NEW ISSUE – BOOK-ENTRY ONLY **RATINGS:**

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

In the opinion of Brownstein Hyatt Farber Schreck, LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuous compliance with certain covenants described herein, interest on the Series 2012A Notes is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Federal Tax Code"), except that such interest is required to be included in calculating the "adjusted current earnings adjustment" applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and interest on the Series 2012A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Federal Tax Code. Interest on the Series 2012A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under present Colorado income tax laws. See "TAX MATTERS" regarding certain other tax considerations.

$500,000,000
STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2012A

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

The Series 2012A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the State's General Fund in the State's July 1, 2012 - June 30, 2013 Fiscal Year and paying the costs of issuing the Series 2012A Notes, as described herein.

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

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.†
$130,000,000	2.00%	101.715%	0.18%	196729 BN6
370,000,000	2.50	102.187	0.18	196729 BP1

The Series 2012A Notes are special, limited obligations of the State payable solely from and secured by a pledge of Pledged Revenues consisting of cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2012-13 that are subject to appropriation for Fiscal Year 2012-13 and not credited to the General Fund as of the date of issuance of the Series 2012A Notes, unexpended proceeds, if any, of the Series 2012A Notes and any parity obligations that may be issued hereafter and, to the extent permitted by law, proceeds of internal borrowing from other State funds, all as described herein. The Series 2012A 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 constitution or laws of the State.

An investment in the Series 2012A 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 2012A Notes are offered when, as and if issued, subject to the approving opinion of Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. It is expected that the Series 2012A Notes will be available for delivery through the facilities of DTC on or about July 17, 2012.

Dated: July 10, 2012

† CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of The McGraw-Hill Companies, and is provided solely for the convenience of the purchasers of the Series 2012A Notes and only as of the issuance of the Series 2012A 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 2012A 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 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 2012A 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 2012A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2012A 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 “THE STATE GENERAL FUND,” “GENERAL FUND CASH FLOW,” “BORROWABLE RESOURCES,” “DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS” and “APPENDIX C – 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

$500,000,000
STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2012A

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 $500,000,000 State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2012A (the "Series 2012A Notes"). See "THE SERIES 2012A NOTES" and "THE STATE."

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 2012A 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, 2012, including, without limitation, the interest rates, prices, reoffering yields and CUSIP numbers the Series 2012A Notes, as well as the original purchasers (the "Underwriters") of the Series 2012A Notes, certain information regarding the Underwriters and the purchase price paid by the Underwriters for the Series 2012A Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

Authority and Purpose

The Funds Management Act of 1986 (the "Funds Management Act"), being Title 24, Article 75, Part 9, Colorado Revised Statutes, as amended ("C.R.S."), authorizes the State Treasurer to issue and sell notes from time to time payable from the anticipated revenues of any one or more funds or groups of accounts to which State moneys are credited in order to accomplish any of the purposes of such Act, including the alleviation of cash flow shortfalls in any such fund or group of accounts.

The Funds Management Act provides a means of compensating for the fluctuations in revenues and expenditures that occur in the State's General Fund, which is the State's principal operating fund, during the "Fiscal Year" (July 1-June 30), and result in temporary cash flow shortfalls in the General Fund. The Series 2012A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the General Fund in the Fiscal Year beginning July 1, 2012, and ending June 30, 2013 ("Fiscal Year 2012-13"), and paying the costs of issuing the Series 2012A Notes. See "APPLICATION OF SERIES 2012A NOTE PROCEEDS."

The Series 2012A Notes

Authorization. The Series 2012A Notes are issued under the authority of the Constitution of the State of Colorado (the "State Constitution") and laws of the State, particularly the Funds Management Act and the Supplemental Public Securities Act, being Title 11, Article 57, Part 2, C.R.S. (the "Supplemental Public Securities Act"); and pursuant to a resolution (the "Authorizing Resolution") adopted by the Treasurer of the State (the "State Treasurer"). See "THE SERIES 2012A NOTES – Authorization."

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

Book-Entry Only System. The Series 2012A 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 2012A Notes. Ownership interests in the Series 2012A 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 2012A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2012A NOTES – General Provisions" and "APPENDIX D – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2012A 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 2012A Notes are special, limited obligations of the State payable solely from and secured by a pledge of the "Pledged Revenues," consisting of the following, which the State Treasurer believes will be sufficient for the repayment of the Series 2012A Notes:

- Any cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2012-13 that are subject to appropriation for Fiscal Year 2012-13 and not yet credited to the General Fund as of the Closing Date ("Current General Fund Revenues"). Current General Fund Revenues are comprised generally of receipts from corporate and individual income taxes, sales and use taxes, certain excise taxes, insurance taxes, federal funds, interest on investments of certain State funds and revenues from pari-mutuel wagering, courts, charges for services and other sources.

- Unexpended proceeds, if any, of the Series 2012A Notes and any additional general fund tax and revenue anticipation notes issued pursuant to the Funds Management Act and in accordance with the Authorizing Resolution that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on parity with the Series 2012A Notes ("Additional Notes").

- To the extent permitted by law, proceeds of internal borrowing from other State funds ("Borrowable Resources").

Pursuant to the Authorizing Resolution, a restricted account within the General Fund (the "Note Payment Account") established by the State Controller (the "State Controller") is pledged to the registered owners of the Series 2012A Notes and any Additional Notes. The State Treasurer covenants in the Authorizing Resolution to credit the Pledged Revenues to the Note Payment Account so that the amount therein will be sufficient to pay the principal of and interest on the Series 2012A Notes and any Additional Notes due on the Maturity Date, and to take certain measures required by the Authorizing Resolution if and to the extent that the Note Payment Account contains less than the required amount. The registered owners of the Series 2012A Notes will be equally and ratably secured by a first lien on the Note Payment Account and the moneys and investments deposited therein, which lien will be on parity with the lien thereon in favor of the registered owners of any Additional Notes that may be issued hereafter.

The Series 2012A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State within the meaning of any applicable provision of the State Constitution or State statutes. The registered owners and Beneficial Owners of the Series 2012A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2012A Notes.

See generally "THE SERIES 2012A NOTES – Security and Sources of Payment – Additional Notes," "THE STATE GENERAL FUND," "GENERAL FUND CASH FLOW" and "BORROWABLE RESOURCES."

Legal and Tax Matters

Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2012A Notes and will deliver its opinion substantially in the form appended to this Official Statement. Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. See "LEGAL MATTERS."

In the opinion of Brownstein Hyatt Farber Schreck, LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuous compliance with certain covenants described herein, interest on the Series 2012A Notes is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Federal Tax Code"), except that such interest is required to be included in calculating the "adjusted current earnings adjustment" applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and interest on the Series 2012A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Federal Code. Interest on the Series 2012A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under present Colorado income tax laws. See "TAX MATTERS" regarding certain other tax considerations. See also "APPENDIX E – FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

In accordance with Subsection (d)(3) of Securities and Exchange Commission Rule 15c2-12, promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), which Subsection applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2012A Notes, the State 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, but will undertake in the Authorizing Resolution to provide notice of the occurrence of certain events as described in "THE SERIES 2012A NOTES – Security and Sources of Payment – *Note Payment Account*" and "CONTINUING DISCLOSURE."

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared by Development Research Partners, Inc. for use by the State. See "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION." Development Research Partners, Inc. has consented to the inclusion of such information in this Official Statement. The State does not assume responsibility for the accuracy, completeness or fairness of such information. The information in "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" has been included in the Official Statement in reliance upon the authority of Development Research Partners, Inc.

as experts in the preparation of economic and demographic analyses. Potential investors should read such appendix in its entirety for information with respect to the economic and demographic status of the State.

Additional Information

Brief descriptions of the Series 2012A Notes, the State, the Authorizing Resolution, the Funds Management Act and certain other statutes, reports, documents and instruments are included in this Official Statement. The descriptions of the statutes, reports, documents or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute, report, document or other instrument. Copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from Stifel, Nicolaus & Company, Incorporated (the "Financial Advisor"), 1125 17th Street, Suite 1600, Denver, Colorado 80202, Attention: Vicki Mattox, telephone number (303) 291-5230.

Investment Considerations

An investment in the Series 2012A 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 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 2012A Notes.

APPLICATION OF SERIES 2012A NOTE PROCEEDS

The Series 2012A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the General Fund in Fiscal Year 2012-13 and paying the costs of issuing the Series 2012A Notes.

Timing differences between revenue collections and disbursements have caused the State to engage in interfund borrowing and the issuance of General Fund tax and revenue anticipation notes from time to time in order to meet the obligations of the General Fund in a timely manner. Without interfund borrowing or the issuance of the Series 2012A Notes, the State forecasts that the General Fund would incur cumulative cash shortfalls in Fiscal Year 2012-13. The proceeds of the Series 2012A Notes after payment of costs and expenses relating to the issuance and sale of the Series 2012A Notes, or approximately $510,204,106, will be deposited in the General Fund and used both to alleviate cash flow shortfalls and finance the State's daily operations in anticipation of taxes and other revenues to be received later in Fiscal Year 2012-13. The costs and expenses relating to the issuance and sale of the Series 2012A Notes, including underwriting discount, are approximately $117,294.

See "THE SERIES 2012A NOTES – Authorization," "THE STATE GENERAL FUND," "GENERAL FUND CASH FLOW," "BORROWABLE RESOURCES" and "UNDERWRITING."

THE SERIES 2012A NOTES

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

Authorization

The Series 2012A Notes are being issued under the authority of the State Constitution and State laws, particularly the Funds Management Act and the Supplemental Public Securities Act, and pursuant to the Authorizing Resolution.

The Funds Management Act authorizes the State Treasurer to issue and sell notes from time to time payable from the anticipated revenues of any one or more funds or groups of accounts to which State moneys are credited to accomplish any of the purposes of such Act, including the alleviation of cash flow shortfalls in any such fund or group of accounts. The aggregate principal amount of outstanding notes payable from any fund or group of accounts is limited to 50% of the amount of revenues of such fund or group of accounts anticipated but not yet credited to the fund or group of accounts for the applicable Fiscal Year, excluding the proceeds of notes or other borrowing credited to such fund or group of accounts and any income from the investment of revenues or the proceeds of such borrowings. It is forecast that approximately $7,716.6 million of revenues (excluding the proceeds of the Series 2012A Notes or other borrowings and investment income of revenues and such proceeds) will be credited to the General Fund for Fiscal Year 2012-13, thereby imposing a limit of approximately $3,858.3 million in General Fund notes for Fiscal Year 2012-13. See "Additional Notes" below.

General Provisions

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

The Series 2012A Notes will be dated as of the Closing Date, mature on the Maturity Date and bear interest at the rates per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) specified on the cover page of this Official Statement. Interest on the Series 2012A Notes will accrue from the Closing Date and will be payable on the Maturity Date. The principal of and interest on the Series 2012A Notes will be payable by the State Treasurer, as paying agent for the Series 2012A Notes, on the Maturity Date to Cede & Co., as the registered owner of the Series 2012A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX D – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2012A Notes will cease to accrue on the Maturity Date.

The Series 2012A Notes are <u>not</u> subject to redemption prior to the Maturity Date.

The Deputy State Treasurer will serve as the registrar for the Series 2012A Notes, 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 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 registered owners of the Series 2012A 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 2012A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2012A Notes or (v) any other related matter.

Security and Sources of Payment

Limited Obligations. The Series 2012A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, which the State Treasurer believes will be sufficient for the repayment of the Series 2012A Notes. The State pledges to the payment of principal of and interest on the Series 2012A Notes Pledged Revenues in an amount sufficient to pay the principal of and interest on the Series 2012A Notes on the Maturity Date. The Series 2012A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State within the meaning of any applicable provision of the State Constitution or State statutes. The registered owners and Beneficial Owners of the Series 2012A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2012A Notes.

The Pledged Revenues. The Pledged Revenues consist of (i) Current General Fund Revenues, (ii) the unexpended proceeds, if any, of the Series 2012A Notes and any Additional Notes and (iii) Borrowable Resources.

Current General Fund Revenues. Current General Fund Revenues are comprised of any cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2012-13 that are subject to appropriation for Fiscal Year 2012-13 and not yet credited to the General Fund as of the Closing Date. Current General Fund Revenues include, generally, receipts from corporate and individual income taxes, sales and use taxes, certain excise taxes, insurance taxes, interest on investments of certain State funds and revenues from pari-mutuel wagering, courts, charges for services and other sources.

Current General Fund Revenues do not include the proceeds of the Series 2012A Notes or Additional Notes or certain moneys that are legally required to be paid to other funds, including, among others: (i) those moneys or revenues that are required to be credited to the Old Age Pension Fund and the State Education Fund, except to the extent determined to be in excess of the requirements of such funds and transferred to the General Fund; and (ii) moneys received from the federal government that are not subject to appropriation or are restricted to a particular purpose or use. In addition, the Series 2012A Notes are not payable from General Fund or other State revenues that are subject to accrual to the General

Fund in any Fiscal Year after Fiscal Year 2012-13. See "THE STATE GENERAL FUND" and "GENERAL FUND CASH FLOW."

Borrowable Resources. The Pledged Revenues also include Borrowable Resources, being, to the extent permitted by law, proceeds of internal borrowing from other State funds. These State funds consist of over 600 funds and accounts of the State other than the General Fund. See "BORROWABLE RESOURCES" for a more detailed discussion of the State funds constituting the Borrowable Resources.

Note Payment Account. The Note Payment Account of the General Fund is created pursuant to the Authorizing Resolution and is to be held by the State Treasurer on behalf of the State and used solely to pay the Series 2012A Notes and any Additional Notes. The Note Payment Account is pledged to the payment of the principal of and interest on the Series 2012A Notes and any Additional Notes on the Maturity Date, and the registered owners of the Series 2012A Notes and any Additional Notes are equally and ratably secured by an exclusive first lien on the Note Payment Account and the moneys deposited therein. Moneys held in the Note Payment 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.

In order to provide for the payment of the principal of and interest on the Series 2012A Notes and any Additional Notes, the State Treasurer covenants to credit Pledged Revenues to the Note Payment Account in such amount as will cause the balance in the Note Payment Account on June 17, 2013, to be at least equal to the principal of and interest on the Series 2012A Notes and any Additional Notes due on the Maturity Date.

If on June 17, 2013, the balance in the Note Payment Account is less than the amount required, the State Treasurer covenants to: (i) give notice of such deficiency to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access (EMMA) system and to DTC or any successor depository; and (ii) until the balance in the Note Payment Account satisfies such requirement, (a) credit to the Note Payment Account all Current General Fund Revenues then available and thereafter received, and (b) borrow (to the extent permitted by law) for credit to the Note Payment Account from other State funds. Such notice is to be given by electronic transmission unless the designated recipient thereof has otherwise requested the State Treasurer to use another means of transmission. In the event the designated recipient does not utilize electronic transmission and has not otherwise requested a specific means of transmission from the State Treasurer, such notice is to be by first-class mail, postage prepaid.

The State Treasurer covenants that moneys in the Note Payment Account not immediately needed will be invested only in investments maturing on or before the Maturity Date and authorized by (i) the Funds Management Act, (ii) Title 24, Article 36, C.R.S., or (iii) to the extent applicable, Title 24, Article 75, Part 6, C.R.S. Investment earnings on moneys held in the Note Payment Account are to be retained in the Note Payment Account until the balance therein equals or exceeds the principal of and interest due on the Series 2012A Notes and Additional Notes, if any, on the Maturity Date. See "FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "THE STATE GENERAL FUND – Investment Policies – Investment of the State Pool."

The State Treasurer covenants to prepare, on or about the 25th day of October 2012, January 2013, April 2013 and May 2013, written projections of Current General Fund Revenues, Current General Fund Expenditures, General Fund balances and legally available amounts in other State funds for each month remaining in the Current Fiscal Year, which projections are to be based on the quarterly revenue projections approved by the Governor's Office of State Planning and Budgeting ("OSPB") or any successor in function. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" and "THE STATE GENERAL FUND – Revenue Estimation – OSPB Revenue and Economic Forecasts."

If at any time such projections show that Current General Fund Revenues will be insufficient to permit the required credits to the Note Payment Account, the State Treasurer covenants in the Authorizing Resolution to: (i) immediately give notice of such determination to the MSRB and to DTC or any successor securities depository; and (ii) until there has been credited to the Note Payment Account an amount equal to the amount by which the required credits are projected to be insufficient, (a) credit all Current General Fund Revenues then available and thereafter received to the Note Payment Account to the extent required, and (b) transfer from other State funds (to the extent permitted by law) for credit to the Note Payment Account to the extent required. The State Treasurer also covenants in the Authorizing Resolution to make no repayment of moneys transferred from any other funds of the State unless after taking into account the amount of the repayment, the amount credited to the Note Payment Account will equal or exceed the principal and interest due on the Series 2012A Notes on the Maturity Date. See also "CONTINUING DISCLOSURE."

For a discussion of the anticipated cash flow to the General Fund, the sources thereof and the procedures to be followed for and the limitations on interfund borrowing, see generally "STATE FINANCIAL INFORMATION," "THE STATE GENERAL FUND," "GENERAL FUND CASH FLOW" and "BORROWABLE RESOURCES."

Additional Notes

Subject to the limitation on the amount of General Fund notes that may be issued pursuant to the Funds Management Act as discussed in "Authorization" above, the Authorizing Resolution authorizes the State Treasurer to issue Additional Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with (but not superior to) the pledge in favor of the registered owners of the Series 2012A Notes. The Additional Notes may have such details as the State Treasurer may determine; provided, however, that the Additional Notes are required to be (i) non-redeemable prior to the Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the Note Payment Account. The State Treasurer currently does not anticipate issuing any Additional Notes, but reserves the right to do so.

Defaults and Remedies

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

- Payment of the principal of or interest on any of the Series 2012A Notes is not made on the Maturity Date;
- The balance credited to the Note Payment Account on June 17, 2013, is less than the principal and interest due on the Series 2012A Notes and Additional Notes, if any, on the Maturity Date; or
- The State fails to observe or perform any condition, agreement or covenant contained in the Authorizing Resolution or the Series 2012A Notes and such failure continues for 15 days after receipt of written notice by the State Treasurer from any registered owner of the Series 2012A Notes.

Upon the occurrence of any Event of Default, the Authorizing Resolution provides that any registered owner of the Series 2012A Notes may: (i) sue or commence an action or proceeding to collect sums due and owing on the Series 2012A Notes or to enforce and protect such registered owner's rights under the Authorizing Resolution and the Series 2012A Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the Authorizing Resolution or the Series 2012A Notes; or (iii) examine the books and records of the State and require the State Treasurer to account for all moneys and investments constituting the Pledged Revenues as if the State

Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2012A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Note Payment Account are not sufficient to pay the principal of and interest on the Series 2012A Notes and Additional Notes, if any, the State Treasurer is to ratably apply the moneys in the Note Payment Account to the payment of the principal and interest then due and unpaid upon the Series 2012A Notes and Additional Notes, if any, without preference or priority of principal over interest or of interest over principal, or of any Series 2012A Note or Additional Notes, if any, over any other Series 2012A Note or Additional Notes, if any, according to the amounts due, respectively, for principal and interest to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the Authorizing Resolution for the benefit of the registered owners of the Series 2012A Notes that the State Treasurer will not take any action or omit to take any action with respect to the Series 2012A Notes, the proceeds thereof or other funds of the State if such action or omission would (i) cause the interest on the Series 2012A Notes to lose its exclusion from gross income for federal income tax purposes under the Federal Tax Code, (ii) cause interest on the Series 2012A Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Federal Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Federal Tax Code in calculating corporate alternative minimum taxable income, or (iii) cause interest on the Series 2012A Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. This covenant is to remain in full force and effect notwithstanding the payment in full of the Series 2012A Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Federal Tax Code and State law have been met. See also “TAX MATTERS.”

INVESTMENT CONSIDERATIONS

An investment in the Series 2012A 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 2012A Notes.

Limited Obligations

The Series 2012A Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues, consisting of (i) Current General Fund Revenues, (ii) the unexpended proceeds, if any, of the Series 2012A Notes and any Additional Notes and (iii) Borrowable Resources. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2012A Notes. The Series 2012A 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, and no governmental entity has pledged its faith and credit for the payment of the Series 2012A Notes. If an Event of Default under the Authorizing Resolution should occur, the State may not have sufficient Pledged Revenues to pay the principal of and/or the interest on the Series 2012A Notes. See “THE SERIES 2012A NOTES – Security and Sources of Payment – Defaults and Remedies.”

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, OSPB is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on June 20, 2012 (the "OSPB June 2012 Revenue Forecast"), and is summarized in this Official Statement. See "THE STATE GENERAL FUND – Revenue Estimation – OSPB Revenue and Economic Forecasts." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which does not take into account the timing of when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2012-13, it may adversely affect the State's ability to repay the Series 2012A Notes. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations," "THE STATE GENERAL FUND – Revenue Estimation" and "GENERAL FUND CASH FLOW."

The OSPB June 2012 Revenue Forecast projects that the State will end Fiscal Years 2011-12 and 2012-13 with reserves equal to $442.7 million and $342.5 million, respectively, above the 4.0% Unappropriated Reserve requirement. Per HB 12-1338, $59.0 million of the Fiscal Year 2011-12 excess reserves are to be transferred to the State Education Fund and the balance is to be carried forward and become part of the beginning Fiscal Year 2012-13 fund balance, and all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund. The next OSPB revenue forecast will be released in September 2012. General Fund revenue projections in the new forecast may be materially different from the OSPB June 2012 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2012-13 and subsequent forecasted years, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. A revenue shortfall in Fiscal Year 2012-13 may adversely affect the State's ability to repay the Series 2012A Notes. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations," "THE STATE GENERAL FUND – Revenue Estimation – *Revenue Shortfalls* – OSPB Revenue and Economic Forecasts" and "GENERAL FUND CASH FLOW."

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.

Additional Notes

The Authorizing Resolution permits the State to issue Additional Notes upon satisfaction of certain conditions provided therein and in the Funds Management Act. If Additional Notes are issued, they would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2012A Notes and could therefore adversely impact the investment security for the Series 2012A Notes. The State Treasurer currently does not anticipate issuing any Additional Notes, but reserves the right to do so. See "THE SERIES 2012A NOTES – Authorization – Additional Notes."

Loss of Tax Exemption

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

Future Changes in Laws

Various State laws and State Constitutional provisions apply 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 affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to repay the Series 2012A Notes. See also "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Current Litigation" for a discussion of certain pending litigation the outcome of which could potentially have a material adverse impact on the State's finances.

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 A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011" and "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the State legislature, known as 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 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 "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.

Tax and Revenue Anticipation Notes

The Funds Management Act authorizes the State Treasurer, on behalf of the State, 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 1984, with the exception of each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State has issued tax and revenue anticipation notes, such as the Series 2012A Notes, pursuant to the Funds Management Act in order to fund cash flow shortfalls in the General Fund. For each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State funded cash flow shortfalls by use of Borrowable Resources. All tax and revenue anticipation notes issued by the State have been paid in full when due. See also "THE SERIES 2012A NOTES."

Taxpayer's Bill of Rights

The Constitutional Provision. Article X, Section 20 of the State Constitution, entitled the Taxpayer's Bill of Rights and commonly known as "TABOR," imposes various fiscal limits and requirements on the State and its local governments. Overall, TABOR is a limitation on the amount of revenue that may be kept by the State in any particular year, regardless of whether that revenue is spent during the year. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year. TABOR implements these revenue limitations through certain restrictions and limitations on spending, including the following:

(a) Prior voter approval is required for: (i) any increase in State "fiscal year spending" from one year to the next in excess of the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991; or (ii) any new State tax, State tax rate increase, extension of an expiring State tax, State tax policy change directly causing a net revenue gain to the State or the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation." "Fiscal year spending" is defined as all expenditures and reserve increases except those for refunds made in the current or next Fiscal Year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property tax sales. This effectively defines spending as all revenues received by the State other than those items that are specifically excluded.

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

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"). The TABOR Reserve may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The Long Appropriation Bill (the "Long Bill"), designates resources that constitute the TABOR Reserve. For Fiscal Year 2010-11, the TABOR Reserve was estimated by the General Assembly to be $264.7 million, including $70.7 million of State real property designated in the Long Bill and a portion of $100.0 million designated from the Wildlife Cash Fund that is not in the form of cash or liquid assets. The State's Fiscal Year Comprehensive Annual Financial Report (the "Fiscal Year 2010-11 CAFR") appended to this Official Statement shows that the TABOR reserve based on audited actual revenue was $282.7 million.

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

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

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

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

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

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

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

Referendum C establishes an "Excess State Revenues Cap" that serves as the new limit on State fiscal year spending beginning in Fiscal Year 2010-11. The Excess State Revenues Cap is an amount equal to the highest total State revenues for a Fiscal Year from the period of Fiscal Year 2005-06 through Fiscal Year 2009-10. Since the highest total State revenues during this period were achieved during Fiscal Year 2007-08, the State revenues in such Fiscal Year became the base year for calculating the Excess State Revenue Cap. In each subsequent Fiscal Year, the Excess State Revenues Cap is adjusted for inflation and a percentage change in State population, as well as for the qualification or disqualification of enterprises. For purposes of the Excess State Revenues Cap, inflation, the percentage change in State population, the qualification or disqualification of an enterprise and debt service changes retain their meanings as they currently exist under TABOR and State law.

Referendum C also creates in the General Fund the "General Fund Exempt Account," to consist of the moneys collected by the State in excess of the TABOR limit. Moneys in the General Fund Exempt Account, once appropriated, may be used to fund: (i) health care; (ii) public elementary, high school and higher education, including any related capital construction; (iii) retirement plans for firefighters and police officers if the General Assembly determines such funding to be necessary; and (iv) strategic transportation projects in the Colorado Department of Transportation ("CDOT") Strategic Transportation Project Investment Program. HB 05-1350 specifies how moneys in the General Fund Exempt Account are to be appropriated or transferred under Referendum C.

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

As a result of Referendum C, in Fiscal Years 2005-06, 2006-07 and 2007-08 the State was allowed to retain $1.116 billion, $1.308 billion and $1.169 billion, respectively, in excess of the TABOR limit on State fiscal year spending. State revenues did not exceed the TABOR limit in either Fiscal Year 2008-09 or Fiscal Year 2009-10, but exceeded it by $770.6 million in Fiscal Year 2010-11. However, no refund was required because Fiscal Year 2010-11 spending was $1,260.1 million below the Excess State Revenue Cap. Based on current law, the OSPB June 2012 Revenue Forecast projects that Fiscal Year 2011-12 spending will exceed the TABOR limit by $1,312.4 million. However, Fiscal Year 2011-12 spending is expected to be $758.8 million below the Excess State Revenue Cap. See "THE STATE GENERAL FUND – General Fund Overview."

Effect of TABOR on the Series 2012A Notes. Voter approval under TABOR is not required for the issuance of the Series 2012A 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 2012A Notes and any Additional Notes.

Budget Process and Other Considerations

Phase I (Executive). The budget process begins in June of each year when State departments reporting to the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor's office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November for each department to the Joint Budget Committee of the General Assembly (the "JBC"), as described below. In January, the Governor makes additional budget recommendations to the JBC for the budget of all branches of the State government, except that the elected executive officials, the judicial branch and the legislative branch may also 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 excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants; transfers and departmental charges for services; (iv) re-appropriated appropriations funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended, most of which are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2012-13 was adopted by the General Assembly on April 26, 2012.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor's vetoes are subject to override by a two-thirds majority of each house of the General Assembly. The Long Bill for Fiscal Year 2012-13 was approved and signed by the Governor on May 7, 2012.

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

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (as previously defined, the "Unappropriated Reserve"), which Unappropriated Reserve may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Per SB 09-219 and SB 09-277, the Unappropriated Reserve for Fiscal Years 2008-09 and 2009-10 was reduced from previously designated 4.0% to 2.0% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year. SB 11-156 set the Unappropriated Reserve for Fiscal Year 2010-11 at 2.3% of the amount appropriated for expenditure from the General Fund in such Fiscal Year. SB 11-156 also required the State Treasurer to transfer any General Fund surplus to the State Education Fund, although per SB 11-230, for Fiscal Year 2010-11, the amount by which the estimate of Fiscal Year 2010-11 General Fund revenue forecast in the OSPB June 2011 Revenue Forecast exceeded the amount forecasted by OSPB in the March 2011 revenue forecast, up to $67.5 million, was required to be transferred to the State Public School Fund, and the balance credited to the State Education Fund. The Unappropriated Reserve for Fiscal Year 2011-12 increases to 4.0% of the amount appropriated for expenditure from the General Fund in such Fiscal Year.

The State's Fiscal Year 2010-11 CAFR shows that the State would have ended such Fiscal Year with $288.9 million in General Fund Surplus, which is in excess of the required 2.3% Unappropriated Reserve level, but for the transfers ($221.4 to the State Education Fund and $67.5 to the State Public School Fund) described in the previous paragraph. The OSPB June 2012 Revenue Forecast projects that the State will end Fiscal Years 2011-12 and 2012-13 with reserves equal to $442.7 million and $342.5 million, respectively, above the 4.0% Unappropriated Reserve requirement. Per HB 12-1338, $59.0 million of Fiscal Year 2011-12 excess reserves are to be transferred to the State Education Fund and the balance is to be carried forward and become part of the beginning Fiscal Year 2012-13 fund balance, and all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund.

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

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution requires that expenditures for any Fiscal Year not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years discussed in this Official Statement 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 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. The excess funds appropriated as the result of such declaration are not to be included in calculating the maximum level of General Fund appropriations in subsequent Fiscal Years.

See "Taxpayer's Bill of Rights" above for a discussion of fiscal year spending and revenue 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 the 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 have statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation, whether the appropriation contains sufficient funds to pay the expenditure and whether the prices are fair and reasonable. All payments from the State Treasury are made by warrants signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant is full authority for the State Treasurer to pay the warrant upon presentation.

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

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 5 to the audited financial statements included in the State's Fiscal Year 2010-11 CAFR appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the "Auditor") through the Auditor's staff as assisted by independent accounting firms selected solely by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2016. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2010-11 CAFR, including the State Auditor's Opinion thereon, 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 its report included herein, any procedures on the financial statements presented in the Fiscal Year 2010-11 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 U.S. public and non-public fixed income securities. In making such investments, the State Treasurer is to use prudence and care to preserve the principal and to secure the maximum rate of interest consistent with safety and liquidity. The State Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each Fund or pool of funds in the State Treasurer's custody available for investment. In accordance with this directive, the State Treasurer has developed standards for each portfolio to establish the asset allocation, the level of liquidity, the credit risk profile, the average maturity/duration and performance monitoring measures appropriate to the public purpose and goals of each Fund.

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

See also Notes 14 and 15 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement and "THE STATE GENERAL FUND – Investment of the State Pool."

THE STATE GENERAL FUND

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

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as estate taxes, insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2011-12 and 2012-13. See also "OSPB Revenue and Economic Forecasts" below and 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 2012 Revenue Forecast			
	Fiscal Year 2006-07		Fiscal Year 2007-08		Fiscal Year 2008-09		Fiscal Year 2009-10		Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13	
Revenue Source	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Excise Taxes:														
Sales Tax[1]	$2,028.0	3.6%	$2,126.6	4.9%	$1,931.1	(9.2)%	$1,825.0	(5.5)%	$2,043.5	12.0%	$2,092.6	2.4%	$2,135.3	2.0%
Use Tax[1]	181.6	9.4	191.3	5.3	176.7	(7.6)	155.7	(11.9)	190.1	22.0	202.8	6.7	205.4	1.3
	2,209.6	4.1	2,317.9	4.9	2,107.8	(9.1)	1,980.7	(6.0)	2,233.6	12.8	2,295.4	2.8	2,340.7	2.0
Cigarette Tax	47.1	(2.4)	45.2	(4.0)	43.5	(3.9)	40.8	(6.0)	39.3	(3.8)	39.6	0.8	37.9	(4.3)
Tobacco Products[2]	13.0	15.5	12.4	(4.2)	13.2	(5.9)	16.1	22.4	13.8	(14.2)	16.3	18.1	16.6	1.5
Liquor Tax	34.0	3.5	35.7	5.0	35.0	(2.0)	35.4	1.3	36.4	2.8	38.1	4.6	38.6	1.2
	94.1	2.1	93.3	(0.9)	91.7	(1.7)	92.3	0.7	89.5	(3.0)	94.0	5.0	93.1	(1.0)
Total Excise Taxes	2,303.6	4.0	2,411.1	4.7	2,199.4	(8.8)	2,073.1	(5.7)	2,323.1	12.1	2,389.4	2.9	2,433.7	1.9
Income Taxes:														
Net Individual Income Tax	4,870.9	11.3	4,973.7	2.1	4,333.3	(12.9)	4,083.8	(5.8)	4,496.1	10.1	4,955.5	10.2	4,926.5	(0.6)
Net Corporate Income Tax	497.9	11.3	507.9	2.0	292.5	(42.4)	372.1	27.2	393.9	5.9	448.9	14.0	463.3	3.2
Total Income Taxes	5,368.8	11.3	5,481.6	2.1	4,625.8	(15.6)	4,455.9	(3.7)	4,890.0	9.7	5,404.4	10.5	5,389.8	(0.3)
Less State Education Fund Diversion[3]	(395.1)	10.6	(407.9)	3.2	(339.9)	(16.7)	(329.0)	(3.2)	(370.5)	12.6	(404.0)	9.0	(402.0)	(0.5)
Total Income Taxes to the General Fund	4,973.7	11.4	5,073.7	2.0	4,285.9	(15.5)	4,126.9	(3.7)	4,519.5	9.5	5,000.4	10.6	4,987.9	(0.3)
Other Revenues:														
Estate	0.8	(88.5)	0.2	(76.7)	--	(87.4)	--	N/A	(0.1)	N/A	--	N/A	45.0	N/A
Insurance	179.4	2.4	188.3	5.0	192.4	(2.2)	186.9	(2.9)	189.7	1.5	194.0	2.3	197.8	2.0
Interest Income	28.2	(15.3)	17.9	(36.4)	9.4	(47.8)	10.1	7.7	7.9	(21.6)	11.7	47.7	8.8	(24.2)
Pari-Mutuel	3.0	(12.8)	2.7	(8.7)	0.5	(83.1)	0.5	17.0	0.5	(0.6)	0.6	3.4	0.4	(23.1)
Court Receipts	28.7	5.0	29.6	3.0	24.1	(18.6)	17.8	(26.1)	3.6	(80.0)	1.3	(64.9)	0.3	(80.0)
Gaming[4]	6.5	(62.7)	0.0	(100.0)	2.8	N/A	16.2	476.3	20.4	25.9	20.2	(1.0)	20.3	0.5
Other Income	15.9	(13.6)	19.3	21.5	28.3	46.2	26.2	(7.4)	21.2	(18.8)	22.1	4.2	22.4	1.3
Total Other	262.5	(7.2)	258.1	(1.7)	257.4	(0.2)	257.7	0.1	243.2	(5.6)	249.8	2.7	295.0	18.1
Gross General Fund	**$7,539.8**	**8.3%**	**$7,742.9**	**2.7%**	**$6,742.7**	**(12.9)%**	**$6,457.7**	**(4.2)%**	**$7,085.8**	**9.7%**	**$7,639.6**	**7.8%**	**$7,716.6**	**1.0%**

1 For Fiscal Years 2006-07, 2007-08 and 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues were sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed for Fiscal Year 2009-10 and thereafter. The full amount of sales and use taxes collected is reported in this table although the amount diverted to the Highway Users Tax Fund is deducted from available revenues in the table under the heading "General Fund Overview" hereafter.

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

3 All individual and corporate income tax revenues are deposited to the General Fund and then a portion of the amount is diverted by law to the State Education Fund. See Note 14 to the General Fund Overview table in "General Fund Overview" hereafter.

4 SB 11-159 amended Section 12-47.1-701, C.R.S., to provide that, commencing with Fiscal Year 2010-11, 50% of the amount remaining in the Limited Gaming Fund at the end of each Fiscal Year (the "State Share") is to be transferred to the General Fund or such other fund as the General Assembly shall provide. Of the State Share, the first $19.2 million and any amount in excess of $48.5 million is to be transferred to the General Fund.

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 2006-07 through Fiscal Year 2010-11 and the forecasts for Fiscal Years 2011-12 and 2012-13 from the OSPB June 2012 Revenue Forecast. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations." See also the inside cover of this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2006-07 through 2012-13

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

	Actual (Unaudited) [1]					OSPB Forecast	
	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
REVENUE:							
Beginning Reserve	$ 251.7	$ 267.0	$ 283.5	$ 443.3	$ 137.4	$ 156.7	$ 664.8
Gross General Fund Revenue	7,539.8	7,742.9	6,742.7	6,457.7	7,085.8	7,639.6	7,716.6
Diversion to the Highway Users Tax Fund [2]	(228.6)	(238.1)	--	--	--	--	--
Net Transfers to (from) the General Fund [3]	--	(5.0)	813.3	(47.6)	158.1	138.1	(2.5)
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	7,562.9	7,766.9	7,839.5	6,853.5	7,381.2	7,934.4	8,379.0
EXPENDITURES:							
Appropriation Subject to Limit [4]	6,675.6	7,087.8	7,387.1	6,631.6	6,811.1	7,027.8	7,438.1
Appropriations Change From Prior Year	382.9	412.3	299.3	(755.5)	179.5	216.7	410.3
Percent Change From Prior Year	6.1%	6.2%	4.2%	(10.2)%	2.7%	3.2%	5.8%
Exemptions to the Appropriations Limit [5]	11.1	31.9	12.2	--	12.0	--	--
Spending Outside the Appropriations Limit:	360.0	320.2	210.6	84.5	139.6	182.7	300.9
TABOR Refund	--	--	--	--	--	--	--
Rebates and Expenditures [6]	164.6	173.8	136.0	141.9	126.0	131.7	142.3
Homestead Exemption [7]	74.2	79.8	85.6	1.3	1.6	1.8	97.6
Transfer to Capital Construction Fund [8]	145.9	93.7	24.9	0.2	12.0	49.3	61.0
Reversions and Accounting Adjustments [9]	(24.7)	(27.1)	(36.0)	(56.2)	(26.4)	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures) [10]	--	--	(223.9)	(2.7)	(0.5)	N/A	N/A
TOTAL GENERAL FUND OBLIGATIONS	7,046.6	7,439.9	7,386.0	6,716.0	6,935.7	7,210.5	7,739.0
RESERVES							
Year-End General Fund Balance	516.3	327.0	443.8	137.4	445.5	723.8	640.0
Year-End Excess General Fund Balance as a Percent of Appropriations	7.7%	4.6%	2.0%	2.1%	6.5%	10.3%	8.6%
General Fund Statutory Reserve [11]	267.0	283.5	148.2	132.6	156.7	281.1	297.5
Excess Moneys Above (Below) Statutory Reserve [12]	249.3	43.4	295.5	4.8	288.9	442.7	342.5
Transfer to Highway Users Tax Fund (2/3) [13]	166.2	29.0	--	--	--	--	--
Transfer to Capital Construction Fund (1/3) [13]	83.1	14.5	--	--	--	--	--
Note: Deposit to the State Education Fund [14]	395.1	407.9	339.9	329.0	370.5	635.0	461.0

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

[2] For Fiscal Years 2006-07 and 2007-08, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund because General Fund revenues were sufficient to fund appropriations and maintain the Unappropriated Reserve. This diversion requirement was repealed by SB 09-228 beginning with Fiscal Year 2009-10 and for all subsequent years.

[3] This figure represents the total net transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds. The large amount in Fiscal Year 2008-09 is due to a one time transfer of $458,057,698 from specified cash funds to the General Fund on June 30, 2009.

[4] Per SB 09-228, for Fiscal Year 2009-10 this appropriation limit was revised from the lesser of (i) 5% of Colorado Personal Income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriated amounts from the General Fund during the prior Fiscal Year, to just 5% of Colorado Personal Income. The appropriations amount for Fiscal Years 2011-12 and 2012-13 reflect current law.

[5] In Fiscal Years 2006-07, 2007-08, 2008-09 and 2010-11, totals of $11.1 million, $31.9 million, $12.2 million and $12.0 million, respectively, are not subject to the appropriations limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but are used as the base for calculating the following year's appropriations limit. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation*." Spending by the Medicaid program that is above the appropriated amount, called "Medicaid Overexpenditures," is usually the largest amount for this line.

[6] This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions. Per SB 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund appropriation growth limit and are included in the amounts shown for each Fiscal Year.

[Notes continued on next page]

[7] The homestead exemption for qualified senior citizens, which reduces property taxes for qualifying seniors, was suspended for Fiscal Years 2009-10 through 2011-12. The homestead exemption for qualified disabled veterans was not affected by this suspension.

[8] The transfers shown in the table through Fiscal Year 2010-11 are historical amounts for capital construction and controlled maintenance-related funding, while the amounts for Fiscal Year 2011-12 and 2012-13 are for capital requests, Level I Controlled Maintenance funding and certificate of participation payments appropriated from capital construction funds.

[9] Part of the Fiscal Year 2009-10 reversions and accounting adjustments amount includes a reduction of $28.1 million to account for a delay in Medicaid payments. These payments are accounted for in Fiscal Year 2010-11 expenditures.

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

[11] Per SB 09-219 and SB 09-277, the Unappropriated Reserve required by Section 24-75-201.1, C.R.S., was lowered from 4.0% to 2.0% for Fiscal Years 2008-09 and 2009-10, and per SB 11-156, the Unappropriated Reserve requirement was 2.3% for Fiscal Year 2010-11. The Unappropriated Reserve requirement reverted to 4.0% for Fiscal Year 2011-12.

[12] Per SB 11-230, of the excess amount above the 2.3% Unappropriated Reserve in Fiscal Year 2010-11, $67.5 million is credited to the Public School Fund; the remainder, or $221.4 million, is to be transferred to the State Education Fund. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – Revenues and Unappropriated Amounts." Per HB 12-1338, (i) $59.0 million of the Fiscal Year 2011-12 excess amount is to be transferred to the State Education Fund and the balance is to be carried forward and become part of the beginning Fiscal Year 2012-13 fund balance; and (ii) all of the Fiscal Year 2012-13 excess amount, if any, is to be transferred to the State Education Fund.

[13] Per HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the then applicable Unappropriated Reserve was required to be credited to the Highway Users Tax Fund, and one-third of such excess was to be credited to the Capital Construction Fund. SB 09-228 repealed this requirement effective January 1, 2010, and SB 09-278 prohibited the transfer of the excess reserves for Fiscal Years 2008-09 and 2009-10 to the Highway Users Tax Fund and the Capital Construction Fund. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*."

[14] Amendment 23 mandates that, effective January 1, 2001, an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited to the State Education Fund. For Fiscal Year 2011-12, the State Education Fund also received $221.4 million of the Fiscal Year 2010-11 Excess Reserve and approximately $9.6 million from the tax amnesty program created by SB 11-184. In Fiscal Year 2012-13, the State Education Fund receives $59 million of the Fiscal Year 2011-12 Excess Reserve, and in Fiscal Year 2013-14, the State Education Fund receives all of the Fiscal Year 2012-13 Excess Reserve, or a projected $342.5 million. The figures shown for the State Education Fund do not directly align with the State's CAFRs due to differences in accounting methods utilized in the preparation of the OSPB revenue forecasts and accounting principles applicable to the preparation of the State's CAFRs.

Source: Office of State Planning and Budgeting

Discussion of Recent General Fund Operations

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

Fiscal Year 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 3.1% compared to an increase of 0.9% 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 $7,373.2 million and total obligations were $6,927.7 million. In accordance with Amendment 23 and SB 11-156, $591.9 million was diverted to the State Education Fund. The Unappropriated Reserve was $156.7 million. As permitted by SB 09-277, the Unappropriated Reserve was 2.3% of Fiscal Year appropriations.

Fiscal Year 2009-10. General Fund revenues declined by 4.2% in Fiscal Year 2009-10 compared to a decline of 12.9% in Fiscal Year 2008-09. In Fiscal Year 2009-10, sales and use tax revenues decreased by 6.0% compared to a decrease of 9.1% in Fiscal Year 2008-09. Other excise tax revenues increased 0.9% 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) were $6,853.5 million and total obligations were $6,716.0 million. In accordance with Amendment 23, $329.0 million was diverted to the State Education Fund. The General Fund's statutory reserve was $132.6 million. As permitted by SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2008-09. General Fund revenues decreased by 12.9% in Fiscal Year 2008-09 compared to an increase of 2.7% in Fiscal Year 2007-08. In Fiscal Year 2008-09, sales and use tax revenue decreased by 9.1% compared to an increase of 4.9% in Fiscal Year 2007-08. Other excise tax revenue declined 1.7% compared to a decline of 0.7% 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 2.2% 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) were $7,826.3 million and total obligations were $7,386.3 million. In accordance with Amendment 23, $339.9 million was diverted to the State Education Fund. The General Fund statutory reserve was $148.2 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2007-08. General Fund revenues increased by 2.7% in Fiscal Year 2007-08 compared to an increase of 8.3% in Fiscal Year 2006-07. In Fiscal Year 2007-08, sales and use tax revenues increased by 4.9% compared to an increase of 4.1% in Fiscal Year 2006-07. Other excise tax revenue declined by 0.8% in Fiscal Year 2007-08 compared to an increase of 2.0% in Fiscal Year 2006-07. Corporate and individual income tax collections increased by 2.1% in Fiscal Year 2007-08 compared to an increase of 11.3% in Fiscal Year 2006-07. Other revenues declined by 1.7% in Fiscal Year 2007-08 compared to a decline of 7.2% in Fiscal Year 2006-07. Total available funds for Fiscal Year 2007-08 (which excludes the amount deposited into the State Education Fund) were $7,766.9 million and total obligations were $7,439.9 million. In accordance with Amendment 23, $407.9 million was transferred to the State Education Fund, and in accordance with SB 97-1, $238.1 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was $327.0 million, which was allocated as follows: $283.5 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the amount in excess of the 4% Unappropriated Reserve ($29.0 million) was transferred to the Highway Users Tax Fund and one-third of such excess ($14.5 million) was transferred to the Capital Construction Fund.

Fiscal Year 2006-07. General Fund revenues increased by 8.3% in Fiscal Year 2006-07 compared to an increase of 13.1% in Fiscal Year 2005-06. In Fiscal Year 2006-07, sales and use tax revenues increased by 4.1% compared to an increase of 5.7% in Fiscal Year 2005-06. The "Other Revenue" category of General Fund revenues decreased by 7.2% partially due to a $6.0 million, or 88.5%, decrease in estate taxes which was due to the nearly complete phase out of federal estate taxes and related credit claimed by the State against those taxes. Total available funds for Fiscal Year 2006-07 (which excludes the amount deposited to the State Education Fund) were $7,562.9 million and total obligations were $7,046.6 million. In accordance with Amendment 23, $395.1 million was transferred to the State Education Fund, and in accordance with SB 97-1, $228.6 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was $516.3 million, which was allocated as follows: $267.0 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement ($166.2 million) was transferred to the Highway Users Tax Fund and one-third of such excess ($83.1 million) was transferred to the Capital Construction Fund.

Revenue Estimation

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing a General Fund revenue estimate. The General Assembly is required to certify to the State Controller by February 1st of each year the revenue estimate for the next Fiscal Year, taking into consideration the estimates of the OSPB and the staff of the Colorado Legislative Council. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the State Controller and the OSPB, is required to make an estimate of General Fund revenues for the current and certain future years. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast was provided by Moody's Economy.com for the OSPB June 2012 Revenue Forecast. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

The econometric model used to forecast General Fund revenue relies on the economic series 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 utilized to derive a forecast.

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

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 2012. General Fund revenue projections in the new forecast may be materially different from the OSPB June 2012 Revenue Forecast and may project a revenue shortfall or a larger revenue surplus if economic conditions change markedly. Due to the volatility in the State and national economies, OSPB's forecasts of General Fund revenues over the last several years have fluctuated from forecast to forecast, and in some cases have been significantly lower or higher than the immediately preceding forecast, and such volatility may be reflected in the June or subsequent forecasts. If a revenue shortfall is projected for Fiscal Year 2012-13 and subsequent forecasted years, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts."

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2011-12 through 2013-14. 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 in June 2012, and is summarized below.

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

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

Fiscal Year 2011-12 General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S., are $7,027.8 million, an increase of 3.2% over final Fiscal Year 2010-11 appropriations of $6,811.1 million. Total General Fund revenues available for expenditure (which includes beginning reserves, revenues and the net incoming and outgoing transfers) are projected to exceed total General Fund obligations (which includes appropriations that are subject to the statutory limit plus expenditures that are exempt from the limit, adjustments to appropriations and authorized spending outside of the limit) and result in a year end fund balance of $723.8 million and reserves of $442.7 million above the current 4.0% Unappropriated Reserve requirement. Per HB 12-1338, $59.0 million of Fiscal Year 2011-12 excess reserves are required to be transferred to the State Education Fund and the balance is to be carried forward and become part of the beginning Fiscal Year 2012-13 fund balance.

For Fiscal Year 2012-13, General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S. are $7,438.1 million, an increase of 5.8% over Fiscal Year 2011-12 appropriations; and total General Fund revenues available for expenditure are forecast to exceed total General Fund obligations, resulting in a projected year end fund balance of $640.0 million and reserves of $342.5

million above the current 4.0% Unappropriated Reserve requirement. Per HB 12-1338, all of the Fiscal Year 2012-13 excess reserves are required to be transferred to the State Education Fund.

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

Summary

The economies of Colorado and the nation are experiencing mixed conditions. There continue to be positives, such as improvements in the long-struggling housing market, continued growth in jobs and exports, increased energy production and reduced household debt loads. Most notably, the foundation of Colorado's economy has grown stronger; it continues to outperform the nation overall and many other states.

At the national level, signs of weakening are becoming more apparent. Recent data show a slowdown in job growth, manufacturing and business and consumer spending. Continued low expectations about future economic growth, combined with increasing uncertainty stemming from the European crisis and looming major federal fiscal issues, are expected to slow growth over the coming year. More businesses and households are in a wait-and-see mode before hiring, investing or purchasing, which is holding back economic activity. When multiplied across the economy, these dynamics are causing a slowdown.

Unfortunately, despite Colorado's strong foundation, it is not immune from these issues. The forecast for both the State and national economies is for continued, albeit slower, growth as the economy muddles through an environment of heightened uncertainty and weaker global economic conditions. Colorado should continue to outperform the nation.

Europe's economic and financial troubles present substantial downside risks to the forecast, although, at present, the crisis may be benefitting the national and State economy to some extent as money and investment flow to the U.S. instead of Europe. It is impossible to project how the events will unfold. A comprehensive solution to the crisis that would help reverse the worsening conditions remains elusive. If left unresolved, Europe's financial problems could cause greater adverse impacts across the globe, including the potential of a credit freeze from contagion in the financial system. Conversely, actions that calm financial markets and reduce uncertainty would help the economy to perform better.

Overall Economic Conditions

In May, the Institute for Supply Management's (ISM) Nonmanufacturing Business Activity Index, based on a survey of businesses in the nonmanufacturing sectors of the economy, was 55.6, slightly higher than April's 54.6 reading. A reading above 50 indicates expansion. Among the industries that reported expansion were information, accommodation and food services, retail trade, professional, scientific and technical services, construction, real estate and rental and leasing. Industries that reported decreased business activity in May include arts, entertainment and recreation, health care and social assistance and mining.

The ISM Manufacturing Purchasing Managers Index (PMI), based on a survey of businesses in the production of goods sector, was 53.5 in May, which was a slight decrease from April's reading of 54.8. The May reading above 50 indicates that the production of goods has expanded for 34 consecutive months. Of the 18 industries surveyed, 13 reported growth in May, including the computer and electronics, furniture, apparel, and machinery industries. A chemical industry respondent noted business has been trending moderately higher since the beginning of the year and anticipated 5% to 7% growth for the year. A furniture industry representative pointed out that business continues to be up in general. However, a representative from the computer and electronics manufacturing sector indicated that business has been lower than forecast in the second quarter of this year. Further, the most recent reading from the Federal Reserve on the nation's manufacturing output showed slowing in May.

Over time, both the ISM nonmanufacturing and manufacturing indices have been closely correlated with the business cycle.

Conditions for Colorado businesses overall continue to be relatively positive, though recent data show signs of slowing. Similar to the ISM indices, which provide insight on the overall national economy, the Goss Business Conditions Index measures the current and near-term future performance of the Colorado economy. The index declined 3.2 percentage points in May to 55.7. However, a reading above 50 indicates growth, and the index has been above this level since October 2009. Durable goods producers outperformed non-durable goods in Colorado. In conducting the survey used to inform the index, respondents were asked whether Europe's economic difficulties had impacted their businesses; 26.3% of respondents noted Europe's difficulties had some negative impact.

Employment Conditions and Trends

Both Colorado and the nation continue to add jobs, though at a pace not strong enough to lower unemployment substantially. Uneven growth, heightened economic uncertainty and economic restructuring continue to create a challenging job market.

Colorado's job growth has been relatively strong and has outpaced the nation. Colorado's job growth has been more robust due to its larger concentration of high-skilled workers that are in higher demand in today's information and technologically-based economy. Also, its favorable mix of industries, such as professional and technical services, energy, manufacturing and tourism, produce high economic value and generate income to the State. Despite the relatively strong growth, however, job levels remain below their pre-recession peak.

The rate of job growth is forecast to slow both nationally and in Colorado for the remainder of the year and in 2013. This slowdown is expected to occur due to the weakening in the global and national economy, the exacerbation of the problems in Europe and heightened uncertainty which will hold back investment and hiring.

Changes in how individuals earn income likely mean that some work and income earning activities are not fully shown in the official jobs data. More individuals are finding alternatives to the traditional job by working as independent contractors on various projects. The most current data on jobs are based on surveys that only sample businesses and households. Thus, the extent of this growing trend is likely not captured in jobs statistics.

Enhanced technology that allows individuals to work at many different locations with access to vast amounts of information and connectivity across the world is a main driver of this phenomenon. The trend is driven by both individuals and businesses preferring more flexibility. Individuals are attracted to the entrepreneurial benefits of being able to work on a variety of projects while business can be more agile and decrease labor costs by not employing full-time workers. These changes and restructuring remain a challenge for many. Colorado's technologically savvy, creative and entrepreneurial workforce is well-positioned to adapt to this phenomenon.

Unemployment

High unemployment has persisted longer in the wake of the Great Recession than in other recoveries. Elevated unemployment is one of the biggest challenges facing the State and nation. As more households struggle to make ends meet and fewer people are in the economy producing, economic growth is reduced. Additionally, the longer people are unemployed, the more difficult it is for them to have the same earnings potential and find employment as they lose skills and connection to the labor market.

The unemployment rate remains high while job openings have increased. The growth in job openings at businesses is exceeding the pace of hiring, indicating businesses are having difficulty finding individuals with the right skills to fill their needs. In the first quarter of 2012, the latest data available, the number of job openings was 19.1% higher than the prior year, while hiring was only up 4.9%. Further, the unemployment rate remains around two to three percentage points higher than the unemployment rates associated with the same job openings rate before the recession.

According to the most recent survey of by the National Federation of Independent Businesses, more small business owners have indicated greater difficulty in finding the qualified workers they need. These challenges are affecting current economic conditions as some businesses looking to expand cannot find workers to help them grow.

Colorado has historically had a larger proportion of its population in the labor force than the nation as a whole. A higher labor force participation rate can help explain why Colorado's economy has been more vibrant as there are more people working and seeking job opportunities. Colorado has traditionally been a younger state on average than the nation and has had a high degree of in-migration of young professionals. Colorado's labor force participation rate is currently 9th highest among states.

The participation rate began to decline for the nation around 2000 mostly due to an aging population, especially baby boomers. However, Colorado's rate continued to increase through 2006 because the State has a younger population.

In 2008, the participation rates for both the nation and Colorado began a more noticeable decline when the economy began to shed jobs at a rapid rate. Currently, both the nation's and Colorado's labor force participation rates – 63.8% and 68.9%, respectively – are at their lowest level since the late 1970s and early 1980s. Studies differ somewhat on how much of this decline is due to the aging population versus economic reasons, such as a lack of job opportunities, but generally, estimates show that around half of the decline is due to aging workers.

The question of how many individuals will return to the labor force that have left for economic reasons and boost the participation rate matters greatly to the economy's performance and unemployment rate. If more people reenter the labor force, it will take a higher rate of job creation to absorb the individuals and reduce the unemployment rate.

Household Income

Though it remains below its peak level, household net worth increased in the first quarter of 2012 to the highest quarterly level since the last quarter of 2007 when the recession started. This was the largest quarterly increase in more than five years. Notably, home equity rose to the highest level since 2008.

According to a recent report from the Federal Reserve, median U.S. household net worth fell 38.8% from 2007 to 2010, mostly as a result of the collapse in the housing market. This degradation of household balance sheets had a profound influence on economic decision-making that is still affecting the economy today. For example, households continue to pay down debt to improve their financial positions.

At the national level, personal income and wage growth has been relatively stagnant, especially when adjusted for price increases. Average hourly earnings were 1.7% higher than a year earlier in May for the nation, the smallest 12-month gain since December 2010. However, in Colorado, average hourly earnings were 3.6% higher than a year earlier in April, the latest data available.

In recent months, personal income growth for the nation has slowed to just over half its pace in 2011. Real disposable personal income, or income after taxes and adjusted for overall price changes, has been particularly weak recently for the nation. It has essentially been flat since last summer. The low income and wage growth at the national level present a downside risk to the forecast.

Consumer Spending

Consumer spending has grown consistently in both Colorado and the nation. This is particularly surprising at the national level given stagnant wages and income. The relatively strong spending growth may provide more evidence that, as discussed in "*Employment Conditions and Trends*" above, households are finding new ways to earn income that are not easily captured in official employment and income statistics. Nonetheless, unless jobs and income growth pick up more than expected, consumer spending is likely to continue to slow. April and May retail sales declined at the national level due mostly to lower gas prices, not a decline in the volume of goods. Sales excluding gas purchases exhibited continued, albeit modest, growth, though spending on vehicles continued at a relatively strong pace.

Household spending on durable goods, particularly vehicles, has continued to show surprising strength since it picked up at the beginning of 2010. In May, spending on such items nationally was up 8.1% compared with a year ago led by continued strong vehicle sales. The available data for Colorado through February of 2012 shows even stronger growth in spending on such goods. Spending on durables, because they are generally bigger ticket items that cost more, can be a bellwether for the near-term performance of the economy. Lower household savings is one factor bolstering spending. This is another reason to expect a slowdown in spending in the future.

Household Debt: U.S. and Colorado

Except for student loans, households are deleveraging in all areas of debt − mortgages and home equity loans, auto loans, credit cards and all other types of borrowing, such as personal loans from banks. Households have reduced debt, or "deleveraged," since late 2008. As of the end of 2011, household debt stood at $10.7 trillion, $1.4 trillion (11.6%) off of its third quarter 2008 high. This excludes student loan debt because there is no data for such debt before 2011. On a per capita basis, the debt level of just over $34,000 per person is down 14.3% from its peak. However, debt loads still have further to fall. Continued high debt levels and deleveraging continue to act as a weight on the economy as households have fewer resources available for other investments and spending that contribute to economic growth.

Households have generally reduced their non-housing-related debt at a greater rate than other types in order to manage their still heavy housing debt load. According to research from the Federal Reserve Bank of Kansas City, average consumer debt for households in Colorado, excluding first mortgages, declined slightly in the last quarter of 2011 and was $3,000 below its peak. As of the end of 2011, average consumer debt for a household in Colorado exceeded the U.S. average by approximately $2,000.

Student loan debt is now the second largest component of household debt after mortgages, and it is rising while other forms of debt are being reduced. This is due to more individuals attending school because of fewer job opportunities, higher tuition costs and the weakened financial position of many households that make it difficult to pay for school without borrowing. Student loan debt now totals close to $1 trillion for the nation.

According to the Federal Reserve Bank of Kansas City, in the fourth quarter of 2011 student loan debt in Colorado was $23,700 per individual carrying such debt. This is above the national average and exceeds any other state in the region. The high level of student debt burdens coupled with the tight job market for recent graduates will likely present an increasing drag on other consumer spending, including home buying.

The Housing Market

Improvement in the overall economy is dependent, at least in part, on housing market conditions. In the wake of past recessions, the housing sector has typically contributed a great deal to recoveries. The current recovery is plainly different as the excess supply of vacant homes, coupled with a drop in prices and a high level of negative equity mortgages, has weighed immensely on the overall economy. As long as the housing recovery remains lackluster, growth in the overall economy is expected to be constrained.

Recent data, however, suggest housing sector stabilization in some areas and improvement in others. Exceptionally low interest rates, along with a stabilization in home prices and rising rental rates, is making home buying more affordable and attractive. Because of these factors and pent up demand, sales have picked up briskly in many areas of the country. Further, low rates are also enabling current homeowners to refinance mortgages and reduce mortgage payments. Notably, Las Vegas, among the hardest hit cities, has shown recent improvement in housing prices.

Housing permit growth in Colorado has outpaced national growth, and increased construction will benefit other areas of the state economy and help employment growth.

Colorado's housing sector is performing better than many states, particularly with regard to home prices, foreclosures and excess inventory. This is likely due to a relatively better performing economy and higher population growth. During the boom, prices in Colorado did not accelerate like those in many other regions; similarly, since the downturn in 2008, prices in Colorado have not declined as dramatically. Home prices in Colorado seem to have stabilized in the first quarter of 2011, which has supported the housing market and partly explains why Colorado has not seen foreclosure filings as high as some of the harder hit states.

Home price stability is integral to economic growth as it bolsters consumer confidence, improves household balance sheets and contributes to consumer spending. Current price trends may be signaling that the supply and demand of homes is coming more into balance. These conditions would help buyers purchase homes as banks would be more willing to make mortgages. It would also help continue to clear out the overhang of unsold homes and result in a more sustained pickup in building activity.

The multifamily sector, which includes apartments, townhomes and condominiums, has been strong over the past year in Colorado, particularly in Denver. Many people, hesitant or unable to purchase single-family houses, are opting to rent or are downsizing by purchasing more affordable townhomes or condominiums. More people are also seeming to prefer the mobility that renting offers. The combined vacancy rate for apartments in Colorado's seven largest cities decreased to 5.2% in the second quarter of 2012 – a decline from 5.5% in the first quarter. The rate has not been below 5.2% since the first quarter of 2001 when it was 4.3%.

Low vacancy rates have spurred multifamily construction activity. To meet demand, permits for multifamily housing units were up 160%, or by 1,600 units, in 2012 through April compared with the same period a year ago. The completion of projects underway will eventually increase the supply of available multifamily rental units, which should reduce rental rates.

Overall Price Levels

The consumer price index (CPI) measures the change in retail prices for a basket of over 200 categories of goods and services, each weighted based on consumer spending patterns to determine the index. Overall price increases in Colorado have been stronger than the nation's. The relatively large increase in 2011 was driven by the spike in gas and food prices. Among other categories that have increased recently are shelter, driven by rising rental costs, medical care and apparel. Consumer prices overall for the nation fell in May by the most in three years as energy prices abated. Lower fuel prices will provide some relief to consumers and may help bolster spending on other items.

The global slowdown and a stronger dollar has put downward pressure on producer prices – the prices paid by businesses for production inputs. Because changes in producer prices are often later reflected in retail prices paid by consumers, this trend will likely benefit consumers. A recent survey of small businesses by the National Federation of Independent Businesses indicated that fewer small businesses are raising prices, thus there is less price pressure on consumers. Further, lower producer prices drive down business costs and can free up resources for other productive uses and help businesses better cope with the slowing economy.

The Institute for Supply Management's (ISM) manufacturing price index declined sharply in May, reflecting the slowdown in major global economies. The wood products, fabricated metal products, electrical equipment, plastics and rubber products industries reported paying less for materials in May. Prices paid by the non-manufacturing sector for purchased materials and services also posted a sharp decrease in May, representing the first monthly decline since July 2009. Among the industries that reported price declines were construction, transportation and utilities.

International Trade

The growth in exports of goods has been a bright spot for both the State and national economies. However, both economies continue to maintain a trade deficit, buying more from other countries than sold abroad. Colorado has shown strong and sustained growth in the export of goods since worldwide trade collapsed during the Great Recession. Growth continues despite a drop in exports to Europe and a slowing of Colorado goods to buyers in Asia. Export growth is being bolstered by Colorado sales to NAFTA partners.

Europe's economic and financial struggles are having an impact on exports, though it is important to note that exports to Europe represent a relatively small portion of the national and State economies. Colorado has been more negatively affected than the nation by the change in the value of exports to Europe from Colorado and the nation. The value of its exports dropped by 7%, or by $10.3 million, while the nation's export growth merely slowed.

Many of Colorado's largest exports to Europe have been declining. This includes exports such as medical equipment, pharmaceuticals, molybdenum, aircraft parts, data processing, circuits and other electronic equipment.

History and Forecast of Key Colorado Economic Indicator Variables

The following are historical and forecast key economic indicator variables through 2013 from the OSPB June 2012 Revenue Forecast.

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

	Actual				Forecast	
	2008	2009	2010	2011	2012	2013
Current Income:						
Personal Income (billions)	$216.0	$205.8	$213.5	$225.6	$235.7	$245.2
Change from Prior Year	5.3%	(4.7)%	3.7%	5.7%	4.5%	4.0%
Wage and Salary Income (billions)	$117.0	$112.6	$114.3	$119.7	$125.2	$129.4
Change from Prior Year	3.6%	(3.8)%	1.5%	4.7%	4.6%	3.4%
Per Capita Income ($/person)	$44,059.5	$41,271.1	$42,215.3	$44,062.7	$45,368.5	$46,523.0
Change from Prior Year	3.5%	(6.3)%	2.3%	4.4%	3.0%	2.5%
Population and Employment:						
Population (thousands)	4,901.9	4,976.9	5,050.9	5,119.8	5,196.2	5,269.9
Change from Prior Year	1.7%	1.5%	1.5%	1.4%	1.5%	1.4%
Net Migration (thousands)	40.5	36.3	38.1	33.5	36.5	40.2
Civilian Unemployment Rate	4.8%	8.1%	8.9%	8.3%	7.9%	7.6%
Total Nonagricultural Employment (thousands)	2,350.3	2,245.6	2,222.3	2,258.2	2,296.7	2,320.3
Change from Prior Year	0.8%	(4.5)%	(1.0)%	1.6%	1.7%	1.0%
Construction Variables:						
Total Housing Permits Issued (thousands)	19.0	9.4	11.6	13.8	16.9	19.9
Change from Prior Year	(37.5)%	(50.8)%	23.9%	19.1%	22.3%	18.0%
Nonresidential Construction Value (millions)	$4,117.0	$3,351.5	$3,102.5	$3,878.4	$4,011.6	$4,106.1
Change from Prior Year	(21.7)%	(18.6)%	(7.4)%	25.0%	3.4%	2.4%
Prices and Sales Variables:						
Retail Trade Sales (billions)	$74.8	$66.5	$70.5	$75.6	$80.0	$83.3
Change from Prior Year	(0.7)%	(11.1)%	6.0%	7.2%	5.9%	4.1%
Denver-Boulder-Greeley CPI (1982-84=100)	209.9	208.5	212.4	220.3	226.7	232.0
Change from Prior Year	3.9%	(0.6)%	1.9%	3.7%	2.9%	2.3%

Source: OSPB June 2012 Revenue Forecast

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

Investment of the State Pool

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

Moneys invested by the State Treasurer are valued and "marked to market" on an annual basis for financial reporting purposes according to market prices provided by J.P. Morgan Chase, the State Treasury's investment safekeeping bank. During the fiscal year, the State Treasurer distributes gains and losses on the investments as they are realized.

Fiscal Years 2010-11 and 2011-12 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 2010-11 and 2011-12 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2010-11
(Amounts expressed in millions)[1]

	July 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011	June 2011
Agency CMOs	$ 306.0	$ 299.2	$ 291.7	$ 283.8	$ 276.4	$ 268.4	$ 260.7	$ 253.5	$ 246.1	$ 238.2	$ 230.4	$ 220.9
Commercial Paper	118.0	205.0	322.0	65.0	223.0	294.9	155.0	0.0	60.0	205.0	193.0	80.0
U.S. Treasury Notes	675.2	675.1	675.1	675.1	665.1	680.2	680.1	739.8	769.3	759.3	759.4	784.1
Federal Agencies	3,348.0	2,813.0	2,772.0	2,829.1	2,718.0	3,663.7	4,282.4	4,109.4	4,142.1	4,585.2	4,478.6	4,141.6
Asset-Backed Securities	386.5	367.1	350.4	316.0	298.4	286.7	267.8	253.0	239.9	222.1	197.4	187.7
Money Market	200.0	185.0	200.0	160.0	25.0	170.0	80.0	80.0	50.0	40.0	--	0.0
Corporates	364.6	357.9	370.8	368.3	388.7	437.4	449.4	455.3	510.2	531.1	598.6	588.6
Certificates of Deposit	25.8	24.0	21.8	21.5	14.1	14.4	4.4	4.4	4.4	5.4	4.2	3.8
Totals	$5,424.1	$4,926.3	$5,003.8	$4,718.8	$4,608.7	$5,815.7	$6,179.8	$5,895.4	$6,022.0	$6,586.3	$6,461.6	$6,006.7

[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 2011-12
(Amounts expressed in millions)[1]

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

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

Source: State Treasurer's Office

GENERAL FUND CASH FLOW

General Fund cash flow deficits are attributable to several categories of loans and expenditures by the State throughout each Fiscal Year, including public school distributions, medical assistance and grants and contract purchased services. The State Treasurer has certain administrative powers to remedy negative cash balances, including the ability to issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and to use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "THE SERIES 2012A NOTES – Authorization," "STATE FINANCIAL INFORMATION – The State Treasurer" and "THE STATE GENERAL FUND."

The following tables present on a cash basis the actual and estimated cash flows of the General Fund for Fiscal Year 2011-12, and the estimated cash flows for the General Fund for Fiscal Year 2012-13, by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on the modified accrual basis of accounting, with accounting adjustments made by the State Treasurer to arrive at a cash basis presentation, and should be read in conjunction with the information set forth in "THE STATE GENERAL FUND."

Monthly cash flow projections for Fiscal Years 2011-12 and 2012-13 are based upon (i) the General Fund appropriations for Fiscal Years 2011-12 and 2012-13 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB June 2012 Revenue Forecast discussed in "THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts." 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 2011-12
Current Law

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

	Actual											Estimated[1]	
	July 2011	**Aug 2011**	**Sept 2011**	**Oct 2011**	**Nov 2011**	**Dec 2011**	**Jan 2012**	**Feb 2012**	**Mar 2012**	**Apr 2012**	**May 2012**	**June 2012**	**Total**
Beginning Cash and Investments Balance[2]	$ 425.1												$ 425.1
Revenues:													
General Fund Revenue:													
Sales and Use Tax	192.8	$ 189.6	$ 197.7	$ 191.1	$ 175.4	$ 188.5	$ 209.3	$ 180.2	$ 186.4	$ 181.4	$ 208.9	$ 194.1	2,295.4
Individual Income Tax	293.3	319.7	430.1	324.0	315.6	392.8	489.4	162.1	274.3	720.4	371.5	458.3	4,551.5
Corporate Income Tax	5.6	(4.0)	83.5	19.1	7.9	74.4	20.3	(35.9)	58.6	101.2	11.9	106.3	448.9
Other	76.0	16.1	11.8	39.7	28.4	9.8	18.4	52.1	26.8	46.7	21.4	(3.3)	343.9
Total General Fund Revenue	567.7	521.4	723.1	573.9	527.3	665.5	737.4	358.5	546.1	1,049.7	613.7	755.3	7,639.6
Federal Revenue	288.3	497.0	498.7	461.2	493.1	574.0	476.8	495.9	596.5	598.6	554.2	383.5	5,917.8
Total Revenues	856.0	1,018.4	1,221.8	1,035.1	1,020.4	1,239.5	1,214.2	854.4	1,142.6	1,648.3	1,167.9	1,138.9	13,557.5
Expenditures:													
Payroll	116.9	123.7	116.2	116.0	125.5	117.1	116.9	116.6	115.5	113.2	117.1	116.9	1,411.6
Medical Assistance	335.6	432.8	364.0	389.2	380.8	421.0	342.3	400.3	396.7	493.0	415.1	319.3	4,690.1
Public School Distribution	683.7	35.2	998.2	87.1	54.6	861.3	75.5	56.7	301.6	48.0	53.6	2.0	3,257.5
Higher Education Distribution	4.8	41.2	3.4	4.8	4.8	41.5	1.2	1.2	0.3	0.3	0.3	(0.8)	103.0
Grants and Contracts	57.9	207.2	195.9	170.7	192.0	222.5	211.6	196.2	227.1	191.0	196.6	190.8	2,259.5
Other	99.0	215.1	98.0	75.1	144.2	225.5	79.2	86.9	109.0	83.7	109.4	30.7	1,355.8
Total Expenditures:	(1,297.9)	(1,055.2)	(1,775.7)	(842.9)	(901.9)	(1,888.9)	(826.7)	(857.9)	(1,150.2)	(929.2)	(892.1)	(658.8)	(13,077.4)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(16.8)	(36.8)	(553.9)	192.2	118.5	(649.4)	387.5	(3.5)	(7.6)	719.1	275.8	480.1	905.2
Revenue Accrual Adjustment	109.8	(55.2)	38.7	12.2	(27.5)	(14.6)	27.6	(51.5)	9.0	70.4	(19.3)	(14.1)	85.5
Expenditure Accrual Adjustment	(239.6)	87.6	(49.0)	30.7	25.0	(324.8)	52.2	47.2	(90.2)	101.5	(83.3)	(23.8)	(466.5)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	--	--	--	--
General Fund Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(49.3)	--	--	--	--	--	--	--	--	--	--	--	(49.3)
Actual/Projected Monthly Cash Change	304.1	(4.4)	(564.2)	235.1	116.0	(988.8)	467.3	(7.8)	(88.8)	891.0	173.2	(58.6)	474.1
General Fund Cash Balance End of Month	**$ 304.1**	**$ 299.7**	**$ (264.5)**	**$ (29.4)**	**$ 86.6**	**$ (902.2)**	**$ (434.9)**	**$ (442.7)**	**$ (531.5)**	**$ 359.5**	**$ 532.7**	**$ 474.1**	

[1] General Fund revenues are derived from the OSPB June 2012 Revenue Forecast. The amounts for June 2012 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.

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

Source: State Treasurer's Office

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

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

	July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	June 2013	Total
Beginning Cash and Investments Balance[2]	$ 474.1												$ 474.1
Revenues:													
General Fund Revenue:													
Sales and Use Tax	198.0	$ 198.6	$ 206.5	$ 199.2	$ 187.2	$ 189.7	$ 227.5`	$ 172.3	$ 174.8	$ 195.2	$ 188.8	$ 202.8	2,340.7
Individual Income Tax	370.4	307.5	430.9	393.7	350.9	372.5	527.1	151.6	191.5	547.6	379.0	501.7	4,524.5
Corporate Income Tax	7.4	4.2	100.8	37.8	(29.0)	41.1	34.7	5.5	56.6	91.4	18.6	94.2	463.3
Other	29.7	9.9	6.5	(26.1)	1.9	(27.3)	(10.5)	37.5	36.5	191.6	(17.9)	156.3	388.1
Total General Fund Revenue	605.5	520.2	744.7	604.6	510.9	576.1	778.7	367.0	459.3	1,025.8	568.5	955.1	7,716.6
Federal Revenue	191.1	359.4	459.8	364.7	470.3	489.7	399.5	455.6	492.0	364.2	448.7	1,102.6	5,597.7
Total Revenues	796.6	879.6	1,204.5	969.3	981.2	1,065.8	1,178.2	822.6	951.4	1,390.0	1,017.2	2,057.8	13,314.3
Expenditures:													
Payroll	118.8	131.2	122.8	123.6	122.5	101.9	120.1	115.9	117.4	113.7	115.2	123.2	1,426.3
Medical Assistance	267.8	364.6	229.5	224.7	406.3	324.3	176.7	362.3	260.2	523.0	520.5	435.3	4,095.3
Public School Distribution	812.1	17.9	804.0	30.2	31.7	799.3	32.8	30.3	799.6	30.3	30.2	2.0	3,420.4
Higher Education Distribution	1.6	17.1	0.0	3.2	1.6	14.8	0.0	0.0	0.0	0.0	0.0	(0.8)	37.4
Grants and Contracts	34.6	205.0	243.5	162.7	188.3	232.5	198.2	190.4	215.8	188.3	193.6	218.1	2,271.0
Other	520.2	280.7	158.8	121.8	50.7	315.0	162.4	59.4	128.3	(110.4)	(167.1)	150.4	1,669.9
Total Expenditures:	(1,755.1)	(1,016.6)	(1,558.6)	(666.2)	(801.1)	(1,787.6)	(690.2)	(758.2)	(1,521.2)	(744.9)	(692.4)	(928.2)	(12,920.4)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(484.3)	(137.0)	(354.1)	303.1	180.1	(721.8)	487.9	64.4	(569.9)	645.1	324.9	1,129.6	868.0
Revenue Accrual Adjustment	(184.8)	(24.2)	2.6	7.9	(38.6)	5.4	2.4	(0.3)	(2.3)	12.3	(63.2)	(21.2)	(304.2)
Expenditure Accrual Adjustment	21.3	7.5	(0.2)	(5.1)	5.6	(1.7)	4.8	(3.1)	2.4	12.5	(3.8)	(52.2)	(12.0)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(98.5)	--	--	(98.5)
General Fund Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(58.7)	--	--	--	--	--	--	--	--	--	--	--	(58.7)
Actual/Projected Monthly Cash Change	(206.6)	(153.7)	(351.7)	305.8	147.1	(718.1)	495.2	61.0	(569.8)	571.5	257.9	555.3	393.9
General Fund Cash Balance End of Month	**$ (206.6)**	**$ (360.2)**	**$ (712.0)**	**$ (406.1)**	**$ (259.1)**	**$ (977.2)**	**$ (482.1)**	**$ (421.1)**	**$ (990.9)**	**$ (419.4)**	**$ (161.5)**	**$ 393.9**	

[1] General Fund revenues are derived from the OSPB June 2012 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the inside cover of this Official Statement regarding forward-looking statements.

Source: State Treasurer's Office

BORROWABLE RESOURCES

The Pledged Revenues include, to the extent permitted by law, any Borrowable Resources, which 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 <u>not</u> 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 "THE STATE GENERAL FUND – Investment of the State Pool."

The ability of the State Treasurer to pay the Series 2012A Notes from Borrowable Resources will depend upon the availability of funds in the State Treasury that are eligible for investment. See "GENERAL FUND CASH FLOW" above. In addition, the availability of Borrowable Resources may be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual and estimated Borrowable Resources for Fiscal Year 2011-12 and estimated Borrowable Resources for Fiscal Year 2012-13. The estimates in the table are based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the table and the amounts ultimately realized, and such differences may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

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

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

	Actual											Estimated[3]
	July 2011	**Aug 2011**	**Sept 2011**	**Oct 2011**	**Nov 2011**	**Dec 2011**	**Jan 2012**	**Feb 2012**	**Mar 2012**	**Apr 2012**	**May 2012**	**June 2012**
Higher Education Funds[4]	$1,086.9	$1,204.5	$1,287.2	$1,266.9	$1,180.5	$1,119.7	$1,296.8	$1,349.5	$1,456.0	$1,338.8	$1,264.2	$1,335.9
State and Local Severance Tax Funds	174.1	177.0	169.7	181.1	199.3	212.2	213.4	224.0	232.0	252.7	266.2	264.1
School Capital Construction Assistance	113.4	123.4	118.9	119.6	125.7	137.3	136.9	148.6	127.8	137.2	145.7	147.4
Water Conservation Construction Fund	105.7	107.3	110.8	108.1	107.6	114.7	115.8	111.2	127.2	129.8	132.2	136.3
State Public School Fund	442.6	176.5	852.0	577.1	304.9	965.9	690.4	427.4	415.1	140.0	362.0	117.4
Mineral Impact Fund	95.0	109.0	66.0	82.1	96.1	81.9	81.9	107.2	96.2	108.9	123.0	94.6
Lottery Fund	45.6	47.6	34.4	37.1	47.5	32.7	38.3	50.2	36.9	53.0	67.0	46.5
Limited Gaming Fund	44.3	1.7	3.9	6.9	10.8	14.4	18.1	22.2	26.5	32.1	36.7	42.1
Colorado Student Obligation Bond Authority – Administration	29.3	29.1	28.8	29.2	29.2	29.0	29.5	29.5	29.4	30.2	30.0	38.4
Aviation Fund	31.6	32.2	32.7	32.4	33.7	33.6	32.8	34.6	35.6	35.2	36.2	36.9
College Scholarship Fund	29.5	166.9	74.0	47.2	46.9	170.2	152.6	73.7	51.4	51.4	49.1	33.9
Hospital Provider Fee	28.7	34.9	27.6	34.0	40.1	26.1	35.0	44.2	34.3	73.4	93.1	33.1
Capital Construction Fund	83.2	80.2	76.7	68.2	66.9	64.4	60.5	39.3	37.0	32.2	31.9	32.4
Hazardous Substance Fund	13.8	13.9	13.2	13.7	13.5	13.9	13.5	13.9	14.0	14.3	14.2	14.6
Tobacco Tax Funds	21.6	31.7	21.8	34.1	42.6	34.7	47.9	53.1	45.2	43.2	64.1	4.1
Workers' Compensation Fund	0.0	12.2	9.4	6.9	14.5	11.6	8.7	4.7	3.4	0.0	0.0	0.0
Other Borrowable Resources	1,254.2	1,269.7	1,309.2	1,313.3	1,319.5	1,327.1	1,304.5	1,310.3	1,276.0	1,367.7	1,260.6	655.2
Total Borrowable Resources	3,599.4	3,617.8	4,236.3	3,957.9	3,679.3	4,389.4	4,276.6	4,043.6	4,044.0	3,840.1	3,976.2	3,032.7
Total General Fund	304.1	299.7	(264.5)	(29.4)	86.6	(902.2)	(434.9)	(442.7)	(531.5)	359.5	532.7	474.1
Less: Notes Issued and Outstanding	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	--
Net Borrowable Resources	$3,403.5	$3,417.5	$3,471.8	$3,428.5	$3,265.9	$2,987.2	$3,341.7	$3,100.9	$3,012.5	$3,699.6	$4,008.9	$3,506.9

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

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

[3] Amounts for June 2012 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 the University of Colorado, which operates its own Treasury and does not deposit its cash with the State Treasurer except for selected minor funds and the Capital Construction Fund resources.

Source: State Treasurer's Office

State of Colorado
Estimated Borrowable Resources
Fiscal Year 2012-13[1,2,3]

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

	July 2012	Aug 2012	Sept 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	June 2013
Higher Education Funds[4]	$1,095.0	$1,347.6	$1,486.1	$1,439.3	$1,381.9	$1,320.9	$1,468.4	$1,525.7	$1,525.9	$1,462.8	$1,369.0	$1,446.6
State and Local Severance Tax Funds	185.0	184.3	173.4	179.8	167.9	178.6	181.6	185.0	191.9	202.8	210.0	208.4
School Capital Construction Assistance	145.0	166.9	162.6	160.0	167.4	172.4	177.0	201.7	187.6	188.7	202.2	204.6
Water Conservation Construction Fund	131.0	133.8	153.9	151.5	148.2	156.3	152.4	147.2	153.9	164.4	168.5	173.6
Mineral Impact Fund	92.1	101.7	62.8	75.9	86.3	73.5	82.0	91.5	83.6	96.9	108.1	83.1
Colorado Student Obligation Bond Authority – Administration	36.2	36.8	45.5	44.3	42.4	34.9	37.1	36.4	36.5	36.2	36.7	46.9
Limited Gaming Fund	43.1	2.7	4.4	7.6	11.3	14.8	18.6	22.7	26.6	31.3	36.1	41.4
State Public School Fund	423.5	225.2	520.0	286.5	59.8	296.3	96.2	11.0	361.7	178.7	113.7	36.9
Lottery Fund	45.3	50.0	34.1	42.9	50.5	41.0	48.5	51.8	34.5	43.7	53.1	36.8
College Scholarship Fund	33.2	167.0	20.2	20.2	50.9	201.0	198.0	133.4	50.3	54.1	53.0	36.6
Aviation Fund	33.3	34.0	34.6	33.2	35.0	34.7	33.6	35.5	37.0	35.5	35.2	35.9
Hazardous Substance Fund	14.2	14.1	14.5	14.5	14.4	14.1	14.4	14.2	14.1	14.3	14.4	14.9
Hospital Provider Fee	28.8	8.5	9.1	12.2	15.0	17.7	22.2	27.6	27.1	31.1	34.8	12.4
Capital Construction Fund	22.0	23.2	22.8	21.6	20.0	19.0	16.5	13.2	11.5	14.1	8.9	9.1
Tobacco Tax Funds	20.8	22.4	18.9	21.8	22.9	20.3	22.7	23.5	20.4	22.4	23.1	1.5
Workers' Compensation Fund	3.0	24.6	31.7	28.4	28.4	19.6	15.4	11.6	7.1	2.6	1.4	0.0
Other Borrowable Resources	1,867.4	1,836.2	1,989.4	1,896.5	1,819.0	1,911.8	1,806.5	1,545.5	1,780.2	2,085.9	1,427.0	221.9
Total Borrowable Resources	4,218.8	4,378.8	4,783.9	4,436.1	4,121.1	4,526.7	4,391.1	4,077.5	4,549.9	4,665.3	3,895.3	2,610.5
Total General Fund	(206.6)	(360.2)	(712.0)	(406.1)	(259.1)	(977.2)	(482.1)	(421.1)	(990.9)	(419.4)	(161.5)	393.9
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	$3,512.3	$3,518.6	$3,571.9	$3,530.0	$3,362.1	$3,049.5	$3,409.0	$3,156.4	$3,059.0	$3,746.0	$3,233.8	$3,004.4

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

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

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

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

Source: State Treasurer's Office

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. Accordingly, the State currently has, and upon issuance of the Series 2012A Notes will have, no outstanding general obligation debt.

The State has entered into lease-purchase agreements, including some providing security for outstanding certificates of participation, in order to finance various public projects. The obligations of the State to make lease payments beyond any current Fiscal Year are contingent upon appropriations by the General Assembly. At June 30, 2011, the minimum lease payments due under lease-purchase agreements entered into by the State were estimated to be $90.70 million in Fiscal Year 2011-12 and $101.41 million in Fiscal Year 2012-13. See Notes 24 and 43 to the audited financial statements included in the State's Fiscal Year 2010-11 CAFR appended to this Official Statement for a discussion of the State's notes, bonds, and certificates of participation payable and material subsequent events that occurred after June 30, 2011, but before publication of the Fiscal Year 2010-11 CAFR. On May 17, 2012, the State, acting by and through the Regents of the University of Colorado, issued $56,095,000 of Refunding Certificates of Participation, Series 2012A (UCDHSC Fitzsimons Academic Projects), which will result in $26,389,829 of interest payments over 13 years.

Separate from lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment. All of the lease/rental agreements for buildings and/or equipment contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these leases have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. At June 30, 2011, the minimum lease/rental payments due for buildings and/or equipment for Fiscal Years 2011-12 and 2012-13 were estimated to be $88.48 million and $77.68 million, respectively. See Note 22 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes. At June 30, 2011, CDOT had outstanding $828.24 million in aggregate principal amount of such notes. These notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to comprise highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State departments and agencies, including State institutions of higher education, issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2011, see Notes 24 and 43 to the audited financial statements included in the State's Fiscal Year 2010-11 CAFR appended to this Official Statement. Institutions of higher education and other State enterprises may have issued additional refunding or original issuance revenue bonds that will be reported in the State's Fiscal Year 2011-12 CAFR.

Pension and Post-Employment Benefits

The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX C – 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 C – STATE PENSION SYSTEM," which is based on PERA's Comprehensive Annual Financial Report for calendar year 2011 (the "PERA 2011 CAFR"). For a detailed discussion of the Plan, the defined contribution plan and PERA, see Notes 18, 19 and 20 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement and the PERA 2011 CAFR. The information in the State's Fiscal Year 2010-11 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2010.

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 C – STATE PENSION SYSTEM – Funding and Contributions." Although the State has made all statutorily required contributions ("SRC") to the Plan, as of December 31, 2011 (the latest period for which audited information for the Plan is available), the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were $12.0 billion and $20.8 billion, respectively, resulting in an unfunded actuarial accrued liability ("UAAL") of $8.8 billion and a funded ratio of 57.7%. The UAAL at December 31, 2011, would amortize over a 56-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC)[*]. See "APPENDIX C – STATE PENSION SYSTEM – Funding and Contributions" and Table 1 therein for details on the State's SRC and Annual Required Contribution ("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 57.7%. The funded ratio of the Plan at December 31, 2011, based on the market value of assets, was 57.6%, representing an unfunded accrued liability of $8.8 billion. See "APPENDIX C – STATE PENSION SYSTEM – Plan Assets, Liabilities and Funding Levels" for historical information regarding the Plan's assets, liabilities and funding levels. See also "Management's Discussion and Analysis" and Notes 18, 19 and 20 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement. Calculation of the UAAL and the ARC is based on numerous assumptions, including future retiree participation, contribution rates, discount rates, investment rates and life expectancy rates. No assurance can be given that the AAL and UAAL of the Plan will not materially increase or that the actuarial or market values of the Plan assets will not materially decrease.

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

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

The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance is provided under the PERA Health Care Trust Fund in which members from all divisions of PERA may participate. It is a cost-sharing, multiple employer plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2011, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.4 billion, a funded ratio of 16.5%, and a 49-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, the actuary has not determined the portion of the UAAL that applies to each division participant. However, the State Division, which is itself a cost-sharing, multiple employer participant in the Health Care Trust Fund, represented approximately 34% of the covered payroll reported for the Health Care Trust Fund at December 31, 2011. Although at December 31, 2011, the funded ratio of the Health Care Trust fund was 16.5%, the benefit is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retirees bear all risk of medical cost inflation. See Notes 9 and 10 to the PERA 2011 CAFR for additional information regarding the Health Care Trust Fund.

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State. Generally, State authorities are legally separate, independent bodies, governed by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate). Certain State authorities are presented in the State's CAFR as determined based on the financial accountability requirements as defined in Statements Number 14 and 39 (and 61 for Fiscal Year 2012-13) issued by GASB.

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

Note Issues of the State

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes, such as the Series 2012A Notes, in order to fund cash flow shortfalls in the General Fund. For each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State funded cash flow shortfalls by use of Borrowable Resources. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes for local school districts in anticipation of local school district revenues to be collected at a later date. See Note 43 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement for a discussion of all currently outstanding revenue anticipation notes issued by the State. After publication of the Fiscal Year 2010-11 CAFR, the State issued $230,000,000 of Education Loan Program Tax and Revenue Anticipation Notes, Series 2012A, which will mature on June 29, 2012, and result in $2,121,111 of interest paid. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

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

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000, although 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 its 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, 42 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2010-11 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 42 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement. One case referenced in Note 42 is the case of *Lobato v State of Colorado*, which challenges the State's school finance system. On December 9, 2011, the Denver District Court ruled in favor of the plaintiffs, holding that current funding of Colorado's K-12 school finance system is unconstitutional because it is inadequate and not rationally related to the State Constitutional mandate of a thorough and uniform system of free public education. The State has appealed the ruling to the State Supreme Court. The State Attorney General is not opining as to the effect of any final decision rendered in connection with the *Lobato* case.

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

Subsequent to the issuance of the State's Fiscal Year 2010-11 CAFR appended to this Official Statement, litigation was filed against the State and the Colorado Bridge Enterprise (the "Bridge Enterprise"), a government-owned business within CDOT, asserting that the Bridge Enterprise does not qualify as an enterprise for purposes of TABOR, that the bridge safety surcharge imposed by the Bridge Enterprise on certain motor vehicles registered in the State to finance highway bridge projects is an unconstitutional tax imposed without prior statewide voter approval as required by TABOR and that bonds issued by the Bridge Enterprise to fund highway projects are also unconstitutional as having been issued without prior statewide voter approval as required by TABOR. Plaintiffs seek, among other things, a refund to Colorado taxpayers of the bridge safety surcharges collected since the inception of the legislation in July 2009. The State believes it has a reasonable probability of a favorable outcome in the case, but the ultimate outcome cannot presently be determined.

RATINGS

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

CONTINUING DISCLOSURE

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which exemption applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2012A Notes, the State Treasurer will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement. However, the State Treasurer will undertake in the Authorizing Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2012A Notes, that during such time as any of the Series 2012A Notes are outstanding, the State Treasurer will provide to the MSRB: (a) notice of any actual or projected deficiency in the Note Payment Account, as discussed in "THE SERIES 2012A NOTES – Security and Sources of Payment – *Note Payment Account*"; and (b) 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 2012A 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 2012A Notes; (iv) modifications to rights of owners of the Series 2012A Notes, if material; and (v) rating changes.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the registered owners and Beneficial Owners of the Series 2012A Notes, and, if necessary, may be enforced by such registered owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations of the undertaking does not constitute an Event of Default under the Authorizing Resolution, and none of the rights and remedies provided in the Authorizing Resolution for Events of Default will be available to the registered owners or Beneficial Owners of the Series 2012A Notes in the event of a breach of such continuing disclosure undertaking.

Except as discussed below, during the previous five years the State Treasurer has complied, in all material respects, with the continuing disclosure undertakings entered into by the State Treasurer pursuant to the requirements of Rule 15c2-12. From January 2011 to May 2011, the State Treasurer failed to file with the MSRB monthly cash flow schedules for the State's General Fund Tax and Revenue Anticipation Notes, Series 2010A (the "Series 2010A 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 Notes included an affirmative covenant by the State Treasurer to do so. See "THE SERIES 2012A NOTES – Security and Sources of Payment – *Note Payment Account*" for a discussion of the provisions of the Authorizing Resolution for the Series 2012A Notes regarding the preparation of monthly cash flow projections, which do not include a covenant by the State Treasurer to file such projections with the MSRB.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2012A Notes, as well as the treatment of interest on the Series 2012A Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Brownstein Hyatt Farber Schreck, LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2012A Notes.

TAX MATTERS

The Federal Tax Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2012A Notes for interest thereon to be excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2012A Notes to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2012A Notes. The State Treasurer has covenanted to comply with the applicable requirements of the Federal Tax Code in order to maintain the exclusion of the interest on the Series 2012A Notes from gross income for federal income tax purposes.

In the opinion of Brownstein Hyatt Farber Schreck, LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, interest on the Series 2012A Notes is excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2012A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Federal Tax Code.

In rendering its opinion, Bond Counsel will rely on, and will assume the accuracy of, certain representations and certifications, and compliance with certain covenants of the State Treasurer. Bond Counsel will not independently verify the accuracy of the certifications and representations made by the State Treasurer. Bond Counsel has not been engaged, and will not undertake, to monitor the State Treasurer's compliance with the covenants or to inform any person as to whether the covenants are being complied with, nor has Bond Counsel undertaken to determine or to inform any person as to whether any actions taken or not taken, or events occurring or not occurring, after the date of the issuance of the Series 2012A Notes may affect the federal tax-exempt status of the interest on the Series 2012A Notes.

Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2012A Notes (the "Premium Series 2012A Notes") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Series 2012A Notes was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest basis over the term of each Premium Series 2012A Note. For purposes of determining gain or loss on the sale or other disposition of a Premium Series 2012A Note, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Series 2012A Note annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Series 2012A Notes. Owners of the Premium Series 2012A Notes are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Series 2012A Notes.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Series 2012A Notes may affect the tax status of interest on the Series 2012A Notes. No assurance can be given that future legislation, or amendments to the Federal Tax Code, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Series 2012A Notes from gross income for federal income tax purposes. Furthermore, Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2012A Notes, or the interest thereon, if any action is taken with respect to the Series 2012A Notes or the proceeds thereof upon the advice or approval of bond counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Series 2012A Notes is excluded from gross income for federal income tax purposes, a Series 2012A Noteholder's federal, state or local tax liability may otherwise be affected by the ownership or disposition of the Series 2012A Notes. The nature and extent of these other tax consequences will depend upon the Series 2012A Noteholder's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the Series 2012A Notes should be aware that (i) Section 265 of the Federal Tax Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2012A Notes or, in the case of a financial institution, that portion of a Series 2012A Noteholder's interest expense allocated to interest on the Series 2012A Notes, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Federal Tax Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the Series 2012A Notes, (iii) interest on the Series 2012A Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Federal Tax Code, (iv) passive investment income, including interest on the Series 2012A Notes, may be subject to federal income taxation under Section 1375 of the Federal Tax Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, and (v) Section 86 of the Federal Tax Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series 2012A Notes. Bond Counsel has expressed no opinion regarding any such other tax consequences.

Payments of interest on tax-exempt obligations, including the Series 2012A Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2012A Noteholder is subject to backup withholding under these requirements, then payments of interest will also be subject to backup withholding. These requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislative proposals are introduced into the United States Congress from time-to-time which, if enacted, would amend one or more provisions of the Federal Tax Code in a manner that would alter the federal tax consequences referred to above or would adversely affect the market value or marketability of the Series 2012A Notes. It cannot be predicted where, when or in what form any such proposal might be enacted or whether, if enacted, any such proposal would apply to obligations (such as the Series 2012A Notes) delivered prior to such enactment.

Bond Counsel's engagement with respect to the Series 2012A Notes ends with the issuance of the Series 2012A Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the State Treasurer or the Beneficial Owners of the Series 2012A Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2012A Notes, under current IRS procedures the IRS will treat the State Treasurer as the taxpayer and the Beneficial Owners of the Series 2012A Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2012A Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may adversely affect the market value of the Series 2012A Notes.

UNDERWRITING

The Series 2012A Notes will be purchased from the State by Morgan Stanley & Co. LLC, Goldman, Sachs & Co. and J.P. Morgan Securities LLC (the "Underwriters"), pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $510,310,000, being the principal amount of the Series 2012A Notes plus an aggregate original issue premium of $10,321,400 and less an aggregate underwriting discount of $11,400.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2012A Notes, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012A Notes.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2012A 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 2012A 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 2012A Notes.

MISCELLANEOUS

The cover page, inside cover, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2012A Notes, copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at Stifel, Nicolaus & Company, Incorporated, 1125 17th Street, Suite 1600, Denver, Colorado 80202, Attention: Vicki Mattox or Sara Brown, telephone number (303) 296-2300. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

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

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

APPENDIX A

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

(Pagination reflects the original printed document)

APPENDIX B

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Overview

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

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

The State's economic performance depends heavily on economic performance at the national level. See also "THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts."

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Population and Age Distribution

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

Population Estimates (as of July 1)

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

Note: Figures for 2000 through 2010 are estimates. The U.S. 2011 count is an estimate, and the 2011 count for Colorado is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the State's population and the population nationwide.

Age Distribution as of July 1, 2011

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

Note: Totals may not add due to rounding.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

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

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	**% Change**	**Income**	**% Change**	**Income**	**% Change**
2007	$42,724		$38,064		$39,506	
2008	$44,180	3.4%	$39,469	3.7%	$40,947	3.6%
2009	$41,388	-6.3%	$36,917	-6.5%	$38,846	-5.1%
2010	$42,295	2.2%	$37,807	2.4%	$39,937	2.8%
2011	$44,088	4.2%	$39,420	4.3%	$41,663	4.3%

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

Employment

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

Civilian Labor Force, Total Employment, and Unemployment Rates

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

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

The following table shows Colorado employment by industry from 2007 to fourth quarter 2011. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Number of Employees by Industry

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

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

The following table shows the largest private sector employers in Colorado as of 2011. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado (2011)

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

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

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

Estimated Largest Public Sector Employers in Colorado (2011)

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

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

Retail Sales

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

Colorado Gross and Retail Sales

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

Source: Colorado Department of Revenue.

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

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

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

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

Tourism

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

Colorado Tourism Statistics

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

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

Residential Housing Starts

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

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2007	20,516	448	411	8,079	29,454	
2008	11,147	290	181	7,380	18,998	-35.5%
2009	7,261	142	93	1,859	9,355	-50.8%
2010	8,790	276	136	2,389	11,591	23.9%
2011	8,723	266	127	4,386	13,502	16.5%
Year-to-date totals through April:						
2011	2,627	96	20	887	3,630	
2012	3,398	78	49	2,477	6,002	
% change	*29.3%*	*-18.8%*	*145.0%*	*179.3%*	*65.3%*	

Source: U.S. Census Bureau.

Residential Foreclosures

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

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

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2007	39,920		25,054	
2008	39,333	-1.5%	21,306	-15.0%
2009	46,394	18.0%	20,437	-4.1%
2010	42,692	-8.0%	23,891	16.9%
2011	31,878	-25.3%	19,622	-17.9%
Year-to-date totals through first quarter:				
2011	8,079		5,605	
2012	7,783	-3.7%	4,221	-24.7%

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

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APPENDIX C

STATE PENSION SYSTEM

The information included in this Appendix relies on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2011 (being the latest period for which audited information for the Plan is available), prepared by PERA staff employees (the "PERA 2011 CAFR"); by the firm Cavanaugh Macdonald Consulting, LLC, PERA's independent actuary, and audited by KPMG, LLP, PERA's independent public accounting firm. The valuation and other assessments of PERA constitute forward-looking information as described in the inside cover of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuation and assessment may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (for State employees) (the "State Division"), the School Division Trust Fund (for employees of school districts), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities) and the Judicial Division Trust Fund (for judges in the State). The defined benefit plan for the State Division is referred to herein as the "Plan." As described in more detail under the caption "Funding and Contributions" below, the Plan is funded with payments made by the State and by each employee, the amount of which are determined and established by statute. Benefits provided through the Plan are paid from the State Division. State employees hired after 2005 may, in lieu of participating in the Plan, elect to participate in a defined contribution plan (the "DC Plan") which is also administered by PERA. However, the majority of State employees participate in the Plan. See Notes 1 and 8 to the PERA 2011 CAFR for a discussion of the membership in the Plan and in the DC Plan, respectively. The State has no obligation to make contributions or fund benefits in divisions other than the State Division and Judicial Division of PERA. Because the majority of State employees participate in the Plan and not in the DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Post-Employment Benefits" in the body of this Official Statement and in this Appendix relates only to the Plan. See Note 20 to the State's Fiscal Year 2010-11 CAFR appended to this Official Statement and Note 8 to the PERA 2011 CAFR for a discussion of the DC Plan. The information in the State's Fiscal Year 2010-11 CAFR is based on the PERA 2010 CAFR, while information in this Appendix is based on PERA 2011 CAFR.

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

PERA. PERA was created in 1931 by State law as a legal entity separate from the State and currently is governed by 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 a cost-sharing, multiple-employer post-employment benefit plan through the Health Care Trust Fund that provides a health care premium subsidy 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 of the Plan, 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 2010-11 CAFR appended to this Official Statement, the PERA 2011 CAFR and Title 24, Article 51, C.R.S., for a discussion of the various tiers of benefits under the Plan.

Funding and Contributions

Statutorily Required Contribution (SRC). The State's contributions to the Plan are based on percentages of employee wages, which percentages are set by statute. Such contribution percentages are referred to herein as the "Statutorily Required Contribution," or the "SRC," of the State. The baseline SRC that is made by the State for most State employees is 10.15% of each employee's salary for Fiscal Years 2009-10 and 2010-11. As discussed under "Annual Required Contribution" below, the SRC is lower than the actuarially computed Annual Required Contribution ("ARC"). The State has paid 100% of the SRC for each of Fiscal Years 2007-08 through 2010-11. See Note 18 to the State's Fiscal Year 2010-11 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; however, for Fiscal Years 2010-11 and 2011-12, the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees replaced a 2.5% reduction in the State contribution for such Fiscal Years. The employee contribution rates revert to pre-Fiscal Year 2010-11 levels effective July 1, 2012, and the State will return 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; however, 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 2010-11 CAFR appended to this Official Statement for a discussion of the AED and SAED.

Annual Required Contribution (ARC). 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 higher than the SRC because it results in a 30-year amortization period of the UAAL instead of a 56-year amortization period (at December 31, 2011, based on contribution rates as of the date of calculation). The ARC amount varies from year-to-year as the investment market changes and the value of Plan assets changes, and is different from the SRC which, as described above, is set by statute and changed only when the General Assembly determines that the SRC will result in overfunding or underfunding of the Plan over the long term. As shown in Table 1 below, the State consistently contributes the SRC, but in recent years it has not contributed the ARC.

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

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

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

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

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

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

4 Results in amortization of UAAL over 56 years as of December 31, 2011.

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

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

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

Plan Assets, Liabilities and Funding Levels

At December 31, 2011 (the latest period for which audited information for the Plan is available), based on PERA's 2011 CAFR, the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were $12.0 billion and $20.8 billion, respectively, resulting in a UAAL of $8.8 billion and a funded ratio of 57.7%. The UAAL would amortize over a 56-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC). The actuarial value of assets for the Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 57.7%. At December 31, 2011, the funded ratio of the Plan based on the market value of assets was 57.6%, representing a UAAL of $8.8 billion. Table 2 below sets forth for each of the ten years through December 31, 2011, the UAAL, funded ratio and related information for the Plan based on the actuarial value of Plan assets. Table 3 below sets forth for each of the ten years through December 31, 2011, the UAAL, funded ratio and related information for the Plan based on the market value of Plan assets.

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

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

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

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

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

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

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

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

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

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

Investment of Plan Assets

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

- The aggregate amount of investment trust shares, corporate stocks, corporate bonds, and convertible debentures cannot exceed 65% of the book value of the fund.
- Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.
- The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 and the Investment Section of the PERA 2011 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Current Litigation Affecting the PERA Act

The State, PERA and others are defendants in a class action lawsuit brought in Denver District Court by several PERA retirees challenging the constitutionality of a provision of SB 10-001 which amended the PERA Act to reduce the annual cost of living adjustment (COLA) increase payable to existing and future PERA retirees in an effort to reach a 100% funded ratio within 30 years. See "Plan Assets, Liabilities and Funding Levels" above. In June 2010, the court granted summary judgment in favor of the defendants. The plaintiffs have appealed the ruling to the Colorado Court of Appeals, which is pending. See Note 7 to the PERA 2011 CAFR for a discussion of this litigation.

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APPENDIX D

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 2012A 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 2012A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2012A Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2012A Notes. The Series 2012A 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 2012A Note certificate will be issued for the Series 2012A 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 S&P's highest rating: "AAA." 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 2012A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012A 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 2012A 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 2012A Notes except in the event that use of the book-entry system for the Series 2012A Notes is discontinued.

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

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

* * *

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

BROWNSTEIN HYATT FARBER SCHRECK, LLP
DENVER, COLORADO

July 17, 2012

Treasurer of the State of Colorado
200 E. Colfax Avenue
Room 140
State Capitol Building
Denver, Colorado 80203

State of Colorado
General Fund Tax and Revenue Anticipation Notes
Series 2012A

Ladies and Gentlemen:

We have acted as bond counsel to the Treasurer of the State of Colorado (the "Treasurer") in connection with the issuance of the "State of Colorado, General Fund Tax and Revenue Anticipation Notes, Series 2012A" in the aggregate principal amount of $500,000,000 (the "Notes") pursuant to the resolution of the Treasurer (the "Resolution") adopted and approved on July 10, 2012. In such capacity, we have examined the certified proceedings relating to the Notes and such other documents and such law of the State of Colorado (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Resolution.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings relating to the Notes and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

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

2. The Notes are valid and binding special, limited obligations of the State, enforceable against the State in accordance with their terms, payable solely from the Pledged Revenues, as provided in the Notes and the Resolution.

3. Pursuant to the Funds Management Act of 1986, part 9 of article 75 of title 24, Colorado Revised Statutes, as amended, the Resolution creates a valid lien on the Note Payment Account and the Pledged Revenues deposited therein for the security of the Notes, to the extent provided in the Notes and the Resolution and subject to the rights of the owners of Additional Notes, if any. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues and on the Note Payment Account created by the Resolution.

4. Interest on the Notes (a) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), (b) is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings adjustment" applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and (c) is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the certified proceedings relating to the Notes and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the State pursuant to the Notes and the Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Notes or upon any other federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Notes, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result. It should be noted that we are members of the Bar of the State of Colorado, and this opinion is limited in all respects to matters of Colorado and federal law. Our opinion herein is not to be used, circulated, quoted or otherwise referred to for any other purpose without our express written permission, except that this opinion may be included in the official transcript of proceedings relating to the issuance and delivery of the Notes on the date hereof. Our engagement as Bond Counsel with respect to the transaction referred to herein terminates on the date of this letter.

Very truly yours,

Brownstein Hyatt Farber Schreck, LLP