by statutory formula to the Colorado Department of Transportation, local counties and municipalities, and the Colorado State Patrol.

Limited Gaming **—** Limited gaming revenue will decrease $3.7 million, or 3.5 percent, to $103.5 million in FY 2013-14. This forecast reflects an upward revision of $5.5 million, 6.2 percent higher than OSPB's forecast from March, 2014, as a result of recently observed increases in gaming activity. This increased gaming activity will contribute to growth of 2.5 percent, to $106.1 million in gaming-related revenue in FY 2014-15.

During the months of March and April, 2014, Colorado consumers appear to have increased spending on gaming above recent levels. In April, collections of revenue from taxes and fees on gaming were the third highest of all months in the last ten years, and the highest since the Great Recession. The magnitude of the recent growth may suggest that households are regaining willingness to spend on gaming, a major factor in the growth forecast for FY 2014-15.

Despite the recent uptick in gaming activity, limited gaming revenue in FY 2013-14 will be at its lowest amount since the passage of Amendment 50 to the Colorado Constitution, which allowed extended hours and new types of games beginning in FY 2009-10. Since the recession, and through the first part of this fiscal year, households have maintained lower levels of spending on gaming even as other parts of the economy have been expanding. The prolonged reduction in gaming activity is likely related to more careful consumption by households as a result of elevated uncertainty about the future, continued high unemployment, and memories of the impact of the recession. As these factors subside in many parts of Colorado, consumers appear to be regaining their willingness to spend on gaming, a trend which suggests that revenue from taxes and fees on gaming will grow in FY 2014-15.

> Gaming in Colorado has not recovered at the same rate as the broader economy, though recent signs indicate that gaming activity may be strengthening.

Of the total expected limited gaming revenue for FY 2013-14, $94.9 million will be subject to TABOR, as reflected in Table 6, "Cash Fund Revenue Subject to TABOR." Of this amount, $92.1 million is classified as "base limited gaming revenue" as designated by State law after the passage of Amendment 50. This revenue is distributed by formula defined by Colorado statute to the State General Fund, the State Historical Society, cities and counties that are affected by gaming activity, and economic development-related programs.

Gaming revenue of $8.9 million attributable to Amendment 50, which is not subject to TABOR, is distributed mostly to community colleges with a smaller portion also going to local governments with communities affected by gaming. Figure 36 below shows the anticipated distribution of limited gaming revenues in more detail.

Figure 36. Distribution of Limited Gaming Revenues

Distribution of Limited Gaming Revenues	Actual FY 12-13	Forecast FY 13-14	Forecast FY 14-15	Forecast FY 15-16
A. Total Limited Gaming Revenues	**$107.2**	**$103.5**	**$106.1**	**$107.3**
Annual Percent Change	2.3%	-3.5%	2.5%	1.2%
B. Base Limited Gaming Revenues (max 3% growth)	**$95.5**	**$92.1**	**$94.4**	**$95.6**
Annual Percent Change	3.0%	-3.5%	2.5%	1.2%
C. Gaming Revenue Subject to TABOR	**$98.1**	**$94.9**	**$97.2**	**$98.3**
Annual Percent Change	2.6%	-3.3%	2.5%	1.2%
D. Total Amount to Base Revenue Recipients	**$84.4**	**$81.7**	**$84.3**	**$85.4**
Amount to State Historical Society	*$23.6*	*$22.9*	*$23.6*	*$23.9*
Amount to Counties	*$10.1*	*$9.8*	*$10.1*	*$10.3*
Amount to Cities	*$8.4*	*$8.2*	*$8.4*	*$8.5*
Amount to Distribute to Remaining Programs (State Share)	*$42.1*	*$40.8*	*$42.2*	*$42.7*
Amount to Local Government Impact Fund	*$5.0*	*$5.0*	*$5.0*	*$5.0*
Colorado Tourism Promotion Fund	*$15.0*	*$15.0*	*$15.0*	*$15.0*
Creative Industries Cash Fund	*$2.0*	*$2.0*	*$2.0*	*$2.0*
Film, Television, and Media Operational Account	*$0.5*	*$0.5*	*$0.5*	*$0.5*
Bioscience Discovery Evaluation Fund	*$5.5*	*N/A*	*N/A*	*N/A*
Advanced Industries Acceleration Fund	*N/A*	*$5.5*	*$5.5*	*$5.5*
Innovative Higher Education Research Fund	*$2.0*	*$2.0*	*$2.0*	*$2.0*
Transfer to the General Fund	*$12.1*	*$10.8*	*$12.2*	*$12.7*
E. Total Amount to Amendment 50 Revenue Recipients	**$8.3**	**$8.9**	**$8.6**	**$8.8**
Community Colleges, Mesa and Adams State (78%)	*$6.5*	*$7.0*	*$6.7*	*$6.9*
Counties (12%)	*$1.0*	*$1.1*	*$1.0*	*$1.1*
Cities (10%)	*$0.8*	*$0.9*	*$0.9*	*$0.9*

Hospital Provider Fee — Revenue from the Hospital Provider Fee (HPF) is expected to fall every year during the forecast period. The largest decline will occur in FY 2013-14, when HPF revenue will fall 12.8 percent to $568.8 million, followed by FY 2014-15 when it will decline 6.4 percent to $532.3 million.

As the federal government increases its funding for certain populations covered by Medicaid as part of the Affordable Care Act, the amount that must be collected from hospitals to support Colorado's Medicaid program is reduced. Additionally, anticipated expenditures for certain populations of Medicaid patients have declined.

The Hospital Provider Fee is paid by Colorado hospitals and is calculated as a percentage of net patient revenue earned by each hospital. Revenue collected from the fee is matched by the federal government to help cover the cost of the Medicaid program.

Severance tax revenue — Revenue from severance taxes will grow more than $114 million to $253.3 million in FY 2013-14, an increase of 83 percent from the prior year. The strong growth in severance tax collections, which reflects an upward revision of approximately $25 million from OSPB's March forecast, is a result of increases in the price of natural gas since 2012 and the reduced impact of ad valorem tax credits compared with the prior year. Severance tax revenue is projected to grow an additional 10.8 percent to $280.6 million in FY 2014-15 as production growth continues, especially for oil resources, and prices for natural gas remain higher in 2014.

Producers of oil, gas, coal, and other mineral resources pay taxes to the State of Colorado, based partially on the sales volume and price of the resources. The tax is called severance tax because the resources are severed from the state's deposits of natural resources.

Because severance tax is paid mostly as a percentage of the income from natural gas and oil production, increased prices for these resources cause growth in severance tax revenue. The price of natural gas grew approximately 33 percent from 2012 to 2013, and has grown an additional 33 percent based on the average price in 2014. Natural gas accounts for the largest share of mineral resource extraction in Colorado, and the large increase in prices has generated a corresponding increase in severance tax collections in FY 2013-14 and FY 2014-15.

> The price of natural gas has risen substantially because of harsh winter weather and other factors impacting the supply of natural gas. The impact of higher natural gas prices is boosting severance tax collections in FY 2013-14 and FY 2014-15.

The sustained growth in natural gas prices has been stronger than expected. It is largely attributable to harsh winter conditions during the first few months of 2014. Supply disruptions, such as an explosion at a natural gas processing plant in Wyoming, have also impacted natural gas prices in the rocky mountain region. Increased demand for natural gas during this past winter resulted in declining inventories of the resource, which have recently started to grow and will continue to recover as producers replenish inventories during the months commonly referred to as "injection season" for natural gas stockpiles. The coming months are expected to bring a slight decline in natural gas prices, helping to moderate the high prices in the first part of the year. Prices are expected to continue to fall which will result in a decline in severance tax collections in FY 2015-16.

Compared with natural gas prices, oil prices have remained much more stable in recent years and are not expected to drive large differences in severance tax revenue over the forecast period. The price of oil grew 3.8 percent to almost $94 per barrel in 2013 and OSPB forecasts that it will fall slightly to about $92 per barrel in 2014. Recent events in the Middle East may cause oil prices to rise, which could affect severance collections.

In addition to increases in the price of resources, overall severance tax collections are increasing this fiscal year due to a smaller impact of tax credits tied to local property taxes, called ad valorem credits, compared with last fiscal year. Severance taxpayers claim ad valorem tax credits based on the property taxes they paid in the prior year. With natural gas prices expected to follow a more consistent trend over the forecast period, the impact of ad valorem tax credits is not expected to cause a large change in severance tax revenue in FY 2014-15.

Changes in the production volume of oil and natural gas also impact severance tax revenue, but to a smaller degree than price changes. Natural gas production is growing more slowly than oil production in Colorado, mostly because of relatively low prices for the resource compared with the costs of extracting it. Most new oil production in Colorado is occurring in Weld County, where property taxes are higher than in many other counties with oil and gas production. This means that larger ad valorem tax credits limit the amount of severance tax revenue the State collects from increased oil production in Weld County.

Other mineral resources, including coal, gold, and molybdenum, generate severance tax revenue, though the combined revenue from these sources is much smaller than revenue from oil and natural gas production. Coal production in Colorado has been impacted by wildfires and the closure of some mines due to a decline in the market for coal. The reduced production volume will cause a reduction of approximately 13 percent in severance tax revenue from coal, to $7.7 million in FY 2013-14. A further decline of 3 percent, to $7.5 million is projected for FY 2014-15.

***Federal Mineral Leasing revenue* —** Colorado's share of Federal Mineral Lease (FML) revenue will grow 38.0 percent, to $166.7 million in FY 2013-14, after declining by nearly 27 percent the year before. It will grow an additional 8.2 percent in FY 2014-15, reaching $180.4 million. The growth in FML revenue is impacted by increased prices for mineral resources as well as increased production, which is causing royalties to grow because they are assessed as a percentage of the value of resources produced on leased federal lands. Production includes extraction of natural gas and oil as well as propane, carbon dioxide, coal, and other mineral resources. In addition to price and production growth, federal government policy has affected Colorado's FML revenue over the last several months.

The federal government leases rights to extract mineral resources – such as oil, gas, and coal – from federal lands. Producers remit royalties to the federal government that are then shared with the state where production occurred. Following the implementation of federal fiscal policy known as "sequestration," the U.S. Department of the Interior began to withhold a portion of states' share of FML royalty payments. This caused a reduction of approximately $7 million in Colorado's FML royalty receipts in FY 2012-13. Later, a legal review determined that states' shares of FML royalty payments should not be subject to sequestration and the amount withheld during the previous federal fiscal year was refunded in October, 2013. This combined with refunds associated with a reduced royalty rate that was awarded to coal producers in Colorado in FY 2012-13, contributing to the large increase of FML revenue to Colorado in FY 2013-14.

Growth in production and increased prices for oil and natural gas also are expected to bolster FML revenue to Colorado. The same factors discussed in the section on severance tax revenue will also support higher prices for natural gas extracted from federal lands in 2014 and 2015.

Figure 37. Federal Mineral Leasing (FML) Payments

Federal Mineral Lease (FML) Payments				
Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	% Change
FY 2012-13	$5.1	$115.7	$120.8	-26.8%
FY 2013-14	$2.1	$164.6	$166.7	38.0%
FY 2014-15	$3.6	$176.8	$180.4	8.2%
FY 2015-16	$3.8	$177.4	$181.2	0.4%

Dollars are in millions. FY 2012-13 figures reflect actual collections, and FY 2013-14 through FY 2015-16 are projections.

***Other cash funds* —** Cash fund revenue to regulatory agencies will grow 3.1 percent to $67.0 million in FY 2013-14, reflecting increased demand for services from the regulatory agencies, a result of growing activity in regulated industries. The Department of Regulatory Agencies (DORA) oversees businesses and professionals in certain industries through licensing, rulemaking, enforcement, and approval of rates charged to consumers.

The Department is responsible for oversight of a wide variety of professions, such as social workers, transportation carriers, and water utilities. DORA collects fees for licensing and other services that generate revenue to fund the Department's activities. Cash fund revenue related to regulatory agencies will grow 2.5 percent to $68.7 million in FY 2014-15.

Insurance-related cash fund revenue in FY 2013-14 will decline 3.5 percent to $25.5 million, primarily as a result of a reduction in the surcharge on workers' compensation insurance policy premiums. They will fall further by 4.2 percent, to $24.4 million in FY 2014-15 as the full impact of the reduced surcharge is realized. The surcharge on workers' compensation insurance premiums is used to fund the Division of Worker's Compensation, as well as the Major Medical Insurance Fund and Subsequent Injury Fund. These two funds were created to absorb costs for individuals injured during a period prior to 1981. The Division recently lowered the surcharge, having determined that it will sufficiently fund anticipated expenditures from the three related cash funds.

The category called Other Miscellaneous Cash Funds in Table 3 includes revenue from a variety of smaller cash funds that collect revenue generated by interest earnings as well as fines and fees. Revenue from these cash funds is expected to be $505.1 million in FY 2013-14, an increase of 8.6 percent, or nearly $40 million, from the prior year. Growing economic activity, which generates higher amounts of fees, combined with slightly higher interest rates earned by account balances, account for much of the growth in this category of cash fund revenue. These factors will contribute to further growth of 3.2 percent in these cash funds, to $521.3 million, in FY 2014-15.

> Miscellaneous Cash Funds will grow 8.6 percent in FY 2013-14 and an additional 3.2 percent in FY 2014-15, reflecting the continued recovery of Colorado's economy as well as higher interest rates and the impact of taxes and fees on marijuana.

The Miscellaneous Cash Funds category will also grow as a result of increased fee and tax revenue from licensing and regulation of the marijuana industry. Proceeds from marijuana taxes that were authorized by Proposition AA in November 2013 will be transferred to the Marijuana Tax Cash Fund, local governments, and school construction. Colorado voters exempted revenue from these taxes from TABOR limitations when they approved Proposition AA, so the revenue shown in Table 6 does not include anticipated revenue from marijuana excise taxes or additional sales taxes that the proposition authorized.

Revenue from the 2.9 percent sales tax on retail marijuana, as well as fees related to regulation of the retail marijuana industry that existed prior to Proposition AA's passage, also are directed to miscellaneous cash funds. Revenue from these sources is not exempt from TABOR, however, and it is included in the Miscellaneous Cash Funds line in Table 6.

The Taxpayer's Bill of Rights: Revenue Limit

Provisions in the Taxpayer's Bill of Rights (TABOR) – Article X, Section 20 of the Colorado Constitution – limit the growth in a large portion of State revenue to the sum of inflation plus population growth in the previous calendar year. Revenue collected above the TABOR limit must be returned to taxpayers, unless voters decide the State can retain the revenue.

In November 2005, voters approved Referendum C, which allowed the State to retain all revenue through FY 2009-10, during a five-year TABOR "time out." Referendum C also set a new cap on revenue starting in FY 2010-11. Starting with FY 2010-11, the amount of revenue that the State may retain under Referendum C (line 9 of Table 7 found in the Appendix) is calculated by multiplying the revenue limit between FY 2005-06 and FY 2009-10 associated with the highest TABOR revenue year (FY 2007-08) by the allowable TABOR growth rates (line 6 of Table 7) for each subsequent year.

TABOR revenue will be $285.5 million below the cap this fiscal year, $168.4 million under the cap in FY 2014-15, and $156.1 million below the cap in FY 2015-16. If revenue grows faster than forecast and exceeds the cap, a refund to taxpayers will occur, unless voters allow the State to retain the revenue. Several factors could lead to this event, including a slower-than-expected rate of inflation and population growth, or if the economy grows more quickly than forecast. The cap is also within the bounds of typical forecast error and future forecasts may show revenue exceeding the cap if they include upward revisions.

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

TABOR also has provisions regarding estimates of revenue from new taxes approved by voters. In November of 2013, voters approved excise and special sales taxes on retail marijuana in Proposition AA on the election ballot. Revenue generated from these taxes was estimated at $67 million in the "Blue Book" voting guide that was distributed to voters prior to the election, as specified by the Colorado Constitution. A forecast for retail marijuana tax collections provided in January of 2014 estimated that retail marijuana tax revenue would exceed this amount, though projections are highly uncertain and are subject to substantial revisions. Based on a legal analysis of the Office of Legislative Legal Services, if the excise and special sales tax revenue exceed $67 million, as estimated in the Blue Book, the excess would have to be refunded to voters – unless voters decide that the State can retain the revenue – and the tax rate reduced.

A legal analysis of the Office of Legislative Legal Services also concludes that the provisions of TABOR indicate a refund must occur if revenue subject to TABOR that is collected by the State in FY 2014-15 exceeds the estimate of $12.08 billion that was shown in the Blue Book analysis of Proposition AA. This forecast indicates that revenue will exceed that estimate by $111.0 million, meaning that a refund to taxpayers should occur unless voters decide that the State can retain the revenue. The legal analysis, however, specifies that any refund associated with the estimates for Proposition AA should not exceed the actual amount of new marijuana tax revenue collected, which will likely be below this amount. State law does not currently stipulate how any refund for this money to taxpayers must occur.

Governor's Revenue Estimating Advisory Committee

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

- Tucker Hart Adams – Senior Partner, Summit Economics LLC
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- Elizabeth Garner - State Demographer, Colorado Department of Local Affairs
- Alexandra Hall - Labor Market Information Director, Colorado Department of Labor and Employment
- Robert Jaros - State Controller, Department of Personnel and Administration
- Ronald New – Capital Markets Executive
- Patricia Silverstein - President, Development Research Partners
- Richard Wobbekind - Associate Dean, Leeds School of Business; University of Colorado, Boulder

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Appendix – Reference Tables

Table 1. History And Forecast For Key Colorado Economic Variables
Calendar Year 2007-2016

Line No.		Actual							June 2014 Forecast		
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Income										
1	Personal Income (Billions) /A	$202.7	$212.2	$206.4	$210.6	$226.0	$237.5	$245.6	$260.0	$274.9	$291.8
2	Change	5.7%	4.7%	-2.7%	2.0%	7.3%	5.1%	3.4%	5.9%	5.7%	6.1%
3	Wage and Salary Income (Billions) /A	$112.5	$116.7	$112.3	$113.8	$118.7	$125.1	$130.0	$138.1	$146.4	$154.9
4	Change	6.5%	3.7%	-3.8%	1.3%	4.4%	5.3%	3.9%	6.2%	6.0%	5.8%
5	Per-Capita Income ($/person) /A	$42,199	$43,406	$41,515	$41,717	$44,179	$45,775	$46,562	$48,470	$50,386	$52,552
6	Change	3.9%	2.9%	-4.4%	0.5%	5.9%	3.6%	1.7%	4.1%	4.0%	4.3%
	Population & Employment										
7	Population (Thousands)	4,821.8	4,901.9	4,976.9	5,049.7	5,118.5	5,188.7	5,273.7	5,363.7	5,456.1	5,552.5
8	Change	1.6%	1.7%	1.5%	1.5%	1.4%	1.4%	1.6%	1.7%	1.7%	1.8%
9	Net Migration (Thousands)	34.8	40.5	36.3	37.0	34.9	38.2	48.3	52.9	55.0	58.4
10	Unemployment Rate	3.8%	4.8%	8.1%	9.0%	8.5%	7.8%	6.8%	5.8%	5.1%	4.7%
11	Total Nonagricultural Employment (Thousands) /B	2,331.3	2,350.3	2,245.6	2,222.3	2,258.6	2,313.0	2,382.1	2,456.6	2,526.0	2,592.3
12	Change	2.3%	0.8%	-4.5%	-1.0%	1.6%	2.4%	3.0%	3.1%	2.8%	2.6%
	Construction Variables										
13	Total Housing Permits Issued (Thousands)	30.4	19.1	9.4	11.6	13.5	23.3	27.3	35.7	42.2	49.9
14	Change	-20.7%	-37.2%	-51.0%	23.9%	16.5%	72.6%	17.2%	30.9%	18.1%	18.1%
15	Nonresidential Construction Value (Millions) /C	5,259.5	4,114.0	3,354.5	$3,146.7	$3,923.1	$3,669.7	$3,595.1	$3,837.0	$4,138.6	$4,516.6
16	Change	13.3%	-21.8%	-18.5%	-6.2%	24.7%	-6.5%	-2.0%	6.7%	7.9%	9.1%
	Prices & Sales Variables										
17	Retail Trade (Billions) /D	$75.3	$74.8	$66.5	$70.5	$75.9	$80.0	$83.6	$88.2	$93.3	$99.1
18	Change	6.9%	-0.7%	-11.1%	6.0%	7.7%	5.4%	4.5%	5.5%	5.8%	6.2%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	202.0	209.9	208.5	212.4	220.3	224.6	230.8	236.9	242.9	249.3
20	Change	2.2%	3.9%	-0.6%	1.9%	3.7%	1.9%	2.8%	2.6%	2.5%	2.6%

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

/B Includes OSPB's estimates of forthcoming revisions to jobs data that are currently not published . The jobs figures will be benchmarked based on Quarterly Census of Employment and Wage data to more accurately reflect the number of jobs in the state than what was estimated based on a survey of employers.

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

/D Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods / books / music, and general merchandise found at warehouse stores and internet purchases. In addition, the above dollar amounts include sales from food and drink vendors (bars and restaurants).

Table 2. History And Forecast For Key National Economic Variables
Calendar Year 2007 – 2016

Line No.		Actual							June 2014 Forecast		
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Inflation- Adjusted & Current Dollar Income Accounts										
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$14,876.8	$14,833.6	$14,417.9	$14,779.4	$15,052.4	$15,470.7	$15,761.3	$16,123.8	$16,591.4	$17,056.0
2	Change	1.8%	-0.3%	-2.8%	2.5%	1.8%	2.8%	1.9%	2.3%	2.9%	2.8%
3	Personal Income (Billions) /B	$11,995.7	$12,430.6	$12,082.1	$12,435.2	$13,191.3	$13,743.8	$14,134.7	$14,770.8	$15,568.4	$16,393.5
4	Change	5.3%	3.6%	-2.8%	2.9%	6.1%	4.2%	2.8%	4.5%	5.4%	5.3%
5	Per-Capita Income ($/person)	$39,761	$40,817	$39,325	$40,143	$42,275	$43,736	$44,666	$46,320	$48,429	$50,562
6	Change	4.3%	2.7%	-3.7%	2.1%	5.3%	3.5%	2.1%	3.7%	4.6%	4.4%
7	Wage and Salary Income (Billions) /B	$6,396	$6,533	$6,252	$6,377	$6,639	$6,927	$7,137.5	$7,494.4	$7,891.6	$8,294.0
8	Change	5.6%	2.1%	-4.3%	2.0%	4.1%	4.3%	3.0%	5.0%	5.3%	5.1%
	Population & Employment										
9	Population (Millions)	301.6	304.4	307.1	309.6	311.9	314.2	316.5	318.9	321.5	324.2
10	Change	1.0%	0.9%	0.9%	0.8%	0.7%	0.7%	0.7%	0.8%	0.8%	0.9%
11	Unemployment Rate	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.3%	5.9%	5.5%
12	Total Nonagricultural Employment (Millions)	137.9	137.2	131.2	130.3	131.8	134.1	136.4	138.83	141.5	144.0
13	Change	1.3%	-0.6%	-4.3%	-0.7%	1.2%	1.7%	1.7%	1.8%	1.9%	1.8%
	Price Variables										
14	Consumer Price Index (1982-84=100)	207.3	215.3	214.5	218.1	224.9	229.6	233.0	237.2	242.2	247.8
15	Change	2.9%	3.8%	-0.4%	1.6%	3.1%	2.1%	1.5%	1.8%	2.1%	2.3%
16	Producer Price Index - All Commodities (1982=100)	172.6	189.6	172.9	184.7	201.0	202.2	203.4	208.9	216.9	226.7
17	Change	4.8%	9.8%	-8.8%	6.8%	8.8%	0.6%	0.6%	2.7%	3.8%	4.5%
	Other Key Indicators										
18	Corporate Profits (Billions)	1,529.0	1,285.1	1,392.6	1,740.6	$1,877.7	$2,009.5	$2,102.1	$2,267.9	$2,430.2	$2,589.5
19	Change	-7.1%	-16.0%	8.4%	25.0%	7.9%	7.0%	4.6%	7.9%	7.2%	6.6%
20	Housing Permits (Millions)	1.398	0.905	0.583	0.605	0.624	0.829	0.964	1.153	1.466	1.731
21	Change	-24.0%	-35.3%	-35.6%	3.7%	3.1%	32.9%	16.3%	19.6%	27.1%	18.1%
22	Retail Trade (Billions)	$4,443.8	$4,402.5	$4,082.1	$4,307.9	$4,631.1	$4,881.4	$5,084.3	$5,288.1	$5,568.8	$5,842.2
23	Change	3.4%	-0.9%	-7.3%	5.5%	7.5%	5.4%	4.2%	4.0%	5.3%	4.9%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts

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

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

Line No.	Category	Actual FY 2012-13	%Chg	June 2014 Estimate by Fiscal Year FY 2013-14	%Chg	FY 2014-15	%Chg	FY 2015-16	%Chg
	Excise Taxes:								
1	Sales	$2,211.7	5.7%	$2,373.2	7.3%	$2,507.1	5.6%	$2,610.6	4.1%
2	Use	$242.7	21.0%	$241.4	-0.6%	$261.9	8.5%	$276.5	5.5%
3	Cigarette	$38.3	-3.1%	$37.0	-3.2%	$36.6	-1.2%	$35.2	-3.7%
4	Tobacco Products	$15.6	-2.9%	$16.9	8.2%	$17.1	1.7%	$17.6	2.5%
5	Liquor	$39.2	2.2%	$40.1	2.3%	$40.4	0.6%	$41.2	2.2%
6	**Total Excise**	**$2,547.5**	**6.7%**	**$2,708.5**	**6.3%**	**$2,863.2**	**5.7%**	**$2,981.1**	**4.1%**
	Income Taxes:								
7	Net Individual Income	$5,596.3	11.7%	$5,698.7	1.8%	$6,189.3	8.6%	$6,577.2	6.3%
8	Net Corporate Income	$636.3	30.8%	$721.4	13.4%	$778.7	7.9%	$853.5	9.6%
9	**Total Income**	**$6,232.6**	13.4%	**$6,420.1**	3.0%	**$6,968.0**	8.5%	**$7,430.7**	**6.6%**
10	*Less: State Education Fund Diversion*	*$486.3*	*19.3%*	*$491.1*	*1.0%*	*$536.5*	*9.2%*	*$572.2*	*6.6%*
11	**Total Income to General Fund**	**$5,746.2**	**12.9%**	**$5,929.0**	**3.2%**	**$6,431.5**	**8.5%**	**$6,858.5**	**6.6%**
	Other Revenue:								
12	Insurance	$210.4	6.7%	$235.3	11.8%	$241.2	2.5%	$247.7	2.7%
13	Interest Income	$17.4	28.6%	$22.1	26.5%	$25.6	16.3%	$29.1	13.7%
14	Pari-Mutuel	$0.7	10.3%	$0.6	-12.9%	$0.5	-10.0%	$0.5	-5.0%
15	Court Receipts	$2.3	-9.0%	$2.4	1.0%	$2.3	-5.0%	$2.1	-5.0%
16	Gaming	$12.1	-40.4%	$10.8	-10.8%	$12.2	13.0%	$12.7	4.1%
17	Other Income	$18.1	-21.6%	$20.3	11.9%	$24.6	21.5%	$26.5	7.7%
18	**Total Other**	**$261.1**	**1.3%**	**$291.4**	**11.6%**	**$306.4**	**5.1%**	**$318.7**	**4.0%**
19	**GROSS GENERAL FUND**	**$8,554.8**	**10.6%**	**$8,928.9**	**4.4%**	**$9,601.0**	**7.5%**	**$10,158.3**	**5.8%**

Table 4. General Fund Overview
(Dollar Amounts in Millions)

Line No.		Actual FY 2012-13	June 2014 Estimate by Fiscal Year FY 2013-14	FY 2014-15	FY 2015-16
Revenue					
1	**Beginning Reserve**	**$795.8**	**$373.0**	**$435.9**	**$720.5**
2	**Gross General Fund Revenue**	**$8,554.8**	**$8,928.9**	**$9,601.0**	**$10,158.3**
3	*Transfers to the General Fund*	*$0.3*	*$2.4*	*$16.5*	$0.4
4	**TOTAL GENERAL FUND AVAILABLE FOR EXPENDITURE**	**$9,351.0**	**$9,304.2**	**$10,053.5**	**$10,879.2**
Expenditures					
5	**Appropriation Subject to Limit /A**	**$7,459.2**	**$8,218.7**	**$8,767.6**	**$9,637.0**
6	*Dollar Change (from prior year)*	*$431.5*	*$759.5*	*$548.9*	$869.4
7	*Percent Change (from prior year)*	6.1%	10.2%	6.7%	9.9%
8	**Spending Outside Limit**	**$452.3**	**$528.9**	**$565.4**	**$615.9**
9	*TABOR Refund*	*$0.0*	*$0.0*	*$0.0*	*$0.0*
10	*Rebates and Expenditures /B*	*$380.9*	*$251.3*	*$256.2*	$267.2
11	*Transfers to Capital Construction /C*	*$61.4*	*$186.7*	*$225.5*	$53.3
12	*Transfers to Highway Users Tax Fund /C*	*N/A*	$0.0	$0.0	$203.2
13	*Transfers to State Education Fund under SB 13-234*	*N/A*	$45.3	$25.3	$25.3
14	*Transfers to Other Funds /D*	*$4.6*	$39.7	$58.4	$66.9
15	*Other Expenditures Exempt from General Fund Appropriations Limit /E*	$5.4	$5.9	$0.0	$0.0
16	**TOTAL GENERAL FUND OBLIGATIONS**	**$7,911.6**	**$8,747.6**	**$9,333.0**	**$10,252.8**
17	*Percent Change (from prior year)*	9.6%	10.6%	6.7%	9.9%
18	Reversions and Accounting Adjustments	*$7.1*	*$0.0*	*$0.0*	$0.0
Reserves					
19	**Year-End General Fund Balance**	**$1,446.5**	**$556.6**	**$720.5**	**$626.4**
20	*Year-End General Fund as a % of Appropriations*	*19.4%*	*6.8%*	*8.2%*	6.5%
21	*General Fund Statutory Reserve /F*	$373.0	$410.9	$569.9	$626.4
22	*Above (Below) Statutory Reserve*	$1,073.5	$145.6	$150.6	$0.0
23	*Transfer of Excess Reserve to Other Funds /G*	-$1,073.5	-$120.6	$0.0	$0.0
24	*Balance After Any Funds Above Statutory Reserve are Allocated*	$0.0	$25.0	$150.6	$0.0

/A This limit equals 5.0% of Colorado personal income. The appropriations amounts for FY 2013-14 and FY 2014-15 reflect current law. The FY 2015-16 amount represents the level of spending that can be supported by projected revenue while maintaining the required reserve amount; these amounts will change based on future budgeting decisions and updates to the revenue forecast.

/B Includes the Cigarette and Marijuana Rebates to Local Governments, Old Age Pension Fund, Property Tax, Heat, and Rent Credit, Homestead Exemption, and Fire and Police Pensions Association contributions as outlined in the table on page 43.

/C Current law requires transfers to capital construction and the Highway Users Tax Fund when personal income increases by more than 5.0 percent. This is projected to occur in 2014, which will trigger the transfers in FY 2015-16. Expected and budgeted transfers to capital construction are occurring each fiscal year regardless of the requirement. The capital construction amounts for FY 2013-14 and FY 2014-15 reflect current law, while the FY 2015-16 amount mostly reflects the needed level to fund specific "certificate of participation" financing agreements used for capital projects, as well as priority, or "Level I," building maintenance projects.

/D Under current law, General Fund money is transferred to various State cash funds. Starting in FY 2013-14, this line includes transfers of General Fund money from the new additional sales tax on retail marijuana approved by voters to the Marijuana Tax Cash Fund.

/E Spending by the Medicaid program above the appropriated amount, called “Medicaid Overexpenditures,” is usually the largest amount in this line.

/F HB 14-1337 requires the reserve to increase from 5.0 of appropriations subject to the limit to 6.5 percent starting in FY 2014-15.

/G Per HB 12-1338, all of the FY 2012-13 excess was transferred to the State Education Fund. All of the FY 2013-14 excess reserves, except $25 million that remains in the General Fund, are transferred to various funds in a specified order of priority pursuant to HB 14-1339, HB 14-1342, and SB 14-223. See page 45 for further information.

Table 5. General Fund and State Education Fund Overview
(Dollar Amounts in Millions)

Line No.		Actual FY 2012-13	June 2014 Estimate by Fiscal Year FY 2013-14	FY 2014-15	FY 2015-16
Revenue					
1	**Beginning Reserves**	**$929.6**	**$556.3**	**$1,498.3**	**$1,414.1**
2	*State Education Fund*	$133.8	$183.4	$1,062.4	$693.7
3	*General Fund*	$795.8	$373.0	$435.9	$720.5
4	**Gross State Education Fund Revenue**	**$548.5**	**$1,621.2**	**$593.8**	**$603.5**
5	**Gross General Fund Revenue /A**	**$8,554.8**	**$8,931.2**	**$9,617.5**	**$10,158.7**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$10,033.2**	**$11,108.7**	**$11,709.7**	**$12,176.3**
Expenditures					
7	General Fund Expenditures /B	$7,911.6	$8,747.6	$9,333.0	$10,252.8
8	State Education Fund Expenditures /C	*$510.9*	*$742.2*	*$962.6*	*$893.1*
9	**TOTAL OBLIGATIONS**	**$8,422.5**	**$9,489.8**	**$10,295.5**	**$11,145.9**
10	*Percent Change (from prior year)*	7.0%	12.7%	8.5%	8.3%
11	*Reversions and Accounting Adjustments*	*$19.0*	*$0.0*	*$0.0*	*$0.0*
Reserves					
12	**Year-End Balance**	**$1,629.8**	**$1,618.9**	**$1,414.1**	**$1,030.4**
13	State Education Fund /C	$183.4	$1,062.4	$693.7	$404.0
14	General Fund /D	$1,446.4	$556.6	$720.5	$626.4
15	*Transfer of Excess General Fund Reserve to Other Funds /E*	-$1,073.5	-$120.6	$0.0	$0.0
16	*General Fund Excess After Any Funds Above Statutory Reserve are Allocated*	$0.0	$25.0	$150.6	$0.0

/A This amount includes tranfers to the General Fund shown in Table 4.

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

/C State Education Fund expenditures, and consequently, fund balance information, through FY 2014-15 reflect current law. The expenditures for 2015-16 reflect projected spending that can occur while maintaining a reserve in the State Education Fund amounting to roughly 6.5 percent of total State and local school finance expenditures. Actual expenditures from the State Education Fund will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections are illustrative only.

/D HB 14-1337 requires the General Fund reserve to increase from 5.0 of appropriations subject to the limit to 6.5 percent starting in FY 2014-15.

/E Per HB 12-1338, all of the FY 2012-13 excess was transferred to the State Education Fund. All of the FY 2013-14 excess reserves, except $25 million that remains in the General Fund, are transferred to various funds in a specified order of priority pursuant to HB 14-1339, HB 14-1342, and SB 14-223. See page 45 for further information.

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

Category	Actual FY 2012-13	June 2014 Estimate by Fiscal Year FY 2013-14	FY 2014-15	FY 2015-16	FY 2012-13 to FY 2015-16 CAAGR *
Transportation-Related /A	**$1,098.6**	**$1,138.2**	**$1,136.7**	**$1,163.2**	
Change	-1.2%	3.6%	-0.1%	2.3%	1.9%
Limited Gaming Fund /B	**$98.1**	**$94.9**	**$97.2**	**$98.3**	
Change	2.6%	-3.3%	2.5%	1.2%	0.1%
Capital Construction - Interest	**$1.0**	**$1.5**	**$2.3**	**$2.1**	
Change	-11.0%	50.5%	54.7%	-11.2%	27.4%
Regulatory Agencies	**$65.0**	**$67.0**	**$68.7**	**$70.4**	
Change	0.1%	3.1%	2.5%	2.5%	2.7%
Insurance-Related	**$26.4**	**$25.5**	**$24.4**	**$25.7**	
Change	16.6%	-3.5%	-4.2%	5.3%	-0.9%
Severance Tax	**$138.6**	**$253.3**	**$280.6**	**$234.4**	
Change	-33.3%	82.8%	10.8%	-16.5%	19.1%
Hospital Provider Fees /C	**$652.6**	**$568.8**	**$532.3**	**$526.8**	
Change	11.3%	-12.8%	-6.4%	-1.0%	-6.9%
Other Miscellaneous Cash Funds	**$465.2**	**$505.1**	**$521.3**	**$537.2**	
Change	-1.6%	8.6%	3.2%	3.1%	4.9%
TOTAL CASH FUND REVENUE	***$2,545.6***	***$2,654.2***	***$2,663.4***	***$2,658.1***	
Change	-0.7%	4.3%	0.3%	-0.2%	1.5%

* CAAGR: Compound Annual Average Growth Rate.

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

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

/C Figures include the impact of SB 13-200 which put into statute the expansion of Colorado's Medicaid program beginning on January 1, 2014, as allowed by the federal Affordable Care Act.

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

Line No.		Actual FY 2012-13	June 2014 Estimate by Fiscal Year FY 2013-14	FY 2014-15	FY 2015-16
	TABOR Revenues:				
1	General Fund /A	$8,537.9	$8,898.7	$9,527.5	$10,076.5
	Percent Change from Prior Year	10.6%	4.2%	7.1%	5.8%
2	Cash Funds /A	$2,569.4	$2,654.2	$2,663.4	$2,658.1
	Percent Change from Prior Year	0.5%	3.3%	0.3%	-0.2%
3	**Total TABOR Revenues**	**$11,107.3**	**$11,552.9**	**$12,191.0**	**$12,734.7**
	Percent Change from Prior Year	8.1%	4.0%	5.5%	4.5%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.7%	1.4%	1.6%	1.7%
5	Previous calendar year inflation	3.7%	1.9%	2.8%	2.6%
6	**Allowable TABOR Growth Rate**	5.4%	3.3%	4.4%	4.3%
7	TABOR Limit	$9,247.5	$9,552.6	$9,972.9	$10,401.8
8	General Fund Exempt Revenue Under Ref. C /B	$1,859.9	$2,000.3	$2,218.0	$2,332.9
9	**Revenue Cap Under Ref. C /C**	**$11,460.2**	**$11,838.4**	**$12,359.3**	**$12,890.8**
10	***Amount Above/(Below) Cap***	**-$352.9**	**-$285.5**	**-$168.4**	**-$156.1**
11	TABOR Reserve Requirement	$333.2	$346.6	$365.7	$382.0

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

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

/C The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" or the "Revenue Cap Under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period.

APPENDIX C

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Pagination reflects the original printed document)

APPENDIX D

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in 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 as of June 2014 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State*. See also “APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts” and “APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST.”

Overview

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

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

The State’s economic performance depends heavily on economic performance at the national level. See also “APPENDIX A – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts” and “APPENDIX B – OSPB JUNE 2014 REVENUE FORECAST.”

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Population and Age Distribution

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

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2003	4.6	1.1%	290.1	0.9%
2004	4.6	1.2%	292.8	0.9%
2005	4.7	1.2%	295.5	0.9%
2006	4.7	1.8%	298.4	1.0%
2007	4.8	1.6%	301.2	1.0%
2008	4.9	1.7%	304.1	1.0%
2009	5.0	1.5%	306.8	0.9%
2010	5.0	1.5%	309.3	0.8%
2011	5.1	1.4%	311.6	0.7%
2012	5.2	1.4%	313.9	0.7%
2013	5.3	1.6%	316.1	0.7%

Note: Figures for 2003 through 2012 are estimates. The U.S. 2013 count is an estimate, and the 2013 count for Colorado is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

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

Age Distribution, July 1

	Colorado, 2013		United States, 2012	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.26	23.8%	73.73	23.5%
18 to 24	0.51	9.7%	31.36	10.0%
25 to 44	1.47	27.9%	82.83	26.4%
45 to 64	1.39	26.3%	82.85	26.4%
65+	0.65	12.3%	43.15	13.7%
Total	5.27	100.0%	313.91	100.0%
Median Age	36.7		37.4	

Note: Totals may not add due to rounding. The U.S. 2012 count is an estimate, and the Colorado 2013 count is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

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

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	% Change	Income	% Change	Income	% Change
2009	$41,515		$37,178		$39,357	
2010	$41,717	0.5%	$37,519	0.9%	$40,163	2.0%
2011	$44,179	5.9%	$39,687	5.8%	$42,298	5.3%
2012	$45,775	3.6%	$41,135	3.6%	$43,735	3.4%
2013	$46,610	1.8%	$41,944	2.0%	$44,543	1.8%

[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, Not Seasonally Adjusted

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate Colorado	Annual Average Unemployment Rate United States
2009	2,734.6		2,512.9		8.1%	9.3%
2010	2,722.9	-0.4%	2,478.3	-1.4%	9.0%	9.6%
2011	2,725.8	0.1%	2,493.5	0.6%	8.5%	8.9%
2012	2,746.2	0.8%	2,531.1	1.5%	7.8%	8.1%
2013	2,754.9	0.3%	2,568.2	1.5%	6.8%	7.4%
Year-to-date averages through April:						
2013	2,738.6		2,537.3		7.4%	7.8%
2014	2,771.8	1.2%	2,595.3	2.3%	6.4%	6.7%

[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 for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

Industry	2009	2010	2011	2012	2013	Most Recent Quarter 2012Q4	Most Recent Quarter 2013Q4	Most Recent Quarter % Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	13,737	13,670	14,015	14,513	14,348	13,709	14,038	2.4%
Mining	24,004	24,232	27,789	30,225	30,433	30,017	31,479	4.9%
Utilities	8,404	8,266	8,138	8,037	7,832	7,959	7,929	-0.4%
Construction	131,001	115,111	112,232	115,753	127,597	120,784	135,361	12.1%
Manufacturing	129,635	125,499	129,165	131,978	132,691	133,109	133,721	0.5%
Wholesale Trade	93,275	90,853	92,192	94,262	96,636	95,881	97,873	2.1%
Retail Trade	238,417	236,726	239,985	243,699	249,235	251,499	257,204	2.3%
Transportation and Warehousing	59,072	57,134	57,863	59,850	62,398	62,204	64,017	2.9%
Information	74,679	71,694	71,950	69,733	69,817	69,569	69,841	0.4%
Finance and Insurance	100,856	98,229	98,056	99,754	103,136	101,331	103,770	2.4%
Real Estate and Rental and Leasing	42,930	41,348	41,194	41,895	42,849	42,399	43,409	2.4%
Professional and Technical Services	169,561	167,505	172,096	178,313	188,984	182,057	191,772	5.3%
Management of Companies and Enterprises	28,550	28,818	29,914	31,761	34,591	32,344	34,832	7.7%
Administrative and Waste Services	132,028	133,522	137,331	145,383	148,745	149,517	152,220	1.8%
Educational Services	28,049	28,979	30,145	31,494	31,997	32,010	32,652	2.0%
Health Care and Social Assistance	225,933	232,262	239,967	246,951	250,654	250,886	255,261	1.7%
Arts, Entertainment, and Recreation	44,555	44,621	45,564	46,704	47,166	44,513	44,330	-0.4%
Accommodation and Food Services	217,785	217,976	225,702	232,875	242,100	232,399	240,421	3.5%
Other Services	65,701	65,278	66,134	67,988	69,554	68,352	69,462	1.6%
Unclassified	761	434	492	745	1,388	754	2,654	252.0%
Government	372,472	374,911	373,154	374,628	383,637	379,108	388,247	2.4%
Total*	**2,201,406**	**2,177,069**	**2,213,075**	**2,266,539**	**2,335,786**	**2,300,401**	**2,370,492**	**3.0%**

*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 based on the most current information available as of May 2014. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	24,900
The Kroger Co. (King Soopers/City Market)	Supermarkets	20,300
Centura Health	Healthcare	12,500
HCA - HealthONE LLC	Healthcare	12,200
University of Colorado Health[2]	Healthcare	11,000
Safeway Inc	Supermarkets	8,900
SCL Health System	Healthcare	8,900
Lockheed Martin	Aerospace & Defense Related Systems	8,700
CenturyLink	Telecommunications	7,000
Target Coporation	General Merchandise	6,800
Home Depot	Building Materials Retailer	6,600
Wells Fargo	Banking/Financial Services	6,600
Kaiser Permanente	Health Maintenance Organization	6,300
Comcast Corporation	Telecommunications	6,000
University of Denver	Private University	6,000
Vail Resorts	Leisure & Hospitality	6,000
Children's Hospital Colorado	Healthcare	5,600
United Airlines	Air Transportation	4,900
Banner Health	Healthcare	4,600
DISH Network LLC	Satellite TV & Equipment	4,500
Oracle Corporation	Software & Network Computer Systems	4,300
IBM Corporation	Computer Systems & Services	4,200
JBS Swift & Company	Beef Processing/Corporate Office	4,200
Walgreen Company	General Merchandise	3,800
Lowe's	Building Materials Retailer	3,800

[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 2014.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2014.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	47,200
Federal Government (except USPS)	43,200
University of Colorado System[2]	17,400
Denver Public Schools	14,500
Jefferson County Public Schools	12,000
City & County of Denver	10,900
U.S. Postal Service	10,300
Cherry Creek School District No 5	7,800
Colorado State University	7,200
Douglas County School District RE-1	7,200
Denver Health	5,700
Aurora Public Schools	5,300
Adams 12 Five Star Schools	5,200
Colorado Springs Memorial Hospital	5,200
Colorado Springs School District 11	4,700
Poudre School District R-1	4,300
City of Aurora	4,200
Boulder Valley School District RE-2	4,100
St. Vrain Valley School District RE-1J	3,900
Academy Schools District No 20	3,300
Mesa County Valley School District 51	3,100
Jefferson County	2,800
Thompson School District R2J	2,600
City of Colorado Springs	2,500
Regional Transportation District (RTD)	2,500

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for University of Colorado Health (previous table).
Source: Compiled by Development Research Partners from various sources, May 2014.

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
2009	$184.56		$134.17	
2010	$199.62	8.2%	$144.85	8.0%
2011	$213.62	7.0%	$155.05	7.0%
2012	$225.12	5.4%	$164.57	6.1%
2013	$234.06	4.0%	$171.11	4.0%
Year-to-date totals through Feb:				
2013	$29.74		$23.30	
2014	$31.36	5.4%	$24.22	4.0%

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

											Year-to-date totals through February		
Industry	**2009**	**% Change**	**2010**	**% Change**	**2011**	**% Change**	**2012**	**% Change**	**2013**	**% Change**	**2013**	**2014**	**% Change**
Agriculture/Forestry/Fishing	283.6	-6.7%	336.3	18.6%	411.7	22.4%	406.2	-1.3%	393.3	-3.2%	31.0	28.4	-8.5%
Mining	2,226.4	-34.8%	2,531.7	13.7%	3,111.7	22.9%	3,815.6	22.6%	4,601.2	20.6%	558.9	742.7	32.9%
Utilities	6,706.0	-5.5%	10,370.1	54.6%	7,353.2	-29.1%	7,332.9	-0.3%	7,612.2	3.8%	1,397.7	1,499.8	7.3%
Construction	2,807.3	-25.5%	2,756.3	-1.8%	2,829.3	2.6%	3,396.0	20.0%	3,443.8	1.4%	380.7	480.0	26.1%
Manufacturing	9,217.6	-21.6%	10,423.9	13.1%	15,909.3	52.6%	18,192.1	14.3%	19,168.4	5.4%	2,460.2	2,540.6	3.3%
Wholesale Trade	11,891.4	-17.9%	12,422.0	4.5%	13,084.9	5.3%	14,012.4	7.1%	14,995.2	7.0%	1,630.8	1,782.0	9.3%
Retail Trade													
Motor Vehicle and Auto Parts	10,255.3	-15.6%	11,293.5	10.1%	12,986.8	15.0%	14,435.4	11.2%	15,644.7	8.4%	2,174.9	2,309.4	6.2%
Furniture and Furnishings	1,893.8	-19.5%	1,900.9	0.4%	2,049.0	7.8%	2,265.5	10.6%	2,447.4	8.0%	351.1	366.8	4.5%
Electronics and Appliances	1,984.5	-11.6%	2,118.6	6.8%	2,224.2	5.0%	2,077.8	-6.6%	1,983.9	-4.5%	279.3	308.3	10.4%
Building Materials/Nurseries	4,200.7	-20.5%	4,388.6	4.5%	4,515.0	2.9%	4,824.6	6.9%	5,289.6	9.6%	650.9	688.5	5.8%
Food/Beverage Stores	12,557.6	-2.9%	13,363.7	6.4%	14,433.2	8.0%	15,298.5	6.0%	15,698.7	2.6%	1,896.3	1,893.5	-0.1%
Health and Personal Care	2,350.2	3.6%	2,529.7	7.6%	2,712.1	7.2%	2,886.9	6.4%	3,093.3	7.1%	421.6	494.4	17.3%
Gas Stations	4,002.1	-30.6%	4,693.2	17.3%	5,778.1	23.1%	6,011.1	4.0%	5,870.8	-2.3%	830.2	852.3	2.7%
Clothing and Accessories	2,892.9	-6.9%	3,118.0	7.8%	3,337.4	7.0%	3,510.2	5.2%	3,554.4	1.3%	473.7	472.0	-0.4%
Sporting/Hobby/Books/Music	2,367.6	-8.2%	2,487.1	5.0%	2,680.6	7.8%	2,674.0	-0.2%	2,753.1	3.0%	433.9	432.2	-0.4%
General Merchandise/Warehous	10,973.6	-3.2%	11,091.0	1.1%	11,722.3	5.7%	12,185.7	4.0%	12,401.7	1.8%	1,774.8	1,769.4	-0.3%
Misc Store Retailers	2,204.6	-6.8%	2,448.6	11.1%	2,938.6	20.0%	3,147.8	7.1%	3,622.5	15.1%	459.6	531.1	15.6%
Non-Store Retailers	2,794.2	-35.0%	2,337.7	-16.3%	1,550.2	-33.7%	1,456.0	-6.1%	1,545.1	6.1%	228.2	267.9	17.4%
Total Retail Trade	**58,477.1**	**-12.3%**	**61,770.7**	**5.6%**	**66,927.5**	**8.3%**	**70,773.7**	**5.7%**	**73,905.2**	4.4%	**9,974.5**	**10,385.9**	**4.1%**
Transportation/Warehouse	585.7	-22.5%	528.9	-9.7%	593.1	12.1%	710.2	19.7%	806.1	13.5%	100.4	113.6	13.1%
Information	7,044.4	0.9%	6,889.0	-2.2%	6,321.8	-8.2%	6,242.2	-1.3%	5,787.9	-7.3%	857.4	802.4	-6.4%
Finance/Insurance	2,845.4	-7.8%	3,207.3	12.7%	3,085.9	-3.8%	3,130.7	1.5%	2,331.6	-25.5%	396.9	149.1	-62.4%
Real Estate/Rental/Lease	2,903.0	-19.5%	2,916.5	0.5%	3,154.3	8.2%	3,240.7	2.7%	3,540.1	9.2%	553.2	615.1	11.2%
Professional/Scientific/Technical	6,059.6	-11.7%	6,553.9	8.2%	6,768.8	3.3%	6,818.2	0.7%	7,114.2	4.3%	842.8	781.0	-7.3%
Admin/Support/Waste/Remediatio	1,794.7	-8.2%	1,823.3	1.6%	1,882.7	3.3%	1,866.1	-0.9%	1,965.1	5.3%	231.9	242.7	4.7%
Education	421.8	-8.6%	480.0	13.8%	487.1	1.5%	490.8	0.8%	459.7	-6.3%	66.0	61.8	-6.2%
Health Care/Social Assistance	5,740.5	8.8%	6,000.4	4.5%	6,222.6	3.7%	6,318.5	1.5%	6,452.9	2.1%	1,048.2	1,065.4	1.6%
Arts/Entertainment/Recreation	903.8	-7.0%	955.8	5.8%	987.2	3.3%	1,036.6	5.0%	1,092.7	5.4%	161.3	169.1	4.8%
Accommodation	2,566.9	-15.4%	2,719.2	5.9%	3,014.9	10.9%	3,199.2	6.1%	3,365.8	5.2%	543.5	588.8	8.3%
Food/Drinking Services	7,976.5	-3.1%	8,333.8	4.5%	8,876.4	6.5%	9,474.1	6.7%	9,891.5	4.4%	1,510.8	1,603.8	6.2%
Other Services	3,472.6	-9.2%	3,565.9	2.7%	3,763.6	5.5%	3,867.8	2.8%	3,936.5	1.8%	520.8	533.5	2.4%
Government	242.5	-2.9%	262.4	8.2%	268.2	2.2%	244.5	-8.8%	250.7	2.5%	35.9	37.4	4.4%
Total All Industries	**134,166.8**	**-12.2%**	**144,847.3**	**8.0%**	**155,054.2**	**7.0%**	**164,568.4**	**6.1%**	**171,114.1**	4.0%	**23,302.6**	**24,223.1**	**4.0%**

Source: Colorado Department of Revenue.

Tourism

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

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2]						Skier Visits[3]	
			Conventions		*Delegates*		*Spending*			
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
2009	5.44		66		244.7		$487.4		11.86	
2010	5.64	3.5%	75	13.6%	267.6	9.4%	$533.1	9.4%	11.86	0.1%
2011	5.82	3.3%	82	9.3%	283.2	5.8%	$564.2	5.8%	12.28	3.5%
2012	5.81	-0.1%	98	19.5%	266.1	-6.0%	$530.1	-6.0%	11.02	-10.3%
2013	5.39	-7.2%	84	-14.3%	265.7	-0.2%	$529.3	-0.2%	11.45	3.9%

[1]Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.
[2]Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.
[3]Count of skier visits for the season ending in the referenced year.
Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

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

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2009	7,261	142	93	1,859	9,355	
2010	8,790	276	136	2,389	11,591	23.9%
2011	8,723	266	127	4,386	13,502	16.5%
2012	12,617	304	97	10,283	23,301	72.6%
2013	15,772	408	148	11,189	27,517	18.1%
Year-to-date totals through April:						
2013	5,011	98	8	3,382	8,499	
2014	5,699	148	43	3,506	9,396	
% change	*13.7%*	*51.0%*	*437.5%*	*3.7%*	*10.6%*	

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
2009	46,394		20,437	
2010	42,692	-8.0%	23,891	16.9%
2011	31,975	-25.1%	19,617	-17.9%
2012	28,579	-10.6%	15,903	-18.9%
2013	15,333	-46.3%	9,318	-41.4%
Year-to-date totals through first quarter:				
2013	4,571		2,935	
2014	3,441	-24.7%	1,718	-41.5%

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

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APPENDIX E

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2013 (the "PERA 2013 CAFR"), which is the most current PERA CAFR available. 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.

The information in the State's Fiscal Year 2012-13 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2012. However, the information in this Appendix is derived from the PERA 2013 CAFR.

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 2013 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 the State's Fiscal Year 2012-13 CAFR appended to this Official Statement and Note 8 to the PERA 2013 CAFR for a discussion of the DC Plan.

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

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State (as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 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 the State's Fiscal Year 2012-13 CAFR appended to this Official Statement, the PERA 2013 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 10.5% 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 2012-13. See Note 18 to the State's Fiscal Year 2012-13 CAFR 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, although for Fiscal Years 2010-11 and 2011-12 the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees offset a 2.5% reduction in the State contribution for these 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 the State's Fiscal Year 2012-13 CAFR 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 60-year amortization period (at December 31, 2013, 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, 2013, (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 2004 and 2005; State Division 2006 through 2013
(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	2013	$495,241	$401,658 [4]	$401,658	79.00%	$ 98,500
State Division	2012	393,991	335,073 [5]	335,073	83.00	58,918
State Division	2011	326,274	283,222 [6]	283,222	86.81 [7]	43,052
State Division	2010	452,821	287,624 [8]	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

[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 the 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 60 years as of December 31, 2013.

[5] Results in amortization of UAAL over 53 years as of December 31, 2012, based upon an investment return assumption of 8%. The PERA 2012 CAFR also calculates the ARC and UAAL based upon different assumed interest rates.

[6] Results in amortization of UAAL over 56 years as of December 31, 2011.

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

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

Source: PERA Comprehensive Annual Financial Reports for calendar years 2005, 2010, 2011, 2012 and 2013

Plan Assets, Liabilities and Funding Levels

At December 31, 2013, based on PERA's 2013 CAFR, the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were approximately $13.1 billion and $22.8 billion, respectively, resulting in a UAAL of approximately $9.7 billion and a funded ratio of 57.5%, assuming an investment rate of return of 7.5%. The UAAL would amortize over a 60-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 57.5%. At December 31, 2013, the funded ratio of the Plan based on the market value of assets was 61.0%, representing a UAAL of $8.9 billion. Table 2 below sets forth for each of the ten years through December 31, 2013, 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, 2013, 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 2013 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 3.90% to 9.57%; (5) the rate of inflation is assumed to be 2.80% and the rate of productivity increase is 1.10%; however, both are included in the assumed 7.50% rate of investment return and in the projected salary increases; (6) a 7.50% assumed rate of return on investments; and (7) cost of living adjustments are assumed to be 2.00% per year. The PERA 2013 CAFR also calculates the ARC and UAAL based upon different assumed rates of interest. See Notes 10 and 11 to the PERA 2013 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 2004; State Division 2005 through 2013
(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	2013	$13,129,460	$22,843,725	$ 9,714,265	57.5%	$2,474,965	392.5%
State Division	2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
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

[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, 2011, 2012 and 2013

Table 3
Historical Funding Progress
Market Value of Plan Assets
State and School Division 2004 and 2005; State Division 2006 through 2013
(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	2013	$13,935,754	$22,843,725	$ 8,907,971	61.0%	$2,474,965	392.5%
State Division	2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	362.8
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

[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 2004 through 2013

The following table sets forth PERA's change in net position for Fiscal Years 2004 through 2013.

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

State and School Division Trust Fund[2]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
ADDITIONS										
Employer contributions	$ 452,997	$ 491,031	$ 208,795	$ 232,997	$ 270,353	$ 297,240	$ 287,624	$ 283,222	$ 335,073	$ 401,658
Member contributions	411,376	425,657	169,965	179,971	191,481	194,168	223,240	258,678	227,058	202,799
Purchased service	192,033	212,971	39,480	8,259	13,315	8,830	12,496	11,277	16,358	22,241
Investment income (loss)	3,663,632	2,827,871	1,921,863	1,388,265	(3,745,843)	1,742,571	1,553,142	232,669	1,511,244	1,931,658
Other	30	(9)	1	4	7	3	1	331	150	4,869
Total additions	4,720,068	3,957,521	2,340,104	1,809,496	(3,270,687)	2,242,812	2,076,503	786,177	2,089,883	2,563,225
DEDUCTIONS										
Benefit payments	1,677,417	1,872,565	849,229	925,761	999,279	1,071,725	1,122,435	1,174.707	1,231,922	1,295,780
Refunds	108,136	114,968	65,911	56,578	56,716	58,416	68,844	70,090	69,221	68,735
Disability insurance premiums	4,186	4,038	1,772	1,833	1,794	2,004	1,661	1,685	1,570	2,229
Administrative expenses	20,949	18,811	7,889	6,963	8,639	8,729	8,942	8,685	8,568	9,780
Other	13,320	10,373	3,103	7,592	6,613	(1,519)	(726)	(4,546)	3,911	3,593
Total deductions	1,824,008	2,020,755	927,904	998,727	1,073,041	1,139,355	1,201,156	1,250,621	1,315,192	1,380,117
Change in net position available	2,896,060	1,936,766	1,412,200	810,769	(4,343,728)	1,103,457	875,347	(464,444)	774,691	1,183,108
Net position at beginning of year	27,123,836	30,019,896	12,629,060	14,041,260	14,852,029	10,508,301	11,611.758	12,487,105	12,022,661	12,797,352
Net position at end of year	$30,019,896	$31,956,662	$14,041,260	$14,852,029	$10,508,301	$11,611,758	$12,487,105	$12,022,661	$12,797,352	$13,980,460

[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 2013

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 2013 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 of 2010, the District Court granted summary judgment in favor of the defendants and the plaintiffs appealed. In October of 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 November of 2012, both the plaintiff and defendants filed appeals to the Colorado Supreme Court regarding the decision of the Court of Appeals. The Colorado Supreme Court agreed to review the case, which has been briefed by the parties and is scheduled for oral argument on June 4, 2014.

PERA is a defendant in a legal proceeding brought in 2012 by the Memorial Health System and the City of Colorado Springs concerning the sale of the System and the City's withdrawal liability from PERA. PERA estimates that Memorial's share of the unfunded liability is in the range of approximately $200-$250 million. On February 10, 2014, the Denver District Court granted summary judgment in favor of PERA, finding that the City and the System are required by statute to pay into PERA a reserve to fund retirement benefits for vested employees and former employees who are presently or in the future will receive retirement benefits from PERA. The decision of the District Court is being appealed.

See Note 7 to the PERA 2013 CAFR for a discussion of this litigation.

Future Accounting Standards

Effective for Fiscal Year 2014-15, GASB issued Statement No. 68 - Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most governments, such as the State, that provide their employees with pension benefits. The statement will require cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division has an unfunded accrued actuarial liability of approximately $8.7 billion as of December 31, 2012, and approximately $9.7 billion as of December 31, 2013. However, at June 30, 2013, the State was unable to estimate the magnitude of its share of the unfunded pension liability. See Note 1 to the State's Fiscal Year 2012-13 CAFR appended to this Official Statement.

Effect of Pension Liability on the Series 2014A Notes

The Series 2014A Notes are short-term obligations maturing on June 29, 2015, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2015, as repayment of their Program Loans and a portion of the proceeds of the Series 2014A Notes deposited to the Series 2014-15 Notes Repayment Account as discussed in "THE SERIES 2014A NOTES – Security and Sources of Payment." Therefore, the State's current pension liability or any change in the State's pension liability is not expected to adversely affect the State's ability to pay the Series 2014A Notes. For a discussion of the

State’s current pension liability, see “Management’s Discussion and Analysis” in the Financial Section of the State’s Fiscal Year 2012-13 CAFR appended to this Official Statement under the caption “CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions.” However, no assurance can be given that the assumptions underlying the State’s current plan to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement.

* * *

APPENDIX F

DTC BOOK-ENTRY SYSTEM

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

None of the State, the State Treasurer, the Deputy 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 2014A 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 2014A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2014A Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2014A Notes. The Series 2014A 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 2014A Note certificate will be issued for the Series 2014A 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 2014A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014A 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 2014A 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 2014A Notes except in the event that use of the book-entry system for the Series 2014A Notes is discontinued.

To facilitate subsequent transfers, all Series 2014A 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 2014A 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 2014A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014A 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 2014A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014A Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2014A Notes may wish to ascertain that the nominee holding the Series 2014A 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 2014A 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 2014A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2014A 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 2014A 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 2014A 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 2014A Note certificates are required to be printed and delivered to the appropriate registered owners of the Series 2014A 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 2014A Notes. In that event, Series 2014A Note certificates will be printed and delivered to DTC.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

[Closing Date]

The Honorable Walker Stapleton
Treasurer of the State of Colorado

J.P. Morgan Securities LLC

$165,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2014A

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 2014A," in the aggregate principal amount of $165,000,000 dated as of the date of their issuance (the "Notes").

The Notes mature, bear interest, are transferable and payable, as to principal and interest at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on July 9, 2014, 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 2014-15 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 2014-15 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,

* * *