NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2021B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; and interest on the Series 2021B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See "TAX MATTERS" for a full description of the tax treatment of interest on the Series 2021B Notes.

$400,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2021B

Dated: Date of Delivery **Maturity Date: June 29, 2022**

The proceeds of the Series 2021B Notes will be used as more fully described herein to (i) make interest-free loans to certain Colorado school districts identified herein in order to alleviate temporary general fund cash flow deficits expected to be experienced by such school districts during the fiscal year ending June 30, 2022, and (ii) pay the costs of issuing the Series 2021B Notes. *Capitalized terms used on this cover page have the meanings set forth herein.*

The Series 2021B 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 2021B Notes. Beneficial Ownership Interests in the Series 2021B 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 2021B 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 2021B Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2021B Notes specified above. The Series 2021B Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.†
$300,000,000	1.000%	100.366	0.175%	19672M CV8
75,000,000	1.000	100.368	0.170	19672M CV8
25,000,000	4.000	101.700	0.170	19672M CU0

The Series 2021B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues described herein. Interest on the Series 2021B Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2021B Notes in the ETRANS 2021-22 Repayment Account; and the principal of the Series 2021B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2021B Notes are secured on parity with the previously issued State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2021A, which are currently outstanding in the aggregate principal amount of $370,000,000. The Series 2021B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2021B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2021B Notes.

An investment in the Series 2021B 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 2021B Notes are offered when, as and if issued by the State, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State, and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State. The Series 2021B Notes are expected to be delivered through the facilities of DTC on or about January 19, 2022.

Dated: January 12, 2022

† CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2021B Notes and only as of the issuance of the Series 2021B Notes. The State takes no responsibility for the accuracy of such data now or at any time in the future.

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2021B Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State, the State Treasurer or the Financial Advisor to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State or any other person.

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

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

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2021B 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 2021B Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2021B 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 STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement, including, but not limited to, the material set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – Summary Financial Information Regarding the Participating Districts," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "APPENDIX A – THE STATE GENERAL FUND," "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST" and "APPENDIX E – STATE PENSION SYSTEM," contains statements relating to future results that are "forward looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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OFFICIAL STATEMENT

Relating to

$400,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2021B

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 $400,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2021B (the "Series 2021B Notes").

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated January 5, 2022, including, without limitation, the interest rates, prices, reoffering yields, CUSIP numbers, original purchasers and purchase price paid by the original purchasers of the Series 2021B Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

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 2021B Notes to potential investors is made only by means of the entire Official Statement.

Purpose

Sections 29-15-112 and 22-54-110, Colorado Revised Statutes, as amended ("C.R.S."), referred to herein collectively as the "Loan Program Statutes," establish a program (the "Loan Program") for making interest-free loans ("Program Loans") to participating Colorado school districts (the "Participating Districts") in order to alleviate Participating Districts' temporary general fund cash flow deficits. The Series 2021B Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2022 ("Fiscal Year 2021-22"), and paying the costs of issuing the Series 2021B Notes. The first installment of the Loan Program was funded on July 20, 2021, by the issuance of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2021A (the "Series 2021A Notes"), in the aggregate principal amount of $370,000,000, the net proceeds of which have been or are expected to be borrowed by approximately 19 Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES."

The net proceeds of the sale of the Series 2021B Notes will be deposited in the Series 2021B Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2021B Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2021-22. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." Prior to receiving a Program Loan, each Participating District is required to adopt a resolution (each a "District Resolution" and collectively the "District Resolutions") pledging to the repayment of its Program Loan those ad valorem property tax revenues received by the Participating District during the period of March through June of 2022 that are required to be deposited in the Participating District's general fund ("Taxes"), and is required to execute a promissory note payable to the State Treasurer (each a "District Note" and collectively the "District Notes") to evidence its repayment obligation. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2021B Notes

Authorization. The Series 2021B Notes are issued pursuant to the Loan Program Statutes; Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"); and a resolution (the "State Resolution") adopted by the State Treasurer (the "State Treasurer") and approved and countersigned by the Controller of the State (the "State Controller"). See "THE SERIES 2021B NOTES – Authorization."

General Provisions. The Series 2021B Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 29, 2022 (the "Series 2021B Notes Maturity Date"). The Series 2021B Notes are not subject to redemption prior to the Series 2021B Notes Maturity Date. Interest on the Series 2021B 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 Series 2021B Notes Maturity Date. See "THE SERIES 2021B NOTES – General Provisions."

Book-Entry Only System. The Series 2021B 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 2021B Notes. Ownership interests in the Series 2021B 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 2021B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2021B NOTES – General Provisions" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." As used in this Official Statement, the term "Owners" of the Series 2021B Notes means the persons or entities in whose names the Series 2021B Notes are registered on the registration books kept by UMB Bank, n.a., Kansas City, Missouri, as the registrar (the "Registrar") for the Series 2021B Notes (such Owner initially being Cede & Co. or such other nominee as may be designated by DTC), and does not mean the Beneficial Owners.

Security and Sources of Payment. The Series 2021B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the following (the "Pledged Revenues"), which the State Treasurer believes will be sufficient for the repayment of the Series 2021B Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, as repayment of their Program Loans;
- amounts deposited to the "Series 2021-22 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "ETRANS 2021-22 Repayment Account") as discussed in "THE SERIES 2021B NOTES – Security and Sources of Payment – *The ETRANS 2021-22 Repayment Account*"; and
- any unexpended proceeds of the Series 2021A Notes, the Series 2021B Notes and any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes and the Supplemental Public Securities Act and payable from and

> secured by a pledge of all or any portion of the Pledged Revenues on a parity with the pledge thereof in favor of the Owners of the Series 2021B Notes ("Parity Lien Notes") that have not been loaned to the Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2021B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES – The Series 2021B Notes Proceeds Account."

Interest on the Series 2021B Notes will be payable from a deposit to be made by the State Treasurer on the Closing Date to the Interest Subaccount of the ETRANS 2021-22 Repayment Account in an amount equal to the interest to accrue on the Series 2021B Notes from the Closing Date to the Series 2021B Notes Maturity Date. This deposit is to be made from "Current General Fund Revenues," consisting of any cash income or other cash receipt credited to the General Fund for Fiscal Year 2021-22 that is (i) subject to appropriation for Fiscal Year 2021-22 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2021A Notes, the Series 2021B Notes, any additional Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2021B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, as repayment of their Program Loans, supplemented if necessary by, among other things, any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, including Current General Fund Revenues and any amounts in the funds established by statute and the State Treasurer from which the State Treasurer is authorized to borrow under State law ("Borrowable Resources").

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22.

The ETRANS 2021-22 Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes. The Owners of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes will be equally and ratably secured by a first lien on the ETRANS 2021-22 Repayment Account and the moneys credited thereto.

The Series 2021B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the Constitution of the State of Colorado (the "State Constitution") or State statutes, and the Owners and Beneficial Owners of the Series 2021B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2021B Notes.

See generally "THE SERIES 2021B NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

State Budgets and Revenue Forecasts

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure in connection with its appropriation process. By statute, the Office of State Planning and Budgeting ("OSPB") is responsible for providing the Governor of the State (the "Governor") with timely and complete information and recommendations in order to enable the Governor to make public policy and budget decisions. Among other things, OSPB is responsible for developing periodic General Fund revenue estimates. The most recent OSPB revenue forecast, entitled "Colorado Economic and Fiscal Outlook," was issued in December 2021 (the "OSPB December 2021 Revenue Forecast") and is appended to this Official Statement in its entirety as "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST." The OSPB December 2021 Revenue Forecast includes both a national and Colorado economic outlook, an outlook of revenue to the General Fund and the State's cash funds, an outlook of the State budget and an outlook of the revenues subject to Article X, Section 20 of the State Constitution, entitled the Taxpayer's Bill of Rights and commonly known and referred to hereinafter in this Official Statement as "TABOR," as discussed in "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights." The OSPB December 2021 Revenue Forecast is subject to a number of forecast risks and other caveats stated therein, and therefore prospective investors are advised to read such report in its entirety. See also "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts," "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" and "APPENDIX A – THE STATE GENERAL FUND," as well as the cautionary statement in "PRELIMINARY NOTICES" on the inside front cover of this Official Statement regarding forward-looking statements.

State Economic and Demographic Information

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

COVID-19 and Other Investment Considerations

An investment in the Series 2021B Notes involves risk, including, among others, the risk brought about by the current novel coronavirus disease 2019 ("COVID-19") pandemic. Prospective investors are urged to read this Official Statement in its entirety in order to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed in "IMPACT OF COVID-19 ON THE STATE AND SCHOOL DISTRICTS" and "INVESTMENT CONSIDERATIONS."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2021B Notes and will deliver its opinion substantially in the form included in this Official Statement. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2021B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; and interest on the Series 2021B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein.

Certain legal matters will be passed upon for the State by the Attorney General of the State and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State. See "LEGAL MATTERS."

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series

2021B Notes because the Series 2021B Notes have a stated maturity of less than 18 months. However, the State Treasurer does undertake in the State Resolution to provide notice of certain enumerated events if they occur, as described in "THE SERIES 2021B NOTES – Security and Sources of Payment – *The ETRANS 2021-22 Repayment Account* – Covenants of the State" and "CONTINUING DISCLOSURE."

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

Additional Information

Brief descriptions of the Series 2021B Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "Financial Advisor"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Forward Looking Statements

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

Miscellaneous

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

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

This Official Statement shall not be construed as a contract or agreement between the State and the Owners or Beneficial Owners of the Series 2021B Notes.

IMPACT OF COVID-19 ON THE STATE AND SCHOOL DISTRICTS

The COVID-19 pandemic, and the resulting economic recession that commenced in March 2020, have significantly impacted global, national, state and local economies, including the economy of the State. The pandemic resulted in the closure or restricted operation of many businesses in the State, limited the operations and finances of governmental entities such as the State and school districts and required school districts to employ alternatives to in-person learning such as online, virtual or remote learning. The COVID-19 pandemic caused a significant reduction in Colorado's economic activity in 2020. The State's unemployment rate increased from 2.5% in February 2020 to a peak of 12.2% in April 2020 primarily due to the impact of COVID-19, but has since declined to 5.1% in November 2021 as many businesses in the State have re-opened and various pandemic mitigation measures have been eased. The COVID-19 pandemic had a corresponding negative impact on State revenues. Gross General Fund revenues increased in Fiscal Year 2019-20 by only 2.4% over Fiscal Year 2018-19; however, the OSPB December 2021 Revenue Forecast indicates that Gross General Fund revenues rebounded in Fiscal Year 2020-21 and are forecast to continue to do so in Fiscal Years 2020-21 through 2022-23 as discussed below. The State has also incurred significant expenses in health care costs related to the COVID-19 pandemic.

A number of actions have been taken by the State to address the fiscal impact of COVID-19 on State finances. Among other things, the Governor has issued several executive orders that declared a disaster emergency in Colorado pursuant to the Colorado Disaster Emergency Act (Section 24-33.5-701, *et seq.*, C.R.S.) due to the presence of COVID-19, thereby triggering certain provisions under State law, including the use of the emergency reserve mandated by TABOR, and directed the use of various State funds for disaster emergency response purposes. In addition, at the request of the Governor, a major disaster for the State was declared pursuant to the federal Stafford Disaster Relief and Emergency Assistance Act. The OSPB subsequently provided guidance to departments and agencies of the State regarding fiscal conservation to reduce the use of State resources for non-emergency purposes. The Governor and the State legislature, known as the "General Assembly," also took steps to amend the Fiscal Year 2019-20 budget in an attempt to maintain the required Fiscal Year 2019-20 Unappropriated Reserve and directed the suspension or discontinuance of portions of State programs and services, including mandatory furloughs of certain State employees, through the end of Fiscal Year 2019-20, as well as the suspension of the July 1, 2020, distribution to the Public Employees' Retirement Association ("PERA") as discussed in "DEBT AND OTHER FINANCIAL OBLIGATIONS – Pension and Other Post-Employment Benefits" and "APPENDIX E – STATE PENSION SYSTEM – Funding of the State Division Plan – *Statutorily Required Contributions*." The Fiscal Year 2020-21 and Fiscal Year 2021-22 budgets have been adopted based on the forecasted impact of the COVID-19 pandemic on State finances, programs and services, but are subject to amendment as the actual impact becomes better known. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*," "APPENDIX A – THE STATE GENERAL FUND – General Fund Revenue Sources – General Fund Overview – *Revenue Shortfalls*" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

The Governor's office has formulated an emergency funding plan to cover the costs of its COVID-19 response, which entails progressively identifying funding by source. First, agencies and the Governor's office have been identifying all available federal funds to cover the COVID-19 response. In a series of executive orders, the Governor allocated federal funds received by the State under the federal stimulus and relief acts for various purposes. For costs not able to be covered by federal funds, agencies and the Governor's office plan to use the State emergency funds. Finally, agencies have been working with the OSPB and the Joint Budget Committee of the General Assembly to identify needs as part of the regular budget and planning process. Depending on the magnitude and timing of any additional federal funding for disaster response and the need for emergency funding, the State will continue to use available emergency resources as necessary. It is not possible to predict with any certainty at this point the timing and amounts of such receipts or withdrawals. The State Treasurer is closely monitoring the General Fund cash flows and will evaluate potential cash management options, as necessary.

Numerous actions have been taken by the Governor to implement measures designed to mitigate the spread of COVID-19 within the State and protect against overwhelming the State's health care resources. These executive orders also required that public health orders be issued by the Colorado Department of Public Health and Environment (the "CDPHE") to implement the Governor's orders. However, due to the leveling off of known cases of COVID-19 in the State and the use of the hospital system in the State due to COVID-19 cases, various limitations on individuals and businesses which were intended to mitigate the spread of the COVID-19 virus have been eased. The State is currently subject to Public Health Order 20-38, as amended, which requires face coverings in some settings and additionally maintains some restrictions on certain activities while the CDPHE continues to take steps to limit the spread of COVID-19 in Colorado. The CDPHE is also authorized to require a county to comply with additional restrictions should certain metrics be met, as well as hospital reporting requirements regarding bed capacity to provide the State with critical information to assess the status of the COVID-19 pandemic relative to the statewide capacity to provide necessary medical care and services to Coloradans. School districts are still subject to executive orders and both Statewide and local public health orders but have begun the process of returning students to classrooms. The CDPHE provides information relating to COVID-19 and related developments in the State on its website, covid19.colorado.gov. Reference to this website is for informational purposes only and the information or links contained therein are not incorporated into, nor are part of, this Official Statement.

On July 8, 2021, the Governor issued Executive Order D 2021 122 (as currently amended and extended by subsequent executive orders issued by the Governor, the "COVID-19 Disaster Recovery Order"), which (i) rescinded all previous executive orders issued by the Governor due to COVID-19 and (ii) focuses only on those measures related to the State's recovery from the COVID-19 pandemic emergency. The COVID-19 Disaster Recovery Order is intended to reduce paperwork and further refocus the State's efforts on recovery, facilitate administration of COVID-19 vaccines, ensure that the State's healthcare facilities have sufficient resources to treat COVID-19 patients, improve the State's economic recovery, maintain access to additional federal funding and continue the State's disaster declaration and essential directives for response and continuity of State government. Together, these directives are intended to ensure agency access to State and federal funding, enable the State to continue COVID-19 response and recovery activities and ensure that the State can execute rapid procurement processes when needed to respond to the changing COVID-19 environment due to variants and stressors on the State's health care system. The COVID-19 Disaster Recovery Order currently expires 30 days from December 28, 2021, unless extended by further executive order, except as expressly stated therein.

The OSPB December 2021 Revenue Forecast states that Colorado's economic recovery from the pandemic-induced recession continues at a rapid pace, although greater headwinds exist. The gross domestic product (GDP) forecast has been revised down due to supply chain disruptions having a larger than previously anticipated drag on the economy. As consumer spending has remained firm in light of strong household finances, the demand for goods has continued to outpace supply. This imbalance has caused continued higher than previously expected inflation, with impacts from supply chains likely to resolve themselves in 2022 and more than offset growing shelter inflation. Finally, the labor market continues to remain tight as the labor force participation rate is likely to remain slightly below the pre-pandemic level as some workers have left the labor force indefinitely due to structural changes caused by the pandemic.

The OSPB December 2021 Revenue Forecast states that Gross General Fund revenues in Fiscal Year 2020-21 increased by 10.7% over Fiscal Year 2019-20, and forecasts that Gross General Fund revenues will increase in Fiscal Years 2021-22 and 2022-23 by 12.2% and 2.0%, respectively, over the previous Fiscal Year. The OSPB December 2021 Revenue Forecast is subject to a number of forecast risks and other caveats stated therein. In particular, it is stated therein that while there is upside risk due to household finances and supportive lending conditions, there is more than offsetting downside risk to the forecast due to uncertainty around new Covid-19 variants' impact and extended supply chain disruptions may be a drag on growth as well as a driver of possibly more permanent inflationary concerns. More detail on the spread and vaccine efficacy against this new variant will provide greater insight into the likely consumer and business sentiment that could shape the start of 2022. Prospective investors are advised to read the OSPB December 2021 Revenue Forecast in its entirety.

The next OSPB revenue forecast is scheduled to be released in March of 2022. General Fund revenue projections in this and future OSPB revenue forecasts may be materially different from the OSPB December 2021 Revenue Forecast. See also "INVESTMENT CONSIDERATIONS – Impact of COVID-19 on State Payment of the Series 2021B Notes – Budgets and Revenue Forecasts," "APPENDIX A – THE STATE GENERAL FUND – General Fund Revenue Sources – General Fund Overview," "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST" and the cautionary statement in "PRELIMINARY NOTICES" on the inside front cover of this Official Statement regarding forward-looking statements.

THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES

The Loan Program

Timing differences between revenue collections and disbursements cause many Colorado school districts to incur annual cash flow deficits. The salaries of some school district employees are paid over a 12-month period, and some school district expenses occur on a relatively consistent monthly basis, although most salaries and expenses of school districts are incurred during the traditional school year of September through May. The primary sources of revenue to school districts to meet these expenditures include (i) funding from the State pursuant to Article 54 of Title 22, C.R.S., known as the Public School Finance Act of 1994 (the "Public School Finance Act"), which is received in approximately equal monthly amounts throughout the July 1-June 30 fiscal year of the school districts and the State (the "Fiscal Year"), and (ii) property taxes levied by the school districts, most of which are received in March through June when property taxes are paid by taxpayers. See "SOURCE OF PAYMENT OF PROGRAM LOANS." As a result, school districts often experience cash flow shortages during the fall and winter months before such tax revenues are received. School districts may address this cash flow shortage in a variety of ways, including: (i) borrowing funds from the State; (ii) transferring funds to the school district's general fund from other school district funds on a short-term basis; (iii) borrowing funds on a short-term basis through the issuance by the school district of tax anticipation notes; or (iv) borrowing funds on a short-term basis from a bank or other lender. See also "IMPACT OF COVID-19 ON THE STATE AND SCHOOL DISTRICTS."

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

The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes for the purpose of alleviating temporary cash flow deficits by making interest-free loans available to eligible school districts. The Series 2021B Notes are being issued pursuant to this authorization. See also "THE SERIES 2021B NOTES – Authorization."

Application of Series 2021B Notes Proceeds

The proceeds of the Series 2021B Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2021B Notes, will be deposited in the Series 2021B Notes Proceeds Account and disbursed from time to time by the State Treasurer upon request of the Participating Districts in order to alleviate temporary general fund cash flow deficits expected to be experienced by such Participating Districts during Fiscal Year 2021-22, subject to the conditions stated in the State Resolution and the District Resolutions. See "Program Loans" and "The Participating Districts" below, "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2021B Notes Proceeds Account

The State Resolution directs the State Controller to establish within the State's General Fund the Series 2021B Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2021B Notes Proceeds Account are to be applied in accordance with the Loan Program Statutes, including the payment of the costs and expenses related to the issuance and sale of the Series 2021B Notes. The original purchasers of the Series 2021B Notes will not be responsible for the application or disposition by the State or its officers of any of the funds derived from the sale of the Series 2021B Notes.

Moneys held in the Series 2021B Notes Proceeds Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Investment earnings on moneys credited to the Series 2021B Notes Proceeds Account up to the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be credited to the State General Fund and will not be credited to the Series 2021B Notes Proceeds Account; and investment earnings on moneys credited to the Series 2021B Notes Proceeds Account in excess of the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be retained therein until June 25, 2022, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the ETRANS 2021-22 Repayment Account, after which the Series 2021B Notes Proceeds Account is to be closed. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Program Loans

In order to participate in the Loan Program, each Participating District's governing board (the "Board of Education") must adopt a resolution approving the amount of the Program Loan (the "Maximum Principal Amount") and submit any actual or projected financial or budgetary statements required by the State Treasurer, as well as certain other financial information required by the State Treasurer. Based on such information, the State Treasurer has approved the Maximum Principal Amount of the Program Loan for each such Participating District. An aggregate amount of not more than the Maximum Principal Amount may be drawn upon in the manner provided in the District Resolution and expended by the Participating District from time to time to fund its general fund cash flow deficit occurring during Fiscal Year 2021-22. See also "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "INTRODUCTION – General Statement Regarding the Impact of COVID-19 (Coronavirus) on the State and School Districts" and "INVESTMENT CONSIDERATIONS – Impact of COVID-19 on Payment of the Series 2021B Notes."

The Participating Districts

As of the date hereof, the Participating Districts that have requested the State Treasurer to issue the Series 2021B Notes on their behalf are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." The school districts that are expected to borrow the largest percentages of available proceeds of the Series 2021A Notes and the Series 2021B Notes are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2021B NOTES

The following is a summary of certain provisions of the Series 2021B Notes during such time as the Series 2021B Notes are subject to the DTC book-entry system. Reference is hereby made to the State

Resolution in its entirety for the detailed provisions pertaining to the Series 2021B Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2021B Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the State Resolution. The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES." The State Treasurer may, but does not foresee the need to, issue additional Parity Lien Notes in Fiscal Year 2021-22. See "Parity Lien Notes" in this section.

General Provisions

The Series 2021B 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 2021B Notes. Beneficial Ownership Interests in the Series 2021B 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 2021B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

The Series 2021B Notes will be dated as of the Closing Date, mature on the Series 2021B Notes Maturity Date and bear interest at the rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2021B Notes will accrue from the Closing Date and will be payable on the Series 2021B Notes Maturity Date. The principal of and interest on the Series 2021B Notes will be payable by UMB Bank, n.a., Kansas City, Missouri, as paying agent for the Series 2021B Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2021B Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2021B Notes will cease to accrue on the Series 2021B Notes Maturity Date.

UMB Bank, n.a., Kansas City, Missouri, will also serve as the Registrar for the Series 2021B Notes, subject to the provisions of the DTC book-entry system.

None of the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller, the Paying Agent, the Registrar or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2021B Notes under the State Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the State Resolution with respect to the Series 2021B Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2021B Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2021B Notes are not subject to redemption prior to the Series 2021B Notes Maturity Date.

Security and Sources of Payment

The Series 2021B Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with the Series 2021A Notes and any additional Parity Lien Notes. The Series 2021B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the State Constitution or State statutes, and the Owners and Beneficial Owners of the Series 2021B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2021B Notes.

The Pledged Revenues. The Pledged Revenues consist of: (i) amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, in repayment of their Program Loans; (ii) amounts deposited to the ETRANS 2021-22 Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes that have not been loaned to Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2021B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES – The Series 2021B Notes Proceeds Account."

The ETRANS 2021-22 Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the ETRANS 2021-22 Repayment Account, including therein the Interest Subaccount and the Principal Subaccount, all of which are to be segregated from all other accounts in the General Fund. The ETRANS 2021-22 Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes. The Owners of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes will be equally and ratably secured by a first lien on the ETRANS 2021-22 Repayment Account and the moneys credited thereto.

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the ETRANS 2021-22 Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2021B Notes from the Closing Date to the Series 2021B Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the ETRANS 2021-22 Repayment Account all amounts received from the Participating Districts on or before June 25, 2022, in repayment of their Program Loans. However, if on June 25, 2022, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account does not constitute a pledge of or lien on such other funds for that purpose, and there is no limit on the availability or use of such other funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2021-22 Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2021B Notes will *have no right or claim to any amounts received by the State under the District Notes after June 25, 2022. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds.* See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX A – THE STATE GENERAL FUND."

Moneys held in the ETRANS 2021-22 Repayment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Interest income from the investment or reinvestment of moneys credited to the Interest Subaccount and the Principal Subaccount up to and including June 29, 2022, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2021B Notes is to be construed or interpreted: (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated for such Fiscal Year; (ii) as creating a debt or an indebtedness of the State within the meaning of any applicable provision of the State Constitution or State statutes; (iii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Article X, Section 20 of the State Constitution (the "Taxpayer's Bill of Rights" or "TABOR") for which adequate cash reserves have not been pledged irrevocably and held for payment in all future fiscal years; (iv) as a delegation of governmental powers by the State; (v) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Article XI, Section 1 of the State Constitution; or (vi) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the State Constitution. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights."

Parity Lien Notes

The State Resolution authorizes the State Treasurer from time to time during Fiscal Year 2021-22 to issue additional tax and revenue anticipation notes pursuant to the Loan Program Statutes that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with (but not superior to) the pledge in favor of the Owners of the Series 2021A Notes and Series 2021B Notes. Such Parity Lien Notes may have such details as the State Treasurer may determine; provided, however, that the Parity Lien Notes are required to be (i) non-redeemable prior to their Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the ETRANS 2021-22 Repayment Account.

The State Treasurer currently does not foresee the need to issue any additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with the pledge in favor of the Series 2021A Notes and the Series 2021B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the "Purchasers") and the Owners of the Series 2021B Notes to: (i) keep proper books of record and accounts showing complete and correct entries of all transactions relating to the Funds and Accounts referred to therein and in such manner that the amount of Program Loans made to each Participating

District and the amount of repayment of such Program Loans by each Participating District may at all times be readily and accurately determined; and (ii) take any and all actions that may be reasonably required to ensure timely collection of the amounts due by Participating Districts under their respective District Notes.

Defaults and Remedies

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

- payment of the principal of or interest on any of the Series 2021B Notes is not made on the Series 2021B Notes Maturity Date; or
- the State fails to perform or observe any of the covenants, agreements or conditions contained in the State Resolution or in the Series 2021B Notes and such failure continues for 15 days after receipt of written notice thereof by the State Treasurer from any Owner of any of the Series 2021B Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2021B Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2021B Notes or to enforce and protect such Owner's rights under the State Resolution and the Series 2021B Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the State Resolution or the Series 2021B Notes; or (iii) examine the books and records of the State and require the State Treasurer to account for all moneys and investments constituting Pledged Revenues as if the State Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2021B Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the ETRANS 2021-22 Repayment Account are insufficient to pay the principal of and interest on the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes, the State Treasurer is to direct the Paying Agent to ratably apply the moneys in the ETRANS 2021-22 Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2021A Note, Series 2021B Note or additional Parity Lien Note over any other Series 2021A Note, Series 2021B Note or additional Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the State Resolution for the benefit of the Purchasers and the Owners of the Series 2021B Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2021B Notes Proceeds Account and the ETRANS 2021-22 Repayment Account not immediately needed will be invested only in investments authorized by the Loan Program Statutes; Article 36 of Title 24, C.R.S.; or, to the extent applicable, Part 6 of Article 75 of Title 24, C.R.S.

The State Treasurer further covenants that the State Treasurer will not take any action or omit to take any action with respect to the Series 2021B Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2021B Notes to lose its exclusion from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations thereunder (the "Tax Code"); (ii) would cause interest on the Series 2021B Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income; or (iii) would cause interest on the Series 2021B Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present

State law. This covenant will remain in full force and effect notwithstanding the payment in full of the Series 2021B Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Tax Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2021B 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 2021B Notes.

Limited Obligations

The Series 2021B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2021B Notes. The Series 2021B Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the State Constitution or State laws; do not constitute general obligations of the State, the Participating Districts or any other political subdivision of the State; and no governmental entity has pledged its faith and credit for the payment of the Series 2021B Notes. If an Event of Default under the State Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2021B Notes. See "THE SERIES 2021B NOTES – Security and Sources of Payment – Defaults and Remedies."

Repayment of Program Loans

The primary source of the Pledged Revenues pledged to pay the principal of the Series 2021B Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, as repayment of their Program Loans, which in turn are payable solely from the Taxes of the respective Participating Districts received during the period of March through June of 2022. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its Program Loan. There is no assurance that a Participating District will collect sufficient Taxes from March through June of 2022 to repay its Program Loan in full. In such event, the State Treasurer is required by the State Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2021B Notes, from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolution. See generally "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS – Taxes – Ad Valorem Property Tax Procedure – Summary Financial Information Regarding the Participating Districts."

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

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

As discussed in "Repayment of Program Loans" in this section and "THE SERIES 2021B NOTES – Security and Sources of Payment – *The ETRANS 2021-22 Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," in the event of a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the ETRANS 2021-22 Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account does not constitute a pledge of or lien on such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2021-22 Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2021B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2022. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

Impact of COVID-19 on Payment of the Series 2021B Notes

As discussed in "IMPACT OF COVID-19 ON THE STATE AND SCHOOL DISTRICTS," the COVID-19 pandemic, which triggered a nationwide recession that began in March 2020, has significantly impacted the operations and finances of the State and the operations of Colorado school districts. The pandemic also significantly reduced Colorado's economic activity in 2020. However, the OSPB December 2021 Revenue Forecast states that Colorado's economic recovery from the pandemic-induced recession continues at a rapid pace, although greater headwinds exist. The GDP forecast has been revised down due to supply chain disruptions having a larger than previously anticipated drag on the economy. As consumer spending has remained firm in light of strong household finances, the demand for goods has continued to outpace supply. This imbalance has caused continued higher than previously expected inflation, with impacts from supply chains likely to resolve themselves in 2022 and more than offset growing shelter inflation. Finally, the labor market continues to remain tight as the labor force participation rate is likely to remain slightly below the pre-pandemic level as some workers have left the labor force indefinitely due to structural changes caused by the pandemic. For additional information, see "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST." The State cannot determine with any certainty the extent to which the future trajectory of the COVID-19 pandemic and the economic recovery therefrom will impact the State, the General Fund and other sources of funds available to pay the Series 2021B Notes in the event of a default of the payment of Program Loans by the Participating Districts. See also "Repayment of Program Loans," "Liquidity Sources in the Event of a Default in the

Repayment of Program Loans; Subordination of Certain State Funds" and "Budgets and Revenue Forecasts" in this section, as well as "THE SERIES 2021B NOTES – Security and Sources of Payment – *The ETRANS 2021-22 Repayment Account,*" "SOURCE OF PAYMENT OF PROGRAM LOANS," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast, which was issued in December 2021, is appended to this Official Statement as "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST." See also "STATE FINANCIAL INFORMATION" and "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which is not solely based on when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2021-22, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account on June 25, 2022. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

General Fund revenues in Fiscal Year 2019-20 increased by only 2.4% over Fiscal Year 2018-19, and the State ended Fiscal Year 2019-20 with reserves of $1,460.8 million above the 3.07% Unappropriated Reserve requirement for that Fiscal Year. The OSPB December 2021 Revenue Forecast states that actual General Fund revenues in Fiscal Year 2020-21 increased by 10.7% over Fiscal Year 2019-20, and forecasts that General Fund revenues will increase in Fiscal Years 2021-22 and 2022-23 by 12.2% and 2.0%, respectively, over the previous Fiscal Year due to improved economic expectations for 2021 and beyond. The OSPB December 2021 Revenue Forecast further states that the State ended Fiscal Year 2020-21 with reserves of $2,854.0 million above the 2.86% Unappropriated Reserve requirement for that Fiscal Year and forecasts that that the State will end Fiscal Year 2021-22 with reserves of $1,865.0 million above the 13.40% Unappropriated Reserve requirement for that Fiscal Year. These figures are based on revenue and budget information available when the OSPB December 2021 Revenue Forecast was completed, and as such are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures. See "STATE FINANCIAL INFORMATION – Budget process and Other Considerations – *Revenues and Unappropriated Amounts*."

The next OSPB revenue forecast is scheduled to be released in March of 2022. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB December 2021 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2021-22 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 2021-22 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account on June 25, 2022. See "Impact of COVID-19 on Payment of the Series 2021B Notes" in this section, as well as "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

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

Parity Lien Notes

The State Resolution permits the State to issue additional Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2021A Notes and the Series 2021B Notes. Therefore, the issuance of additional Parity Lien Notes could materially diminish the level of repayment coverage provided by the Taxes and other funds as security for the Series 2021A Notes and the Series 2021B Notes. The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with the pledge in favor of the Series 2021A Notes and the Series 2021B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2021B NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2021B Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

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

Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to pay the Series 2021B Notes.

Cyber Security Risks

The State, like other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the State is a potential target for a variety of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Recognizing the potential damage that could be caused by any such attacks, the State has established the Governor's Office of Information Security ("OIT") as the single source for the State's cybersecurity readiness and awareness. The OIT has promulgated a series of policies and standards for State agencies and information security and provides mandatory training for State employees except those in the Department of Law, who receive training from the Department's own cybersecurity specialist due to the nature of the work performed by that Department. In addition, the State has procured insurance coverage for data breaches and other security and privacy incidents. The State does not believe that any material security breaches to its digital systems have occurred over the past 12-18 months, although employee computers at the Colorado Department of Transportation were the subject of a ransomware attack in February 2018.

The State also utilizes third party vendors to provide various services to the State in carrying out its operations, which vendors are likewise subject to cyber threats. For example, one of the State's timekeeping and leave tracking software providers was recently the victim of a ransomware attack which caused various businesses and government agencies, including the State, to be unable to access such vendor's system. The State Controller has been working with the OIT and affected departments to put alternate timekeeping and payroll practices in place throughout the duration of the disruption to ensure that affected employees are paid on time.

No assurance can be given that the State's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the State.

Climate Change and Natural Disasters

Colorado has experienced, and is susceptible to additional, extreme weather events and natural disasters, which could result in negative economic impacts on the State and the Participating Districts. The State cannot predict the occurrence or extent of any future extreme weather events or natural disasters or the economic impacts that the occurrence of any such events may have on the State or Participating Districts, including the State's ability to pay the Series 2021B Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2021B Notes on its behalf has, or prior to the Closing Date is required to have, adopted a District Resolution that authorizes the Participating District to borrow funds from the State Treasurer pursuant to the Loan Program, and has, or prior to the Closing Date is required to have, executed and delivered a District Note to the State Treasurer to evidence the Participating District's obligation to repay its Program Loan. The obligation of a Participating District to make payments in respect of its District Note is not a joint obligation with any other Participating District and is strictly limited to the Payment Obligations of such Participating District under its District Resolution.

Set forth below is a summary of the District Resolutions and District Notes. The District Resolutions and District Notes are substantially the same except as to Maximum Principal Amount and the cash flow projections. The references in this summary to a single District Resolution, District Note or Participating District are, except where otherwise indicated, equally applicable to all of the District Resolutions, District Notes, and Participating Districts. The following summary does not purport to be complete, and is qualified by express reference to the provisions of the District Resolutions and District Notes, copies of which are available as provided in "INTRODUCTION – Additional Information" and "MISCELLANEOUS." A District Resolution may be amended only with the written consent of the State Treasurer. See also "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES – Program Loans – The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2021-22, and to issue and deliver the District Note to the State Treasurer in the Maximum Principal Amount to evidence the Participating District's Payment Obligation, for the purpose of paying the Participating District's projected budgeted expenditures during Fiscal Year 2021-22. The District Note matures on June 25, 2022 (the "District Note Maturity Date"), and is interest-free through such date; provided, however, that if the District Note is not paid in full on the District Note Maturity Date, it will become a defaulted note (a "Defaulted Note") and the unpaid portion thereof will bear interest thereafter until paid at a default rate equal to the interest rate, or the weighted average interest rate, paid by the State Treasurer on the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes. The District Note may be prepaid in whole or in part at any time prior to the District Note Maturity Date.

The Participating District may obtain draws on its Program Loan in the manner discussed in "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES – Program Loans."

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

Security for and Payment of the District Note

The District Note is payable from and secured by a lien in the amount of the Participating District's Payment Obligations on all of the Participating District's ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2022 that are required to be credited to the Participating District's general fund. Such lien has priority over all other expenditures from such Taxes until the Participating District's Payment Obligations are paid in full. All Taxes received by the Participating District are to be paid to the State Treasurer within one Business Day of receipt until the Payment Obligations are paid in full. The District Resolution authorizes the State Treasurer to pledge and assign the District Note and all or any part of the Participating District's obligations thereunder, including, without limitation, the Participating District's Payment Obligations, to secure the payment of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS."

Defaults and Remedies

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

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

(ii) default by the Participating District in the performance or observance of any other covenant, agreement or obligation of the Participating District under its District Note or District

Resolution (other than as described in the previous paragraph) and failure to cure such default within ten days after the earlier of the date that the Participating District furnishes notice of a default to the State Treasurer or the Participating District receives written notice of default from the State Treasurer;

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

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

Upon the occurrence of a District Event of Default as described in clause (i) above, the statutory remedy of the State Treasurer is to notify the treasurer of each county in which the Participating District levies Taxes that the Participating District is in default on its obligation to pay its Payment Obligation and the amount of the Payment Obligation. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any "Default Taxes" (being ad valorem taxes on real and personal property received or to be received by the Participating District after the District Note Maturity Date that are required to be credited to the Participating District's general fund and are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c), C.R.S.) to be received by the District and in the possession of the county treasurer in the amount of such unpaid Payment Obligation. If the amount of Default Taxes to be received by the District and in the possession of the county treasurer at the time such notice is given is less than the amount of the Payment Obligation, the county treasurer is to withhold additional Default Taxes to be received by the District and in the possession of the county treasurer until such time as the Payment Obligation has been paid to the State Treasurer in full. *Default Taxes are available solely to repay a Participating District's Payment Obligation to the State Treasurer following a District Event of Default and are not pledged to the payment of the Series 2021B Notes.*

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

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

A District Event of Default does not constitute an Event of Default under the State Resolution. See "THE SERIES 2021B NOTES – Defaults and Remedies."

Other Covenants and Representations

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

- The Participating District will provide to the State Treasurer demographic and financial information concerning the Participating District relevant to the Participating District's obligations under the District Resolution, which the State Treasurer is authorized to provide, on behalf of the Participating District, to such other parties as the State Treasurer deems necessary and in the best interests of the Participating District in order to consummate the transactions contemplated by the District Resolution and under the Loan Program. The Participating District further covenants that, with respect to the Participating District's operations or description as of the Closing Date and as of the date provided, whether prior to or following the Closing Date, the information so provided will not contain any untrue statement of a material fact, and will not omit any material fact necessary to prevent such statements or information so provided, in light of the circumstances under which they are made, from being misleading.
- The Participating District will not issue notes or other obligations for cash flow purposes that are payable from the Taxes or Defaulted Taxes or are secured by a lien on the Taxes or Defaulted Taxes that is superior to or on a parity with the lien of the District Note.
- The Participating District will furnish to the State Treasurer as soon as possible (and in any event within two Business Days) after the discovery by the Participating District of any District Event of Default, or of any event, act or occurrence that with notice or lapse of time, or both, would become a District Event of Default (a "District Default"), a certificate of an Authorized Officer (as defined in the District Resolution) setting forth the details of such District Event of Default or District Default and the action proposed to be taken by the Participating District with respect thereto.
- The Participating District will deliver to the State Treasurer such financial data as the State Treasurer may reasonably request (including, without limitation, any information relating to Taxes, expenses, available funds, tax rolls, financial statements, budget and cash flow) and, if requested, copies of the Participating District's audited year-end financial statements, budgets, official statements and similar information issued by it to the public.

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent three calendar years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2021-22; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; (iv) any documents setting forth, among other matters, financial information regarding the District and information relating to the District Resolution and the District's obligations thereunder, other disclosures by the District pursuant to the District Resolution and cash flow projections and ongoing reports pursuant to the District Resolution have been and will be prepared consistent with generally accepted accounting principles; and (v) the District's budget and financial accounting policies and procedures are in compliance with State law.

Parties in Interest

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

SOURCE OF PAYMENT OF PROGRAM LOANS

Taxes

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

Taxes are limited to ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2022 that are required to be credited to the Participating District's general fund. These in turn are comprised of the ad valorem property taxes that the Participating District is authorized to impose in accordance with the Public School Finance Act, plus certain permitted "override revenues," both of which are discussed in this section.

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

State Equalization Funding of School Districts

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

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

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

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

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

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

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

Funded Pupil Count	=	The sum of (i) the school district's on-line and ASCENT pupil count, plus (ii) the school district's Preschool Program pupil count plus (iii) the greater of the number of K-12 pupils enrolled in the school district or the average enrollment for the current and up to four prior budget years.
Per Pupil Funding	=	A formula which takes into consideration a statewide base level plus adjustments for variances in district size, cost of living, personnel costs and non-personnel cost factors specified in the Public School Finance Act.
At-Risk Funding	=	Formulaic funding amounts which are based upon the percentage of district pupils eligible for free lunch and English language learner pupils.
On-Line Funding and ASCENT	=	Funding amounts for pupils receiving an education predominantly through a multi-district on-line program and residing in the State or participating in the "Accelerating Students Through Concurrent Enrollment" ("ASCENT") program administered by the Colorado Department of Education pursuant to Section 22-35-108, C.R.S. The goals of the ASCENT program are to, among other things, increase the percentage of students who participate in postsecondary education, especially among low-income and traditionally underserved populations.
Budget Stabilization Factor	=	The Budget Stabilization Factor is a State budget element that proportionately reduces the amount of total funding for each district, such that State aid is reduced.

The Statewide Total Program funding amount is established in the Public School Finance Act initially based upon projections of various factors. Once actual figures are known, a mid-year revision may be made to this amount. The initial Statewide Total Program funding amount for Fiscal Year 2020-21, after application of the Budget Stabilization Factor, was initially established by HB 20-1418 at an amount of not less than $7,230,448,891, constituting a Budget Stabilization Factor of 14.04%. Per Senate Bill ("SB") 21-053, this amount was adjusted to an amount of not less than $7,232,270,482, constituting a Budget Stabilization Factor of 7.02%. Per SB 21-268, the initial Statewide Total Program funding amount for Fiscal Year 2021-22, after application of the Budget Stabilization Factor, was initially set at an amount of not less than $7,988,527,711, constituting a Budget Stabilization Factor of 6.68%, subject to a mid-year revision as discussed above.

The Public School Finance Act provides for a minimum level of Total Program funding, although a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "Taxpayer's Bill of Rights" below. The minimum level of Total Program funding for Fiscal Year 2020-21 was $8,847.54 per traditional pupil and $8,541.00 per on-line pupil ($8,077.29 and $7,341.46, respectively, after application of the Budget Stabilization Factor), and the minimum level of Total Program funding for Fiscal Year 2021-22 is $9,110.26

per traditional pupil and $8,501.65 per on-line pupil ($8,501.65 and $8,129.99, respectively, after application of the Budget Stabilization Factor), also subject to a mid-year revision as discussed above.

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

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

Pursuant to the Public School Finance Act, for the 2021 property tax year (2022 tax collection year) and each property tax year thereafter, except as otherwise provided below for reorganized school districts, a school district's property tax levy to fund the local share of its Total Program is to be the lesser of: (i) the number of mills that will generate property tax revenue in an amount equal to the school district's total program for the applicable budget year minus the amount of specific ownership tax revenue paid to the school district (regardless of the applicability of Section 22-54-104(5)(g), C.R.S., for the purposes of this clause a school district's Total Program is to be the amount calculated pursuant to Section 22-54-104(2), C.R.S.); (ii) for a school district that has not obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the school district by TABOR (such voter approval commonly referred to as being "de-Bruced"), the number of mills that the school district may levy under the property tax revenue limitation imposed on the school district by TABOR. In calculating local growth for purposes of determining the property tax revenue limitation imposed on a school district by TABOR, a school district's student enrollment is the school district's funded pupil count; (iii) the number of mills that the school district levied in the preceding year; or (iv) 27.000 mills.

For the 2021 property tax year (2022 tax collection year) and each property tax year thereafter, if there is a reorganization pursuant to Article 30 of Title 22, C.R.S., that results in the creation of a new school district, then in the first year of operation the new school district, the school's property tax levy to fund the local share of its Total Program is to be the lesser of: (i) 27.000 mills; or (ii) the number of mills that will generate property tax revenue in an amount equal to the School district's Total Program for the first year of operation minus the amount of specific ownership tax revenue paid to the school district.

Regardless of the applicability of Section 22-54-104(5)(g), C.R.S., for the purposes of this clause the school district's Total Program is to be the amount calculated pursuant to Section 22-54-104(2), C.R.S.

If pursuant to the foregoing paragraphs a school district is required to levy a greater number of mills than it levied in the 2019 property tax year, the Board of Education of the school district is required to grant a temporary property tax credit equal to the amount of the increase. The amount of revenue attributable to the number of mills for which there is a tax credit is not included in calculating the State share of the school district's Total Program. See also "Taxpayer's Bill of Rights" below and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans."

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

The difference between the Total Program and the amount generated from the school district's mill levy and specific ownership taxes is required to be paid by the State. The General Assembly is required to make annual appropriations to fund the State's share of the Total Program of all school districts. The availability of State funds to the school district may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's share during the Fiscal Year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made in funding categories not mandated by the State Constitution. See "Total Program Funding Formula" and "Amendment 23" above in this section.

Override Revenues

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

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

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

School districts may be required to levy two additional mills above the Total Program mill discussed above to ensure the total mill levied by the school district is not less than the mill levied in the prior year. These school districts have the ability to fully fund total program without receiving a State share. The first mill is levied to partially offset the school district's repayment of other State revenues (*i.e.*, categorical program revenue). The second mill is a total program mill levied for the restricted purpose of offsetting any future reduction in the school district's Total Program caused by the Budget Stabilization Factor. Expenditures from the property tax revenues collected from levying the Total Program mill would be spent in years in which the school district's total program exceeded its local share (*i.e.*, total program mill levy revenue plus specific ownership tax).

Ad Valorem Property Taxation Procedure

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

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

Determination of Actual Value. Each county assessor in the State annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the county as of January 1st. The statutory actual value of a property is not intended to represent current market value, but, with certain exceptions, is determined by the county assessor utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1st preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). The one and one-half year period used to determine the level of value advances two years with the start of each reassessment cycle. For the 2019 and 2020 tax levy years (2020 and 2021 tax collection years), the level of value for the determination of statutory "actual" value is as of July 1, 2018, based on the period of January 1, 2017 to June 30, 2018, and for the 2021 and 2022 tax levy years (2021 and 2022 tax collection years), the level of value for the determination of statutory "actual" value is as of July 1, 2020, based on the period of January 1, 2019 to June 30, 2020.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued annually by the State Property Tax Administrator in accordance with State law utilizing unitary valuation procedures. The State Property Tax Administrator values each company, allocates a portion of the value to the State and then apportions such value to the appropriate counties based on the location of company's operating property or business activity, and the county assessor in turn allocates such value to the appropriate tax areas throughout the county.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the county assessor as a percentage of the statutory "actual" value of such property. At the November 3, 2020, general election, the State's voters (i) repealed the provisions of the State constitution (commonly known as the "Gallagher Amendment") that provided a mechanism for the mandatory periodic adjustment of the ratio of valuation for assessment of residential real property, and (ii) froze the ratio of valuation for assessment of all other property at 29% of statutory "actual" value, the result being that any future changes to the ratio of valuation for assessment for any class of property are to be made in the discretion of the General Assembly. The State's voters also approved the enactment of Section 39-1-103.8, C.R.S., which provides that beginning with the property tax year that commenced January 1, 2020, there is a moratorium on changing the ratio of valuation for assessment for any class of property. As a result of the foregoing, for the 2020 assessment year (2021 property tax year), the ratio of valuation for assessment of all taxable property in the State other than residential real property, producing mines and lands or leaseholds producing oil or gas is 29% of statutory "actual" value, the ratio of valuation for assessment of residential real property is 7.15% of statutory "actual" value, the ratio of valuation for assessment of producing oil and gas property is 87.5% of statutory "actual" value (75% for property utilizing secondary recovery, tertiary recovery or recycling projects which conserve and avoid waste of oil and gas), and the ratio of valuation for assessment of producing mines is 25% of statutory "actual" value.

Per SB 21-293, the classification for assessment purposes of certain property has been changed, and the assessment rates for certain classes of taxable property are temporarily reduced for property tax years 2022 and 2023.

SB 21-293 repealed the moratorium on changing the ratio of valuation for assessment for any class of property discussed above and also made the following changes to the assessment of certain classes of taxable property:

- Agricultural property, lodging property (defined as hotels, motels, bed and breakfasts and personal property located at such establishments) and renewable energy production property are now classified as new subclasses of nonresidential property, and the assessment rate for agricultural property and renewable energy production property is temporarily reduced from 29% to 26.4% of statutory "actual" value for the 2022 and 2023 property tax years.

- Multi-family residential real property (defined as residential real property that is a duplex, triplex or multi-structure of four or more units) is now classified as a new subclass of residential real property and the assessment rate for such property is temporarily reduced from 7.15% to 6.8% of statutory "actual" value for the 2022 and 2023 property tax years.

- The assessment rate for residential real property other than multi-family residential real property is temporarily reduced from 7.15% to 6.95% of statutory "actual" value for the 2022 and 2023 property tax years.

SB 21-293 also expands the property tax deferral program to allow any person to defer the payment of the portion of real property taxes that exceed the tax-growth cap, which is an amount equal to the average of the person's real property taxes paid for the preceding two property tax years for the same homestead, increased by 4.6%. The total taxes that a taxpayer may defer under this authorization is $10,000, and the taxpayer is treated like a person called into military service for purposes of the equity the person must have in the homestead to qualify for deferral and surviving-spouse eligibility. See "*Homestead Exemption*" hereafter in this section.

Any future increase in the ratio of valuation for assessment for any class of property would require prior Statewide voter approval as discussed in "Taxpayer's Bill of Rights" hereafter in this section.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with certain statutory deadlines. Property owners are given the opportunity to object to increases in the actual value of such property, and may petition for a hearing thereon before the county's board of equalization. Upon the conclusion of such hearings, the county assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom (although for 2020, due to the presence of COVID-19, this date was extended to October 13th by rule adopted by the State Board of Equalization under authority of an executive order issued by the Governor). The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization may order the county assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the applicable Board of County Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Board of County Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1st of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities that levied a tax against the property.

Statewide Review. The General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether county assessors statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the State Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. A school district's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Exemption. The State Constitution provides to qualified senior citizens and qualified disabled veterans a property tax exemption equal to 50% of the first $200,000 of the actual value of owner-occupied residential real property. In order to qualify for the senior citizen exemption, the owner or his or her spouse must be at least 65 years of age and have occupied the residence for at least ten years, and in order to qualify for the disabled veteran exemption, the veteran must be rated 100% permanently disabled by the federal government. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, and therefore the exemption does not result in a loss of revenue to school districts.

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

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

Property Tax Collections. Property taxes levied in one year are collected in the succeeding year. Thus, taxes levied in 2021 will be collected in 2022. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment, although notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

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

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

Taxpayer's Bill of Rights

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

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

Budgets

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

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

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

Financial Statements

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

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

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating District expected to borrow the largest percentage of available proceeds of the Series 2021A Notes and the Series 2021B Notes is described further in "Largest Borrower" following the table.

Participating District Financial Information

(Totals may not add due to rounding)

Participating District	Amount of Program Loans[1]						Fiscal Year 2021-22 Tax Information				Fiscal Year 2020-21 Loan Program Information	
	Series 2021A Notes	% of Total	Series 2021B Notes	% of Total	Total Amount Borrowed	% of Total	2021 Assessed Valuation (000's)[2]	Estimated 2022 Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2022 Tax Collections	3 Year Average[4]	Amount Borrowed	Repayment Date (2021)
Denver R-1	$263,661,374	71.2%	$271,366,778	71.3%	$535,028,152	71.2%	$22,638,161	$780,956,820	68.5%	99.7%	$459,609,350	May 25
Boulder Valley RE-2	16,575,484	4.5	40,242,693	10.6	56,818,177	7.6	7,420,666	277,265,380	20.5	99.0	64,457,043	March 11
Littleton (Arapahoe 6)	21,513,306	5.8	728,195	0.2	22,241,501	3.0	2,079,047	78,838,696	28.2	99.4	13,846,808	March 11
Mapleton (Adams 1)	8,641,539	2.3	13,395,616	3.5	22,037,155	2.9	956,401	30,573,244	72.1	97.6	19,958,640	June 10
Eagle County RE-50	13,437,946	3.6	5,998,648	1.6	19,436,594	2.6	3,261,145	52,274,838	37.2	98.3	12,932,068	March 11
Cherry Creek (Arapahoe 5)	12,727,263	3.4	4,858,830	1.3	17,586,093	2.3	7,576,078	281,372,463	6.3	99.3	53,882,062	March 11
Thompson (Larimer R2-J)	9,447,936	2.6	5,883,140	1.6	15,331,076	2.0	2,456,509	81,935,390	18.7	97.5	7,064,546	March 11
Windsor (Weld RE-4)	4,245,372	1.2	5,988,062	1.6	10,233,434	1.4	1,180,920	36,574,096	28.0	92.1	19,436,840	May 11
Summit County RE-1	8,671,180	2.3	--	--	8,671,180	1.2	2,441,567	30,069,448	28.8	99.8	3,000,000	March 11
Douglas County RE-1	--	--	8,036,776	2.1	8,036,776	1.1	8,118,025	268,558,702	3.0	97.5	29,925,500	March 11
Poudre (Larimer R-1)	--	--	7,816,600	2.1	7,816,600	1.0	3,944,851	149,988,993	5.2	99.0	24,699,418	March 11
Englewood (Arapahoe 1)	--	--	6,635,103	1.7	6,635,103	0.9	724,665	20,775,651	31.9	98.1	1,475,032	March 11
Aspen School District RE-1	3,444,867	0.9	1,088,800	0.3	4,533,667	0.6	3,482,195	16,723,777	27.1	99.7	5,000,000	April 28
Fort Lupton (Weld Re-8)	2,113,254	0.6	1,939,063	0.5	4,052,317	0.5	1,096,185	15,250,621	26.6	98.3	N/A	N/A
Estes Park (Larimer R-3)	2,315,333	0.6	1,176,050	0.3	3,491,383	0.5	475,567	11,061,541	31.6	99.3	3,485,500	March 25
Elizabeth (Elbert C-1)	1,995,099	0.5	1,232,607	0.3	3,227,706	0.4	275,062	8,530,377	37.8	99.9	1,474,278	March 11
Johnstown-Milliken (Weld RE-5J)	1,750,851	0.5	898,584	0.2	2,649,435	0.4	479,513	11,337,399	23.4	99.7	1,583,185	March 11
Platte Valley (Weld RE-7)	--	--	1,747,961	0.5	1,747,961	0.2	1,401,914	10,708,875	16.3	99.9	1,386,333	May 11
Lake County (Leadville)	--	--	1,462,279	0.4	1,462,279	0.2	223,684	5,572,238	26.2	91.7	1,629,386	May 11
Brighton (Adams 27J)[5]	--	--	--	--	--	--	N/A	N/A	N/A	N/A	N/A	N/A
	$370,540,804	100.0%	$380,495,785	100.0%	$751,036,589	100.0%						

[1] These are estimates based upon information furnished by the Participating Districts regarding the amounts that they will borrow from the proceeds of the Series 2021A Notes and the Series 2021B Notes. Such amounts do not necessarily represent the actual Maximum Principal Amount that will be borrowed from the Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2021B NOTES." The Owners of the Series 2021A Notes and the Series 2021B Notes will have a lien upon the Taxes of these Participating Districts, as well as on the Taxes of any Participating Districts that have not yet expressed the intent to participate in the Loan Program (and thus are not included in the table) but eventually do participate in the Loan Program. Such lien also will be on parity with the lien thereon of the Owners of any additional Parity Lien Notes issued by the State. See "THE SERIES 2021B NOTES – Parity Lien Notes."

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

[3] This amount was calculated for each Participating District by multiplying the 2021 assessed value of the Participating District by the Participating District's estimated 2021 general fund mill levy; and assumes collections of 100% of Taxes collected by all Participating Districts normally during the months of March through June of 2022. Mill levies for 2022 tax collections are not required to be certified by the Participating Districts until December 15, 2021. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2021-22 are based upon information provided by the Participating Districts and are subject to change. However, because Colorado school district taxes are determined pursuant to the Public School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts – Allocation of Total Program Funding" above and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans."

[4] Based on each Participating District's actual collection data for Fiscal Years 2018-19, 2019-20 and 2020-21.

[5] This school district originally indicated that it would be borrowing from the proceeds of the Series 2021A Notes and/or the Series 2021B Notes (and were therefore included in the borrowing table for the Series 2021A Notes), but in fact will not be borrowing from the proceeds of either the Series 2021A Notes or the Series 2021B Notes due to an improved cash flow position relative to initial projections.

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

Largest Borrower

The only Participating District that is expected to borrow in excess of 20% of the proceeds of the Series 2021A Notes and the Series 2021B Notes is Denver County School District No. 1, commonly known as Denver Public Schools ("DPS"), which is expected to borrow approximately 71.2% of the net proceeds of the Series 2021A Notes and approximately 71.3% of the net proceeds of the Series 2021B Notes, or approximately 71.2% of the combined amount of the Series 2021A Notes and Series 2021B Notes.

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the City, encompassing approximately 155 square miles with an estimated population of approximately 717,600. The district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils for the past five years have are set forth in the following table. See also "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

School Year	Pupil Count
2017-18	86,294.0
2018-19	87,318.2
2019-20	86,853.0
2020-21	89,785.1
2021-22	87,100.5

The 2020 certified assessed valuation of DPS (for ad valorem property tax collections in 2021), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, was approximately $21.092 billion. The district's total tax levy for the 2020 levy year (2021 tax collection year) was 48.011 mills, including 25.541 mills (27.000 mills less the tax credit required by HB 20-1418) for the district's local share of Total Program funding pursuant to the Public School Finance Act, 10.852 mills for voter-approved override revenues, 1.517 mills for the Special Building and Technology Fund, 9.568 mills for debt service on general obligation bonds and 0.533 mills for recovery of lost revenue due to prior year tax abatements and credits. The 2021 assessed valuation of DPS (for ad valorem property tax collections in 2022), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $22.638 billion. The district's tax levy for the 2020 levy year (2021 tax collection year) is 48.498 mills, including 26.541 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 10.445 mills for voter-approved override revenues, 1.517 for debt-free schools, 9.568 mills for debt service on general obligation bonds and 0.427 mills to recover lost revenue due to prior year tax abatements and credits.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2022. Typically, taxing entities do not collect 100% of the taxes levied each year; however, the property tax collection rate among the Participating Districts historically has been very high as shown in the previous table.

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

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately 5.76 million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX C – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 30, 2020 AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021" and "APPENDIX D – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the General Assembly to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials commenced in January of 2019 (following the general election held in November of 2018) and will expire on the second Tuesday in January of 2023. 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. However, due to concerns regarding the spread of COVID-19, the General Assembly suspended the 2020 legislative session from March 16, 2020, through May 25, 2020. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house of the General Assembly 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" in this section and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer's Bill of Rights

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

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

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

TABOR further requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "Long Bill") designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The amount of the TABOR Reserve requirement for Fiscal Year 2021-22 has been forecast in the OSPB December 2021 Revenue Forecast to be $479.7 million.

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

The maximum annual percentage change in State fiscal year spending is limited by TABOR to inflation plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991, being the base year for calculating fiscal year spending. The operation of TABOR created State budget challenges in the early years following its passage, and in 2005 several measures were passed by the General Assembly in an effort to address these challenges, including one, designated "Referendum C," that was submitted to and approved by State voters and thereafter codified as Sections 24-77-103.6 and 106.5, C.R.S. Referendum C authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. In addition, for Fiscal Years 2010-11 and thereafter, Referendum C created an Excess State Revenues Cap, or "ESRC," as a voter-approved revenue change under TABOR that now serves as the limit on the State's fiscal year revenue retention. The base for the ESRC was established as the highest annual State TABOR revenues received in Fiscal Years 2005-06 through 2009-10. This amount, which was determined to be the revenues received in Fiscal Year 2007-08, is then adjusted for each subsequent Fiscal Year for inflation, the percentage change in State population, the qualification or disqualification of enterprises and debt service changes, each having their respective meanings under TABOR and other applicable State law. However, per SB 17-267, the ESRC for Fiscal Year 2017-18 is an amount equal to (i) the ESRC for Fiscal Year 2016-17 calculated as provided above (ii) less $200 million. For subsequent Fiscal Years, the ESRC is to be calculated as provided above utilizing the ESRC for Fiscal Year 2017-18 as the base amount.

SB 17-267 also: (i) replaced the Hospital Provider Fee with the Healthcare Affordability and Sustainability Fee, which fee is exempt from TABOR as it is collected by an enterprise created by SB 17-267 within the Department of Health Care Policy and Financing; (ii) exempts retail marijuana from the 2.9% State sales tax, which results in less revenue subject to TABOR in Fiscal Years 2017-18 and thereafter; and (iii) extends and expands the income tax credit for business personal property taxes paid, which is projected to reduce income tax collections in Fiscal Years 2018-19 and thereafter, but will be offset in part by the distribution of a portion of the special sales tax on retail marijuana sales to the General Fund on an ongoing basis.

As a result of Referendum C, the State was able to retain various amounts in excess of the previously applicable TABOR limit in Fiscal Years 2005-06 through 2013-14, and no refunds were required because such revenues were below the ESRC. In Fiscal Year 2014-15, TABOR revenues exceeded the TABOR limit and resulted in the State being $169.7 million above the ESRC, thus triggering a TABOR refund. TABOR revenues again exceeded the TABOR limit in Fiscal Years 2015-16 and 2016-17 but were below the applicable ESRC. In Fiscal Year 2017-18, TABOR revenues exceeded the TABOR limit and resulted in the State being $18.5 million above the ESRC, again triggering a TABOR refund, and in Fiscal Year 2018-19, TABOR revenues exceeded the TABOR limit and resulted in the State being $428.3 million above the ESRC, again triggering a TABOR refund. In Fiscal Year 2019-20, TABOR revenues were less than the TABOR limit. The OSPB December 2021 Revenue Forecast states that TABOR Revenues exceeded the TABOR limit in Fiscal Year 2020-21 and are forecast to exceed the TABOR limit in each of Fiscal Years 2021-22 and 2022-23, resulting in the State having exceeded the ESRC by $453.6 million in Fiscal Year 2020-21, and forecast to exceed the ESRC by $1,996.1 million and $1,660.9 million in Fiscal Years 2021-22 and 2022-23, respectively, in each case triggering TABOR refunds.

SB 17-267 also changed the TABOR refund mechanisms. Under prior law, the means by which revenues in excess of the ESRC could be refunded to taxpayers included: (i) a sales tax refund to all taxpayers, (ii) the earned income tax credit to qualified taxpayers and (iii) a temporary income tax rate reduction, the particular refund mechanism used to be determined by the amount that needs to be refunded. Per SB 17-267, beginning with Fiscal Year 2017-18, there is added as the first refund mechanism the amount reimbursed by the State Treasurer to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to certain property tax exemptions. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

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

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend $66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("Marijuana Taxes") authorized by Proposition AA approved by the State's voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which referred the measure to the State's voters as Proposition BB, also provides for the allocation of the retained amount for public school capital construction, for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and for use by the General Fund for any purpose. For more information on how these amounts are treated in the General Fund, see the discussion in "General Fund and State Education Fund Budget" in the OSPB December 2021 Revenue Forecast. SB 17-267 increased the special sales tax on retail marijuana sales from 10% to 15% effective July 1, 2017.

Effect of TABOR on the Series 2021B Notes. Voter approval under TABOR is not required for the issuance of the Series 2021B 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 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes.

State Funds

The General Fund. The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. The General Fund is discussed in detail in "APPENDIX A – THE STATE GENERAL FUND."

Other Funds. The State also maintains a large number of statutorily created special funds for which specific revenues are designated for specific purposes. Some of these special funds are considered Borrowable Resources available to pay the principal of and interest on the Series 2021B Notes and on education loan anticipation notes issued by the State. See "BORROWABLE RESOURCES" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Note Issues of the State."

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, as described below. In January, the Governor makes additional budget recommendations to the Joint Budget Committee 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 Joint Budget Committee for their own budgets.

Phase II (Legislative). The Joint Budget Committee, 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 Joint Budget Committee marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the Joint Budget Committee generally is designated as a conference committee to reconcile differences. The Long Bill has always 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.

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.

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

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (as previously defined, the "Unappropriated Reserve"), which may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation, unless they are obligated by statute for another purpose. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Set forth in the following table are the Unappropriated Reserve requirements for Fiscal Years 2015-16 through 2021-22. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

State of Colorado
Unappropriated Reserve Requirement

Fiscal Years	Unappropriated Reserve Requirement[1,2,3,4]
2015-16	5.60%
2016-17	6.00
2017-18	6.50
2018-19	7.25
2019-20	3.07
2020-21	2.86
2021-22	13.40

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds resulting from the ruling of the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue*. See "General Fund Overview" table in "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview," and the section of the OSPB December 2021 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

[2] Per SB 15-251, in Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. See "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – The State, State Departments and Agencies."

[3] Per SB 18-276, the Unappropriated Reserve requirement was increased to 7.25% for Fiscal Year 2018-19. The legislation also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirements.

[4] Per HB 20-1383 and SB 21-226, the Unappropriated Reserve requirement was reduced to 3.07% for Fiscal Year 2019-20, 2.86% for Fiscal Year 2020-21, 13.40% for Fiscal Year 2021-22 and 15.00% for Fiscal Years 2022-23 and thereafter.

Source: State Treasurer's Office

The OSPB December 2021 Revenue Forecast states that the State ended Fiscal Year 2020-21 with reserves of $2,854.0 million above the 2.86% Unappropriated Reserve requirement for that Fiscal Year and forecasts that that the State will end Fiscal Year 2021-22 with reserves of $1,865.0 million above the 13.40% Unappropriated Reserve requirement for that Fiscal Year. These figures are based on revenue and budget information available when the OSPB December 2021 Revenue Forecast was completed, and as such are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also generally "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

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

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

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

See "Taxpayer's Bill of Rights" above for a discussion of 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" in this section 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 checks signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant or check is full authority for the State Treasurer to pay the warrant or check upon presentation.

The State Controller is appointed by the Executive Director of the Department of Personnel & Administration. Except for certain institutions of higher education which have elected to establish their own fiscal rules, the State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants or checks for payment of claims against the State. The State Controller prepares a Comprehensive Annual Financial Report, or "CAFR," in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's CAFR for Fiscal Year 2019-20 (the "Fiscal Year 2019-20 CAFR") is appended to this Official Statement and includes the most current audited annual financial statements for the State. Unaudited basic financial statements for the State, as required by Section 24-30-204, C.R.S., for Fiscal Year 2020-21 (the "Fiscal Year 2020-21 Unaudited BFS") are also appended to this Official Statement. The State believes that there will not be any material adverse change in the financial condition of the State with the release of the Fiscal Year 2020-21 CAFR, currently scheduled for February 4, 2022.

The State implemented a new integrated financial system in July 2014 and has been experiencing various issues, including the labor allocation process which continues to utilize the State's legacy payroll system. The longer time period to complete labor allocation, the first time closing in the new system and developing financial statement reports caused delays in closing the books and producing the State's financial statements. This resulted in delays in the release of the State's CAFRs for Fiscal Years 2014-15 and 2015-16 and the inability of the State to timely submit its audited financial statements for posting on EMMA as required by various continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit. See "CONTINUING DISCLOSURE – Compliance With Other Continuing Disclosure Undertakings."

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 1 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS 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. See also "APPENDIX A – THE STATE GENERAL FUND – General" for a discussion of the distinction between the statutory General Fund and the GAAP General Fund.

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 commencing July 1, 2021, and expiring on June 30, 2026. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed since the date of its report included herein, any procedures in connection with the financial statements presented in the State's Fiscal Year 2019-20 CAFR, nor has the State Auditor performed any procedures relating to the State's Fiscal Year 2020-21 Unaudited BFS or this Official Statement.

Investment and Deposit of State Funds

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

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

See also Notes 3 and 4 to the financial statements in both State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, as well as "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

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

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the ETRANS 2021-22 Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2021B Notes from the Closing Date to the Series 2021B Notes Maturity Date. See "The State General Fund" below and "APPENDIX A – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the ETRANS 2021-22 Repayment Account all amounts received from the Participating Districts on or before

June 25, 2022, in repayment of their Program Loans. However, if on June 25, 2022, the amount credited to the Principal Subaccount of the ETRANS 2021-22 Repayment Account is less than the principal amount of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2021B NOTES – Security and Sources of Payment – *The ETRANS 2021-22 Repayment Account*."

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

Certain State Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account on June 25, 2022, is required to be funded by the State Treasurer first from all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. However, such covenant does not constitute a pledge of or lien on any such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. Further, the State Treasurer has both a statutory and a fiduciary obligation to use prudence and care in investing State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2021-22 Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2021B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2022. See also "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two State funds in this category with the largest current balances that are eligible for investment, and thus the State funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the ETRANS 2021-22 Repayment Account in the event of a deficiency therein, are the State Education Fund and the State Highway Fund. Prospective investors are cautioned, however, that these State funds are neither required to be utilized by the State Treasurer, nor pledged for such purpose. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State

Treasurer for such State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. Accordingly, no representation or warranty is made herein that the State Treasurer will in fact utilize amounts available in these State funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account. See also "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

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

The following information has been provided by the State Treasurer's office to show the actual cash and short term investment balances in the State Education Fund at June 30 since Fiscal Year 2015-16.

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

At June 30	Cash and Investment Balance
2016	$302.4
2017	102.2
2018	204.8
2019	176.0
2020	166.7
2021	668.1
2022 (projected)	740.3

Source: State Treasurer's Office

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

The following information has been provided by the State Treasurer's office to show the actual cash balances in the State Highway Fund at June 30 since Fiscal Year 2015-16.

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

At June 30	Cash and Investment Balance
2016	$706.9
2017	541.2
2018	572.1
2019	770.2
2020	700.4
2021	792.6
2022 (projected)	878.0

Source: State Treasurer's Office

Borrowable Resources

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

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account will depend upon the availability of funds in the State Treasury that are eligible for investment in the District Notes, and is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22. The availability of Borrowable Resources may also be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual and estimated Borrowable Resources for Fiscal Years. 2020-21 and 2021-2022. Estimates in the tables are based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the tables and the amounts ultimately realized, and such differences may be material. See also the preliminary notice in this Official Statement regarding forward-looking statements. See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting."

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State of Colorado
Actual Borrowable Resources
Fiscal Year 2020-21 [1,2]

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

	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021
Aviation Fund	$ 20.2	$ 20.6	$ 21.0	$ 20.1	$ 21.3	$ 21.0	$ 20.4	$ 21.5	$ 22.5	$ 21.5	$ 21.3	$ 21.7
Capital Construction Fund	60.8	64.1	63.0	59.6	55.3	52.5	45.6	36.4	31.8	38.9	24.6	25.1
College Scholarship Fund	17.7	18.9	6.8	6.8	17.2	68.0	67.0	45.1	17.0	18.3	17.9	12.4
Colorado Student Obligation Bond Authority – Administration	53.7	54.6	67.5	65.7	62.9	51.8	55.1	53.9	54.2	53.7	54.4	69.7
Hazardous Substance Fund	10.3	10.2	10.6	10.6	10.5	10.2	10.5	10.3	10.2	10.4	10.5	10.8
Higher Education Funds [3]	1,233.8	1,518.4	1,674.5	1,621.7	1,557.0	1,488.3	1,654.5	1,719.1	1,719.3	1,648.2	1,542.6	1,630.0
Hospital Provider Fee	72.0	21.3	22.7	30.5	37.5	44.2	55.6	68.9	67.8	77.7	87.1	23.0
Limited Gaming Fund	4.2	0.3	0.4	0.7	1.1	1.4	1.8	2.2	2.6	3.1	3.5	4.0
Lottery Fund	42.7	47.1	32.1	40.4	47.5	38.6	45.7	48.7	32.5	41.1	50.0	34.7
Mineral Impact Fund	91.3	100.8	62.2	75.2	85.5	72.9	81.2	90.7	82.8	96.0	107.1	82.4
School Capital Construction Assistance	484.0	556.9	542.7	534.0	558.8	575.5	590.9	673.1	626.1	629.9	675.0	683.0
State and Local Severance Tax Funds	154.2	153.6	144.5	149.9	139.9	148.8	151.3	154.2	159.9	169.0	175.0	173.7
State Public School Fund	2.5	1.3	3.1	1.7	0.4	1.8	0.6	0.1	2.2	1.1	0.7	0.2
Tobacco Tax Funds	2.3	2.4	2.1	2.4	2.5	2.2	2.5	2.6	2.2	2.4	2.5	0.2
Water Conservation Construction Fund	244.6	249.8	287.3	282.8	276.6	291.8	284.6	274.9	287.3	307.0	314.5	324.2
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	1,347.7	1,340.1	1,520.5	1,304.0	1,435.3	2,233.0	2,136.5	2,210.0	1,736.2	1,661.8	2,062.0	924.6
Total Borrowable Resources	**3,841.9**	**4,160.4**	**4,461.1**	**4,206.3**	**4,309.3**	**5,102.0**	**5,203.7**	**5,411.9**	**4,854.7**	**4,780.0**	**5,148.8**	**4,019.5**
Total General Fund	1,469.3	1,274.4	680.7	1,030.2	1,206.8	(20.7)	1,106.0	1,210.9	402.7	1,790.6	2,352.5	3,168.0
Less: Notes Issued and Outstanding	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	(600.0)	
Net Borrowable Resources	**$4,711.1**	**$4,834.8**	**$4,541.7**	**$4,636.5**	**$4,916.1**	**$4,481.3**	**$5,709.7**	**$6,022.8**	**$4,657.4**	**$5,970.6**	**$6,901.4**	**$7,187.6**

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

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

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

Source: State Treasurer's Office

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2021-22 [1,2,3]

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

	Actual					Estimated						
	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	June 2022
Aviation Fund	$ 22.2	$ 22.7	$ 23.1	$ 22.1	$ 23.4	$ 23.1	$ 22.4	$ 23.7	$ 24.7	$ 23.7	$ 23.4	$ 23.9
Capital Construction Fund	26.4	27.8	27.3	25.9	24.0	22.8	19.8	15.8	13.8	16.9	10.7	10.9
College Scholarship Fund	13.3	14.2	5.1	5.1	12.9	51.0	50.2	33.8	12.8	13.7	13.4	9.3
Colorado Student Obligation Bond Authority – Administration	70.9	72.1	89.1	86.7	82.9	68.4	72.7	71.2	71.5	70.9	71.8	91.9
Hazardous Substance Fund	10.7	10.6	11.0	11.0	10.9	10.6	10.9	10.7	10.6	10.8	10.9	11.2
Higher Education Funds [4]	1,288.0	1,585.1	1,748.1	1,692.9	1,625.4	1,553.7	1,727.2	1,794.7	1,794.8	1,720.6	1,610.3	1,701.6
Hospital Provider Fee	72.0	21.3	22.7	30.5	37.5	44.2	55.6	68.9	67.8	77.7	87.1	23.0
Limited Gaming Fund	4.2	0.3	0.4	0.7	1.1	1.4	1.8	2.2	2.6	3.1	3.5	4.0
Lottery Fund	38.3	42.3	28.8	36.3	42.7	34.7	41.0	43.8	29.2	36.9	44.9	31.2
Mineral Impact Fund	90.9	100.4	62.0	74.9	85.1	72.6	80.9	90.3	82.5	95.6	106.7	82.0
School Capital Construction Assistance	546.0	628.3	612.2	602.5	630.4	649.2	666.6	759.4	706.4	710.6	761.5	770.5
State and Local Severance Tax Funds	172.9	172.2	162.1	168.1	157.0	166.9	169.7	172.9	179.4	189.5	196.3	194.8
State Public School Fund	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Tobacco Tax Funds	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0
Water Conservation Construction Fund	331.0	338.0	388.9	382.8	374.4	394.9	385.1	372.1	388.9	415.4	425.7	438.7
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	919.4	914.2	1,037.3	889.6	979.2	2,233.0	2,136.5	2,144.6	2,110.1	2,019.6	2,232.5	1,160.3
Total Borrowable Resources	**3,606.5**	**3,949.8**	**4,218.4**	**4,029.5**	**4,087.1**	**5,326.8**	**5,440.7**	**5,604.3**	**5,495.2**	**5,405.3**	**5,599.0**	**4,553.4**
Total General Fund	1,984.1	1,816.4	1,267.3	1,742.6	1,962.9	639.8	1,716.8	1,701.7	648.2	2,038.8	2,396.4	3,510.8
Less: Notes Issued and Outstanding	--	--	--	--	--	--	--	--	--	--	--	--
Net Borrowable Resources	**$5,590.6**	**$5,766.2**	**$5,485.7**	**$5,772.1**	**$6,050.0**	**$5,966.6**	**$7,157.6**	**$7,306.0**	**$6,143.4**	**$7,444.1**	**$7,995.4**	**$8,064.1**

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

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

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

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

Source: State Treasurer's Office

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs, as well as in the State's Fiscal Year 2020-21 Unaudited BFS, includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR and Unaudited BFS refer 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 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account would be funded from Current General Fund Revenues eligible for investment in the District Notes only after all other sources of funding therefor have been utilized. In addition, the right of the State Treasurer to use Current General Fund Revenues for this purpose is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22. See "APPENDIX A – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. The State currently has, and upon issuance of the Series 2021B Notes will have, no outstanding general obligation debt.

The State is authorized to and has entered into lease-purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease-purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Notes 11 and 12 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2021, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2020-21 and thereafter. See also Note 21 to the State's Fiscal Year 2020-21 Unaudited BFS for a discussion of lease-purchase agreements entered into by the State after June 30, 2021, but before publication of the Fiscal Year 2020-21 Unaudited BFS.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 10 and 12 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2021, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2020-21 and thereafter.

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 11, 12 and 21 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2021, and of those issued after June 30, 2021, but before publication of the Fiscal Year 2020-21 Unaudited BFS. The revenue bonds and certificates of participation listed in such Notes have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings directly with banks or other financial institutions. The State has contingent moral obligations to intercept revenue and make certain debt payments on notes and bonds issued by State school districts in the event they fail to make a required payment to the holders of such notes and bonds. See Notes 19 and 21 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2019-20 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Tax and Revenue Anticipation Notes

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more State funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes in order to fund cash flow shortfalls in the General Fund, although no such notes are currently planned to be issued for Fiscal Year 2021-22. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of Borrowable Resources. Since Fiscal Year 2003-04, the State has also issued education loan tax and revenue anticipation notes, such as the Series 2021B Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. See Notes 10 and 21 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2021, and of such notes issued after June 30, 2021, but before publication of the Fiscal Year 2020-21 Unaudited BFS. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See also the Statistical Section of the State's Fiscal Year 2019-20 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

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

Pension and Other Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX E – STATE PENSION SYSTEM," the "State Division Plan"). State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan"), although the majority of State employees participate in the State Division Plan. Each plan is administered by the Public Employees' Retirement Association ("PERA"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits except to the extent required by SB 18-200 described below. The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

For a general description of the State Division Plan and PERA, see "APPENDIX E – STATE PENSION SYSTEM." For a detailed discussion of the State Division Plan, the State Division DC Plan and PERA, see Notes 6, 7 and 8 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2020 (the "PERA 2020 CAFR"). The information in the State's Fiscal Year 2019-20 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2019, while the information regarding PERA presented in this State's Fiscal Year 2020-21 Unaudited BFS and in this Official Statement is derived from the PERA 2020 CAFR.

The State Division Plan. The State Division Plan is funded with contributions made by the State and by each participating State employee at rates that are established by statute. The State has consistently made all statutorily required contributions to the State Division Plan. However, the State Division Plan remains significantly underfunded. In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, the General Assembly enacted SB 18-200, which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans and thereby reach a 100% funded ratio for each of such plans within a 30-year period. SB 18-200 made changes to certain benefit and contribution provisions of the defined benefit plans administered by PERA, including implementing a provision that automatically adjusts employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. SB 18-200 further requires the State to make an annual direct distribution to PERA of $225 million (actual dollars) from State funds on July 1, 2018, and on July 1 of each year thereafter until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the distribution to the State Division Trust Fund, the School Division Trust Fund, the Judicial Division Trust Fund and the Denver Public Schools Division Trust Fund based upon the covered payroll of each such Division. *However, per HB 20-1379, due to the actual and forecast impact of COVID-19 on the State's revenues, the July 1, 2020, distribution was suspended.* See "APPENDIX E – STATE PENSION SYSTEM – Funding of the State Division Plan – *Statutorily Required Contributions*."

The PERA 2020 CAFR reports that at December 31, 2020, the actuarial value of assets of the State Division Plan was approximately $16.039 billion and the actuarial accrued liability, or "AAL," of the Plan was approximately $27.117 billion, resulting in an unfunded actuarial accrued liability, or "UAAL," of approximately $11.078 billion, a funded ratio of 59.1% and an amortization period, after consideration of HB 20-1379 (discussed below), of 33 years, all as further described in "APPENDIX E – STATE PENSION SYSTEM." The actuarial value of assets for the State Division Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Based on the market value of assets of the State Division Plan, the PERA 2020 CAFR reports that at December 31, 2020, the UAAL of the Plan was approximately $9.457 billion and the funded ratio was 65.1%.

The funding status of the State Division Plan summarized above reflects the implementation by PERA in 2014 of GASB Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which established new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, such as the State Division Plan, and note disclosure requirements for defined contribution pension plans administered through qualified trusts, such as the State Division DC Plan.

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

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

Other Post-Employment Benefits. The State currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance to State employees is provided through PERA's Health Care Trust Fund, in which members from all divisions of PERA are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple employer plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. The PERA 2020 CAFR reports that at December 31, 2020, the actuarial value of assets of the Health Care Trust Fund was approximately $0.430 billion and AAL of the Health Care Trust Fund was approximately $1.418 billion, resulting in a UAAL of approximately $0.988 billion, a funded ratio of 30.3% and an amortization period, after consideration of HB 20-1379 (discussed below) and of HB 20-1394 (which is applicable only to the Judicial Division), of 18 years. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, PERA's actuary has not determined the portion of the unfunded actuarial accrued liability that applies to each Division participant. The benefit provided by the Health Care Trust Fund is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 9 and 11 to the PERA 2020 CAFR for additional information regarding the Health Care Trust Fund.

For a discussion of other post-employment benefit plans in which the State participates, see Note 7 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement.

Effect of Pension Liability on the Series 2021B Notes. The Series 2021B Notes are short-term obligations maturing on June 29, 2022, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, as repayment of their Program Loans and a portion of the proceeds of the Series 2021B Notes deposited to the ETRANS 2021-22 Repayment Account as discussed in "THE SERIES 2021B NOTES –

Security and Sources of Payment." Therefore, the State's current pension liability is not expected to adversely affect the State's ability to pay the Series 2021B Notes. See also the discussion of the State's pension liability in Management's Discussion and Analysis in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2021B 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 2021B Notes or questioning or affecting the validity of the Series 2021B Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to adopt the State Resolution and to secure the Series 2021B Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered. For incidents occurring prior to July 1, 2013, the limits are $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000; for incidents occurring on and after January 1, 2013, but before January 1, 2018, the maximum amounts that may be recovered under the Immunity Act are $350,000 for injury to one person in a single occurrence and an aggregate of $990,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $350,000; and for incidents occurring on and after January 1, 2018, but before January 1, 2022, the maximum amounts that may be recovered under the Immunity Act are $387,000 for injury to one person in a single occurrence and an aggregate of $1,093,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $387,000. These amounts are subject to adjustment on or before January 1, 2022, and every fourth year thereafter based on the consumer price index for Denver-Boulder-Greeley, or its successor index. In individual cases the General Assembly may authorize the recovery from the State of amounts in excess of these limits by legislative action initiated either directly by the General Assembly or upon recommendation of the State Claims Board. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State or its employees sued in their official capacities under federal statutes when such actions are brought in federal court.

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, 43 to the financial statements and General Fund Components (in Supplementary Information) in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 19 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement. The State believes that it has a reasonable possibility of favorable outcomes for the actions discussed in such Note, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in such Note.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's, a division of McGraw-Hill Financial, Inc. ("S&P"), have assigned to the Series 2021B 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 2021B 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 2021B Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2021B Notes

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, which exemption applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2021B Notes, the State Treasurer will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement. However, the State Treasurer will undertake in the State Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2021B Notes, that during such time as any of the Series 2021B Notes are outstanding, the State Treasurer will provide to the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access ("EMMA") system, in a timely manner, not in excess of ten Business Days after the occurrence of the event, notice of the occurrence of any of the events enumerated in Subsection (b)(5)(i)(C) of Rule 15c2-12 with respect to the Series 2021B Notes, including: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults, if material; (iii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Series 2021B Notes; (iv) modifications to rights of owners of the Series 2021B Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2021B Notes: (a) unscheduled draws on debt service reserves reflecting financial difficulties; (b) unscheduled draws on credit enhancements reflecting financial difficulties; (c) substitution of credit or liquidity providers, or their failure to perform; (d) Series 2021B Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2021B Notes, if material; (f) bankruptcy, insolvency, receivership or similar event of the State; (g) the consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (h) appointment of a successor or additional trustee or the change of name of a trustee, if material; (i) incurrence of a Financial Obligation (as defined in paragraph (f)(11) of Rule 15c2-12) of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the State or obligated person, any of which affect the Owners of the Series 2021B Notes, if material; and (j) default, event of acceleration, termination event, modification of terms or other similar events under the terms of the Financial Obligation of the State or obligated person, any of which reflect financial difficulties.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2021B Notes, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations pursuant to the undertaking does not constitute an Event of Default under the State Resolution, and none of the rights and remedies provided in the State Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2021B Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

The State Treasurer has statutory authority over debt issuance and post-issuance compliance with continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit (collectively, the "Included Entities") in connection with financial obligations issued by or for the benefit of such the Included Entities. Consistent with this authorization, the responsibility for compliance with the continuing disclosure undertakings entered into by the Included Entities has been centralized with the State Treasurer, which is intended to ensure future compliance with such continuing disclosure undertakings.

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

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

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

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

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

Department of Human Services for both Fiscal Years 2014-15 and 2015-16 was posted on EMMA on March 28, 2017.

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

Further, due to a late journal entry by a department, the State's Fiscal Year 2019-20 CAFR was not released and posted on EMMA until March 16, 2021, resulting in a late filing of the audited annual financial statements for some of the State's outstanding issues. The State filed a Failure to Provide Annual Financial Information as Required Filing with EMMA on January 26, 2021.

See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting" regarding the anticipated completion of the State's Fiscal Year 2020-21 CAFR.

MCDC Settlement Order with the Securities and Exchange Commission

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

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

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

In a letter dated August 22, 2017, to the SEC, the State Treasurer stated that written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance were implemented and that the State was in compliance with all continuing disclosure obligations, including updating past delinquent filings if the State Treasurer was not in compliance with its continuing disclosure obligations. The State Treasurer has and intends to continue to fully disclose in a clear and conspicuous fashion the terms of the settlement accompanying the Order in any final official statement for offering by the State Treasurer within five years of the institution of proceedings.

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

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

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2021B Notes, as well as the treatment of interest on the Series 2021B Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Kline Alvarado Veio, P.C., 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 2021B Notes.

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2021B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2021B Notes. Failure to comply with such covenants could cause interest on the Series 2021B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021B Notes. The State has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2021B Notes.

Bond Counsel is further of the opinion that interest on the Series 2021B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws.

The accrual or receipt of interest on the Series 2021B Notes may otherwise affect the federal income tax liability of the owners of the Series 2021B Notes. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2021B Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2021B Notes.

The amount treated as interest on the Series 2021B Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service (the "Service") Notice 94-84, 1994-2

C.B. 559. Notice 94-84 states that the Service is studying whether the amount of the payment at maturity on debt obligations such as the Series 2021B Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the Series 2021B Notes and the aggregate amount to be paid at maturity of the Series 2021B Notes (the "original issue discount"). For this purpose, the issue price of the Series 2021B Notes is the first price at which a substantial amount of the Series 2021B Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the Service provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Series 2021B Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2021B Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2021B Notes as the amount excluded from gross income for federal income tax purposes. An amount equal to the excess of the issue price of a Series 2021B Note over its stated redemption price at maturity constitutes original issue premium on such Series 2021B Note. An initial purchaser of a Series 2021B Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2021B Note with original issue premium should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning Series 2021B Notes with original issue premium.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2021B Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2021B Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021B Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2021B Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021B Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2021B Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2021B Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

UNDERWRITING

The Series 2021B Notes will be purchased from the State by Barclays Capital Inc., Morgan Stanley & Co. LLC and UBS Financial Services (the "Underwriters"), pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $401,796,000, being the aggregate principal amount of the Series 2021B Notes plus an aggregate original issue premium of $1,799,000 and less an aggregate underwriting discount of $3,000.

Morgan Stanley & Co., LLC, has provided the following information for inclusion in this Official Statement: Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2021B Notes, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2021B Notes.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2021B 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 2021B 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 2021B Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2021B Notes is contingent upon the issuance and delivery of the Series 2021B 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 2021B Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

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

By: /s/ David L. Young
State Treasurer

APPENDIX A

THE STATE GENERAL FUND

The State Resolution requires that if on June 25, 2022, the amount credited to the Principal Subaccount of the ETRANS 2021-22 Repayment Account is less than the principal amount of the Series 2021A Notes, the Series 2021B Notes and any additional Parity Lien Notes, the State Treasurer is to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The ability of the State Treasurer to use Current General Fund Revenues that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2021-22 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2021-22. See "THE SERIES 2021B NOTES – Security and Sources of Payment – *The ETRANS 2021-22 Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

This Appendix contains a discussion of the General Fund, including the estimated cash flows for the General Fund for Fiscal Year 2021-22. See also "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

The General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2021-22 and 2022-23. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Revenue Sources[1]
Fiscal Years 2015-16 through 2021-22
(Accrual basis; dollar amounts expressed in millions)

	Actual										OSPB December 2021 Revenue Forecast			
	Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Preliminary Fiscal Year 2020-21		Fiscal Year 2022-23		Fiscal Year 2023-24	
Revenue Source	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Excise Taxes:														
Sales Tax[1]	$ 2,826.1	6.5%	$ 3,094.2	9.5%	$ 3,246.6	4.9%	$ 3,196.0	4.7%	$ 3,419.5	7.0%	$ 3,840.1	12.3%	$ 3,996.5	4.1%
Use Tax	259.5	7.6	309.9	19.4	345.5	11.5	210.5	(39.1)	214.2	1.8	227.7	6.3	230.0	1.0
Retail Marijuana Sales – 15% Special Sales Tax[1]	--	--	--	--	--	--	245.5	27.4	288.2	17.4	266.9	(7.4)	278.9	4.5
Cigarette Tax	36.6	(1.7)	34.6	(5.5)	32.6	(5.8)	32.5	(0.1)	30.1	(7.3)	31.6	4.9	30.9	(2.3)
Tobacco Products	21.2	0.6	16.4	(22.7)	22.3	35.8	24.4	9.5	29.0	19.1	25.7	(11.6)	26.6	3.7
Liquor	45.0	3.3	46.5	3.3	48.3	3.9	50.1	3.7	53.4	6.6	55.6	4.2	56.9	2.3
Proposition EE/Nicotine[2]	--	--	--	--	--	--	--	--	49.0	N/A	184.0	275.3	232.9	26.6
Total Excise Taxes	3,188.4	6.4	3,501.6	9.8	3,695.3	5.5%	3,759.0	1.7	4,083.5	8.6	4,631.6	13.4	4,852.7	4.8
Income Taxes:														
Net Individual Income Tax	6,760.9	3.6	7,577.2	12.1	8,247.0	8.8	8,644.9	4.8	9,481.8	9.7	10,504.3	10.8	10,685.0	1.7
Net Corporate Income Tax	509.3	(21.9)	781.9	53.5	919.8	17.6	728.3	(20.8)	1,183.7	62.5	1,147.1	(3.1)	1,085.2	(5.4)
Total Income Taxes	7,270.2	1.3	8,359.1	15.0	9,166.8	9.7	9,373.2	2.3	10,665.5	13.8	11,651.4	9.2	11,770.2	1.0
Less State Education Fund Diversion[3]	(540.0)	(3.3)	(617.0)	(14.3)	(692.8)	12.3	(646.7)	(6.7)	(950.2)	46.9	(798.3)	(16.0)	(882.8)	10.6
Total Income Taxes to the General Fund	6,730.2	1.1	7,742.1	15.0	8,474.0	9.5	8,726.5	3.0	9,715.3	11.3	10,853.1	11.7	10,887.5	0.3
Other Revenues:														
Insurance	290.5	3.6	303.6	4.5	314.7	3.6	337.4	7.2	336.3	(0.3)	416.6	23.9	485.5	16.6
Interest Income	14.7	18.6	19.5	32.4	26.5	35.8	31.1	17.2	50.0	60.9	46.6	(6.9)	35.7	(23.4)
Pari-Mutuel	0.6	(6.6)	0.5	(10.7)	0.5	(1.7)	0.4	(23.7)	0.3	(21.2)	0.3	13.8	0.3	(2.0)
Court Receipts	4.1	17.5	4.4	7.6	4.2	(5.3)	3.9	(6.7)	3.5	(9.8)	4.4	25.8	3.7	(15.9)
Other Income[4]	47.3	109.7	152.2	221.7	48.9	(67.9)	9.7	(80.2)	50.7	423.4	28.7	(43.5)	29.7	3.6
Total Other	357.2	11.8	480.2	34.4	394.8	(17.8)	382.5	(3.1)	440.9	15.3	496.6	12.6	555.0	11.8
Gross General Fund	**$10,275.8**	**3.1%**	**$11,723.9**	**14.1%**	**$12,564.1**	**7.2%**	**$12,868.0**	**2.4%**	**$14,239.6**	**10.7%**	**$15,981.3**	**12.2%**	**$16,295.1**	**2.0%**

1 State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Per SB 17-267, this tax is increased to 15% effective July 1, 2017. The revenue derived from this sales tax is shared by the State and local governments where such sales occur. Through Fiscal Years 2016-17, the entire State share of this revenue is first credited to the General Fund and then transferred to the Marijuana Tax Cash Fund. Per SB 17-267, for Fiscal Year 2020-21, 28.15% of the State share of this revenue, less $30 million, is to be retained in the General Fund, 71.85% is to be transferred to the Marijuana Tax Cash Fund and $30 million is to be credited to the Public School Fund and distributed to rural school districts. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.*"

2 State voters approved Proposition EE, a ballot measure referred to the voters by HB 20-1427, in November of 2020, which imposes additional taxes on cigarettes and other tobacco products and creates a tax on other nicotine products such as e-cigarettes. Specifically, Proposition EE (a) adds a tax of $1.10 per pack of cigarettes, more than doubling the then-current tax of $0.84 per pack, (b) increases the tax on other tobacco products by 10% (from 40% to 50%) of manufacturer's list price, and (c) creates a tax on other nicotine products, starting at 30% of manufacturer's list price and increasing to 50% of manufacturer's list price by the end of Fiscal Year 2022 23. Through Fiscal Year 2022 23, revenue from the Proposition EE-imposed taxes is largely transferred to the State Education Fund, with smaller amounts going to the Rural Schools Cash Fund, the Housing Development Grant Fund, the Tobacco Tax Cash Fund, the Eviction Legal Defense Fund and the Preschool Programs Cash Fund. The constitutionality of a provision of HB 20-1427 that mandates a minimum retail price for cigarettes sold in Colorado is currently being challenged, although a negative outcome of such litigation is not expected to have a material adverse impact on these forecasted revenues.

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.

4 Other income in Fiscal Year 2017-18 includes receipt of a one-time settlement payment under the Tobacco Master Settlement Agreement.

Source: Office of State Planning and Budgeting

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Years 2016-17 through 2020-21, as well as the forecasts for Fiscal Years

2021-22 and 2022-23 from the OSPB December 2021 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB December 2021 Revenue Forecast for Fiscal Years 2021-22 and 2022-23. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations." See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2016-17 through 2022-23

(Dollar amounts unless otherwise indicated and expressed in millions. Totals may not add due to rounding.)

	Actual (Unaudited) [1]					OSPB December 2021 Revenue Forecast	
	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Preliminary Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23[2]
Revenue							
Beginning Reserve	**$ 512.7**	**$ 614.5**	**$ 1,366.0**	**$ 1,262.6**	**$ 1,825.7**	**$ 3,168.0**	**$ 3,510.8**
Gross General Fund Revenue	**10,275.8**	**11,723.9**	**12,564.0**	**12,868.0**	**14,239.6**	**15,981.3**	**16,295.1**
Transfers to the General Fund	44.8	98.6	17.2	248.0	335.3	43.1	42.0
TOTAL GENERAL FUND AVAILABLE	**10,833.4**	**12,436.9**	**13,947.2**	**14,378.6**	**16,400.6**	**19,192.4**	**19,847.9**
Expenditures							
Appropriation Subject to Limit [3]	**9,784.5**	**10,430.9**	**11,258.7**	**11,805.2**	**10,978.9**	**12,281.9**	**13,314.4**
Dollar Change From Prior Year	448.9	646.4	827.8	546.4	(826.2)	1,303.0	1,032.5
Percent Change From Prior Year	4.8%	6.6%	7.9%	4.9%	(7.0)%	11.9%	8.4%
Spending Outside Limit	**640.1**	**784.5**	**1,596.3**	**910.5**	**2,271.4**	**3,399.7**	**4,349.1**
TABOR Refund under Subsection (7)(d) [4]	--	39.8	428.5	--	471.4	1,996.1	1,660.9
TABOR Refund under Subsection (3)(c) [5]	--	--	--	--	--	--	--
Homestead Exemption (Net of TABOR Refund) [4]	--	132.3	106.4	--	157.9	--	--
Other Rebates and Expenditures [6]	285.0	158.5	159.7	145.7	137.9	140.8	143.1
Transfers for Capital Construction [7]	84.5	112.1	180.5	213.6	43.0	353.0	411.6
Transfers for Transportation [7]	79.0	79.0	495.0	300.0	30.0	294.0	205.0
Transfers to State Education Fund	25.3	25.3	25.0	40.3	113.0	123.0	450.0
Transfers to Other Funds [8]	164.8	208.6	201.1	210.9	1,318.3	492.7	1,478.5
Other Expenditures Exempt from General Fund Appropriations Limit [9]	1.5	29.0	--	--	--	--	--
TOTAL GENERAL FUND OBLIGATIONS	**10,424.6**	**11,215.5**	**12,855.0**	**12,715.6**	**13,250.4**	**15,681.6**	**17,663.5**
Percent Change from Prior Year	1.9%	7.6%	14.6%	(1.1)%	4.2%	18.3%	12.6%
Reversions and Accounting Adjustments [10]	(205.7)	(123.3)	(170.3)	(160.3)	(17.8)	--	--
Reserves							
Year-End General Fund Balance	**614.5**	**1,344.8**	**1,262.5**	**1,832.2**	**3,168.0**	**3,510.8**	**2,184.4**
Year-End General Fund as a % of Appropriations	6.3%	12.9%	11.2%	15.4%	28.9%	28.6%	16.4%
General Fund Statutory Reserve Amount [11]	584.3	674.9	814.2	362.4	314.0	1,645.8	1,997.2
Unappropriated Reserve Percentage [11]	6.00%	6.50%	7.25%	3.07%	2.86%	13.40%	13.40%
Amount Above (Below) Statutory Reserve [12]	30.2	669.9	448.3	1,460.8	2,854.0	1,865.0	187.2

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 Fiscal Year 2021-22 expenditures reflect all legislation that has passed through both houses of the General Assembly through June 18, 2021. Fiscal Year 2022-23 appropriations will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown in the table for Fiscal Year 2022-23 are illustrative only.

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

[Notes continued on next page]

[4] Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected, although the refunds are actually made in subsequent Fiscal Years. The refund applicable to excess revenue collected in Fiscal Year 2018-19 is being made via an income tax rate reduction and the senior and disabled veteran homestead exemption. In addition, the amount to be refunded to taxpayers in Fiscal Year 2020-21 has been adjusted as the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years being different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – *Homestead Exemption*," "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST – Taxpayer's Bill of Rights: Revenue Limit."

[5] This amount was set aside by HB 15-1367 in Fiscal Year 2014-15 in a special account to cover a potential TABOR refund relating to Proposition AA. The State's voters authorized the State to retain and expend such amount per Proposition BB approved by the voters at the November 3, 2015, general election. Consequently, a reversal of such set aside was made in Fiscal Year 2015-16. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA,*" as well as Note 3 to this table and Note 1 to the table in "General Fund Revenue Sources" above.

[6] Other Rebates and Expenditures generally includes the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; the Marijuana Rebate, which distributes 15% of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; the Old Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; the Property Tax, Heat and Rent Credit, which provides property tax, heating bill or rent assistance to qualifying low-income disabled or elderly individuals; and, prior to Fiscal Year 2017-18, the Homestead Property Tax Exemption, which reduces property tax liabilities for qualifying seniors and disabled veterans. Commencing with Fiscal Year 2017-18, the Homestead Property Tax Exemption has been shown as a separate category as the result of SB 17-267, which added as the first TABOR refund mechanism amounts reimbursed to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the Homestead Property Tax Exemption as discussed in "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C.*" See also "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – *Homestead Exemption*."

[7] Section 24-75-219, C.R.S., requires certain transfers from the General Fund to the Highway Users Tax Fund and the Capital Construction Fund, commonly referred to as "228" transfers based on SB 09-228 which originally provided for the transfers. The amounts of the 228 transfers were revised per HB 16-1416 and SB 17-262. The amount of the capital construction transfers in Fiscal Years 2016-17 and 2017-18 also included transfers of General Fund money in addition to the required 228 transfers. In addition, SB 18-001 commits General Fund revenue for transportation projects in Fiscal Years 2018-19 and 2019-20. However, such transfers may be modified by the General Assembly.

[8] State law requires transfers of General Fund money to various State cash funds. This line item includes transfers of amounts credited to the General Fund from the retail marijuana sales tax to a cash fund. See Note 1 to the table in "General Fund Revenue Sources" above. The Fiscal Year 2016-17 amount also includes a diversion of income tax revenue out of the General Fund to a separate severance tax fund pursuant to SB 16-218. However, due to the risk of lower than expected severance tax revenues in Fiscal Year 2017-18 and thereafter, HB 18-1338 requires General Fund transfers to various severance tax cash funds to protect program funding, and also requires an equivalent amount of future severance tax revenue to be diverted to the General Fund to repay these transfers.

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

[10] The Fiscal Year 2016-17 amount in this line is an atypically large amount due mostly to a large reversion of Medicaid-related expenditures.

[11] The Unappropriated Reserve requirement, codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. In Fiscal Years 2016-17 and 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. These appropriations were $46.0 million in Fiscal Year 2016-17 and $48.1 million in Fiscal Year 2017-18. SB 18-276 repealed the exemption of the lease-purchase agreement payments from the calculation of the reserve requirement. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – The State, State Departments and Agencies."

[12] Under current law, all amounts remaining in the General Fund in excess of the statutory reserve become part of the beginning reserve and funds available in the following Fiscal Year.

Source: Office of State Planning and Budgeting

Revenue Estimation; OSPB Revenue and Economic Forecasts

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing a General Fund revenue estimate. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the State Controller and the OSPB, is required to make an estimate of General Fund revenues for the current and certain future years. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow. See "INVESTMENT CONSIDERATIONS – Impact of COVID-19 on Payment of the Series 2021B Notes."

The most recent OSPB revenue forecast was issued in December of 2021 and is included in this Official Statement as "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST." The OSPB December 2021 Revenue Forecast projects revenues for Fiscal Years 2021-22 through 2023-24. The amounts forecast for Fiscal Years 2021-22 and 2022-23 are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix. See also "INVESTMENT CONSIDERATIONS – Impact of COVID-19 on Payment of the Series 2021B Notes – Budgets and Revenue Forecasts" and the preliminary notice in this Official Statement regarding forward-looking statements."

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast for the OSPB December 2021 Revenue Forecast was provided by Moody's Economy.com. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

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

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

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures. This occurred in Fiscal Year 2019-20 as the result of the actual and anticipated impact of the COVID-19 pandemic on the State's finances. See "IMPACT OF COVID-19 ON THE STATE AND SCHOOL DISTRICTS."

The next OSPB revenue forecast is scheduled to be released in March of 2022. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB December 2021 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2021-22 and subsequent forecasted years which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts – Impact of COVID-19 on Payment of the Series 2021B Notes."

Investment of the State Pool

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

Fiscal Years 2020-21 and 2021-22 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 2020-21 and 2021-22 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2020-21
(Amounts expressed in millions)[1]

	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021
Agency CMOs	$ 155.1	$ 197.6	$ 215.9	$ 215.8	$ 212.3	$ 240.7	$ 187.8	$ 186.4	$ 185.5	$ 182.8	$ 461.2	$ 457.6
Commercial Paper	986.4	1,285.6	2,029.3	2,089.3	1,899.3	1,694.7	2,254.4	2,906.3	3,390.6	3,791.5	4,274.5	2,709.2
U.S. Treasury Notes	1,800.4	1,924.3	2,378.9	2,785.7	2,830.2	508.4	3,042.2	2,624.0	2,286.3	2,151.8	2,465.6	2,954.9
Federal Agencies	1,301.3	1,624.2	1,265.2	988.3	990.2	1,100.2	745.8	940.6	850.6	822.9	861.6	1,035.5
Asset-Backed Securities	457.8	455.1	453.1	450.8	447.4	443.3	393.8	389.7	385.6	380.2	374.8	469.9
Money Market	1,757.0	1,172.0	560.0	495.0	665.0	925.0	1,190.0	790.0	690.0	1,020.0	4,255.0	3,810.0
Corporates	3,982.8	4,811.9	4,723.3	4,754.1	4,300.0	4,338.7	4,489.2	4,583.4	4,812.5	4,763.9	5,370.1	6,231.6
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$10,440.8**	**$11,470.7**	**$11,625.7**	**$11,779.0**	**$11,344.4**	**$9,251.0**	**$12,303.2**	**$12,420.4**	**$12,601.1**	**$13,113.1**	**$18,062.8**	**$17,668.7**

[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 2021-22
(Amounts expressed in millions)[1]

	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021
Agency CMOs	$ 454.6	$ 536.4	$ 666.3	$ 753.0	$ 689.5
Commercial Paper	4,120.1	4,323.9	5,198.6	5,230.0	5,230.8
U.S. Treasury Notes	2,754.0	2,570.4	2,477.2	2,476.6	2,344.2
Federal Agencies	1,070.1	1,044.3	1,007.5	1,007.5	1,058.2
Asset-Backed Securities	526.5	499.6	498.4	418.8	378.2
Money Market	1,935.0	1,735.0	1,350.0	960.0	700.0
Corporates	6,818.9	6,896.0	6,929.8	7,244.5	7,406.3
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0
Totals	$17,679.2	$17,605.6	$18,127.8	$18,090.4	$17,807.2

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

Source: State Treasurer's Office

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 2021B NOTES – Authorization" and "STATE FINANCIAL INFORMATION – The State Treasurer."

The following tables present on a cash basis the actual and estimated cash flows of the General Fund for Fiscal Years 2020-21 and 2021-22 by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on the modified accrual basis of accounting, with accounting adjustments made by the State Treasurer to arrive at a cash basis presentation, and should be read in conjunction with the information set forth above in this Appendix. See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting."

Monthly cash flow projections for Fiscal Years 2020-21 and 2021-22 are based upon (i) the General Fund appropriations for Fiscal Years 2020-21 and 2021-22 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB December 2021 Revenue Forecast discussed in "Revenue Estimation; OSPB Revenue and Economic Forecasts" above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of estimated cash flows. Additionally, the timing of transactions from month to month may vary from the forecasts. Therefore, there are likely to be differences between the forecasted and actual results, and such differences may be material. See the preliminary notice in this Official Statement regarding forward-looking statements.

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State of Colorado
Actual General Fund Cash Flow
Fiscal Year 2020-21
Current Law[1]

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

	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	Total
Beginning Cash and Investments Balance	$ 1,825.2												$ 1,825.2
Revenues:													
General Fund Revenue:													
Sales and Use Tax	233.0	$ 313.2	$ 325.7	$ 314.1	$ 295.3	$ 304.7	$ 369.8	$ 280.1	$ 284.2	$ 317.4	$ 287.5	$ 308.9	3,633.7
Income Tax	390.7	517.1	724.7	662.2	590.2	762.1	1,161.9	325.8	436.6	1,248.8	736.5	974.9	8,531.6
Corporate Tax	23.7	6.1	143.8	53.9	(41.4)	94.2	90.8	14.4	148.2	239.4	67.8	342.9	1,183.7
Other	52.6	27.8	42.8	(25.9)	4.7	(47.2)	4.4	146.5	90.7	337.8	28.7	255.7	918.7
Total General Fund Revenue	672.0	864.1	1,237.0	1,004.3	848.7	1,113.8	1,627.0	766.7	959.7	2,143.4	1,120.5	1,882.4	14,239.6
Federal Revenue	483.5	603.3	771.8	491.4	660.0	733.6	611.8	629.9	756.4	540.2	648.5	1,354.3	8,284.6
Total Revenues	1,155.6	1,467.4	2,008.8	1,495.6	1,508.7	1,847.4	2,238.8	1,396.6	1,716.1	2,683.6	1,769.0	3,236.7	22,524.3
Expenditures:													
Payroll	152.4	164.3	163.2	164.2	162.8	150.3	159.5	154.0	156.0	151.1	153.1	167.0	1,898.1
Medical Assistance	484.7	558.4	405.8	400.4	605.4	503.0	346.2	555.7	440.5	737.1	734.3	491.4	6,262.9
Public School Distribution	830.2	(14.2)	906.3	0.2	2.0	900.8	3.3	0.4	901.2	0.4	0.2	2.3	3,533.1
Higher Education Distribution	3.5	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.7
Grants and Contracts	145.8	273.5	324.9	217.1	251.2	310.1	264.5	254.0	287.8	251.2	258.3	290.9	3,129.4
Other	484.8	620.5	724.0	293.7	272.9	1,076.6	379.2	302.2	755.4	104.1	(23.3)	554.7	5,544.8
Total Expenditures:	(2,101.5)	(1,698.2)	(2,603.7)	(1,112.9)	(1,338.3)	(2,986.2)	(1,153.0)	(1,266.6)	(2,541.2)	(1,244.4)	(1,123.1)	(1,505.6)	(20,674.6)
Total Revenues Minus Total Expenditures[2]	879.3	(230.8)	(594.9)	382.7	170.4	(1,138.8)	1,085.8	130.0	(825.1)	1,439.2	646.0	1,731.1	3,674.8
Revenue Accrual Adjustment	155.6	(24.1)	2.6	7.8	(38.5)	(75.0)	2.4	(0.3)	(2.3)	12.3	(63.0)	(21.1)	(43.7)
Expenditure Accrual Adjustment	(122.6)	60.0	(1.4)	(41.0)	44.7	(13.7)	38.5	(24.7)	19.2	100.4	(21.0)	(292.1)	(253.7)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfer in Cash and Investments Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(164.0)	--	--	(164.0)
General Fund Notes – Including Interest	600.0	--	--	--	--	--	--	--	--	--	--	(602.4)	(2.4)
Capital Construction Transfer	(43.0)	--	--	--	--	--	--	--	--	--	--	--	(43.0)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual Monthly Cash Change	1,469.3	(194.9)	(593.7)	349.5	176.6	(1,227.5)	1,126.7	104.9	(808.2)	1,387.9	561.9	815.5	3,168.0
General Fund Cash Balance End of Month	**$ 1,469.3**	**$ 1,274.4**	**$ 680.7**	**$ 1,030.2**	**$ 1,206.8**	**$ (20.7)**	**$ 1,106.0**	**$ 1,210.9**	**$ 402.7**	**$ 1,790.6**	**$ 2,352.5**	**$ 3,168.0**	

[1] General Fund revenues in this table are derived from the OSPB December 2021 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notice in this Official Statement regarding forward-looking statements.

[2] The July and Total column amounts include the beginning cash and investments balance in July.

Source: State Treasurer's Office

State of Colorado
Actual and Estimated General Fund Cash Flow
Fiscal Year 2021-22[1]
Current Law

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

	Actual					Estimated							
	July 2021	**Aug 2021**	**Sept 2021**	**Oct 2021**	**Nov 2021**	**Dec 2021**	**Jan 2022**	**Feb 2022**	**Mar 2022**	**Apr 2022**	**May 2022**	**June 2022**	**Total**
Beginning Cash and Investments Balance	$ 3,168.0												$ 3,168.0
Revenues:													
General Fund Revenue:													
Sales and Use Tax	247.4	$ 345.3	$ 359.1	$ 346.3	$ 325.5	$ 343.2	$ 411.5	$ 311.6	$ 316.2	$ 353.2	$ 341.5	$ 366.9	4,067.8
Income Tax	410.3	660.7	925.9	845.9	753.9	860.5	1,177.3	330.3	442.2	1,264.9	875.4	1,158.8	9,706.0
Corporate Tax	(0.2)	8.4	200.5	75.2	(57.8)	110.6	93.3	14.8	152.3	246.0	50.2	253.7	1,147.1
Other	54.8	51.1	39.8	(29.2)	24.7	(48.5)	28.7	149.6	98.4	389.8	(17.9)	319.1	1,060.5
Total General Fund Revenue	712.3	1,065.5	1,525.3	1,238.3	1,046.5	1,265.8	1,710.8	806.2	1,009.2	2,253.9	1,249.1	2,098.5	15,981.3
Federal Revenue	514.4	579.6	741.5	472.1	634.1	704.2	587.3	604.7	726.1	518.6	612.8	1,279.6	7,975.1
Total Revenues	1,226.7	1,645.1	2,266.8	1,710.4	1,680.6	1,970.0	2,298.2	1,410.9	1,735.3	2,772.5	1,861.9	3,378.1	23,956.5
Expenditures:													
Payroll	170.5	197.6	194.4	195.6	193.9	178.6	192.9	186.2	188.6	182.7	185.1	204.1	2,270.3
Medical Assistance	508.1	558.9	406.2	400.8	606.0	514.3	347.2	557.3	441.7	739.2	736.4	492.8	6,308.9
Public School Distribution	874.8	(14.2)	907.3	0.2	2.0	901.8	3.3	0.4	902.1	0.4	0.2	2.3	3,580.6
Higher Education Distribution	3.7	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.9
Grants and Contracts	155.0	277.9	330.1	220.6	255.3	318.2	271.4	260.6	295.3	257.8	265.0	298.5	3,205.7
Other	513.4	772.8	978.3	383.4	387.3	1,338.7	456.8	392.4	975.1	192.2	88.7	713.5	7,192.8
Total Expenditures:	(2,225.6)	(1,838.2)	(2,818.4)	(1,204.7)	(1,448.7)	(3,294.2)	(1,271.9)	(1,397.2)	(2,803.3)	(1,372.7)	(1,275.9)	(1,710.4)	(22,661.2)
Total Revenues Minus Total Expenditures[2]	2,169.1	(193.1)	(551.6)	505.7	231.9	(1,324.2)	1,026.3	13.7	(1,068.0)	1,399.7	586.0	1,667.7	4,463.3
Revenue Accrual Adjustment	163.6	(36.0)	3.8	11.7	(57.4)	16.5	7.3	(0.9)	(7.2)	37.9	(194.6)	(83.1)	(138.3)
Expenditure Accrual Adjustment	(80.6)	61.5	(1.4)	(42.0)	45.8	(15.4)	43.3	(27.8)	21.6	112.9	(33.9)	(470.2)	(386.2)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfer in Cash and Investments Per Statute	(225.0)	--	--	--	--	--	--	--	--	--	--	--	(225.0)
Homestead Exemption	--	--	--	--	--	--	--	--	--	(160.0)	--	--	(160.0)
General Fund Notes – Including Interest	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital Construction Transfer	(43.0)	--	--	--	--	--	--	--	--	--	--	--	(43.0)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	1,984.1	(167.6)	(549.2)	475.3	220.3	(1,323.1)	1,077.0	(15.1)	(1,053.5)	1,390.6	357.6	1,114.4	3,510.8
General Fund Cash Balance End of Month	**$ 1,984.1**	**$ 1,816.4**	**$ 1,267.3**	**$ 1,742.6**	**$ 1,962.9**	**$ 639.8**	**$ 1,716.8**	**$ 1,701.7**	**$ 648.2**	**$ 2,038.8**	**$ 2,396.4**	**$ 3,510.8**	

[1] General Fund revenues in this table are derived from the OSPB December 2021 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notice in this Official Statement regarding forward-looking statements.

[2] The July and Total column amounts include the beginning cash and investments balance in July.

Source: State Treasurer's Office

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APPENDIX B

OSPB DECEMBER 2021 REVENUE FORECAST

As discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts," the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2021-22 through 2023-24. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB revenue forecast was issued in December of 2021 and is presented in its entirety in this Appendix. The pagination of this Appendix reflects the original printed document.

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

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December 17, 2021

STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC AND FISCAL OUTLOOK

COLORADO
Governor Jared Polis

Contents

Jared Polis - Governor
Lauren Larson - Budget Director
Meredith Moon - Deputy Director
Bryce Cooke - Chief Economist
Alex Carlson - Senior Economist
Edmond Toy - Senior Economist
Emily Dohrman - Economist
Kevin Amirehsani - Senior Tax Policy Analyst
Solveig Delabroye - Senior Economist
Tanvir Bhuyain - Senior Economist

For additional information about the Governor's Office of State Planning and Budgeting, to access this publication electronically, or to sign up to be notified by email when the quarterly forecast is released, please visit www.colorado.gov/ospb.

Forecast in Brief

NATIONAL ECONOMIC OUTLOOK

The U.S. economy is rebounding in 2021, but faces greater headwinds than previously expected as a result of prolonged supply chain disruptions. Aggregate household finances are strong, with excess savings and growing personal income driving further consumer spending, particularly in goods. Due to high demand and delays in goods supply, inflation has accelerated in recent months. The labor market is tight, as job openings outnumber unemployed workers, which is putting upward pressure on wages.

COLORADO ECONOMIC OUTLOOK

Colorado's unemployment rate remains above the U.S., with service sector jobs in industries like leisure and hospitality recovering less than goods related industries like retail and warehousing. The state's labor force participation rate has begun to fall in recent months though, which has driven up wages to incentivize jobs growth. Regional supply chain constraints are causing longer delays than in the Northeast or South. Inflation is expected to remain elevated in 2022 as upward pressure from supply chain issues subsides but is partially replaced by rent inflation.

GENERAL FUND REVENUE

General Fund revenue is projected to increase to $16.0 billion in FY 2021-22, a 12.2 percent change from the prior fiscal year. The projection for FY 2021-22 is $704.5 million higher than the September forecast. The growth rate is expected to moderate to 2.0 percent in FY 2022-23 and 3.9 percent in FY 2023-24. This upward revision is due to high revenue collections in recent months in individual income, corporate income and sales revenue.

CASH FUND REVENUE

Total cash fund revenue subject to TABOR is expected to be $2.4 billion in FY 2020-21, a 9.3 percent increase from the prior fiscal year. In FY 2022-23, cash fund revenue is projected to increase by 4.1 percent followed by 5.5 percent growth in FY 2023-24.

TABOR

After exceeding the Referendum C cap (as restored by S.B. 21-260) by $453.6 million in FY 2020-21, revenue subject to TABOR is expected to remain above this cap through the duration of the forecast period. Current projections show that revenue will be $1,996.1 million above the cap in FY 2021-22, $1,660.9 million above the cap in FY 2022-23, and $1,707.8 million above the cap in FY 2023-24, triggering the temporary income tax rate reduction in each year.

GENERAL FUND RESERVE

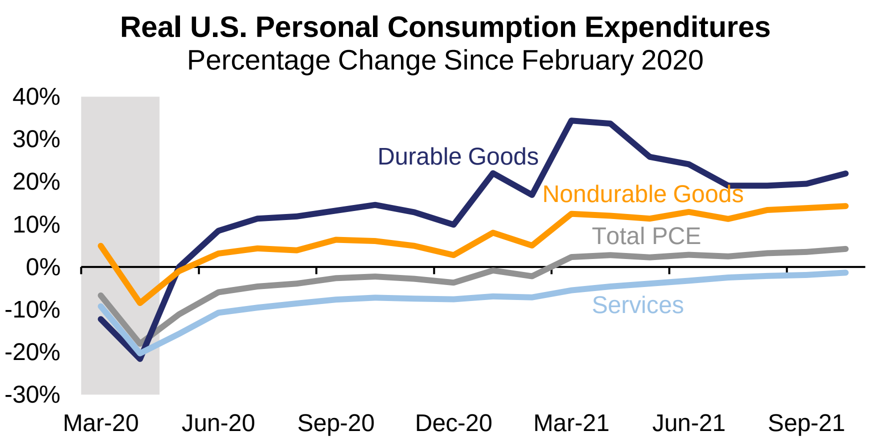
Under this forecast, the General Fund ending balance is projected to be $1,865.0 million above the statutory reserve level of 13.4 percent of appropriations in FY 2021-22.

Economic Outlook

Colorado's economic recovery from the pandemic-induced recession continues at a rapid pace, although greater headwinds exist. The GDP forecast has been revised down due to supply chain disruptions having a larger than previously anticipated drag on the economy. As consumer spending has remained firm in light of strong household finances, the demand for goods has continued to outpace supply. Such an imbalance has caused continued higher than previously expected inflation, with impacts from supply chains likely to resolve themselves in 2022 and more than offset growing shelter inflation. Finally, the labor market continues to remain tight as the labor force participation rate is likely to remain slightly below the pre-pandemic level as some workers have left the labor force indefinitely due to structural changes caused by the pandemic.

Consumer Spending and Retail Sales

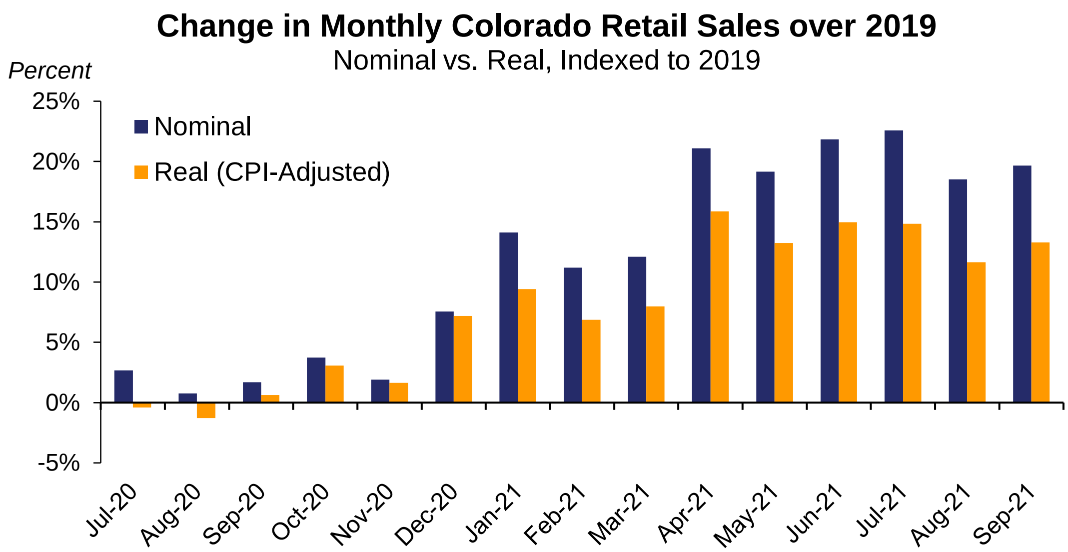
Real inflation-adjusted consumer spending has remained strong in Colorado and the U.S. as a whole over the course of the pandemic recovery despite supply chain challenges and labor shortages that have likely put some downward pressure on consumption. The various rounds of federal transfer payments, additive federal unemployment benefits, and upward wage pressure all bolstered consumer demand, with record accumulated savings levels for all income groups across the country. While spending gains have been widespread, they have not been equal across different consumer categories, nor have they been equal across geographies. Consumer spending is expected to moderate in 2022.



Source: Bureau of Economic Analysis.

In the third quarter of 2021, there was a Delta variant-induced deceleration in the recovery of services, particularly in recreational, restaurant and accommodation services; however, spending in each of these service sectors has continued to grow each month, albeit at a lower rate. As long as consumer behavior is restrained in response to Covid-19 risk, future personal consumption expenditure (PCE) growth is dependent on goods consumption remaining high. Goods spending as a percentage of total expenditures has risen approximately 4 percent since February 2020, while services spending has declined approximately 3 percent. The current expectation is that at least some of this elevated level of goods spending will continue into the future and bolster total expenditures, as supply chain issues have likely stalled some purchases that would have otherwise occurred. However, signs have emerged that durable goods spending has decelerated due to possible price sensitivity on goods such as vehicles, and potentially waning demand as durable goods purchases exceeded their normal larger share of expenditures since May 2020.

Colorado retail sales highlight two important themes as well. For one, the graph below shows that goods consumption is trending significantly above pre-pandemic levels, similar to the national trend. The strength of this growth has resulted in sales tax collections well above forecast over the past year. Additionally, the graph demonstrates the relative effect of price increases (inflation) as compared to real growth of retail consumption. While inflation accounts for a non-trivial portion of the growth in retail sales, a combination of policy changes, including Wayfair impacts, and increased consumer demand drive the remaining growth.



Source: Colorado Department of Revenue; OSPB

In addition, the pandemic may have hastened retail sales growth in rural compared to urban counties as more commuters made purchases in their rural home counties, and as some rural counties gained more residents. Annual retail sales growth from January to September in rural counties actually outpaced the growth rate in urban counties between 2019-2020 and 2020-2021.

Annual Percentage Growth in Retail Sales
Colorado Urban and Rural Counties, January-September

Type of County[1]	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Rural	-2.9%	2.5%	6.2%	6.1%	2.3%	18.4%
Urban	0.5%	6.2%	6.7%	10.2%	0.3%	16.8%

Source: Department of Revenue

Supply Chains

Since the September forecast, the third quarter GDP release displayed slower than previously expected growth, at a 2.1 percent annualized rate. Despite strong personal consumption, there was a significant drag on economic growth due to supply chain disruptions, resulting in lower exports and reduced production. OSPB has identified four major supply chain contributors to the lower than anticipated growth: (1) the slowdown in production of intermediate goods, particularly technological products primarily made in East Asia like semiconductors and microchips, (2) declines in domestic IT equipment investment, (3) labor constraints, and (4) shipping difficulties including trucking shortages and port congestion.

In addition to international trade, domestic contributors to supply constraints include production capacity and labor supply. The aforementioned decline in capital investment is a sign that US production capacity constraints will not be immediately alleviated. Furthermore, labor constraints appear to be linked to Covid-19, with some people not looking for work due to concerns over virus spread. Labor market improvement is expected to temporarily slow until the spring, given expected increases in cases due to cold weather conditions, the transmissibility of the Delta variant and the new potential compounded effect of the Omicron variant.

The recently discovered Omicron variant presents a risk and could slow economic recovery, but OSPB expects only a modest drag on service spending because domestic virus-control policies and economic activity have become significantly less sensitive to virus spread. Omicron could exacerbate goods supply shortages if it necessitates tight restrictions. This was a major problem during the Delta wave, but increases in vaccination rates in foreign trade partners since then should limit the scope for severe supply disruptions.

These constraints may affect retail sales during the current holiday season. Domestic and imported production capacity for microchips remains constrained, which could possibly lead to a shortage for electronics and appliances, resulting in price increases and lower sales. Furthermore, despite retail production of items without a microchip component likely meeting demand, there have been increases in shipping times, concerns about port congestion, and trucking shortages that have created more uncertainty around whether products will arrive on

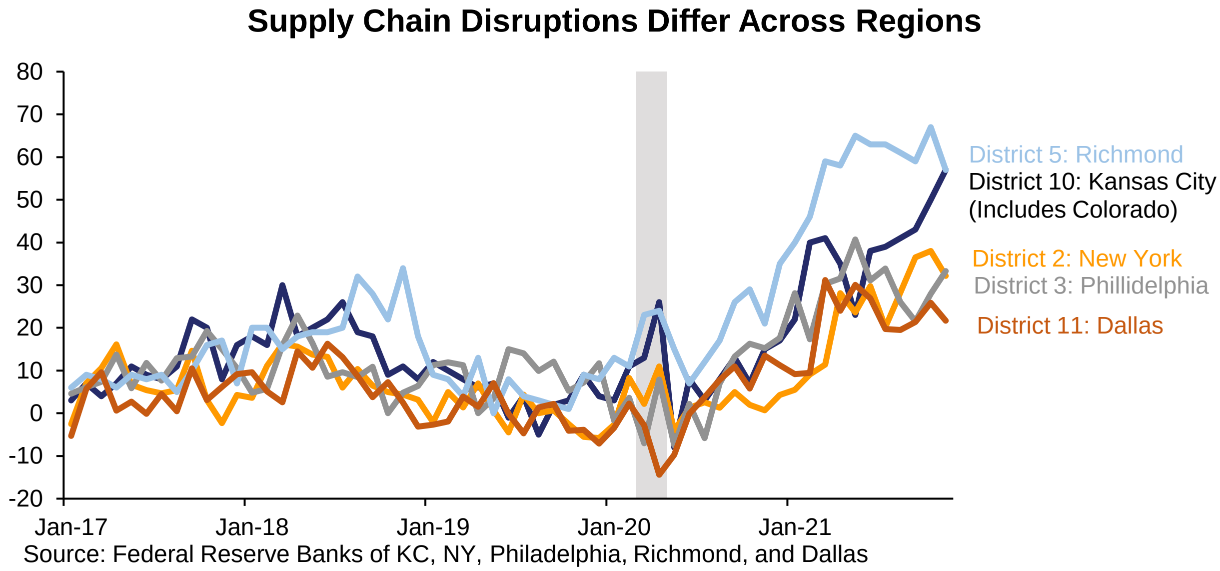
[1] Urban counties are those within US Census Bureau-designated metro areas. The remaining counties are rural.

time. In all likelihood, such widespread and well-known uncertainty will lead to consumers purchasing items earlier, thereby pulling forward retail spending in the fourth quarter of 2021.

Given additional information since the last forecast, OSPB expects all four contributors to supply chain disruptions to be resolved by the summer of 2022. International port congestion will likely begin to fade by the spring and normalize by the summer of 2022. Additionally, microchip production and domestic capacity are projected to also normalize by the summer of 2022. US labor supply is expected to continue to improve as individuals' excess savings continue to fall, but the future labor market recovery pace will likely be slower than its recent rate. By the second half of 2022, supply chains are not expected to be a major drag on the economy, and in the longer term, similar disruptions will likely be avoided due to businesses diversifying vendors and funding from the Infrastructure Investment and Jobs Act.

However, this above analysis applies to disruptions in the US as a whole. When narrowing the focus of supply chain issues, Colorado is in the Federal Reserve Bank's Kansas City region, which is one of the regions most adversely impacted. By comparing the five regional Federal Reserve manufacturing surveys, the differences between the regions since the start of the pandemic are highlighted. The delivery time index is shown, in which higher values indicate more respondents experiencing longer wait times to receive orders than the previous month.

As of November, the delivery time index in the Kansas City region was at an all-time high, reflecting the largest ever increase in the share of respondents reporting longer wait times, indicating that wait times are more broad-based than any other point since the inception of the survey. Additionally, the previous three months going back to August had each set previous records. This adverse impact is due in part to the fact that its geographical location makes it susceptible to trucking shortages in addition to port congestion. Supply chain disruptions are also more pronounced in the other four districts as well, with the index reaching an all-time high in all regions since the start of the pandemic.

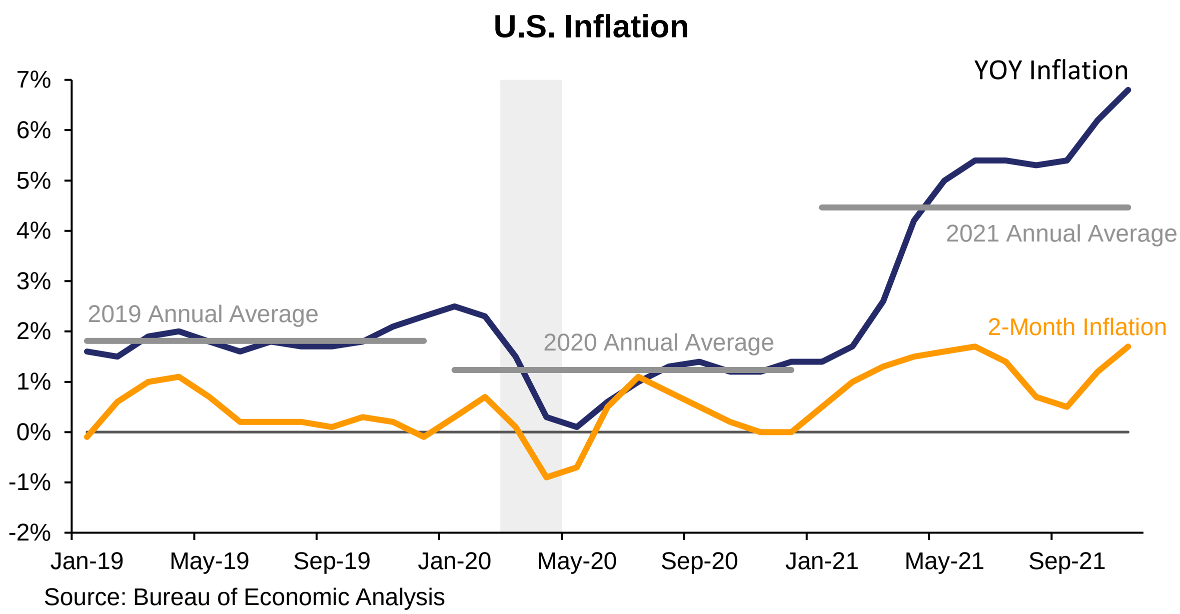


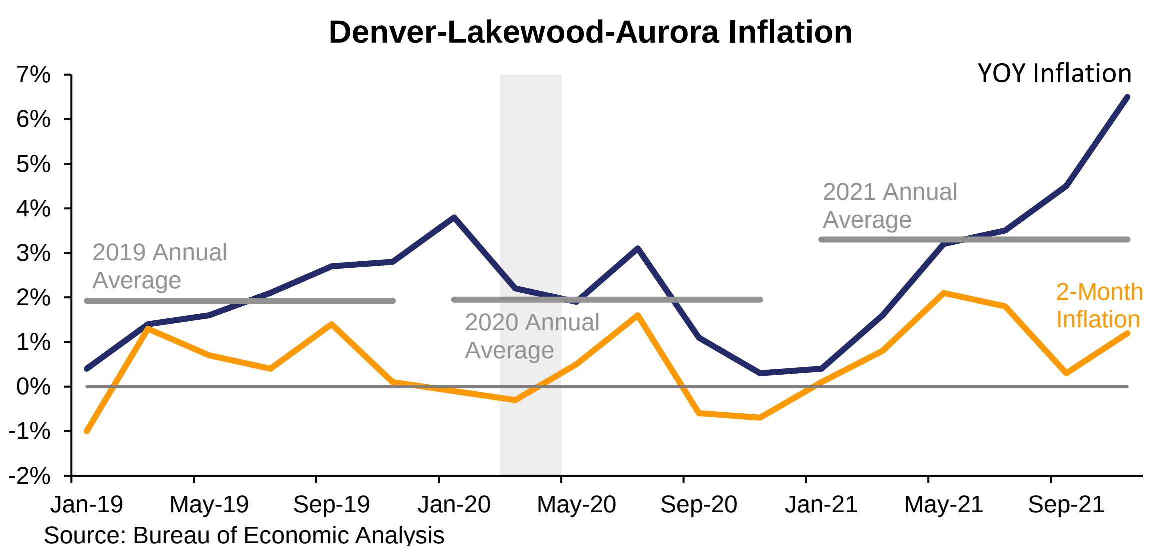
Finally, prices for a range of everyday goods are increasing as a result of consumer demand remaining strong while supply is expected to remain constrained through the middle of 2022. Therefore, supply chain disruptions are directly related to increasing inflation in the short term, as discussed in the next section.

Inflation

The U.S. consumer price index (CPI), or inflation rate, continues to rise rapidly, with 6.8 percent inflation over the course of the 12 months preceding November, the highest growth in 39 years. The corresponding 12-month growth in core inflation, which does not include energy or food prices, grew 4.9 in October, also well above trend. CPI for Denver-Aurora-Lakewood is also growing quickly, but is lower than the U.S. The 12-month inflation growth for Denver-Aurora-Lakewood, has grown to 6.5 percent in November compared to 4.5 percent in September.

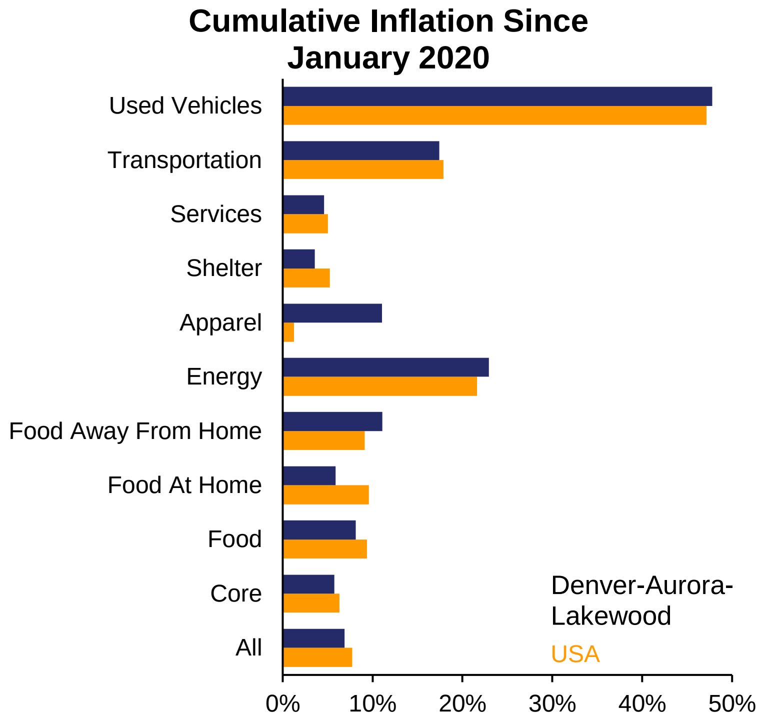
In many headlines, the 12-month growth rate, the current year's index over the same month's index in the prior year, is highlighted. However, it can sometimes be misleading due to variations that have taken place in the months before and in between these months. For instance, during the spring of 2021, this 12-month U.S. growth rate began to grow faster than month-over-month changes because of deflation in 2020. While month-over-month changes also bring additional information, the most important inflation metric in Colorado is the annual average due to the TABOR calculation. The charts below illustrate how the three ways of showing inflation growth interact, with the grey line referring to annual average inflation (includes only actuals through November), the dark blue line displaying 12-month inflation growth, and the orange line showing bimonthly growth.





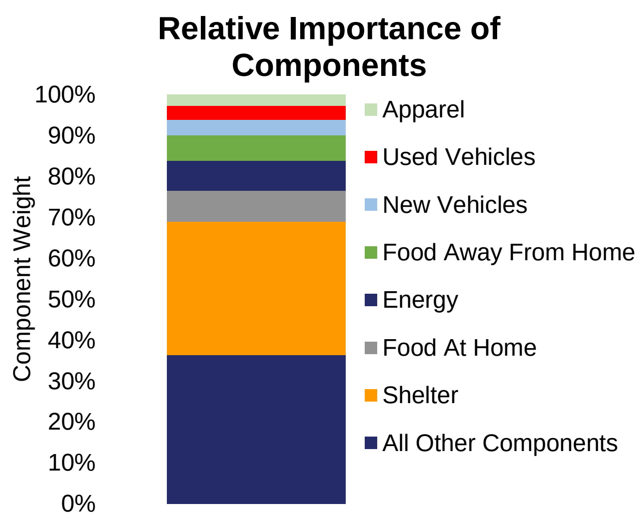
Average annual inflation growth, the average index value for this year compared with its prior, is well below the oft-reported 12-month growth rate and has been for the majority of the year. This is due to low starting points for the index in 2021, as the U.S. bimonthly inflation slowed to zero at the end of 2020, and Colorado experienced falling prices. For 2021, OSPB projects Denver CPI at 3.5 percent, a slight revision down from the September forecast's 3.7 percent. This is due to recent slower growth in shelter inflation and a drop in the energy inflation index in the latest inflation report. As mentioned above, the TABOR calculation uses this annual average rate, so if expectations are correct, a 0.2 percent reduction in 2021 inflation from the September forecast will reduce the allowable expenditures under the TABOR cap by approximately $32 million.

Looking at cumulative inflation since January 2020 at the component level, there are significant differences between the U.S. and Denver-Aurora-Lakewood CPI components, which have pushed local inflation down relative to the nation. Denver-Aurora-Lakewood has seen lower inflation than the U.S. in food, shelter, and services overall. While Denver-Aurora-Lakewood has seen comparatively higher inflation in energy, used vehicles, and apparel compared to U.S., these components do not have enough weight to compensate for the comparatively lower inflation in other components, resulting in lower core and overall inflation in Denver-Aurora-Lakewood since January 2020 compared to the U.S.



Source: Bureau of Labor Statistics

Overall, we see particularly high inflation in the cumulative inflation chart in the energy, transportation, and food categories. Within transportation, inflation in used vehicle prices is driving the growth. Production and supply chain constraints remain a significant contributor to this acceleration in inflation. Used car inventories recently dropped below 50 percent of the average 2019 level, while new car inventories dropped below that threshold last spring and have continued to decline steadily since then. Strong and sustained rebound in consumption has also been a significant contributor to inflation; however, personal savings have now dropped back down to pre-pandemic levels, which may foretell a reduction in consumption and discretionary spending. In addition, there are early signs of supply chain resolutions, and these transitory disruptions may alleviate by mid next-year resulting in reduced durable goods prices. OSPB does expect persistent inflationary pressure from faster growth of wages and rents, but as supply-constrained categories resolve, it is expected to more than offset the more persistent upward pressures. The result is an anticipated Denver-Aurora-Lakewood CPI in 2022 of 3.3 percent, below 2021 growth, but still above recent norms.



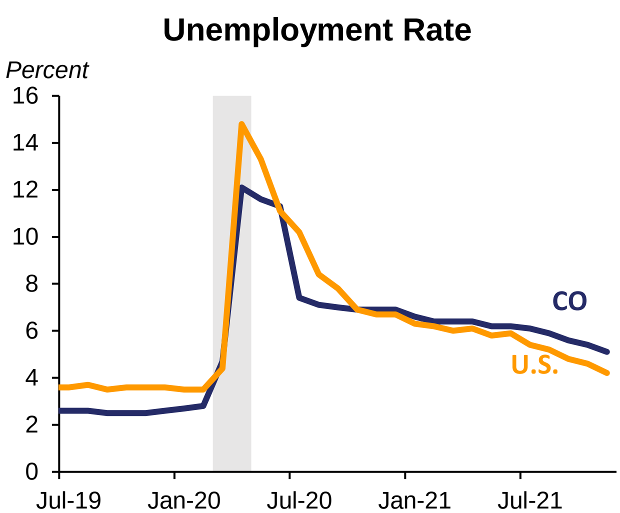
Source: Bureau of Economic Analysis

While the emergence of the Omicron variant adds significant uncertainty into inflation forecasts, there is no specific data at present to suggest that it will contribute to increased inflation in 2022 or beyond. Reduced demand for virus-sensitive services, such as travel, could have a disinflationary impact in the near term, but prior virus waves suggest that such pressures would be temporary and reverse as demand recovers. In contrast, further supply chain disruptions due to Omicron or further delays in the recovery of labor supply could temporarily increase the inflationary impact. Furthermore, the increased uncertainty may in fact result in adoption of stronger and quicker anti-inflationary monetary policy.

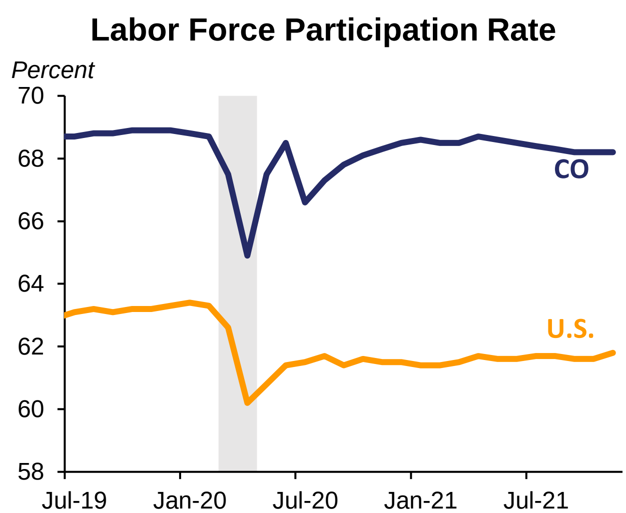
Labor Market

The unemployment rate for Colorado has continued to decline throughout 2021, dropping from 5.9 percent at the last forecast to 5.1 percent in November. Colorado's unemployment rate has historically been lower than that of the U.S., but currently remains 0.9 percentage points higher than the nation's 4.2 percent. OSPB expects the decline in the unemployment rate to continue in 2022 as the effects of expanded unemployment benefits and stimulus payments on household savings decline, although the Omicron variant of Covid-19 poses a downside risk for the beginning of the year.

Despite improvements in the unemployment rate, the labor force participation rate for Colorado has been slowly declining since April's 68.7 percent to 68.2 percent in November 2021, and remains below the pre-pandemic level of 68.7 percent. OSPB expects the labor force participation rate to remain slightly below the pre-pandemic level as some workers have left the labor force indefinitely due to structural changes caused by the pandemic, as well as a growing share of the population being of retirement age.



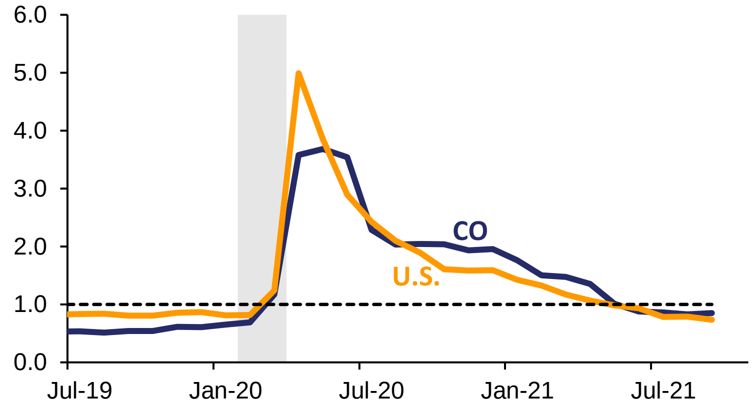
Source: Bureau of Labor Statistics via FRED



Source: Bureau of Labor Statistics via FRED

The lower labor force participation rate has contributed to the shortage in the supply of available labor, which has had a significant impact on businesses in Colorado and throughout the country. The figure below shows the number of unemployed people per job opening. A value of one means that there is exactly one job opening for each unemployed person. Before the pandemic, there were fewer unemployed people than there were job openings reflecting a very tight labor market, particularly in Colorado. At the beginning of the pandemic, the number of unemployed people increased dramatically while businesses cut back on hiring and workers either quit or were laid off in industries most impacted by Covid-19, resulting in slack in the labor market shown as a spike in this graph. As the labor market recovered, the ratio dropped below one in May 2021, reflecting that there are now more job openings than unemployed people, making it more difficult for businesses to find qualified workers.

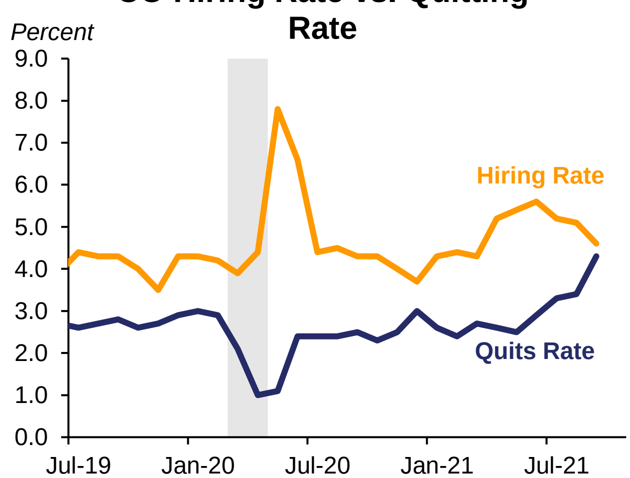
Unemployed Persons per Job Opening



Source: Bureau of Labor Statistics via FRED

The ratio for Colorado has ticked up slightly over the past few months, but hiring pressures on businesses do not seem to have eased, potentially as a result of the falling labor force participation rate. According to the Federal Reserve's October Beige Book, hiring new employees remains "just as difficult compared to a few months ago" for businesses in the region, causing businesses to increase wages, benefits, and training to attract and retain employees. Many retail, hospitality, and manufacturing firms reported decreasing their hours and outputs due to a shortage of workers. OSPB expects the labor shortage to continue into the beginning of 2022, particularly as the Omicron variant of Covid-19 may cause people to be more hesitant about returning to work. However, OSPB expects employment difficulties to ease by the middle of 2022 as the effects of stimulus payments and extended unemployment benefits continue to decline.

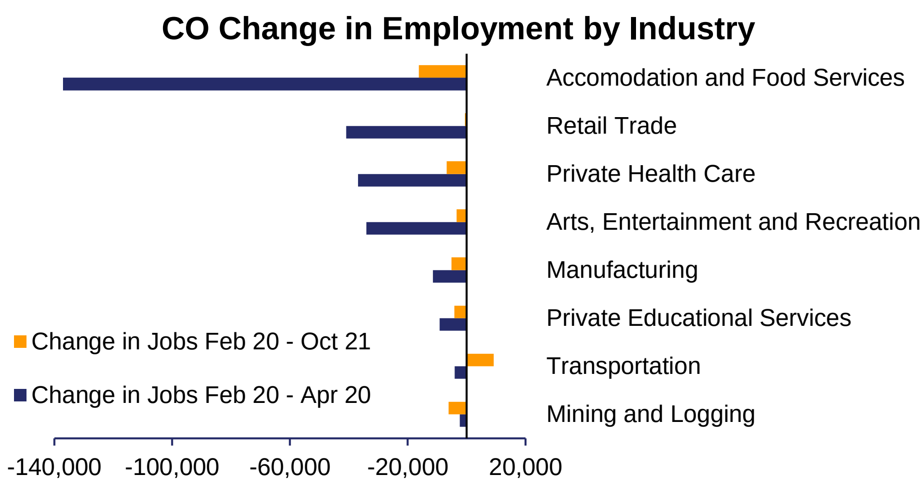
CO Hiring Rate vs. Quitting Rate



Source: Bureau of Labor Statistics, State JOLTS Report

Not only has it been difficult to attract workers, businesses are also struggling to retain existing employees. In September, the rate at which employees are quitting their jobs is historically high for Colorado at 4.3 percent, compared to 2.9 percent before the pandemic. Also, in September, hiring is slowing since its most recent peak in June, now at 4.6 percent, but still slightly above the rate before the pandemic. The rate at which employees are quitting their jobs is approaching the rate at which businesses can hire new workers to take their places, making it difficult to for businesses to catch up on hiring the labor that they need. A high quits rate is usually a sign that employees are confident in their prospects of finding a better job than the one they currently have, or are confident in their economic situation should they lose their income for an extended period of time. The recent uptick in the quits rate could also be attributed to virus concerns, as the most recent observation was during the surge in the Delta variant of Covid-19.

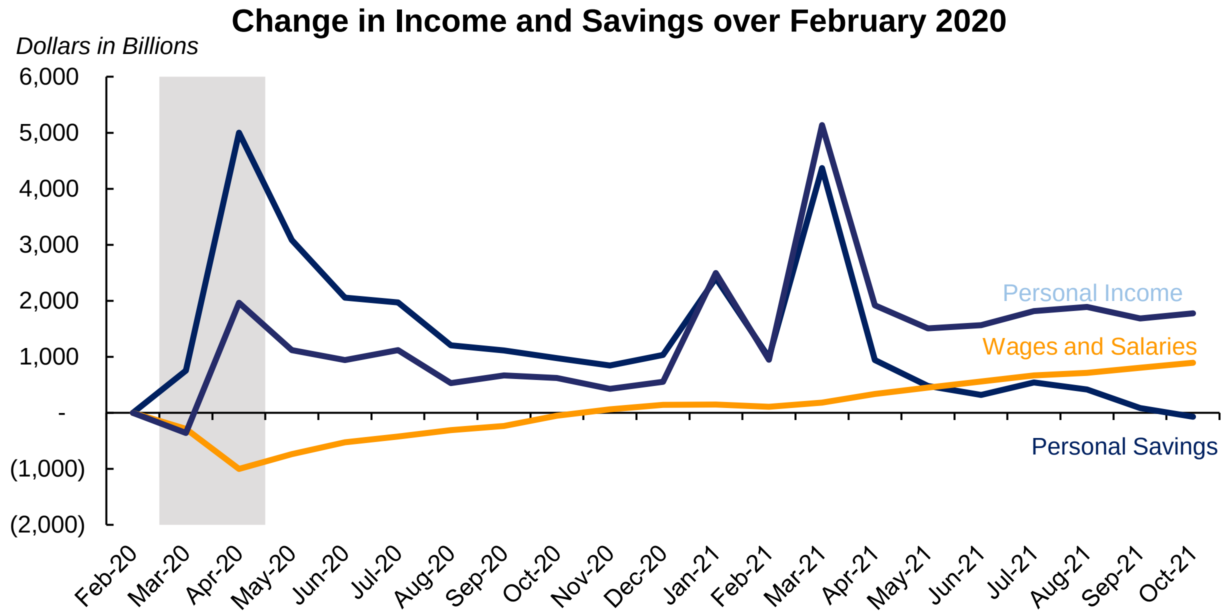
Although there are many job openings available for those who are unemployed, total employment has not recovered to its level in February 2020. Additionally, the employment recovery has not been equal across all industries. Only a few industries have fully recovered, including Transportation, while others, including Mining and Logging have continued to decline throughout 2021. Leisure and Hospitality was by far the hardest hit industry at the start of the pandemic losing nearly 50 percent employment, but has seen tremendous employment growth since April 2020, and is now 5.7 percent below its pre-pandemic level.



Source: Bureau of Labor Statistics

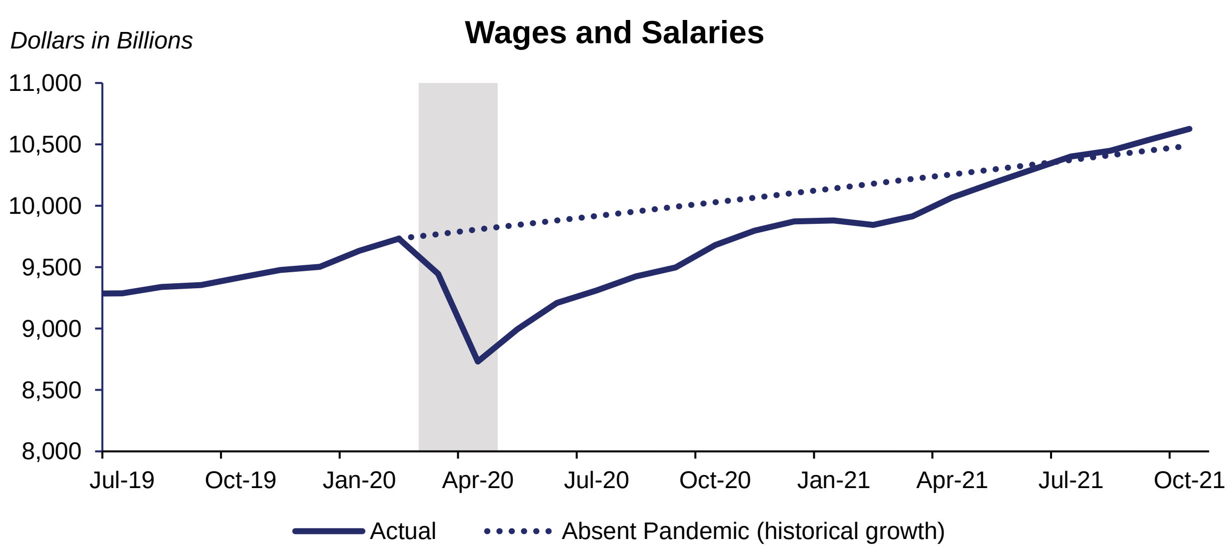
Household Finances

Personal income has held relatively steady over the past six months and remains elevated over its pre-pandemic level. Government benefits have declined with the end of enhanced unemployment benefits, but wages and salaries—the largest single component of personal income—continue to rise steadily.



Source: Bureau of Economic Analysis

National wages and salaries stood at $10.6 trillion in October 2021, which is $0.9 trillion, or almost 9 percent, higher than the pre-pandemic level. The strong labor market and continued economic recovery have boosted wages and salaries to such a degree that current aggregate wages and salaries are roughly equal to the level that would have been expected had the pandemic-related recession not occurred. This is illustrated in the following graph, which compares actual wages and salaries with hypothetical values if there were no pandemic and had instead grown at the historical rate.

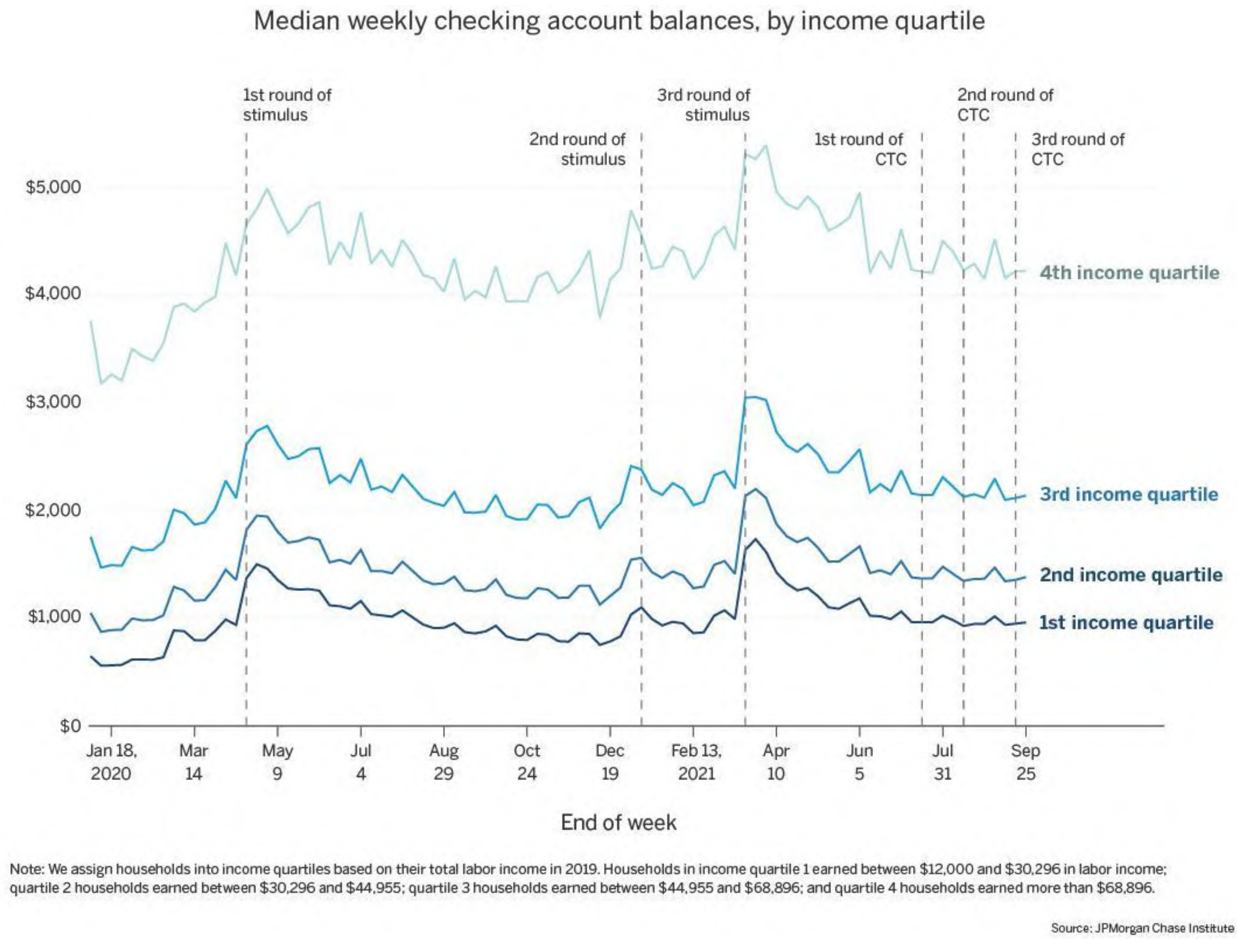


The personal savings rate, or the percent of personal disposable income that is saved, ebbed and flowed with government transfer payments through the course of the pandemic. It peaked around the time each round of stimulus checks were distributed and has now declined to pre-pandemic levels, currently at 7.3 percent in October compared to 7.4 percent in October 2019. The summer months this year saw the broadest opening of the economy since the start of the pandemic, providing more opportunities to spend on services. Additionally, federal expanded unemployment benefits rolled off in September this year, potentially resulting in a spend down of accumulated savings. While the rate is similar, the level of savings is higher overall, largely due to higher wages and salaries.

Household finances are likely to remain relatively strong in the short-term compared to pre-pandemic levels. A tight labor market will favor higher wages and lower unemployment rates. Nevertheless, risks exist. Strong wage growth and large accumulated savings could fuel rising consumer spending and exacerbate inflation, which may in turn erode gains in personal income. In addition, those inflationary pressures are likely to hit people with lower incomes hardest, who spend proportionally more on goods that are impacted by rising prices, like food and fuel. This risk, however, is somewhat muted by the likelihood that accumulated personal saving will not translate quickly into consumer spending.

As one example, balances in consumer checking accounts are only modestly higher than pre-pandemic levels (see graphic below[2]), suggesting that consumers are not sitting on large quantities of cash that can quickly be spent. Consumers appear to have directed the accumulated personal savings to paying down credit card debt and into financial investments. This is particularly true for higher income households, to which personal saving primarily accrued. Higher income households have a lower marginal propensity to spend, so their accumulated personal saving will likely persist and be deployed for consumer expenditures relatively slowly.

[2] Greig, Fiona, Erica Deadman, and Tanya Sonthalia. 2021. "Household Cash Balance Pulse: Family Edition." JPMorgan Chase Institute. https://www.jpmorganchase.com/institute/research/household-cash-balance-pulse-families

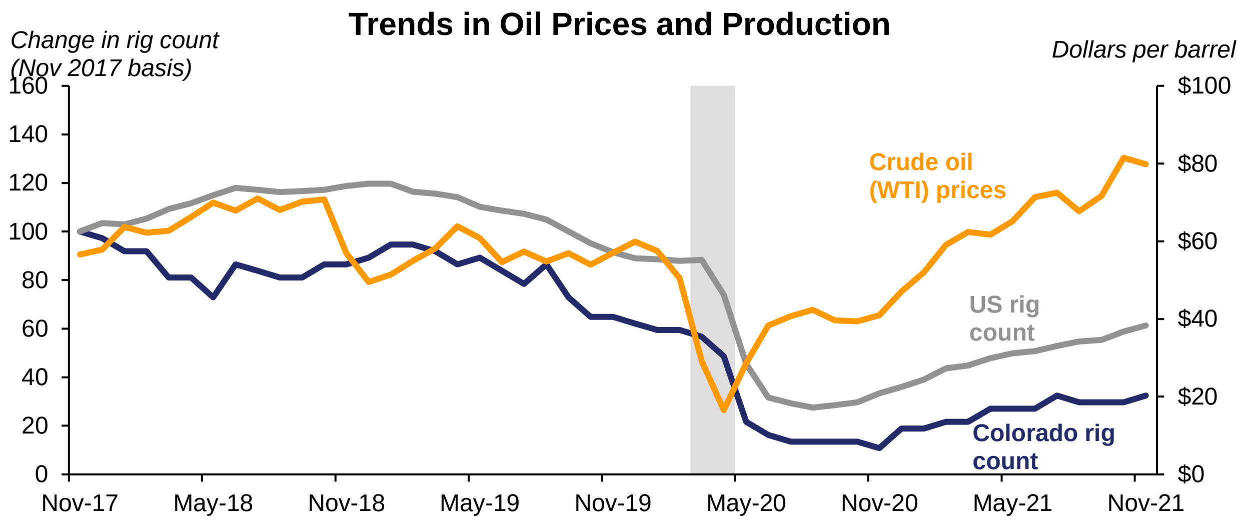


Though a large portion of remaining accumulated savings remains with wealthier citizens, household finances are expected to continue to remain strong due to wage and salary growth. Recent growth in wages and salaries is expected to continue into 2022 as labor market tightness remains a boost until the middle of the year. This is expected to provide continued support for strong household finances for lower income service sector workers and their families.

Energy Sector

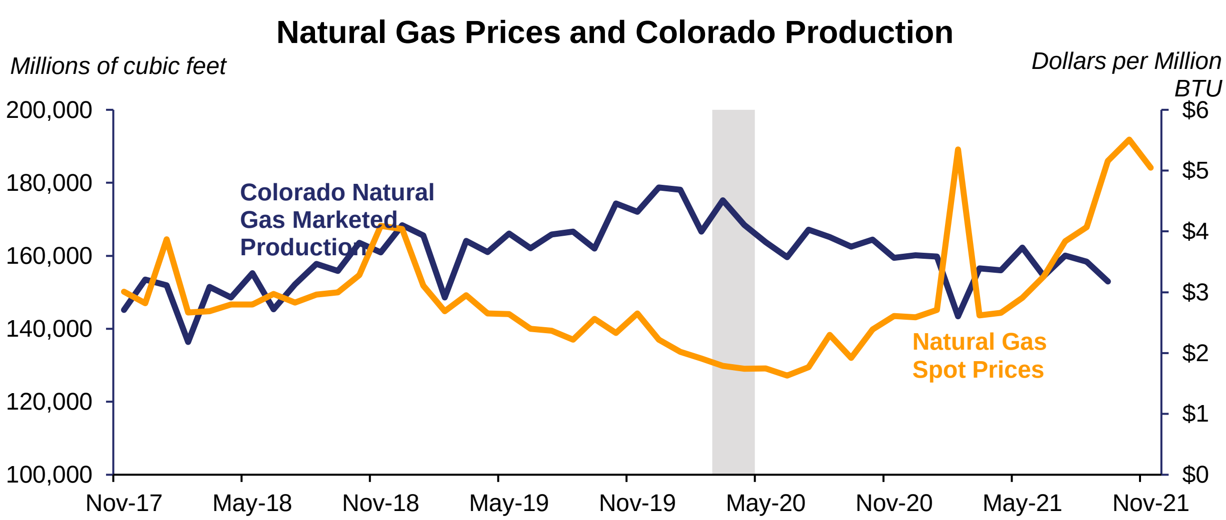
Oil and gas activity accelerated in Colorado in the third quarter of 2021, and a majority of firms reported higher revenues and profits, bolstered by energy prices at a five-year high. Drilling and business activity continued to outpace the previous year, and expectations increased further. However, the Omicron variant constitutes a downside risk that might affect energy markets in the future.

The sharp increase in oil prices over the last six months stems from a variety of factors, among which include an upturn in travel during the summer as vaccination made people more comfortable with travel, and high demand in intermediate petrochemicals products, such as plastics, driven by the shift from spending to goods in consumer spending. Oil prices are expected to remain high at around $70 per barrel in the coming months and largely elevated above the 2017-2019 spot price average of $57.66 per barrels. Asphalt, the heaviest part of crude, could see a surge in demand as the infrastructure bill will provide record amounts of funding for highway improvements, which might temporarily compensate for the decrease in demand created by investments in electric vehicles.

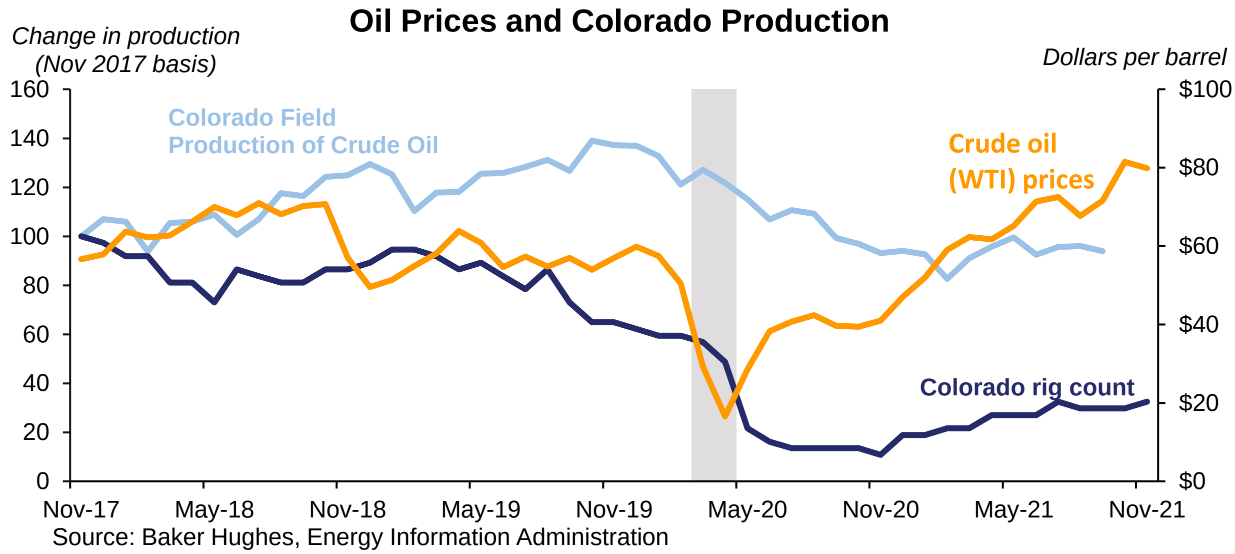


Source: Baker Hughes, Energy Information Administration

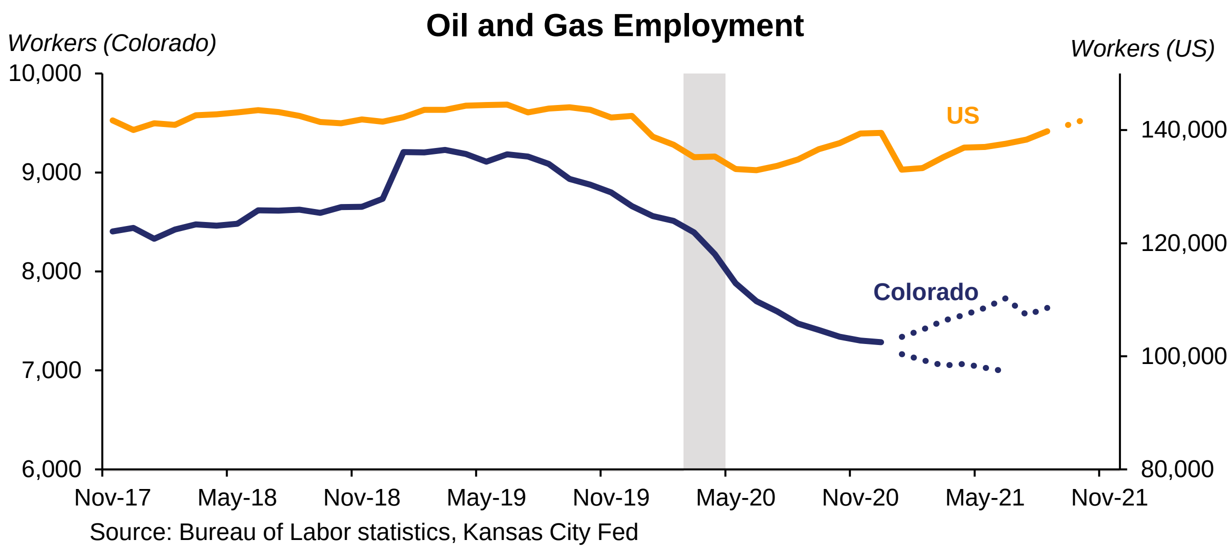
Natural gas prices have been driven up by shipment backlogs at ports; more volatile temperatures this fall, which increased consumption for residential heating; and droughts, which brought hydro-electricity production down, necessitating a switch to natural gas-powered electricity production. Prices are expected to keep increasing in 2022 as these factors remain, and as the federal infrastructure bill investments in clean fuel vehicles includes not only electric vehicles but also liquefied and compressed natural gas.



Source: Baker Hughes, Energy Information Administration

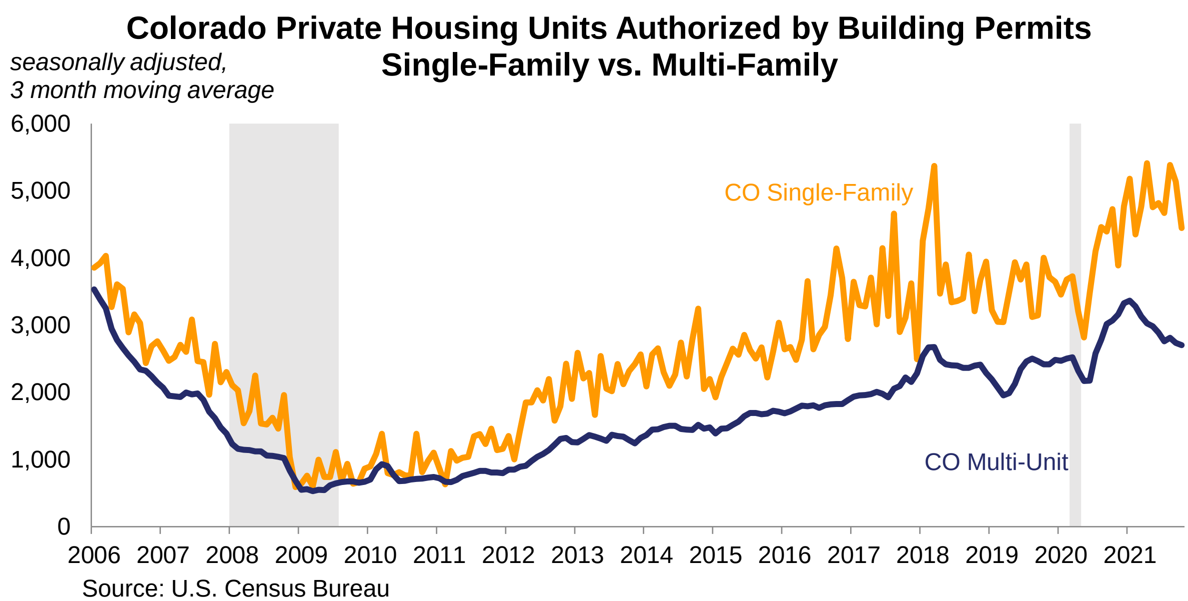


There has been an observable a decoupling of oil production from prices in the last few months, both in the US and in Colorado. The recovery in production after the spring 2020 recession has been very slow despite a relatively quick rebound in prices. Part of the reason has been the reluctance of investors to fund production increases, as the oil and gas sector has had some of the worst returns of any sector over the last decade, with returns on investment consistently lower than the cost of capital, and debt levels doubling over the past 15 years. In Colorado specifically, the application of SB19-181 (Protect Public Welfare Oil and Gas Operations) starting January 15, 2021, which added a 2,000 foot setback distance between well sites and homes, schools, priority wildlife habitats, and bodies of water, slowed new well location permitting for about a year. That coincided with a five-year national low in "drilled-but-uncompleted" (DUC) shale wells (i.e. drilled but not yet fracked) which are typically a way for oil and gas firms to ramp up production with lower up-front capital costs. Drilling has rebounded in the third quarter of 2021, with new permits being granted, and regional producers of oil and gas indicating that they expect production, revenue, profits, and employment to keep increasing over the next six months.



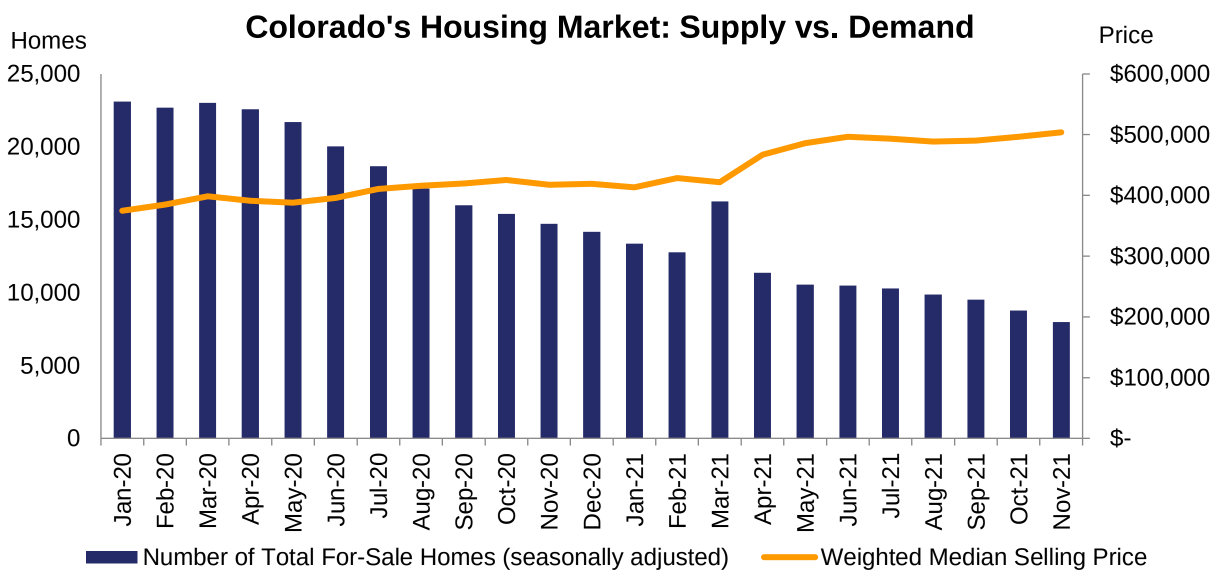
Housing Market

Colorado housing construction as measured by monthly residential building permits issued reached 5,793 in August, the highest level since June 2001, before dropping to 4,721 in October (still high by historic standards).[3] Demand for additional living space during the pandemic contributed to the increase in permits over the last 18 months, with multifamily permits outpacing single-family permits and multifamily now comprising 44 percent of building permits in Colorado.



[3] US Census Bureau

At the same time, the gap between housing supply and demand in Colorado remains large. Just 7,737 homes were listed for sale in November, the lowest monthly total since the Colorado Association of Realtors began tracking in 2010. While for-sale inventory typically falls after the summer, the magnitude of this decline in Colorado is notable. Inventory dropped 39 percent between September and November. Year over year, inventory dropped by 39 percent for single-family homes and 62 percent for townhomes and condos in November. Reduced inventory often leads to a self-reinforcing cycle, as 28 percent of homeowners choosing not to sell indicate they cannot find a new home to buy.[4] Demand remains at record levels, putting upward pressure on home prices. The median selling price for both single-family homes and townhomes/condos reached $532,800 and $397,500 in November, respectively, their highest levels ever. Year over year, these median prices have increased by 19 percent for single-family homes and 16 percent for townhomes and condos in November. A looming Federal Reserve interest rate hike might



Source: Colorado Association of Realtors

These disparities appear the most glaring in mountain resort communities, which continue to see an influx of buyers from both the Front Range and outside Colorado. For example, in November La Plata County's single family and townhome/condo inventory fell 50 percent and 70 percent from the same time last year, respectively, while its median sales price increased 25 percent and 5 percent. Similarly, Chaffee County's inventory fell 51 percent for single family and 65 percent for townhome/condos, while its median sale price increased 40 percent and 23 percent (similar statistics are shown for three other mountain counties below). When this low inventory and high prices are coupled with a growth in units being used for short-term rentals (STRs), the effect on housing affordability can be significant and contributes to employee shortages. In November,

[4] US Realtors Association (https://www.realtor.com/research/2022-national-housing-forecast/)

voters in Avon, Ouray, Leadville, Telluride, and Crested Butte approved excise taxes and/or expanded lodging taxes on STRs, with much of the proceeds going to affordable housing or workforce housing.

Average Sales Price and Days on Market Statistics, November 2021, Selected Counties

Single Family	Average Price % Year over Year	Average Sales Price Year over Year	Days on Market Until Sale Year over Year
Summit County	1% ↑	$1,834,730	58% ↓
Eagle County	52% ↑	$3,349,433	31% ↓
Routt County	11% ↑	$1,219,066	33% ↓
Townhouse / Condo	**Average Price % Year over Year**	**Average Sales Price Year over Year**	**Days on Market Until Sale Year over Year**
Summit County	7% ↑	$649,291	64% ↓
Eagle County	89% ↑	$2,001,017	49% ↓
Routt County	33% ↑	$869,215	52% ↓

Source: Colorado Association of Realtors

By some measures, the ability of renters to purchase a home in Colorado is also narrowing. According to a recent study Colorado has the nation's eighth highest "cost of moving up,"[5] which is a ratio of an area's typical home price to typical annual rent. This is because home prices are increasing faster than rents, and indicates that it is currently more difficult to move from renting to owning. Reports indicate that rents are increasing significantly in many Colorado urban areas. For example, in Denver, both 1-bedroom and 2-bedroom apartment rents in November increased 15 percent year-over-year, while in Colorado Springs they increased 21 and 15 percent respectively.[6] This has been partly due to higher labor and construction material costs increasing (eventually resulting in rent increases), but also more demand given the low inventory of for-sale homes. Apartment vacancy rates were a low 3.8 percent in Denver,[7] which makes it harder for people looking to find a new apartment and means landlords can charge more. However, there is some evidence that the increase in multifamily building permits is resulting in more apartment units coming on to the market. In Colorado Springs, 784 apartments were added during the third quarter of 2021, which is the most for any quarter in at least 20 years. This is part of the reason why Colorado Springs' vacancy rate is a much healthier 6.1 percent.[8]

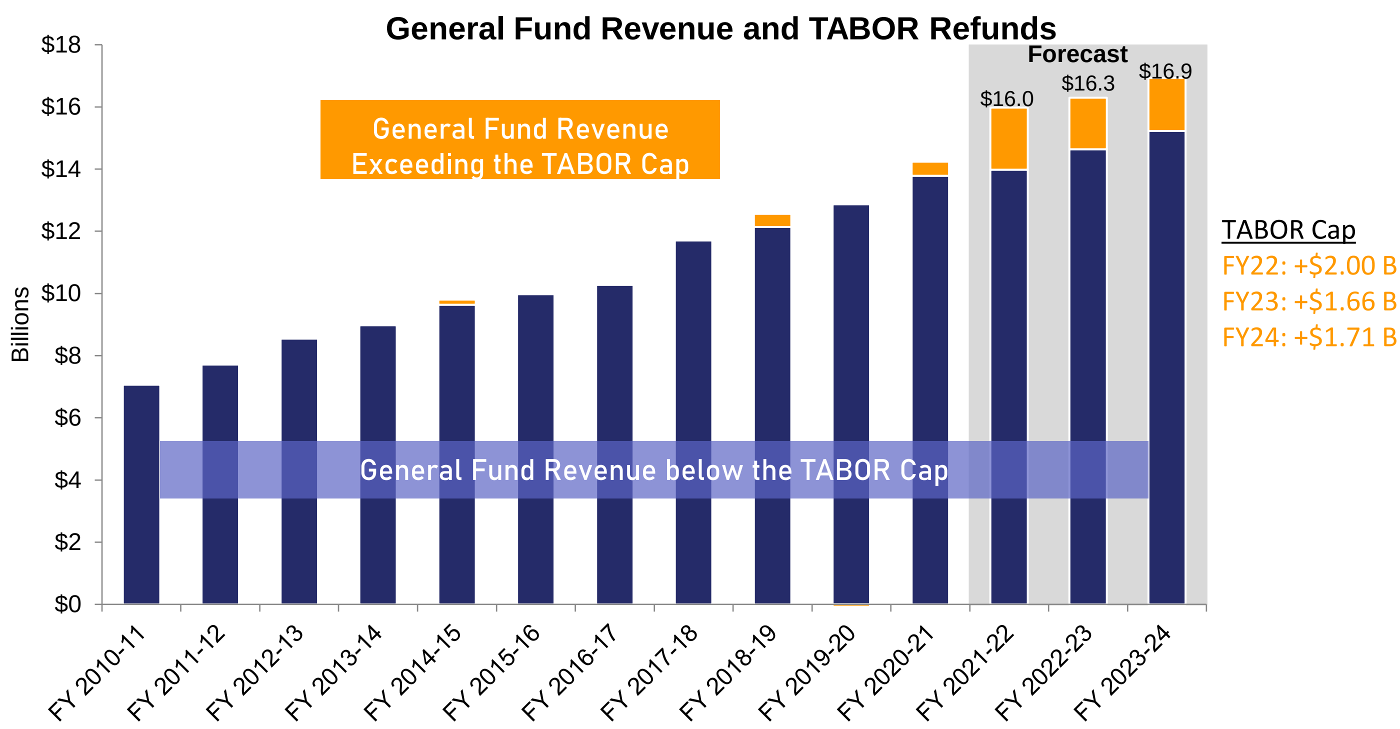
[5] "The Cost of Moving Up to Homeownership", Wendell Cox, http://www.newgeography.com/content/007243-the-cost-moving-up-home-ownership
[6] Zumper National Rent Report (https://www.zumper.com/blog/rental-price-data/)
[7] Denver Metro Apartment Vacancy and Rent Report
[8] Colorado Springs Metro apartment Vacancy and Rent Report

Forecast Risks

While there is upside risk due to household finances and supportive lending conditions, there is more than offsetting downside risk to the forecast due to uncertainty around new Covid-19 variants' impact and extended supply chain disruptions may be a drag on growth as well as a driver of possibly more permanent inflationary concerns. More detail on the spread and vaccine efficacy against this new variant will provide greater insight into the likely consumer and business sentiment that could shape the start of 2022.

Revenue Outlook – General Fund

General Fund revenue is projected to increase to $16.0 billion in FY 2021-22, a 12.2 percent change from the prior fiscal year. The projection for FY 2021-22 is $704.5 million higher than the September forecast. The growth rate is expected to moderate to 2.0 percent in FY 2022-23 and 3.9 percent in FY 2023-24.

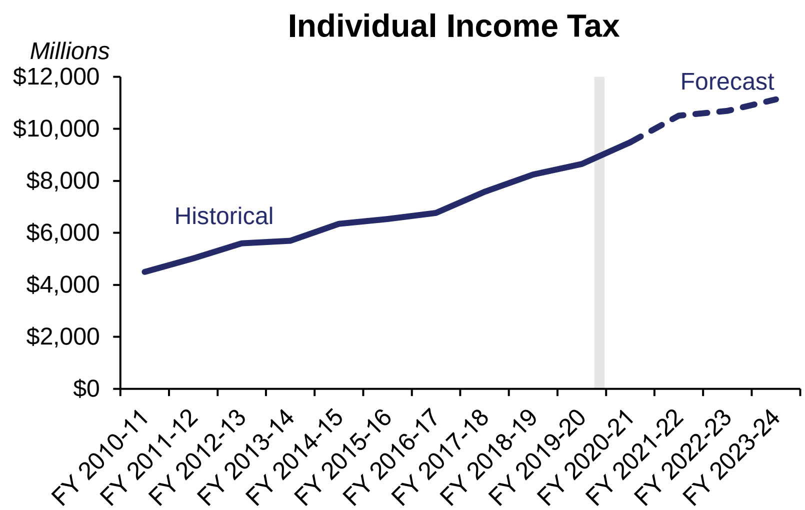


The upward revision to the forecast reflects continued strong growth in personal income, corporate profits, and consumer spending.

General Fund revenue is projected to exceed the TABOR cap in the current fiscal year and throughout the forecast period. Revenue is expected to exceed the cap by $1.996 billion, which is $705 million more than forecasted in September. General Fund revenue above the cap is projected to be $1.661 billion in FY 2022-23, and $1.708 billion in FY 2023-24.

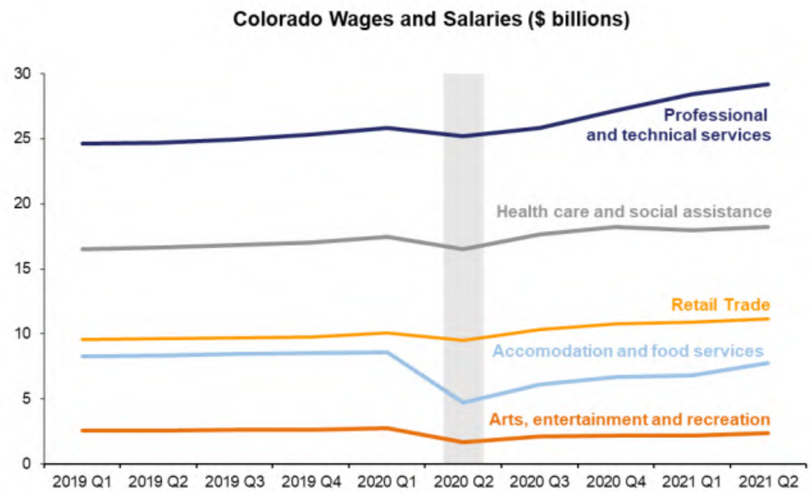
Individual Income Tax

Individual income tax receipts in FY 2021-22 are forecast to increase by 10.8 percent compared to the prior fiscal year, to $10.5 billion. This reflects an upward revision from the prior forecast of approximately $482.5 million. Aggregate wages and salaries strongly impact this revenue and have been revised upward by $7.6 billion in 2021 and $8.0 billion in 2022, compared to the prior forecast.



Individual income tax receipts have exhibited resilience throughout the pandemic and recovery. This is particularly true of individual income tax withholdings, which account for more than 80 percent of net individual income tax receipts. Individual income tax withholdings through November 2021 are 11 percent higher than the prior fiscal year, with small business income is showing continuing strength as well. This reflects a strong labor market in Colorado, with a declining unemployment rate and significant wage pressure as businesses struggle to attract the number of workers they need.

Tax withholdings are closely tied to aggregate wages and salaries, which have recovered relatively well, despite slow recovery in certain sectors of Colorado's economy. One driver are the economic sectors with the highest wages and salaries—and thus the largest contribution to individual income taxes—were not as severely impacted by the pandemic-induced recession as other sectors. The pandemic led to only a slight drop in wages and salaries in Colorado's professional and technical services sector and has grown rapidly since the second quarter of 2020. In contrast, the accommodation and food services sector has still not returned to pre-pandemic levels, but the aggregate wages and salaries of this sector are only about one-quarter of Colorado's professional and services sector. The relative stability of wages and salaries in higher income sectors have buoyed individual income tax receipts.



Source: Bureau of Economic Analysis

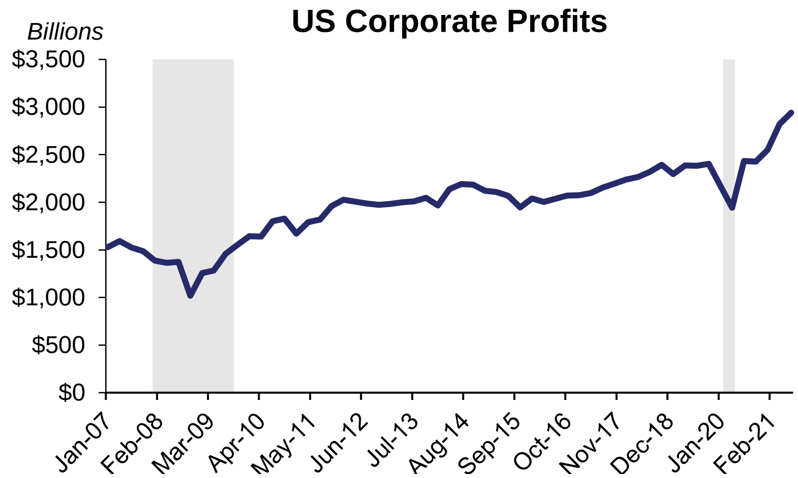
Other factors also contribute to higher individual income tax returns. Investors are likely to realize capital gains as equity markets continue to post strong gains and as they weigh the possibility of federal legislation that could increase capital gains taxes. Additionally, Colorado's oil and gas sectors are enjoying higher energy prices that are supporting higher incomes.

The growth in individual income tax receipts will moderate in subsequent years, to 1.7 percent in FY 2022-23 and 4.2 percent in FY 2023-24. The rapid run up in wages and salaries is unlikely to sustain over the long term as it puts greater pressure on small business earnings.

Corporate Income Tax

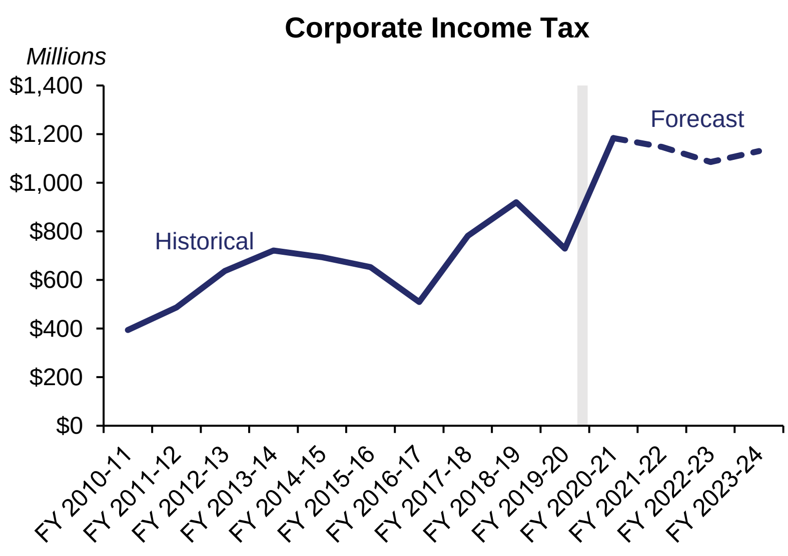
In FY 2020-21, corporate income tax revenue set a record of $1,183.7 million, largely due to government support and record corporate profits. In FY 2021-22, corporate income tax receipts are projected to fall by 3.1 percent from these historic highs, as corporate profits growth are forecast to decelerate at the start of 2022. Corporate profits are expected to further moderate from recent records, reflecting another projected drop of 5.4 percent in FY 2022-23. Finally, in FY 2023-24, corporate tax revenues are expected to grow by 4.2 percent, resulting in the third highest total on record after FY 2020-21, and the projected FY 2021-22.

Corporate profits before taxes, which accounts for inventory and capital adjustments, is the primary driver of corporate income tax collections. In the third quarter of 2021, such profits nationwide hit a new record high of $2.94 trillion. Prior to the pandemic, the record was $2.41 trillion, but that mark has been broken five times since. Furthermore, corporate profits are not just keeping pace with rapidly growing GDP, their share of GDP is increasing. In fact, the third quarter of 2021 saw the highest share of gross domestic product derived from corporate profits going back to 1950. As businesses work to retain workers, they will necessarily have to dip into a portion of these profits. Given that wages and salaries currently make up 45.2 percent of GDP, lower than the long run average of 47.0 percent, OSPB assumes corporations will be able to sustain healthy profits. However, these business decisions impact the shape of the corporate revenue forecast, as increased compensation lowers C-corp profits, creating a small drag on revenue.



Source: Bureau of Economic Analysis

Despite this projected decline, expectations for corporate income tax revenue were revised up in all years, including by $215 million in FY 2021-22. This revision reflects actual revenue collection that has come in above the September forecast's expectations, particularly in September, when revenue set an all-time record for the month of $242.4 million, $67.1 million higher than the record previously set in 2020. The economic recovery from the pandemic is expected to be slower than normal with Covid-19 variants causing a more prolonged shift in consumer spending towards goods-producing businesses. Given that a larger share of corporate income taxes in Colorado stem from goods-producing businesses, the forecasts now reflect an updated path that



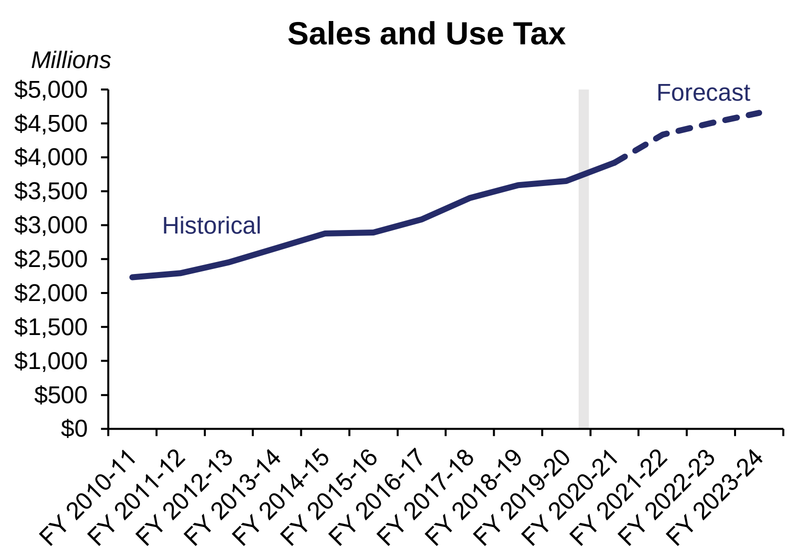
reflect a recovery driven more by goods spending.

Additionally, expectations are driving changes in tax provisions on a state and federal level. On the federal side, the recently passed Infrastructure Investment and Jobs Act is expected to have a very limited negative state revenue impact of around $1 million per fiscal year. ARPA is expected to have a minor positive impact on revenue, growing to $14 million in additional revenue by the end of the forecast period. The current forecast does not consider the Build Back Better bill. From the state perspective, the most recent legislative session is expected to raise corporate income tax revenue by $32 million by FY 2023-24, largely as a result of HB21-1311.

Sales and Use Taxes

Sales tax revenue grew 7.0 percent in FY 2020-21 and is expected to grow by an additional 12.3 percent in FY 2021-22 before slowing to 4.1 percent growth in FY 2022-23. Relative to the September forecast, the projection for FY 2021-22 was revised upward by approximately $94.6 million to $3.840 billion. The projections for FY 2022-23 and FY 2023-24 were also revised upward by $56.9 million and $54.8 million to $3.996 billion and $4.132 billion, respectively. These growth rates and revisions are consistent with our expectations for the Colorado retail sales forecast in our economic forecast tables, wherein we project calendar year growth rates of 16.2 percent in 2021—up from only 1.9 percent growth in 2020—5.1 percent in 2022, and 3.2 percent in 2023.

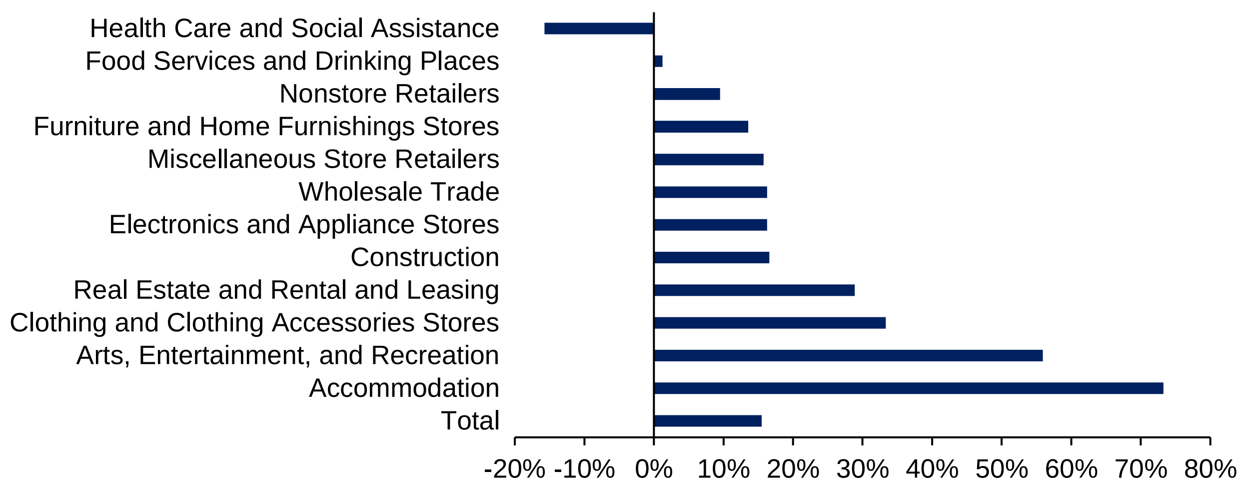
As in previous forecasts, these sales tax revenue estimates incorporate bills passed over the course of the 2021 Colorado legislative session. These estimates now also include impacts of the Governor's November budget submission for FY 2022-23. Total policy-related adjustments for FY 2021-22 through FY 2023-24 are -$27.7 million, +$22.6 million, and +$30.9 million respectively, as a result of HB 21-1312, HB 21-1265, HB 21-1261, SB 21-229, and the Governor's FY 2022-23 budget submission.



After upward revisions to our sales tax forecast in September, continued upward revisions this forecast are due in part to stronger than expected collections in October and November, notably $12.0 million and $25.1 million above forecast, respectively.

Growth in October and November collections (and thus September and October sales) confirms that the pandemic-era pattern of increased goods consumption remains, despite the return to higher levels for many categories of services spending. These trends are depicted in the graph below, which compares taxable retail sales across various selected categories in July through September of 2021 to sales in the same period of 2020. In particular, categories including nonstore retail sales, construction, and home furnishings have continued to grow at 10 to 20 percent over high mid-pandemic levels. At the same time, industries that faced record low sales over the height of the pandemic showed significant strength over the summer despite the effects of the Delta variant, including arts and entertainment, accommodation, and apparel. The graph also shows that total taxable retail sales are up 15.5 percent over 2020, consistent with our projections for the rest of the year. Finally, the growth in October retail sales (and thus November collections, for which we don't yet have the industry-level breakdown) may also suggest that consumers' concerns about rising inflation and supply chain bottlenecks have prompted increased sales earlier in the holiday season as compared to pre-pandemic patterns.

Percentage Change in Retail Sales by Category
(Colorado, July-September 2021 vs. 2020)



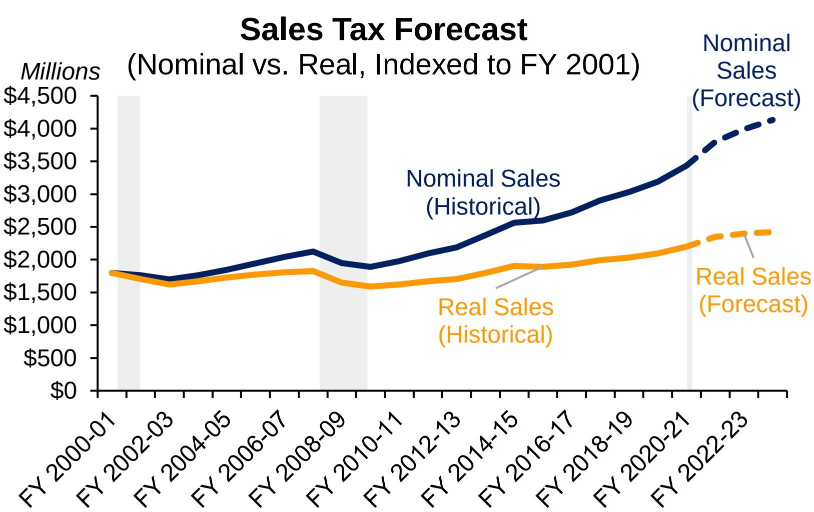
At the same time, revisions to FY 2022-23 and FY 2023-24 revenue reflect revised assumptions about the potential growth of sales tax revenue above current levels. Revised assumptions regarding sales tax revenue growth going forward are a result of both (1) an increased likelihood that some major purchases have been delayed as a result of supply chain issues, including cars and large durable goods like appliances that may be pushed into FY 2022-23; and (2) pandemic-induced patterns of consumption have proven stickier than originally anticipated as pent-up savings continue to bolster sales growth.

As shown in the consumer spending and retail sales economic forecast, one consideration when forecasting sales tax revenue growth is the extent to which inflation (price) is the driver of increased sales versus actual increased volume of goods consumption.[9] The table on the left weighs this consideration, showing that accounting for inflationary price pressures reduces the projected growth rate in sales tax revenue by nearly 50 percent. The basket of goods and services subject to Colorado sales tax collection is only a subset of the CPI basket, so it is possible that goods and services on which sales taxes are collected have experienced slightly higher inflationary pressures, for example apparel or auto sales as compared to housing prices. Regardless, while the price impact is substantial, the table shows that significant growth remains even after adjusting for price increases. Notably, the real growth in sales tax collections projected in this forecast is still slightly higher than average annual rates over the past 5 to 10 years. The longer-term relationship between nominal and real sales tax collections is depicted in the graph below.

Sales Tax Revenue Growth Over Time

	Average Annual	
Growth Period	**Nominal**	**Real**
5 Year	5.8%	3.1%
10 Year	5.7%	3.1%
Recession Years (Since FY 2000)	1.0%	-1.8%
Non-Recession Years (Since FY 2000)	4.3%	2.0%
Forecast Years (FY 21/22 - FY 23/24)	**6.4%**	**3.3%**

The acceleration in the distance between the nominal (blue) and real (orange) lines on the graph shows that prices will play a greater role in increasing sales tax revenue over the forecast period. However, consistent with the narrative above, inflation-adjusted growth will still be higher than Colorado has experienced over the course of the past 5 to 10 years.

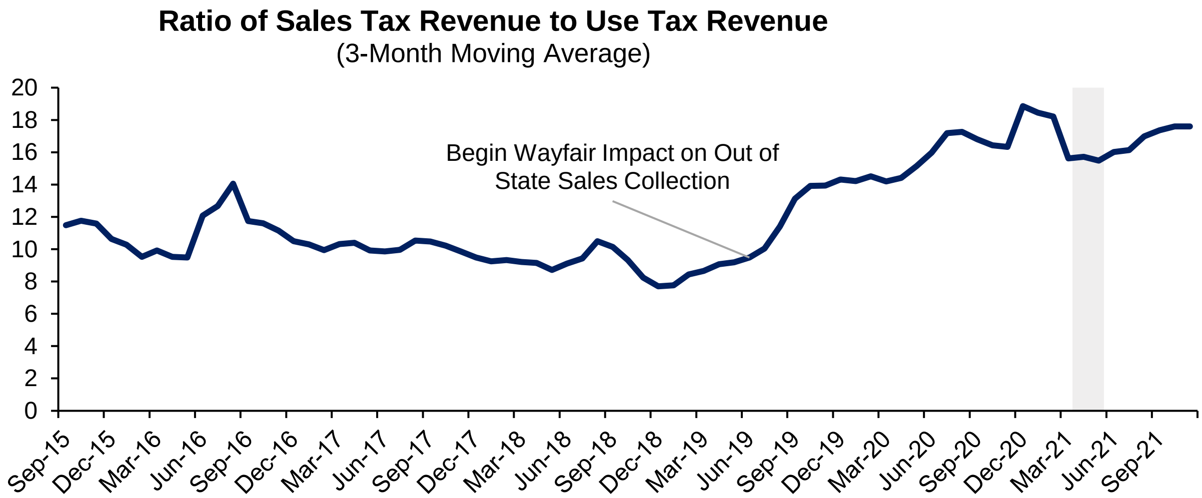


Use Taxes

Use tax revenue increased 1.8 percent to $214.2 million in FY 2020-21 after a 39.1 percent decline in FY 2019-20, largely as a result of HB 19-1240 and the collection of sales tax from out-of-state sales vendors. It is expected that use taxes will continue to rebound to $227.7 million in FY 2021-22 and grow to $230.0 million in FY 2022-23. These projections are revised downward from the September forecast as a result of slightly lower than anticipated collections in recent months. These projections also assume that the trade-off between sales and use tax revenue as a result of HB 19-1240 has largely leveled off as a more normal relationship between sales and use tax

[9] Inflation adjustments are made on a yearly basis in this table, such that each year's inflation-adjusted growth rate is effectively the difference between the nominal growth rate and the year over year increase in prices.

collections resumes. This tradeoff between sales and use tax revenue as a result of changes in out-of-state sales collection is demonstrated by the sharp increase in the ratio of sales tax revenue to use tax revenue starting in July 2019, when the impacts came into effect.



In addition to showing the Wayfair impacts on sales and use consumption, the graph above also highlights another component of use tax revenue, showing that the ratio of sales to use tax revenue was lower during the early stages of the pandemic than currently. This lower ratio is likely a result of lower than usual capital investment in the mining and energy industries in the early months of the pandemic, which is a significant driver of use taxes. The forecast assumes that the ratio between sales and use taxes will stabilize somewhere in between early pandemic levels and current levels and remain relatively consistent, just as it was prior to the impacts of Wayfair on collection of sales tax from out-of-state vendors.

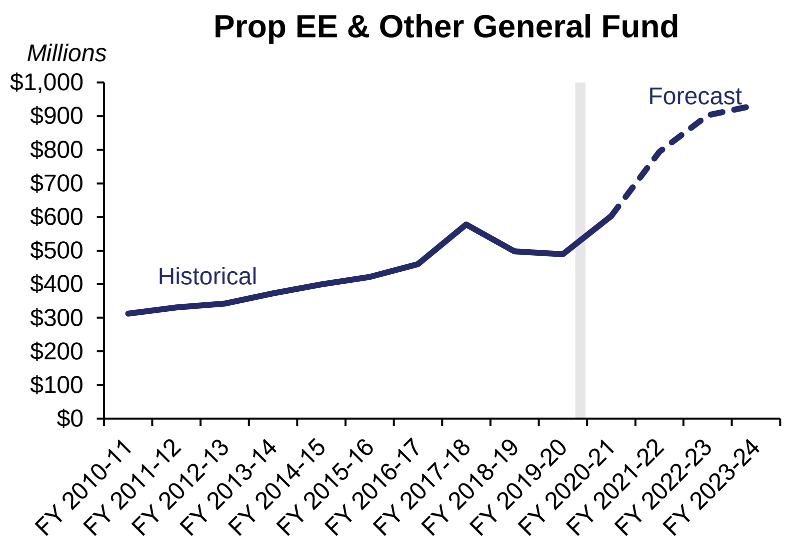
Marijuana Sales

After a 27.4 percent increase to $245.5 million in FY 2019-20, the 15 percent special sales tax on marijuana retail sales increased by another 17.4 percent to $288.2 million in FY 2020-21. Revenue is expected to decline by 7.4 percent in FY 2021-22 and resume slower growth in FY 2022-23 and FY 2023-24. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Prop EE Revenue

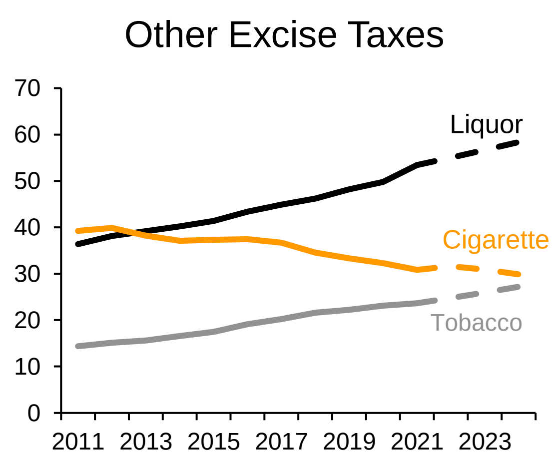
Proposition EE and other excise taxes includes taxes on cigarettes, tobacco, nicotine, and liquor. Proposition EE, a ballot measure approved in November 2020, imposes additional taxes on cigarettes and tobacco products and creates a new tax on other nicotine products such as e-cigarettes. Proposition EE taxes went into effect in January 2021; the table to the right summarizes the new taxes levied on cigarettes and tobacco through FY 2023-24. Taxes on cigarettes and tobacco will increase marginally in FY 2024-25 and again in FY 2027-28.

Additionally, Proposition EE creates a new tax on other nicotine products which were not taxed previously, beginning at 30 percent and increasing incrementally up to 62 percent by July 2027. Through FY 2022-23, revenue from the Proposition EE-imposed taxes is largely transferred to the State Education Fund, with smaller amounts going to the Rural Schools Cash Fund, the Housing Development Grant Fund, the Tobacco Tax Cash Fund, the Eviction Legal Defense Fund, and the Preschool Programs Cash Fund. Starting in FY 2023-24, these funds will be transferred almost entirely into the Preschool Programs Cash Fund aside from a small transfer to the Tobacco Education Programs Fund.



Proposition EE went into effect in January 2021, bringing in $49.0 million total for the second half of FY 2020-21. The majority of this revenue came from cigarettes at $37.7 million, with tobacco and nicotine making up the other $11.3 million. OSPB expects total Proposition EE revenue to increase to $184.0 million in FY 2021-22, as the taxes will be in effect for the full year and nicotine revenue increases. Nicotine revenue came in at $8.2 million in FY 2020-21 with one quarter of data. This forecast has been revised up since September as revenue has come in higher for each quarter so far in FY 2021-22, and will likely increase when the tax rate increases to 35 percent next month, resulting in a forecast of $37.2 million for nicotine in FY 2021-22.

Other excise taxes include the initial taxes on cigarettes and tobacco excluding Proposition EE and Amendment 35 as well as revenue from liquor. These three revenue streams each have a fairly consistent pattern with liquor and tobacco trending upward and cigarettes trending down as smoking cigarettes becomes less popular over time. Liquor sales increased significantly at the beginning of the pandemic, and revenue has continued to increase at its pre-pandemic rate in recent months. With the significant increase in the cigarettes tax rate in January, cigarette sales spiked in December 2020 and fell sharply when the new tax was implemented. Monthly revenue has since rebounded and has come in high in the second half of 2021 relative to historical trends.

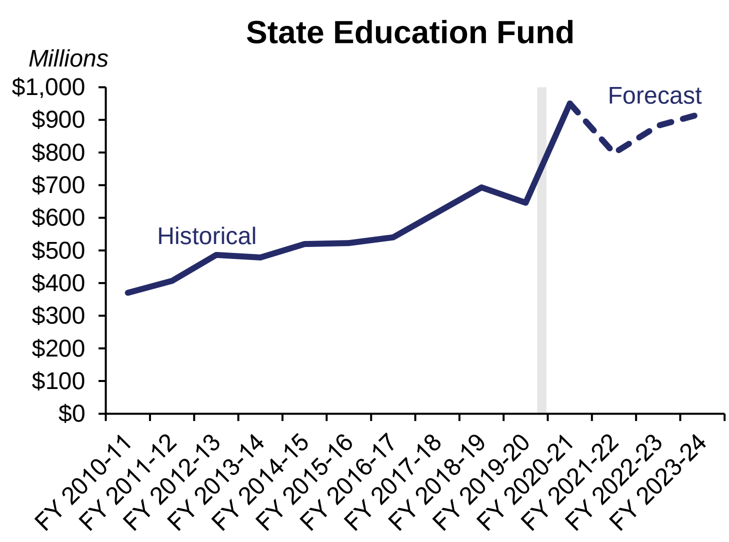


Other General Fund Revenue

Other General Fund revenue includes insurance premium tax revenue, interest/investment income, and court receipts. Other General Fund revenue is expected to increase by 12.6 percent in FY 2021-22 to $496.6 million, followed by growth of another 11.8 percent in FY 2022-23 and 5.3 percent in FY2023-24. This estimate was revised down from the September forecast mainly due to low insurance premium tax receipts so far in FY 2021-22. However, it appears that 2020 legislation changing the amount of quarterly tax payments, as well as 2021 legislation reducing the size of the annuities exemption and regional home office rate reduction, is resulting in a shift of premium tax payments to later in the fiscal year. The overall outlook for premium growth in the life, property and casualty, and several other insurance sectors is strong. Our estimate for interest income has been revised upward in all three years due to higher-than-anticipated receipts and strong growth in equity markets, though expectations of Federal Reserve tapering provide some downside risk.

State Education Fund

Revenue to the State Education Fund from income taxes increased by 46.9 percent in FY 2020-21 but is expected to decrease 16.0 percent in FY 2021-22. The large increase in FY 2020-21 is largely due to the impact of a delayed transfer from FY 2019-20 revenue collections. Additionally, the size of the drop in FY 2021-22 is due in part to an overestimate in the size of that transfer which will be accounted for in FY 2021-22. In FY 2022-23, there is a 10.6 percent increase to $882.8 million in FY 2022-23 and a 4.2 percent increase to $919.7 million in FY 2023-24. Compared with the September forecast, FY 2021-22 revenue is $52.3 million, or 5.2 percent higher as a result of recent evidence supporting upward revisions to income revenue forecasts as discussed above. Projections in FY 2022-23 and FY 2023-24 were $28.4 million and $19.8 million higher than September's forecasts, respectively. This does not include transfers from other funds.



The Colorado Constitution requires that 1/3 of 1 percent of Colorado taxable income be credited to the State Education Fund. As the State Education Fund revenue is derived from taxable income, it generally follows the trends in individual income and corporate income tax revenue collections. However, the State Education Fund deviates from the steadily rising trend in income tax revenue, with the delayed transfers from revenue collections mentioned above driving the break in the relationship.

Revenue Outlook – Cash Funds

Cash funds are taxes, fees, fines, and interest collected by various State programs to fund services and operations. These revenue sources are designated by statute for a particular program and as such are distinct from General Fund revenue, which is available for general purpose expenditures. The following discussion highlights those cash fund revenues that are subject to TABOR or have significant fiscal implications.

Total cash fund revenue subject to TABOR was $2.2 billion in FY 2020-21. In FY 2021-22, cash fund revenue is projected to increase by 9.3 percent followed by 4.1 percent growth in FY 2022-23 and 5.5 percent growth in FY 2023-24.

Transportation

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a number of smaller cash funds. Transportation-related cash fund revenue was affected substantially by the pandemic, falling by 6.1 percent in FY 2019-20 and another 3.5 percent in FY 2020-21. This decline was driven primarily by lower revenue coming from gas, diesel, transportation permits, and aviation. Most of these revenue streams are beginning to return to pre-pandemic levels as transportation patterns rebound. In addition to a rebound in these revenue streams, S.B. 21-260 *Sustainability of the Transportation System* is expected to bring in substantially more transportation-related cash fund revenue in the long run as new fees go into effect, primarily for the HUTF.

The Highway Users Tax Fund is the largest transportation-related cash fund, with revenues primarily coming from motor fuel taxes and motor vehicle registrations. Motor fuel taxes make up over half of the HUTF and are comprised of both gas and diesel tax revenue. Revenue from gas taxes declined sharply at the onset of the pandemic as commuter travel waned, while diesel taxes have been relatively unaffected. Motor fuel taxes are expected to pick up in FY 2021-22 based on increased tourism into the state and a return to offices, and are expected to increase substantially in FY 2022-23 and FY 2023-24 as new fees from S.B. 21-260 go into effect. Strong vehicle purchases helped bolster registration-related collections in FY 2020-21 and registration revenue continues to come in strong thus far in FY 2021-22. However, OSPB forecasts a decline in registration revenue going forward due to changes in S.B. 21-260 that will temporarily reduce the road safety surcharge beginning in January 2022. The fee reduction is expected to reduce registration revenue by an estimated $32.8 million in FY 2021-22.

Transportation Revenue	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$593.7**	**$625.9**	**$700.7**	**$740.6**
Change	-4.9%	5.4%	11.9%	5.7%
Total Registrations	**$400.2**	**$379.3**	**$361.8**	**$407.4**
Change	4.8%	-5.2%	-4.6%	12.6%
Registrations	*$234.1*	*$242.7*	*$240.9*	*$249.8*
Road Safety Surcharge	*$137.8*	*$108.5*	*$93.9*	*$129.0*
Late Registration Fees	*$28.3*	*$28.0*	*$27.0*	*$28.6*
Other HUTF	**$48.1**	**$62.4**	**$74.8**	**$76.5**
Change	-23.5%	29.7%	20.0%	2.2%
Total HUTF	**$1,041.9**	**$1,067.6**	**$1,137.2**	**$1,224.5**
Change	-2.6%	2.5%	6.5%	7.7%
Non-HUTF				
State Highway Fund	**$18.4**	**$21.7**	**$23.1**	**$25.2**
Change	-33.2%	17.7%	6.5%	9.1%
Other Transportation Funds	**$95.5**	**$113.5**	**$117.2**	**$124.8**
Change	-5.8%	18.8%	3.3%	6.4%
Total Transportation Revenue	**$1,155.8**	**$1,202.7**	**$1,277.5**	**$1,374.4**
Change	-3.5%	4.1%	6.2%	7.6%

The HUTF forecast for FY 2021-22 has been revised upward slightly since September as revenue from vehicle registrations have come in higher than was previously forecast. The table below illustrates HUTF distributions based on the first and second stream allocation formulas with the current forecast for HUTF revenue. Off-the-top deductions for Colorado State Patrol and Division of Revenue include the FY 2021-22 appropriation and are assumed to be held flat in future years.

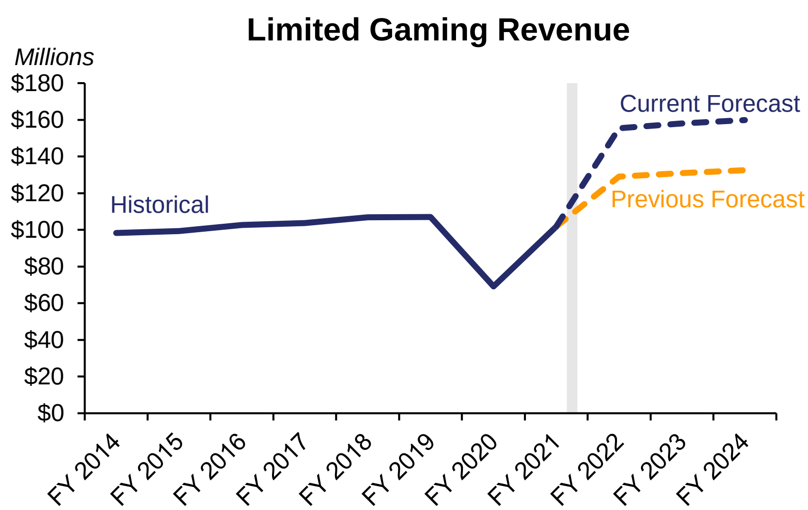
HUTF Revenue Distributions	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
Off-the-Top Deductions	$134.8	$181.2	$181.2	$181.2
State Highway Fund (CDOT)	$561.2	$548.5	$592.0	$645.8
Counties	$213.1	$208.4	$225.0	$245.4
Cities	$132.8	$129.5	$139.1	$152.1
Total HUTF Distribution	**$1,041.9**	**$1,067.6**	**$1,137.2**	**$1,224.5**

Other transportation-related funds include the State Highway Fund (SHF) and other miscellaneous revenue, which make up a smaller portion of total revenue than the HUTF. Revenue to the SHF is made up of various smaller revenue streams including sales of state property and earned interest.

The State Highway fund has declined over the past two years, but OSPB expects the fund to rebound over the next few years as permits and other services return to normal. Changes in the "Other Transportation Funds" category are often driven by fluctuation in aviation revenue. Aviation revenue was very low in FY 2019-20 and FY 2020-21, but so far has come in substantially higher than last year, resulting in a revision upward since the September forecast.

Limited Gaming

After a large decline in FY 2019-20, limited gaming revenue rebounded and grew by 48.2 percent to $101.5 million in FY 2020-21 due to resiliency in gaming revenues over the winter and strong collections through spring and summer. Gaming revenues have continued to come in above expectations in FY 21-22 as a result of higher than expected Amendment 77 impacts. Thus, we have revised our limited gaming revenue forecast upward more than $26M from $129M in September to $155.4M in our current forecast. These revisions are also carried forward into the FY 22-23 and FY 23-24 forecasts, as impacts of unrestricted bet limits and expanded variety of games will be permanent, as is shown in the graph on the right.

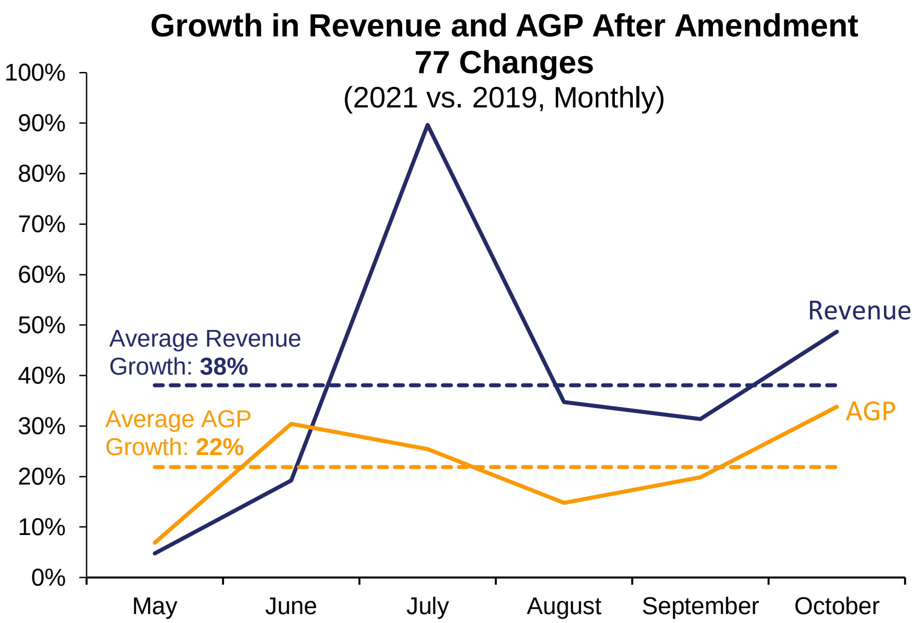


Distribution of Limited Gaming Revenues	Actual FY 19-20	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
A. Total Limited Gaming Revenues (Includes Fees and Interest)	**$82.1**	**$121.7**	**$178.3**	**$181.2**	**$183.4**
Annual Percent Change	-35.4%	48.2%	46.5%	1.6%	1.2%
B. Gaming Revenue Exempt from TABOR (Extended Limited)	**$13.0**	**$20.2**	**$22.8**	**$23.2**	**$23.5**
Annual Percent Change	-35.7%	55.7%	13.1%	1.6%	1.2%
C. Gaming Revenue Subject to TABOR	**$69.1**	**$101.5**	**$155.4**	**$158.0**	**$159.9**
Annual Percent Change	-35.4%	46.8%	53.1%	1.6%	1.2%
D. Total Amount to Base Revenue Recipients	**$50.3**	**$87.6**	**$140.9**	**$143.7**	**$145.5**
Amount to State Historical Society (28%)	$14.1	$24.5	$39.5	$40.2	$40.7
Amount to Counties (12%)	$6.0	$10.5	$16.9	$17.2	$17.5
Amount to Cities (10%)	$5.0	$8.8	$14.1	$14.4	$14.6
Amount to Distribute to Remaining Programs (State Share) (50%	$25.2	$43.8	$70.5	$71.9	$72.8
Amount to Local Government Impact Fund	$0.0	$0.0	$5.4	$5.5	$5.6
Colorado Tourism Promotion Fund	$0.0	$0.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$0.0	$0.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.0	$0.0	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$0.0	$0.0	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$0.0	$0.0	$2.1	$2.1	$2.1
Transfer to the General Fund	$25.2	$43.8	$40.0	$41.2	$42.1
E. Total Amount to Amendment 50 Revenue Recipients	**$15.1**	**$17.4**	**$20.7**	**$20.8**	**$21.2**
Community Colleges, Mesa and Adams State (78%)	$11.8	$13.6	$16.2	$16.2	$16.5
Counties (12%)	$1.8	$2.1	$2.5	$2.5	$2.5
Cities (10%)	$1.5	$1.7	$2.1	$2.1	$2.1

As alluded to in the overview above, the significant upward revisions are likely a direct result of expectations for the impacts of Amendment 77,[10] which removed bet limits and expanded game options and was implemented by all gaming counties in May of this year. Our base forecast from June assumed that these changes would have only a positive $2-$5 million yearly impact on gaming revenue. While we revised this assumption upward to anticipate a higher $15-$20 million impact in our September forecast, additional data have shown that the impact is likely to be closer to $50 million per year.

[10] While we cannot yet perfectly isolate exactly the effects of Amendment 77 as compared to any broader increase in gaming across Colorado, it is likely that we can attribute nearly all of the additional revenue to Amendment 77 given that the average annual growth rate for the 9 years leading up to the pandemic was only 1.12 percent.

There are a few factors driving the significant impact of Amendment 77. The first factor is a higher than anticipated increase in Adjusted Gross Proceeds (AGP) at casinos in Colorado. AGP, or the amount of money collected from gamblers minus the amount paid to gamblers in winnings, can be interpreted as an increase in the volume of gambling in Colorado casinos as a result of Amendment 77. As shown by the orange lines on the graph on the left, the increase in AGP has been substantial, on average 22 percent above 2019 levels for each month since the changes went into effect. However, as the blue lines on the graph indicate, this 22 percent increase in AGP does not account for the entire increase in revenue, which is up approximately 38 percent on average.

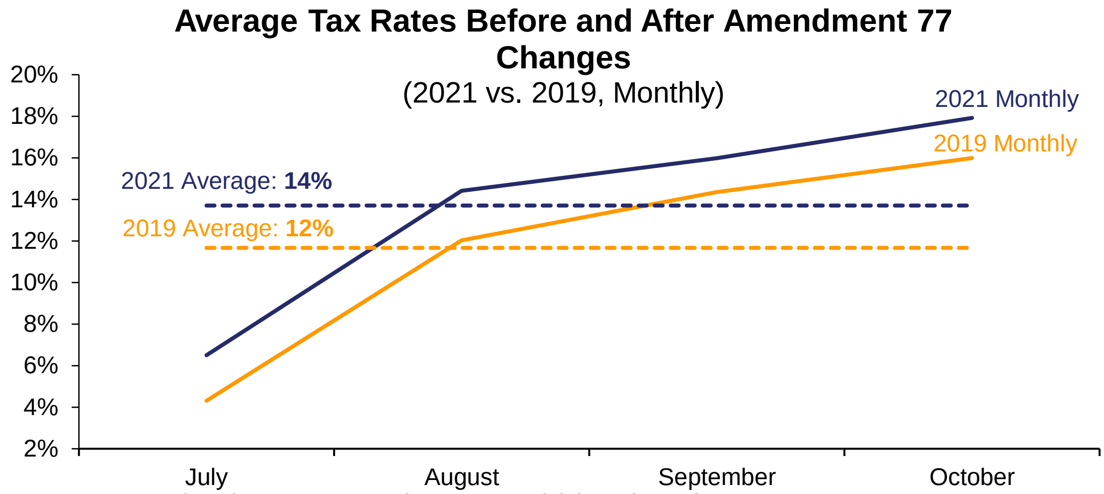


Source: Colorado Department of Revenue; Division of Gaming.

The difference between the two lines above, the 22 percent and 38 percent increases, highlights the second factor affecting the scale of the impact of Amendment 77. Namely, the tax rates for casinos are not constant as AGP increase for a given casino. Rather, the AGP are taxed at accelerating rates on a tiered schedule, such that casinos are taxed at higher rates for different levels of AGP. For example, a Colorado casino pays a 0.25 percent tax on its first $2 million in AGP, a 2 percent tax on its next $3 million, and so on as is displayed in the table below.

Casino Adjusted Gross Proceeds	Tax Rate
Up to $2,000,000	0.25%
$2,000,001 to $5,000,000	2.00%
$5,000,001 to $8,000,000	9.00%
$8,000,001 to $10,000,000	11.00%
$10,000,001 to $13,000,000	16.00%
$13,000,001 and Over	20.00%

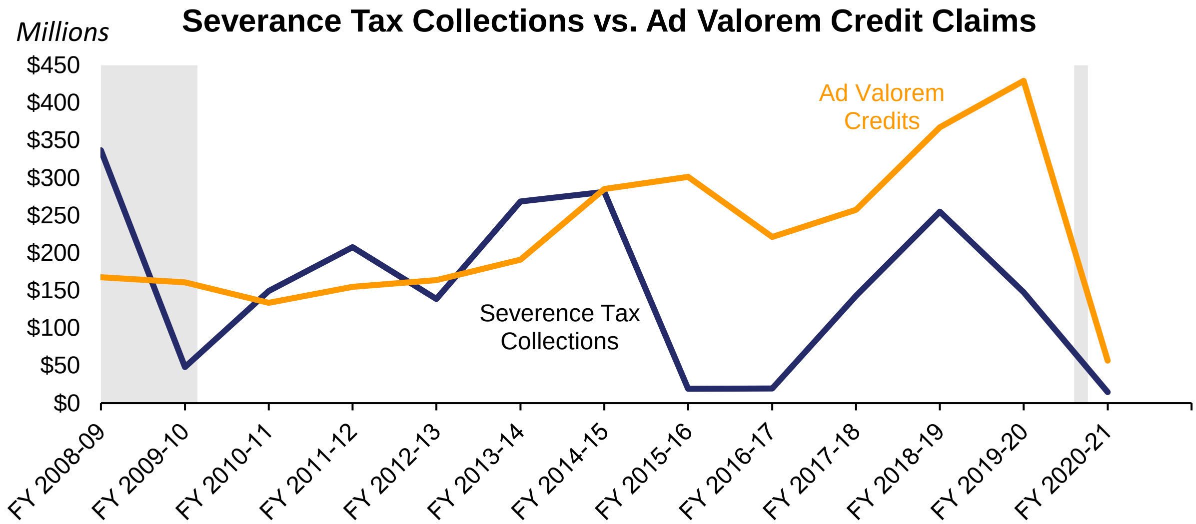
As a result of this tiered tax rate structure, additional AGP has a nonlinear effect on additional revenue, in that additional AGP also raises the average tax rate as any marginal dollars are collected at the highest tax rate for a given casino. The impacts of additional AGP on the effective average tax rate on casinos across the state is shown by month using DOR Division of Gaming data below. Notably, the effective average tax rate is on average 2 percentage points higher each month than in 2019, or in other words, a 23.5 percent increase on average.



Source: Colorado Department of Revenue; Division of Gaming.

Severance

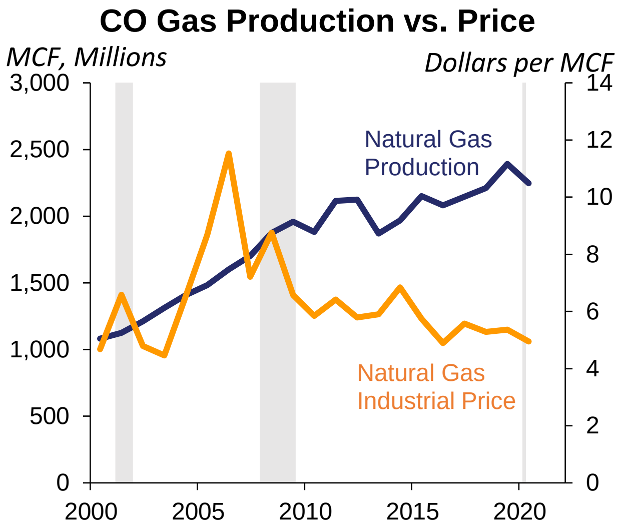
Severance tax revenue fell to $14.7M in FY 2020-21, the lowest annual value since 1990 and the fourth-lowest value since the tax was implemented in FY 1977-78. Just two years prior, revenue reached $255.2M, its third-highest value on record. This illustrates the significant volatility of this revenue source, some of which is due to the tax base itself. Oil and gas severance tax, which depending on the year accounts for 89-97 percent of overall collections, depends on production levels multiplied by price. While oil and gas production in Colorado has increased 19 of the last 21 years (12.2 percent average annual growth rate) and 17 of the last 21 years (3.9 percent average), respectively, prices have fluctuated far more. This price volatility also causes volatility in the ad valorem credit, which is based local property tax assessments on the value of oil and gas production. Oil and gas taxpayers can use the credit to reduce their severance tax liability by up to 87.5 percent of the real property taxes they most recently paid to their local governments, school districts, and special districts.



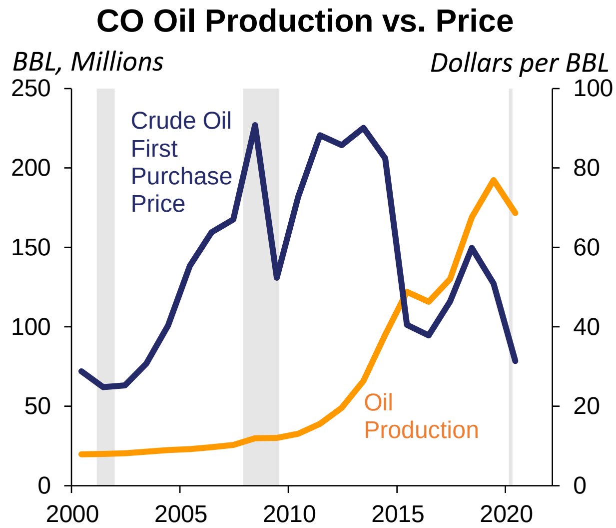
Source: Colorado Department of Revenue; OSPB

Severance tax revenues are forecast to reach $118.0M in FY22, an upward revision of 11 percent compared to the September forecast. Stronger revenue expectations are based on strong oil price growth, robust collections to date this fiscal year, stable OPEC monthly oil output levels, and expected lower ad valorem credit claims in FY22, stemming from lower local property tax payments in 2019-2020. The upward revision is based largely on higher prices, as monthly oil production only increased 2 percent between January and September, and monthly natural gas production actually dropped by 4 percent during that period. See the "Energy" section for more information on decoupling between prices and production levels.

At the same time, severance tax revenues for FY23 and FY24 were revised down to $133.2M and $141.3M, respectively, a 5 percent reduction from September. This is in part due to risks to demand posed by the Omicron Covid-19 variant, as well as higher oil prices likely resulting in higher real property tax assessments and payments on wells across the state, which typically mean higher ad valorem credit claims in the following two years.



Source: US Energy Information Administration; CO Oil and Gas Conservation Commission



Source: US Energy Information Administration; CO Oil and Gas Conservation Commission

Marijuana

Total marijuana tax revenue grew 22.3 percent in FY 2020-21 as a result of a spike in sales during the height of the pandemic. While revenue has continued at historically high levels to date in FY 2021-22, it has fallen from the levels seen over the course of FY 2020-21. A large revision to our forecast in September accounted for most of this drop seen thus far in FY 2021-22, but given that September and October have come in slightly below forecast, the current forecast makes a slight additional downward revision. Accordingly, the December forecast projects a 6.9 percent reduction in total marijuana revenue in FY 2021-22, down from the record levels seen in FY 2020-21. Amidst significant uncertainty regarding revenue after FY 2021-22, we forecast a return to lower, pre-pandemic trend-level growth in FY 2022-23 and FY 2023-24 at 3.4 percent and 2.5 percent, respectively. Impacts to the Marijuana Tax Cash Fund (MTCF) are similar, with slight downward revisions from September of $2.7 million, $3.8 million and $4.5 million in FY 2022, FY 2023, and FY 2024. The tables below summarize these projections.

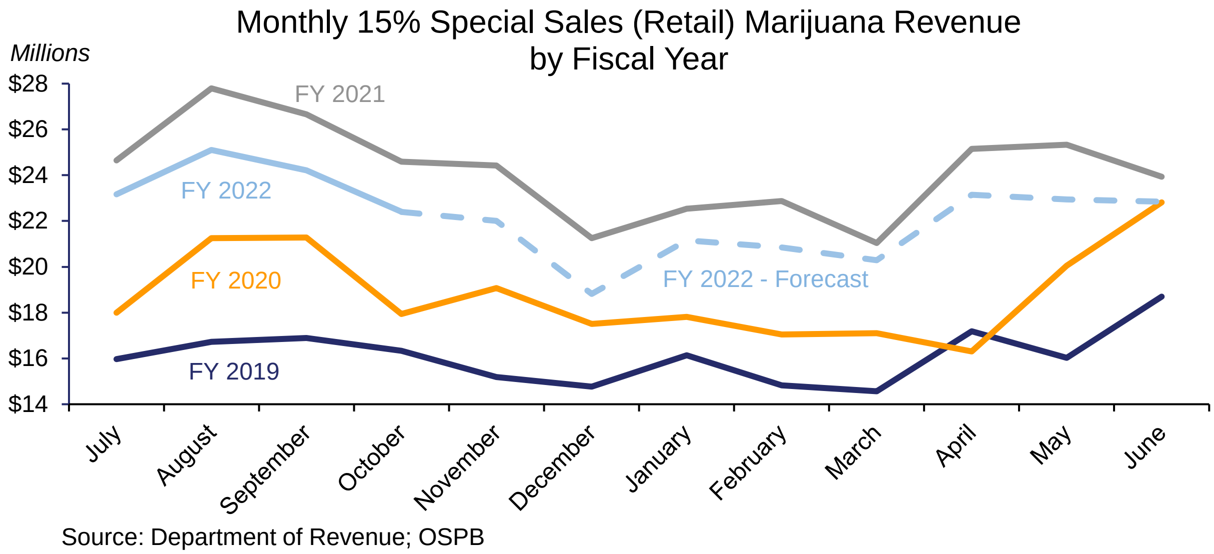
Tax Revenue from the Marijuana Industry	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
Proposition AA Taxes (Not Subject to TABOR)				
Retail Marijuana 15% Special Sales Tax	$288.2	$266.9	$278.9	$288.7
Retail Marijuana 15% Excise Tax	$120.8	$115.0	$116.8	$117.3
Total Proposition AA Taxes	**$409.0**	**$381.9**	**$395.7**	**$406.0**
2.9% Sales Tax & Interest (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$13.8	$11.3	$11.1	$10.9
Retail Marijuana 2.9% State Sales Tax	$1.6	$1.8	$1.8	$1.7
Interest Earnings	$0.3	$0.4	$0.4	$0.4
Total 2.9% Sales Taxes & Interest	**$15.7**	**$13.5**	**$13.2**	**$13.0**
Total Marijuana Taxes	**$424.7**	**$395.4**	**$408.9**	**$419.0**

Fiscal Year	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2020-21 Preliminary	$28.8	$40.4	$40.0	$0.0	$113.4	$202.1
FY 2021-22 Projected	$26.7	$37.4	$115.0	$0.0	$30.2	$186.1
FY 2022-23 Projected	$27.9	$39.1	$116.8	$0.0	$31.6	$193.6
FY 2023-24 Projected	$28.9	$40.4	$117.3	$0.0	$32.7	$199.7

Fiscal Year	Forecasted Marijuana Tax Cash Fund Revenue ($ Millions)			Change ($ Millions)	
	March 2021 LCS (FY 22 Budgeted)	September 2021 OSPB (Last Forecast)	December 2021 OSPB (Current Forecast)	Current Minus March LCS	Current Minus September OSPB
FY 2020-21 Preliminary	$201.1	$202.6	$202.1	$1.0	-$0.5
FY 2021-22 Projected	$225.2	$188.8	$186.1	-$39.1	-$2.7
FY 2022-23 Projected	$241.5	$197.4	$193.6	-$47.9	-$3.8
FY 2023-24 Projected	N/A	$204.2	$199.7	N/A	-$4.5

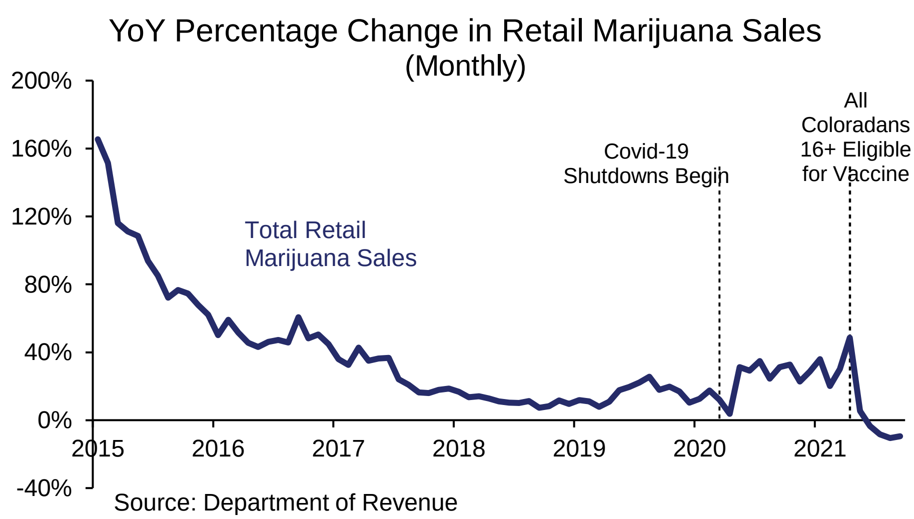
As discussed in the September forecast, there is not a wide breadth of data on which to ground these expectations outside of the revenue data provided by the Department of Revenue. Additionally, marijuana revenue, like other sin taxes, has proven quite volatile in its response to economic downturns. However, there is some context provided in fluctuations in actual sales and revenue data, as well as a few potential explanations for the trends in marijuana revenue below.

As a basis for the marijuana revenue projections, it is critical to understand the month-over-month and year-over-year trends seen in actual marijuana sales and revenue over the course of the past few years. The graph below shows monthly revenue for the 15 percent special sales tax charged on retail marijuana sales, the largest single component of marijuana revenue in Colorado and the component that contributes the majority of Marijuana Tax Cash Fund (MTCF) revenue.



Each of the lines above depicts revenue for a different fiscal year, spanning from FY 2018-19 to FY 2021-22. This graph highlights three key takeaways:

1. As compared to previous years, FY 2020-21 revenue significantly exceeded previous levels, on average by 29 percent over FY 2019-20.
2. Actual revenue data from July through October of this year is tracking below FY 2020-21 pandemic highs, by an average of 8 percent.
3. FY 2021-22 revenue (actual and forecast) is still high relative to FY 2018-19 and FY 2019-20 levels, projected at nearly 9 percent above FY 2019-20.



The graph to the right shows year-over-year growth rates in order to hone in on retail sales levels over each month during the height of the pandemic shutdowns in Colorado. The "height of the pandemic" is defined as the area between the start of Covid-19 shutdowns (March 2020) and the date that all Coloradans age 16+ became eligible for the Covid-19 vaccines (April 2021), as depicted by the period between the dotted lines on the graph. By isolating year-over-year growth rates at a monthly level, this graph further highlights the impact of stay-at-home orders on marijuana consumption in Colorado, demonstrated by the steep increase in growth at the start of the pandemic and a similarly steep downward trajectory after mass vaccinations began. Similar to the graph with revenue for each fiscal year by month, the negative year-over-year growth rates beginning in July indicate current year sales that have dipped below FY 2020-21. Rough analysis of Department of Revenue data on county-level retail marijuana sales supports this claim of increased consumption at home (i.e. largely in metro counties) over the height of the pandemic as compared to this past summer and the opposite trend for consumption while on vacation (i.e. largely in high recreational tourism counties). For example, sales in Denver County have declined as a percentage of total state sales while sales in Summit, Eagle, and Lake Counties have increased as a percentage of total sales.[11]

Our analysis based on data through December 2020 from the Department of Revenue shows that these increases in retail sales and revenue are driven by strong trends in both price and volume across the state.[12] These findings are summarized in the table below. Price (defined as average market rate per pound of flower) increased about 30 percent on average from May through December 2020 as compared to 2019 while average volume, calculated as average growth rate in the three largest categories of marijuana consumption in Colorado, increased by 43 percent in 2020 over the same period in 2019. The compounding impacts of price and volume explain the greater increase to the more price-sensitive wholesale excise tax revenue over the period at 50 percent as compared to the retail special sales tax revenue at 28 percent.

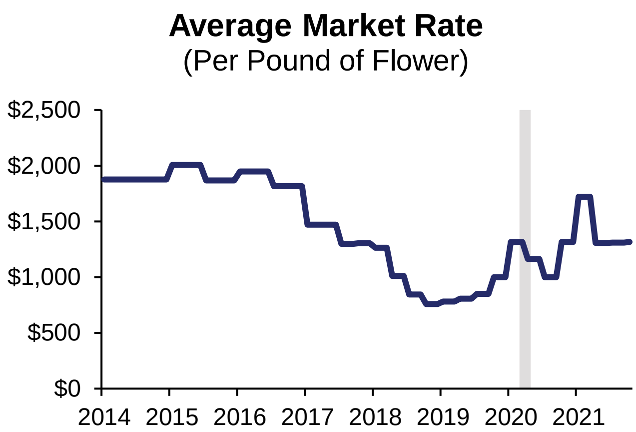
Trends in Volume vs. Price

	Item	May 2019 - December 2019	May 2020 - December 2020	% Change
Sales and Revenue	Retail Sales	$992,727,313	$1,284,695,411	29%
	15% Special Sales Revenue	$149,778,578	$192,242,347	28%
	15% Excise Revenue	$48,874,529	$73,498,550	50%
Price	AMR (Wholesale $/lb)	$895	$1,160	30%
Volume	Flower/Bud (lb)	157,842	297,649	89%
	Edibles (Units)	8,734,388	10,827,818	24%
	Concentrates (Units)	7,226,765	8,442,952	17%
	Average	**N/A**	**N/A**	**43%**

While we do not yet have data for 2021 for volume of consumption, the average market rate through October indicates that most of the reduction thus far in FY 2021-22 has likely been a result of reductions in volume consumed, as the average market rate has remained stable, at just above $1,300, as shown in the graph below. Importantly, if the price remains elevated, upside risk exists for the excise tax forecast, which is more price-sensitive as a result of its direct relationship to the average market wholesale price. However, our expectation is that this elevated price will likely stabilize at lower levels over the course of next year or so due to transitory factors driving the price upward.

[11] Colorado Department of Revenue.

[12] Colorado Department of Revenue, Marijuana Enforcement Division, "MED 2020 Annual Update."



The increase in price of marijuana is likely the result of two largely transitory factors: (1) mismatch between supply of and demand for marijuana, (2) increased price of agricultural inputs, including labor. The mismatch between supply and demand was likely a short-term result of the spike in demand during the pandemic, particularly in the early stages of the pandemic, when the average market price soared above $1,700. OSPB expects that the continued elevated prices are more likely a result of the increased costs of inputs affecting the entirety of the agricultural sector, including heavy equipment, fertilizer, and farm labor.

In terms of increased volume of consumption, one argument is that there is a trade-off between marijuana consumption and social consumption of alcohol, especially for certain groups. While an uptick in liquor tax revenue of 6.6 percent in FY 2020-21 occurred, this largely reflects an increase in at-home liquor consumption and is independent of the diminished sales of liquor at bars and restaurants across the state. A large National Institute on Drug Abuse (NIDA) study confirms this trend in college students, who consumed marijuana at higher levels in 2020 while reducing their alcohol consumption, especially binge drinking.[13] Other arguments hinge on the dual impacts of increased free time and increased disposable income over the course of the pandemic, especially for those that were unemployed yet receiving increased federal transfer payments. These hypotheses are difficult to underscore with data, however.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue increased by 31 percent to $82.0 million in FY 2020-21, due to the Bureau of Land Management (BLM) approving several royalty rate reductions for coal mines in FY20 as well as increased gas and oil production (particularly on the Western Slope) in FY21. Revenue is expected to grow by 20 percent in FY22, reaching $98.7M. This is an upward revision of 5 percent compared to September, on the back of strong collections since July. In addition, natural gas prices have largely continued their sharp increase since April 2021, with Henry Hub prices more than doubling to $5.51 in October, although they have dropped slightly since then because of a mild winter and US natural gas inventories increasing faster than expected.

[13] National Institute on Drug Abuse, *Marijuana use at historic high among college-aged adults in 2020*, available at https://www.drugabuse.gov/news-events/news-releases/2021/09/marijuana-use-at-historic-high-among-college-aged-adults-in-2020.

Expectations for revenue growth in FY23 and FY24 are more subdued. The number of oil and gas leases on federal land in Colorado has dropped significantly in recent years, from over 5,000 each year between federal fiscal years 2006 and 2012, to under 3,900 annually since federal fiscal year 2017. The amount of leased acreage has also markedly decreased, peaking at 5.2 million acres in federal fiscal year 2008 before gradually decreasing every year since then, reaching 2.4 million acres in 2020. Further, approved BLM drilling permits in Colorado averaged 45 per month between October 2020 and March 2021 before plummeting to 2.5 per month in the ensuing six months, although some of this may be due to uncertainty around the Biden administration's proposal to curb new energy leases on federal lands, which a federal court struck down in June. As a result, we expect relatively flat year-on-year growth in FY23 at $99.7M and FY24 at $100.7M.

While FML revenue is exempt from TABOR, it is included here because a portion of the money is distributed to the Public School Fund.

FML Forecast Distribution Table	Final FY21	Forecast FY22	Forecast FY23	Forecast FY24
Total FML Revenue	**$82.0**	**$98.7**	**$99.7**	**$100.7**
Change	30.9%	20.3%	1.0%	1.0%
Bonus Payments (portion of total FML revenue)	1.6	2.0	2.0	2.0
Local Government Perm Fund	0.8	1.0	1.0	1.0
Higher Ed FML Revenues Fund	0.8	1.0	1.0	1.0
Other (non-bonus) FML Revenue	80.4	96.7	97.7	98.7
State Public School Fund	38.8	46.7	47.2	47.7
Colorado Water Conservation Board	8.0	9.7	9.8	9.9
DOLA Grants	16.1	19.3	19.5	19.7
DOLA Direct Distribution	16.1	19.3	19.5	19.7
School Districts	1.4	1.6	1.7	1.7
Total Higher Ed Maintenance Reserve Fund	0.8	1.0	1.0	1.0

Other Cash Funds

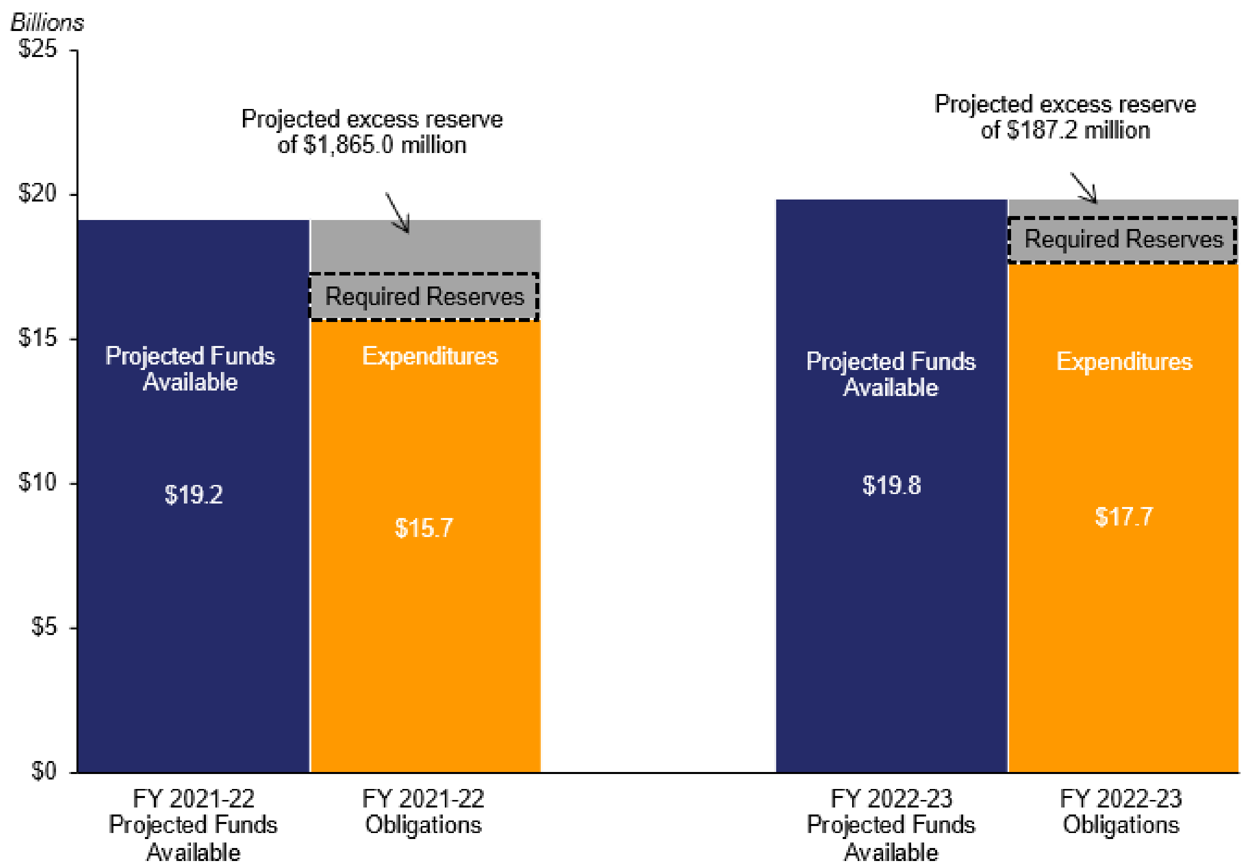
The state receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is forecast to be $89.5 million in FY 2021-22. This estimate was revised downward from the September forecast because collections in FY 2020-21 came in lower than expected at the beginning of this fiscal year. Typically, DORA's revenue increases year over year by about 3.5% on average. However, OSPB expects a decline in revenue for FY 2022-23 as a result of DORA's inclusion in the Governor's proposed Fee Relief for Individuals and Businesses investment package. This package would waive renewal fees for nurses and mental health workers for two years, which would reduce revenue by $7.1 million in FY 2022-23 and $6.9 million in FY 2023-24.

The category of “Other Miscellaneous Cash Funds” includes revenue from over 300 cash fund programs that collect revenue from fines, fees, and interest earnings. This broad category is less sensitive to general economic conditions than revenue sources like income and severance taxes. This cash fund revenue is forecast to be $854.7 million in FY 2021-22, which is nearly unchanged from the revenue in FY 2020-21. Most miscellaneous cash funds are projected to increase from the prior fiscal year, and this roughly offsets a large, $43.0 million revenue reduction associated with the one-time Unclaimed Property Trust Fund transfer stemming from HB 20-1381 (Cash Fund Transfers General Fund). Miscellaneous cash funds are forecast to increase by 1.7 percent in FY 2022-23 and by 3.5 percent in FY 2023-24.

Budget Outlook

General Fund

General Fund revenue increased 10.7 percent in FY 2020-21 and is projected to increase 12.2 percent in FY 2021-22 before growing 2.0 percent in FY 2022-23 and 3.9 percent in FY 2023-24. General Fund revenue for FY 2021-22 is $704.5 million, or 4.6 percent higher than was estimated in September, as state income tax revenue collections are exceeding expectations. The forecast for FY 2022-23 is $422.9 million, or 2.7 percent higher than estimated in September.

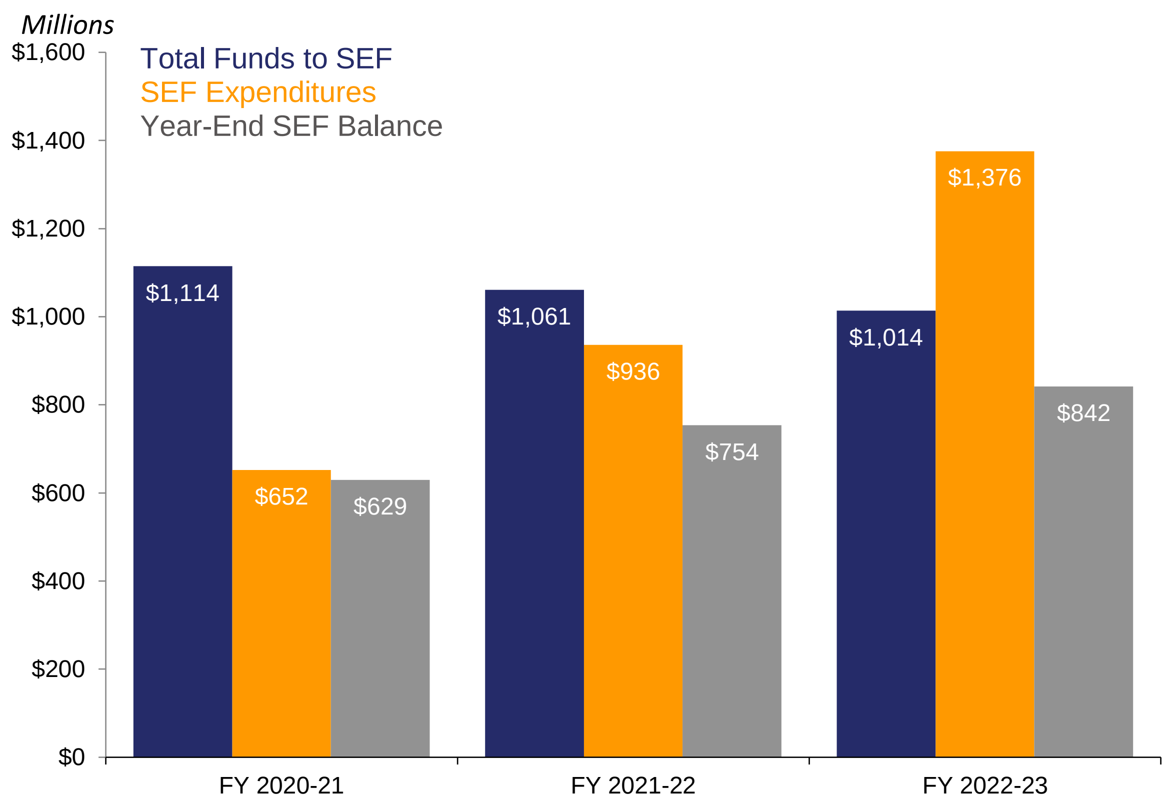


The General Fund reserve was above the required statutory reserve amount of 2.86 percent of appropriations in FY 2020-21. Under this forecast, the General Fund ending balance is projected to be $1,865.0 million above the statutory reserve level of 13.4% of appropriations in FY 2021-22 and $187.2 million above the statutory reserve level of 15.0% of appropriations in FY 2022-23.

The chart above summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2021-22 and FY 2022-23 under current law.

State Education Fund

The State Education Fund's year-end balance was $629.2 million in FY 2020-21 and is projected to increase to $753.7 million in FY 2021-22, including transfers. This is a $13.4 million upward revision compared to the September 2021 forecast, due primarily to higher projected income tax revenue, a portion of which is diverted to the State Education Fund. The figure below summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2020-21, FY 2021-22, and FY 2022-23.



Forecast Risks

This budget outlook is based on OSPB's economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to both upside and downside risks.

On the upside, wages, personal income, and consumer spending continue to show signs of strength. Additionally, financial conditions are currently supportive of a strong economic recovery. However, on the downside, additional variant concerns may further extend supply chain constraints that have already limited growth. Additionally, tight labor market conditions may slow service sector recovery. Further, continued rapid inflation growth could eat away at consumer optimism. Economic conditions currently underlying this forecast are slightly weighted towards downside risk.

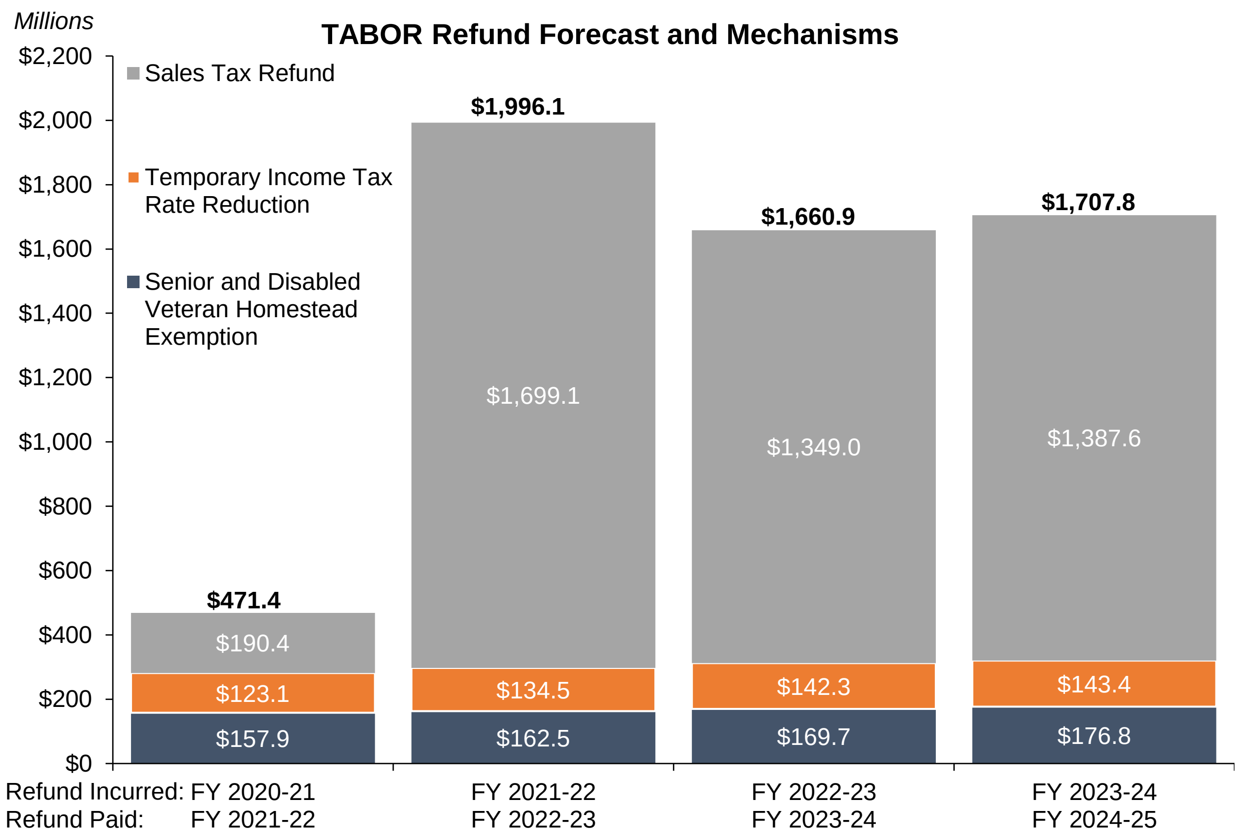
Supplemental Materials

An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website: www.colorado.gov/governor/economics.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR did not exceed the revenue cap in FY 2019-20 but exceeds it in FY 2020-21 by $471.4 million. In each year of the projection period, TABOR revenue is expected to exceed the cap, with the most notable revision from September coming in FY 2021-22. In this current fiscal year, revenue will be $1,996.1 million above the cap in FY 2020-21 due primarily to upward revisions in income tax revenue. In FY 2022-23 revenue is expected to be $1,660.9 million above the cap, while FY 2023-24 is projected to be $1,707.8 million above the cap.

Current law specifies three mechanisms by which revenue in excess of the cap is to be refunded to taxpayers: the senior homestead and disabled veterans property tax exemptions, a temporary income tax rate reduction (from 4.55 percent to 4.50 percent), and a sales tax refund. The size of the refund determines which refund mechanisms are utilized.



An estimated $123.1 million of the $471.4 million refund obligation will be paid out as an income tax rate reduction, while $157.9 million will be refunded via the senior homestead and disabled veterans property tax exemption expenditures and $190.4 million via a sales tax refund in FY 2021-22. Any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed, which in this forecast is FY 2021-22.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020	December 2021 Forecast 2021	December 2021 Forecast 2022	December 2021 Forecast 2023
	Income									
1	Personal Income (Billions) /A	$284.8	$289.7	$309.7	$332.0	$350.4	$370.4	$397.4	$409.8	$430.2
2	Change	5.0%	1.7%	6.9%	7.2%	5.6%	5.7%	7.3%	3.1%	5.0%
3	Wage and Salary Income (Billions)	$146.6	$151.2	$161.0	$170.9	$182.9	$187.1	$203.8	$214.4	$224.7
4	Change	5.8%	3.1%	6.5%	6.2%	7.0%	2.3%	8.9%	5.2%	4.8%
5	Per-Capita Income ($/person) /A	$52,296.0	$52,386.0	$55,300.0	$58,475.0	$61,098.0	$64,049.0	$68,156.4	$69,541.7	$72,148.2
6	Change	3.1%	0.2%	5.6%	5.7%	4.5%	4.8%	6.4%	2.0%	3.7%
	Population & Employment									
7	Population (Thousands)	5,446.6	5,529.6	5,599.6	5,676.9	5,734.9	5,782.9	5,831.2	5,887.2	5,958.2
8	Change	1.8%	1.5%	1.3%	1.4%	1.0%	0.8%	0.8%	1.0%	1.2%
9	Net Migration (Thousands)	68.8	53.3	42.4	51.8	34.2	27.3	30.0	40.0	50.0
10	Unemployment Rate	3.8%	3.1%	2.6%	3.0%	2.7%	7.3%	6.0%	4.5%	3.7%
11	Total Nonagricultural Employment (Thousands)	2,541.0	2,601.7	2,660.3	2,727.3	2,790.1	2,644.6	2,716.0	2,794.8	2,847.9
12	Change	3.1%	2.4%	2.3%	2.5%	2.3%	-5.2%	2.7%	2.9%	1.9%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	31.9	39.0	40.7	42.6	38.6	40.5	45.1	48.3	50.7
14	Change	11.0%	22.3%	4.4%	4.8%	-9.4%	4.8%	11.5%	7.0%	5.0%
15	Nonresidential Construction Value (Millions) /B	$4,990.8	$5,987.8	$6,151.9	$8,151.0	$5,166.7	$5,444.0	$5,433.1	$5,650.4	$5,814.3
16	Change	14.7%	20.0%	2.7%	32.5%	-36.6%	5.4%	-0.2%	4.0%	2.9%
	Price Variables									
17	Retail Trade (Billions) /C	$182.8	$184.7	$194.6	$206.1	$224.6	$228.8	$265.9	$279.4	$288.4
18	Change	0.1%	1.0%	5.4%	5.9%	9.0%	1.9%	16.2%	5.1%	3.2%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-	240.0	246.6	255.0	262.0	267.0	272.2	281.7	291.0	298.6
20	Change	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.5%	3.3%	2.6%

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

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

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

Table 2: National Economic Variables – History and Forecast

Line No.		Actual						December 2021 Forecast		
		2015	2016	2017	2018	2019	2020	2021	2022	2023
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions	$17,390.3	$17,680.3	$18,079.1	$18,606.8	$19,032.7	$18,384.7	$19,395.8	$20,191.1	$20,736.2
2	Change	2.8%	1.7%	2.3%	2.9%	2.3%	-3.4%	5.5%	4.1%	2.7%
3	Personal Income (Billions) /B	$15,685.2	$16,096.9	$16,850.2	$17,706.0	$18,424.4	$19,627.6	$21,040.8	$21,482.6	$22,427.9
4	Change	4.6%	2.6%	4.7%	5.1%	4.1%	6.5%	7.2%	2.1%	4.4%
5	Per-Capita Income ($/person) /B	$48,903	$49,825	$51,827	$54,174	$56,115	$59,571	$63,628	$64,602	$67,062
6	Change	3.8%	1.9%	4.0%	4.5%	3.6%	6.2%	6.8%	1.5%	3.8%
7	Wage and Salary Income (Billions)	$7,859.5	$8,091.2	$8,474.7	$8,900.5	$9,323.5	$9,444.1	$10,294.1	$10,808.8	$11,284.4
8	Change	5.1%	2.9%	4.7%	5.0%	4.8%	1.3%	9.0%	5.0%	4.4%
	Population & Employment									
9	Population (Millions)	320.7	323.1	325.1	326.8	328.3	329.5	330.7	332.5	334.4
10	Change	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.6%	0.6%
11	Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	4.0%	3.8%
12	Total Nonagricultural Employment (Millions)	141.8	144.3	146.6	148.9	150.9	142.2	146.1	150.2	152.0
13	Change	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.7%	2.8%	1.2%
	Other Key Indicators									
14	Consumer Price Index (1982-84=100)	237.0	240.0	245.1	251.1	255.7	258.8	271.0	280.5	287.5
15	Change	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	3.5%	2.5%
16	Corporate Profits (Billions)	$2,060.5	$2,037.7	$2,128.9	$2,305.0	$2,367.8	$2,243.8	$2,683.5	$2,804.3	$2,927.7
17	Change	-2.8%	-1.1%	4.5%	8.3%	2.7%	-5.2%	19.6%	4.5%	4.4%
18	Housing Permits (Millions)	1.183	1.207	1.282	1.329	1.386	1.471	1.679	1.796	1.877
19	Change	12.4%	2.0%	6.3%	3.6%	4.3%	6.1%	14.1%	7.0%	4.5%
20	Retail Trade (Billions)	$5,352.2	$5,506.1	$5,732.9	$5,985.1	$6,184.6	$6,215.1	$7,315.1	$7,615.1	$7,813.1
21	Change	2.6%	2.9%	4.1%	4.4%	3.3%	0.5%	17.7%	4.1%	2.6%

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

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

Table 3: General Fund Revenue Estimates by Tax Category /A

Line No.	Category	Preliminary FY 2020-21	% Chg	December 2021 Estimate by Fiscal Year FY 2021-22	% Chg	FY 2022-23	% Chg	FY 2023-24	% Chg
	Excise Taxes:								
1	Sales	$3,419.5	7.0%	$3,840.1	12.3%	$3,996.5	4.1%	$4,132.1	3.4%
2	Use	$214.2	1.8%	$227.7	6.3%	$230.0	1.0%	$235.1	2.2%
3	Retail Marijuana Sales - Special Sales Tax	$288.2	17.4%	$266.9	-7.4%	$278.9	4.5%	$288.7	3.5%
4	Cigarette	$30.1	-7.3%	$31.6	4.9%	$30.9	-2.3%	$29.9	-3.3%
5	Tobacco Products	$29.0	19.1%	$25.7	-11.6%	$26.6	3.7%	$27.2	2.2%
6	Liquor	$53.4	6.6%	$55.6	4.2%	$56.9	2.3%	$58.4	2.6%
7	Proposition EE/Nicotine	$49.0	N/A	$184.0	275.3%	$232.9	26.6%	$232.5	-0.2%
8	**Total Excise**	**$4,083.5**	**8.6%**	**$4,631.6**	**13.4%**	**$4,852.7**	**4.8%**	**$5,003.9**	**3.1%**
	Income Taxes:								
9	Net Individual Income	$9,481.8	9.7%	$10,504.3	10.8%	$10,685.0	1.7%	$11,132.1	4.2%
10	Net Corporate Income	$1,183.7	62.5%	$1,147.1	-3.1%	$1,085.2	-5.4%	$1,130.6	4.2%
11	**Total Income**	**$10,665.5**	**13.8%**	**$11,651.4**	**9.2%**	**$11,770.2**	**1.0%**	**$12,262.7**	**4.2%**
12	*Less: State Education Fund Diversion*	*$950.2*	*46.9%*	*$798.3*	*-16.0%*	*$882.8*	*10.6%*	*$919.7*	*4.2%*
13	**Total Income to General Fund**	**$9,715.3**	**11.3%**	**$10,853.1**	**11.7%**	**$10,887.5**	**0.3%**	**$11,343.0**	**4.2%**
	Other Revenue:								
14	Insurance	$336.3	-0.3%	$416.6	23.9%	$485.5	16.6%	$509.8	5.0%
15	Interest Income	$50.0	60.9%	$46.6	-6.9%	$35.7	-23.4%	$38.6	8.1%
16	Pari-Mutuel	$0.3	-21.2%	$0.3	13.8%	$0.3	-2.0%	$0.3	-2.0%
17	Court Receipts	$3.5	-9.8%	$4.4	25.8%	$3.7	-15.9%	$3.7	0.0%
18	Other Income	$50.7	423.4%	$28.7	-43.5%	$29.7	3.6%	$32.1	8.1%
19	**Total Other**	**$440.9**	**15.3%**	**$496.6**	**12.6%**	**$555.0**	**11.8%**	**$584.5**	**5.3%**
20	**GROSS GENERAL FUND**	**$14,239.6**	**10.7%**	**$15,981.3**	**12.2%**	**$16,295.1**	**2.0%**	**$16,931.4**	**3.9%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Preliminary FY 2020-21	December 2021 Estimate by Fiscal Year FY 2021-22	FY 2022-23	FY 2023-24
Revenue					
1	**Beginning Reserve**	**$1,825.7**	**$3,168.0**	**$3,510.8**	**$2,184.4**
2	**Gross General Fund Revenue**	**$14,239.6**	**$15,981.3**	**$16,295.1**	**$16,931.4**
3	*Transfers to the General Fund*	$335.3	$43.1	$42.0	$44.4
4	**TOTAL GENERAL FUND AVAILABLE**	**$16,400.6**	**$19,192.4**	**$19,847.9**	**$19,160.2**
Expenditures					
5	**Appropriation Subject to Limit**	**$10,978.9**	**$12,281.9**	**$13,314.4**	**$14,490.8**
6	*Dollar Change (from prior year)*	-$826.2	$1,303.0	$1,032.5	$1,176.3
7	*Percent Change (from prior year)*	-7.0%	11.9%	8.4%	8.8%
8	**Spending Outside Limit**	**$2,271.4**	**$3,399.7**	**$4,349.1**	**$2,495.7**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$471.4	$1,996.1	$1,660.9	$1,707.8
10	*Homestead Exemption (Net of TABOR Refund)*	$157.9	$0.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$137.9	$140.8	$143.1	$144.2
12	*Transfers for Capital Construction*	$43.0	$353.0	$411.6	$50.0
13	*Transfers for Transportation*	$30.0	$294.0	$205.0	$0.0
14	*Transfers to State Education Fund*	$113.0	$123.0	$450.0	$0.0
15	*Transfers to Other Funds*	$1,318.3	$492.7	$1,478.5	$593.8
16	**TOTAL GENERAL FUND OBLIGATIONS**	**$13,250.4**	**$15,681.6**	**$17,663.5**	**$16,986.5**
17	*Percent Change (from prior year)*	4.2%	18.3%	12.6%	-3.8%
18	Reversions and Accounting Adjustments	-$17.8	$0.0	$0.0	$0.0
Reserves					
19	**Year-End General Fund Balance**	**$3,168.0**	**$3,510.8**	**$2,184.4**	**$2,173.6**
20	*Year-End General Fund as a % of Appropriations*	28.9%	28.6%	16.4%	15.0%
21	*General Fund Statutory Reserve*	$314.0	$1,645.8	$1,997.2	$2,173.6
22	*Above/Below Statutory Reserve*	$2,854.0	$1,865.0	$187.2	$0.0

/A. FY 2020-21 and FY 2021-22 expenditures reflect all legislation that has passed through both the Colorado House and Senate as of June 18, 2021. FY 2022-23 appropriations will be adopted in future budget legislation. Therefore, FY 2022-23 expenditures and fund balance projections shown are illustrative only. Dollars in millions.

Table 5: General Fund and State Education Fund Overview /A

Line No.		Preliminary FY 2020-21	December 2021 Estimate by Fiscal Year FY 2021-22	FY 2022-23	FY 2023-24
Revenue					
1	**Beginning Reserves**	**$1,992.4**	**$3,797.3**	**$4,264.5**	**$3,025.9**
2	*State Education Fund*	$166.7	$629.2	$753.7	$841.6
3	*General Fund*	$1,825.7	$3,168.0	$3,510.8	$2,184.4
4	**Gross State Education Fund Revenue**	**$1,114.4**	**$1,060.6**	**$1,013.6**	**$1,050.6**
5	Requested Transfer to State Education Fund	$0.0	$0.0	$450.0	$0.0
6	**Gross General Fund Revenue /B**	**$14,574.9**	**$16,024.4**	**$16,337.1**	**$16,975.8**
7	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$17,681.7**	**$20,882.2**	**$21,615.2**	**$21,052.3**
Expenditures					
8	General Fund Expenditures /C	$13,250.4	$15,681.6	$17,663.5	$16,986.5
9	State Education Fund Expenditures	$651.9	$936.1	$1,375.8	$1,577.3
10	**TOTAL OBLIGATIONS**	**$13,902.2**	**$16,617.8**	**$19,039.3**	**$18,563.8**
11	*Percent Change (from prior year)*	3.6%	19.5%	14.6%	-2.5%
12	*Reversions and Accounting Adjustments*	-$17.8	$0.0	$0.0	$0.0
Reserves					
13	**Year-End Balance**	**$3,797.3**	**$4,264.5**	**$3,025.9**	**$2,488.5**
14	State Education Fund	$629.2	$753.7	$841.6	$314.9
15	General Fund	$3,168.0	$3,510.8	$2,184.4	$2,173.6
16	*General Fund Above/Below Statutory Reserve*	$2,854.0	$3,730.0	$374.4	$0.0

/A FY 2020-21 and FY 2021-22 expenditures reflect all legislation that has passed through both the Colorado House and Senate as of June 18, 2021. FY 2022-23 appropriations will be adopted in future budget legislation. Therefore, FY 2022-23 expenditures and fund balance projections shown are illustrative only. Dollars in millions.
/B These amounts include the following transfers: $115.8 million in FY 2020-21, $248.1 million in FY 2021-22, and $124.0 million in FY 2022-23.
/C This amount includes transfers to the General Fund.
/D General Fund expenditures include appropriations subject to the limit of 5.0 percent of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR /A

Line No.	Category	Preliminary FY 2020-21	December 2021 Estimate by Fiscal Year		
			FY 2021-22	FY 2022-23	FY 2023-24
1	**Transportation-Related /A**	**$1,155.8**	**$1,202.7**	**$1,277.5**	**$1,374.4**
2	Change	-3.5%	4.1%	6.2%	7.6%
3	**Limited Gaming Fund /B**	**$101.5**	**$155.4**	**$158.0**	**$159.9**
4	Change	46.8%	53.1%	1.6%	1.2%
5	**Capital Construction - Interest**	**$2.6**	**$3.7**	**$4.2**	**$4.2**
6	Change	-58.3%	38.8%	15.0%	0.0%
7	**Regulatory Agencies**	**$89.1**	**$89.5**	**$85.2**	**$88.1**
8	Change	9.9%	0.5%	-4.8%	3.4%
9	**Insurance-Related**	**$20.3**	**$23.2**	**$21.4**	**$21.2**
10	Change	-18.7%	14.3%	-7.8%	-0.9%
11	**Severance Tax**	**$14.7**	**$118.0**	**$133.2**	**$141.3**
12	Change	-90.1%	702.7%	12.9%	6.1%
13	**Other Miscellaneous Cash Funds**	**$854.2**	**$854.7**	**$869.2**	**$899.7**
14	Change	17.8%	0.1%	1.7%	3.5%
15	**TOTAL CASH FUND REVENUE**	***$2,238.3***	***$2,447.3***	***$2,548.7***	***$2,688.7***
16	Change	-0.6%	9.3%	4.1%	5.5%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40 percent of FASTER-related revenue is directed to State Enterprises. Revenue to State Enterprises is exempt from TABOR and is thus not included in the figures reflected by this table. Dollars in millions. Additionally, includes the impact of SB 21-260 which dedicates funding and creates new state enterprises to enable the planning, funding, development, construction, maintenance, and supervision of a sustainable transportation system.
/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in House Bill 09-1272.

Table 7: TABOR and the Referendum C Revenue Limit/A

Line No.		Preliminary FY 2020-21	December 2021 Estimate by Fiscal Year FY 2021-22	FY 2022-23	FY 2023-24
	TABOR Revenues:				
1	General Fund /A	$13,860.2	$15,537.4	$15,788.2	$16,412.1
	Percent Change from Prior Year	9.7%	12.1%	1.6%	4.0%
2	Cash Funds /A	$2,237.7	$2,447.3	$2,548.7	$2,688.7
	Percent Change from Prior Year	-0.3%	9.4%	4.1%	5.5%
3	**Total TABOR Revenues**	**$16,097.9**	**$17,984.6**	**$18,336.9**	**$19,100.8**
	Percent Change from Prior Year	8.2%	11.7%	2.0%	4.2%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.2%	0.3%	0.8%	1.0%
5	Previous calendar year inflation	1.9%	2.0%	3.5%	3.3%
6	**Allowable TABOR Growth Rate**	**3.1%**	**2.2%**	**4.3%**	**4.3%**
7	TABOR Limit /B	$12,628.1	$12,905.9	$13,460.8	$14,039.7
8	General Fund Exempt Revenue Under Ref. C /C	$3,016.3	$3,082.6	$3,215.2	$3,353.4
9	**Revenue Cap Under Ref. C /B /D**	**$15,644.3**	**$15,988.5**	**$16,676.0**	**$17,393.1**
10	***Amount Above/Below Cap***	**$453.6**	**$1,996.1**	**$1,660.9**	**$1,707.8**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$471.4**	**$1,996.1**	**$1,660.9**	**$1,707.8**
12	TABOR State Emergency Reserve Requirement	$469.3	$479.7	$500.3	$521.8

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

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

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

/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" or the "Revenue Cap under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. SB 21-260 raises the Referendum C cap back to its pre-SB 17-267 levels, adjusted for inflation and population growth since the passage of SB 17-267. The new cap, in line with the original Referendum C cap, then grows by inflation and population growth in subsequent years.

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

APPENDIX C

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

and

STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Pagination reflects the original printed documents)

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APPENDIX D

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. See also "INTRODUCTION – State Economic and Demographic Information." The statistics have been obtained from the referenced sources and represent the most current information available as of May 2021 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State*. See "IMPACT OF COVID-19 ON THE STATE AND SCHOOL DISTRICTS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

Overview

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

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

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX A – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2021 REVENUE FORECAST."

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Population and Age Distribution

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

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.5%	311.6	0.7%
2012	5.2	1.4%	313.9	0.7%
2013	5.3	1.5%	316.1	0.7%
2014	5.4	1.5%	318.4	0.7%
2015	5.5	1.9%	320.7	0.7%
2016	5.5	1.6%	323.1	0.7%
2017	5.6	1.3%	325.1	0.6%
2018	5.7	1.4%	326.8	0.5%
2019	5.8	1.2%	328.3	0.5%
2020	5.8	0.9%	329.5	0.4%

Note: Figures for 2010 through 2019 are estimates. The U.S. 2020 count is an estimate, and the 2020 count for Colorado is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

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

Age Distribution, July 1

	Colorado, 2020		United States, 2020	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.25	21.6%	72.82	22.1%
18 to 24	0.56	9.7%	30.03	9.1%
25 to 44	1.68	28.9%	88.21	26.8%
45 to 64	1.44	24.7%	82.77	25.1%
65+	0.88	15.1%	55.66	16.9%
Total	5.81	100.0%	329.48	100.0%
Median Age[1]	37.3		38.5	

[1]U.S. median age is based off of Census Estimates for 2020.
Note: Totals may not add due to rounding. The U.S. 2020 count is an estimate, and the Colorado 2020 count is a forecast.
Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

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

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	% Change	Income	% Change	Income	% Change
2015	$52,219		$47,034		$49,003	
2016	$52,431	0.4%	$47,505	1.0%	$49,995	2.0%
2017	$55,550	5.9%	$49,939	5.1%	$52,096	4.2%
2018	$58,836	5.9%	$52,886	5.9%	$54,581	4.8%
2019	$61,159	3.9%	$54,865	3.7%	$56,474	3.5%
2020	$63,522	3.9%	$57,543	4.9%	$59,729	5.8%

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

Employment

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

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

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2016	2,894.2		2,803.5		3.1%	4.9%
2017	2,982.5	3.1%	2,904.0	3.6%	2.6%	4.4%
2018	3,071.4	3.0%	2,978.2	2.6%	3.0%	3.9%
2019	3,126.1	1.8%	3,043.1	2.2%	2.7%	3.7%
2020	3,122.2	-0.1%	2,895.5	-4.9%	7.3%	8.1%
Year-to-date averages through April:						
2020	3,086.8		2,912.9		5.6%	6.7%
2021	3,172.2	2.8%	2,962.8	1.7%	6.6%	6.3%

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

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

Average Annual Number of Employees by Industry

Industry	2016	2017	2018	2019	2020	Most Recent Quarter 2020Q3	2020Q4	% Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	16,469	17,598	18,131	19,743	20,067	21,223	19,931	-6.1%
Mining	23,573	25,578	28,200	28,635	21,594	19,183	19,377	1.0%
Utilities	8,239	8,079	8,030	8,168	8,307	8,316	8,317	0.0%
Construction	155,139	163,452	173,063	178,867	174,811	176,214	175,043	-0.7%
Manufacturing	142,381	144,064	147,270	150,109	146,451	146,239	146,394	0.1%
Wholesale Trade	104,882	106,726	108,257	110,218	107,838	106,463	107,763	1.2%
Retail Trade	269,032	270,783	272,644	272,176	262,468	264,229	275,494	4.3%
Transportation and Warehousing	68,327	72,554	77,469	83,417	86,649	85,048	92,314	8.5%
Information	71,730	71,643	74,992	76,296	74,894	73,268	74,227	1.3%
Finance and Insurance	108,970	111,293	112,624	112,761	113,185	112,831	114,484	1.5%
Real Estate and Rental and Leasing	48,707	50,566	52,152	54,474	52,185	51,097	53,245	4.2%
Professional and Technical Services	210,093	215,783	224,620	235,424	239,350	238,255	242,392	1.7%
Management of Companies and Enterprises	36,833	39,018	40,839	42,317	41,970	41,315	42,211	2.2%
Administrative and Waste Services	158,535	158,041	158,512	161,846	149,437	149,514	150,722	0.8%
Educational Services	34,992	35,375	36,694	37,674	34,474	32,862	34,806	5.9%
Health Care and Social Assistance	287,168	291,299	298,559	303,803	297,467	296,660	302,769	2.1%
Arts, Entertainment, and Recreation	52,625	55,407	56,848	58,975	44,406	43,759	41,607	-4.9%
Accommodation and Food Services	270,673	277,613	282,491	285,929	227,884	232,252	222,015	-4.4%
Other Services	78,231	82,201	82,029	84,557	77,271	77,285	78,266	1.3%
Unclassified	759	180	1,886	2,636	2,255	3,167	2,184	-31.0%
Government	405,690	412,002	418,297	427,979	420,659	411,316	421,515	2.5%
Total*	**2,553,045**	**2,609,255**	**2,673,605**	**2,736,002**	**2,603,620**	**2,590,498**	**2,625,077**	**1.3%**

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

The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2021. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	29,900
UCHealth	Healthcare, Research	25,300
The Kroger Co. (King Soopers/City Market)	Supermarkets	22,000
Centura Health	Healthcare	14,200
Amazon	Warehousing & Distribution Services	12,600
HealthONE Corporation	Healthcare	12,100
Lockheed Martin Corporation	Aerospace & Defense Related Systems	11,400
SCL Health	Healthcare	10,000
Comcast	Telecommunications	9,000
Home Depot	Building Materials Retailer	8,000
Target Corporation	General Merchandise	7,900
Children's Hospital Colorado	Healthcare	7,800
Safeway Inc.	Supermarkets	7,300
Kaiser Permanente	Health Maintenance Organization	7,200
United Airlines	Airline	6,900
JBS Swift & Company	Beef Processing/Corporate Office	6,000
United Parcel Service	Logistics	5,900
Lumen Technologies	Telecommunications	5,800
Vail Resorts	Leisure & Hospitality	5,600
Ball Corporation	Aerospace, Containers	5,500
FedEx Corp.	Transportation, E-commerce	5,200
Banner Health	Healthcare	5,100
Wells Fargo	Banking/Financial Services	5,000
Charles Schwab	Financial Services	4,500
Southwest Airlines	Airline	4,400
Lowe's Companies, Inc.	Building Materials Retailer	4,300
Oracle	Software & Network Computer Systems	4,300
Charter Communications	Telecommunications	4,000
Xcel Energy	Utility	3,900
Vestas	Wind Turbine Manufacturer	3,900
Progressive Casualty Insurance Company	Insurance	3,800
University of Denver	Private University	3,800
Walgreen Company	General Merchandise	3,600
Hewlett Packard	Technology Product Design	3,500
DISH Network	Satellite TV & Equipment	3,100
Frontier Airlines	Airline	3,000
Empower Retirement	Insurance & Retirement Savings Services	2,900
Raytheon Company	Aerospace Systems & Software	2,900
GMRI Inc	Restaurants	2,800
UnitedHealthcare	Insurance	2,800

[1]Figures include both full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, May 2021.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2021.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	59,200
Federal Government (except USPS)	45,700
University of Colorado System	24,300
Denver Public Schools	15,200
City & County of Denver	12,000
Jefferson County Public Schools	11,100
U.S. Postal Service	9,000
Douglas County School District RE-1	8,300
Denver Health	8,000
Colorado State University	7,700
Cherry Creek School District 5	7,600
Aurora Public Schools	5,700
Adams 12 Five Star Schools	4,800
Boulder Valley School District RE-2	4,200
St. Vrain Valley School District RE-1J	4,100
Poudre School District R-1	4,100
City of Aurora	4,000
Colorado Springs School District 11	3,700
Academy Schools District 20	3,600
Jefferson County	3,400
U.S. Department of Veterans Affairs	3,200
Mesa County Valley School District 51	3,000
Arapahoe County	3000
El Paso County	2,800
School District 49	2,700

[1]Includes both full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, May 2021.

Retail Sales

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

Colorado Sales and Use Tax Net Collections
Fiscal Years 2016 to 2020

	Sales Tax		Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change
2016	$2,596,355		$243,818	
2017	$2,719,778	4.8%	$258,604	6.1%
2018	$2,906,717	6.9%	$305,192	18.0%
2019	$3,031,974	4.3%	$343,489	12.5%
2020	$3,186,143	5.1%	$226,116	-34.2%

Source: Colorado Department of Revenue.

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The following table provides retail sales totals by industry for the State for the most recent five years and year-to-date available.

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

Industry	2016	% Change	2017	% Change	2018	% Change	2019	% Change	2020	% Change	Year-to-date totals through March 2020	Year-to-date totals through March 2021	% Change
Agriculture/Forestry/Fishing	559.5	11.8%	417.9	-25.3%	587.2	40.5%	521.1	-11.3%	491.8	-5.6%	79.8	75.3	-5.6%
Mining	2,485.9	-33.6%	3,665.9	47.5%	4,411.7	20.3%	3,938.3	-10.7%	3,065.7	-22.2%	817.3	607.4	-25.7%
Utilities	7,301.0	-4.1%	7,570.4	3.7%	7,665.8	1.3%	8,031.0	4.8%	7,512.2	-6.5%	2,041.4	2,227.3	9.1%
Construction	4,740.5	1.2%	5,133.6	8.3%	5,758.0	12.2%	6,124.0	6.4%	6,148.5	0.4%	1,340.0	1,313.3	-2.0%
Manufacturing	14,679.1	-7.5%	16,217.9	10.5%	17,360.8	7.0%	15,992.7	-7.9%	16,906.4	5.7%	3,920.1	3,718.7	-5.1%
Wholesale Trade	14,874.5	3.1%	14,530.3	-2.3%	15,407.4	6.0%	18,109.6	17.5%	20,374.5	12.5%	4,359.7	4,396.5	0.8%
Retail Trade													
Motor Vehicle and Auto Parts	19,692.9	3.7%	20,614.6	4.7%	21,190.4	2.8%	21,986.4	3.8%	21,918.4	-0.3%	4,770.6	5,752.6	20.6%
Furniture and Furnishings	3,019.6	5.3%	3,126.0	3.5%	3,265.9	4.5%	3,371.4	3.2%	3,333.6	-1.1%	738.0	865.2	17.2%
Electronics and Appliances	2,534.3	6.1%	2,617.2	3.3%	2,830.3	8.1%	2,956.9	4.5%	2,849.8	-3.6%	649.5	689.7	6.2%
Building Materials/Nurseries	6,800.1	6.7%	7,283.2	7.1%	7,465.8	2.5%	7,413.9	-0.7%	8,891.0	19.9%	1,631.4	2,016.5	23.6%
Food/Beverage Stores	16,798.7	1.1%	17,655.4	5.1%	18,794.5	6.5%	18,927.9	0.7%	20,189.0	6.7%	4,709.4	4,697.7	-0.2%
Health and Personal Care	5,064.2	15.5%	5,355.2	5.7%	5,672.5	5.9%	6,015.3	6.0%	6,734.3	12.0%	1,532.3	1,686.5	10.1%
Gas Stations	4,307.1	-10.6%	4,528.5	5.1%	4,863.8	7.4%	4,556.7	-6.3%	3,957.2	-13.2%	996.4	995.6	-0.1%
Clothing and Accessories	3,843.5	0.9%	3,848.5	0.1%	3,999.7	3.9%	4,413.8	10.4%	3,623.6	-17.9%	788.2	965.0	22.4%
Sporting/Hobby/Books/Music	3,021.7	0.4%	2,879.5	-4.7%	2,960.5	2.8%	3,075.7	3.9%	3,256.0	5.9%	730.9	907.9	24.2%
General Merchandise/Warehouse	13,152.7	0.6%	13,758.0	4.6%	14,387.6	4.6%	14,788.7	2.8%	16,068.0	8.7%	3,560.3	3,967.5	11.4%
Misc Store Retailers	5,767.0	9.7%	6,529.4	13.2%	6,645.2	1.8%	7,214.1	8.6%	7,010.0	-2.8%	1,538.2	1,731.4	12.6%
Non-Store Retailers	2,286.3	31.2%	2,921.3	27.8%	3,279.3	12.3%	5,054.7	54.1%	10,776.8	113.2%	2,117.9	2,818.6	33.1%
Total Retail Trade	**86,288.1**	**3.5%**	**91,117.0**	**5.6%**	**95,355.7**	4.7%	**99,775.5**	4.6%	**108,607.7**	8.9%	**23,762.9**	**27,094.3**	**14.0%**
Transportation/Warehouse	864.8	-7.1%	944.6	9.2%	1,292.4	36.8%	1,096.3	-15.2%	1,222.5	11.5%	271.9	303.8	11.7%
Information	5,238.6	-3.2%	5,382.5	2.7%	4,971.1	-7.6%	5,819.5	17.1%	4,250.2	-27.0%	978.0	1,083.5	10.8%
Finance/Insurance	2,691.8	0.9%	2,107.9	-21.7%	2,469.4	17.2%	2,761.9	11.8%	3,340.1	20.9%	736.6	1,198.8	62.7%
Real Estate/Rental/Lease	4,573.3	4.2%	4,875.5	6.6%	5,423.2	11.2%	5,907.9	8.9%	5,140.4	-13.0%	1,432.0	1,351.8	-5.6%
Professional/Scientific/Technical	6,644.4	-4.1%	6,794.1	2.3%	7,753.2	14.1%	7,859.6	1.4%	8,634.4	9.9%	1,906.9	1,937.2	1.6%
Admin/Support/Waste/Remediation	2,263.2	0.8%	2,357.8	4.2%	2,384.4	1.1%	2,813.2	18.0%	3,237.8	15.1%	705.7	922.1	30.7%
Education	493.9	0.7%	486.3	-1.5%	500.3	2.9%	434.8	-13.1%	349.9	-19.5%	83.0	113.7	37.0%
Health Care/Social Assistance	6,890.5	-0.1%	7,136.0	3.6%	7,044.5	-1.3%	16,093.3	128.5%	16,236.4	0.9%	4,187.4	3,751.5	-10.4%
Arts/Entertainment/Recreation	1,457.8	9.0%	1,564.5	7.3%	1,650.0	5.5%	1,781.7	8.0%	1,342.6	-24.6%	435.6	390.6	-10.3%
Accommodation	4,338.5	7.3%	4,773.3	10.0%	5,147.4	7.8%	5,771.3	12.1%	3,823.6	-33.7%	1,299.9	1,141.7	-12.2%
Food/Drinking Services	12,280.3	5.7%	13,020.4	6.0%	13,798.6	6.0%	14,511.8	5.2%	11,308.6	-22.1%	3,178.8	3,082.9	-3.0%
Other Services	5,730.4	5.3%	6,182.5	7.9%	6,751.4	9.2%	6,924.2	2.6%	6,438.5	-7.0%	1,639.9	1,654.5	0.9%
Government	307.2	12.4%	363.7	18.4%	388.6	6.8%	351.2	-9.6%	380.3	8.3%	85.8	105.8	23.3%
Total All Industries	**184,703.4**	**1.0%**	**194,642.0**	**5.4%**	**206,121.0**	**5.9%**	**224,618.9**	**9.0%**	**228,812.2**	**1.9%**	**53,262.9**	**56,470.5**	**6.0%**

Note: Reporting for 2019 and future years reflect new sourcing rules that may cause variations in the data reported from previous years.
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*		Conventions[2]: *Delegates*		Conventions[2]: *Spending*		Skier Visits[3,4]	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2016	7.46		66		242.7		$543.4		13.39	
2017	7.62	2.1%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%
2018	7.57	-0.7%	67	-20.2%	269.4	14.4%	$560.6	8.1%	12.81	-2.4%
2019	7.76	2.6%	80	19.4%	254.1	-5.7%	$555.3	-0.9%	13.80	7.7%
2020	6.03	-22.2%	12	-85.0%	65.0	-74.4%	$131.0	-76.4%	11.37	-17.6%

[1]Count of recreational visitors for the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.
[2]Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.
[3,4]Count of skier visits for the season ending in the referenced year. 2019-20 skier visits estimated by Development Research Partners.
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
2016	21,577	556	242	16,599	38,974	22.3%
2017	24,338	344	415	15,576	40,673	4.4%
2018	26,134	374	414	15,705	42,627	4.8%
2019	24,756	352	370	13,155	38,633	-9.4%
2020	26,636	728	397	12,708	40,469	4.8%
Year-to-date totals through April:						
2020	8,955	60	169	3,919	13,103	
2021	11,900	252	115	6,212	18,479	
% change	*32.9%*	*320.0%*	*-32.0%*	*58.5%*	*41.0%*	

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
2016	7,666	-7.0%	3,128	-25.7%
2017	6,680	-12.9%	2,100	-32.9%
2018	5,884	-11.9%	1,461	-30.4%
2019	5,610	-4.7%	1,316	-9.9%
2020	2,130	-62.0%	628	-52.3%

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

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APPENDIX E

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2020 (the "PERA 2020 CAFR"). The PERA 2020 CAFR was prepared by PERA staff employees and the firm of Segal Consulting, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward looking information as described in the preliminary notice in this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2020 CAFR is not incorporated in this Official Statement by reference or otherwise, and the State makes no representations regarding the accuracy of the information in the PERA 2020 CAFR.

The information presented in the State's Fiscal Year 2019-20 CAFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2019, while the information presented in the State's Fiscal Year 2020-21 Unaudited BFS and in this Official Statement regarding PERA is derived from the PERA 2020 CAFR.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (generally for State employees) (the "State Division"), the Judicial Division Trust Fund (for judges in the State), the School Division Trust Fund (for employees of school districts other than Denver County School District No. 1, commonly known as Denver Public Schools), the Denver Public Schools Division (for employees of Denver Public Schools) and the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities). The defined benefit plan for the State Division is referred to herein as the "State Division Plan."

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee the amounts of which are determined and established by statute. Benefits provided through the State Division Plan are paid from the State Division Trust Fund. State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. Except to the extent provided in SB 18-200 discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" hereafter in this Appendix E, the State has no obligation to make contributions or fund benefits in Divisions other than the State Division and Judicial Division of PERA. See Notes 1 and 8 to the financial statements in the PERA 2020 CAFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis and Notes 6, 7 and 8 to the financial statements in the State's Fiscal Year 2019-20 CAFR, as well as Notes 6, 7 and 8 to the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND

CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Other Post-Employment Benefits" in the body of this Official Statement and in this Appendix relates only to the State Division Plan.

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

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each Division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its Divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 1-800-759-7372 or by visiting http://www.copera.org. *The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's financial statements, or any other information provided by PERA, is not incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.*

Basic Provisions of the State Division Plan

Members of the State Division Plan who meet minimum age and service requirements are eligible to receive a monthly retirement benefit based on their employment and earnings history with the State. Calculation of retirement benefits, and eligibility requirements, differ depending on the employee's original hire date. In response to funding challenges, the General Assembly has enacted changes to State Division Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 6, 7 and 8 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, the PERA 2020 CAFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2020 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with its Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," applies to governmental employers and was implemented by the State beginning with the State's Fiscal Year 2014-15 CAFR. See "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75" hereafter.

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

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

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

Actuarial Valuations

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

The actuarial valuations for each of PERA's defined benefit plans, including the State Division Plan, are prepared by PERA's actuaries based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the Plan compared to actuarial liabilities, compare past and future trends and determine the net pension liability of the Plan. The actuarial valuation for funding purposes applies an asset valuation

[1] Unfunded actuarial accrued liability is the difference between the actuarial accrued liability, or "AAL" (being the excess of the present value of a pension fund's total of future benefits (payable to the plan participants) and fund administration expenses over the present value of the future normal cost of those benefits), over the valuation assets of the fund.

[2] Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. **For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.**

[3] Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan's reporting period.

method that recognizes a four-year smoothed market value of assets for purposes of determining the UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets (determined in conformity with GASB standards) to determine the net pension liability. See the Actuarial Section of the PERA 2020 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2020 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2020, for the period January 1, 2016 to December 31, 2019, and on November 20, 2020, adopted various revisions to its economic and demographic assumptions effective for the December 31, 2020, actuarial valuations and measurement date.

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

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State. Plan participants are also required to contribute a portion of their wages to the Plan. SB 18-200 discussed hereafter increased the employer contribution rates effective July 1, 2019, and increased the member contribution rates effective July 1, 2019, July 1, 2020, and July 1, 2021. The statute also provides for automatic adjustments to such rates based on specified parameters so as to stay within the legislation's 30-year funding goal as discussed in "Funding Status of the State Division Plan" below (the "Automatic Adjustment Provision" or "AAP"). An adjustment (increase or decrease) to either the employer contribution rates or the member contribution rates cannot exceed 0.50% in any one year, nor can they exceed an aggregate of 2% above the base amount effective July 1, 2021, pursuant to SB 18-200, or fall below the contribution rates in effect prior the enactment of SB 18-200. As the result of the application of these provisions, (i) the current baseline SRC that is required to be made by the State for State Division Plan members other than "State Troopers"[1] is 10.90% of includable compensation, and the current baseline SRC that is required to be made by the State for State Troopers is 13.60% of includable compensation, and (ii) the current member contribution rate for State Division Plan members other than State Troopers is 10.00% of includable compensation, and current member contribution rate for State Troopers is 12.00% of includable compensation. Effective July 1, 2021, the member contribution rates will increase to 10.50% of includable compensation for State Division Plan members other than State Troopers, and to 12.50% of includable compensation for State Troopers. See the PERA 2020 CAFR for additional information, as well as historical SRC and participant contribution rates.

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement ("AED") and the Supplemental Amortization Equalization Disbursement ("SAED") in order to shorten the amount of time over which the unfunded liability of the Plan is amortized. Both the AED and the

[1] For PERA purposes, "State Troopers" includes (i) employees of the Colorado State Patrol or Colorado Bureau of Investigation vested with the powers of peace officers, (ii) beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII, (iii) new members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff or detention officer by a Local Government Division employer, and (iv) new members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer.

SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. The AED and the SAED applicable to the State Division Plan were effective as of January 1, 2006, and January 1, 2008, respectively, and were each initially payable at the rate of 0.5% of total covered payroll with annual increases in the contribution rate through 2017. The AED and SAED rates applicable to the State Division Plan are each currently 5.0%, and since July 1, 2020, the total SRC applicable to the State Division Plan (net of 1.02% apportioned to the Health Care Trust Fund per the PERA Act) has been 19.88% of employee wages (22.58% for State Troopers).

As discussed above, SB 18-200 includes an Automatic Adjustment Provision so as to stay within the legislation's 30-year funding goal as discussed in "Funding Status of the State Division Plan" below. Previously, such adjustments required action by the General Assembly. The AAP assessment commenced with the December 31, 2018, actuarial funding valuation and is performed annually. Based on the results of the AAP assessment which utilized the December 31, 2019, actuarial valuation performed for funding purposes, no adjustments to member and employer contribution rates were required. However, based on the results of the AAP assessment which utilized the December 31, 2020, actuarial valuation performed for funding purposes, the automatic adjustment cap will be lowered from 1.25% to 1.00% effective July 1, 2022.

SB 18-200 also provides that effective January 1, 2021, and every year thereafter, employer contribution rates for the State Division Plan are to be adjusted to include a defined contribution supplement. See also Note 6 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, as well as Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2020 CAFR.

SB 18-200 further requires the State to make an annual direct distribution to PERA of $225 million (actual dollars) from State funds beginning in Fiscal Year 2019-20 and continuing annually on July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the distribution to the State Division Trust Fund, the School Division Trust Fund, the Judicial Division Trust Fund and the Denver Public Schools Division Trust Fund based upon the covered payroll of each such Division. Under certain circumstances adjustments may be made to this distribution pursuant to the Automatic Adjustment Provision of SB 18-200. *Per HB 20-1379, due to the actual and forecast impact of COVID-19 on the State's revenues in Fiscal Years 2019-20 and 2020-21, the direct distribution to PERA from the State required by SB 18-200 was suspended for Fiscal Year 2020-21 only, and thus PERA did not receive a direct distribution from the State on July 1, 2020.*

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

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

Actuarially Determined Contribution. As a result of the shift in financial disclosure requirements under GASB 67 from a funding-based approach to an accounting-based approach, the historical disclosure and use of the annual required contribution[1], or "ARC," as a funding benchmark by PERA was no longer required. Rather, this philosophical shift necessitated the development and use of a plan-specific actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with (i) Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted and (ii) the PERA Board's funding policies. The ADC for each trust fund is developed annually and reported by management to be used as a benchmark for contributions two years in the future. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long-term rate of return. See "*Historical ADC and State Contributions*" below.

Change in PERA Funding Policy. In response to the new GASB 67 standards, the PERA Board adopted a revised pension funding policy in March 2015 (and last revised in November 2018) with regard to its trust funds. The purpose of the revised funding policy, as stated in the PERA 2020 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit pension trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA Board in assessing the sustainability of the plan. The results of these three items are intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "*Statutorily Required Contributions*" above.

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

The ADC rates, as a percentage of covered payroll, used to determine the ADC amounts in Table 1 below are calculated as of December 31 two years prior to the end of the year in which the ADC amounts are reported. The following actuarial methods and assumptions from the December 31, 2018, actuarial valuation were used to determine contribution rates reported in the table for the year ended December 31, 2020: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's amortization period is based on a level percent of payroll over a 30-year closed period layered 27 years; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards; (iv) price inflation is assumed to be 2.40%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 10.45%; (vii) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.25%; and (viii) post-retirement benefit increases for pre-2007 hires are assumed to be 1.50% compounded annually and post-retirement benefit increases for post-2006 hires are assumed to be financed by the Annual Increase Reserve described in footnote 2 to the table. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 3 to the

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

required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2020 CAFR.

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

Calendar Year	ADC Rate[1]	Covered Employee Payroll	Annual Increase Reserve Contribution[2]	ADC Contribution[3]	Contributions in Relation to the ADC	Annual Contribution Deficiency	Actual Contribution as a Percentage of Covered Employee Payroll
2011	13.63%	$2,393,791	$ --	$326,274	$277,122	$ 49,152	11.58%
2012	16.52	2,384,934	--	393,991	328,055	65,936	13.76
2013	20.01	2,474,965	--	495,241	393,218	102,023	15.89
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2017	22.71	2,774,207	14,355	644,377	563,977	80,400	20.33
2018	26.30	2,898,827	15,919	778,311	661,653	116,658	22.82
2019	23.28	2,995,453	17,663	715,004	689,370	25,634	23.01
2020	23.69	3,089,161	19,442	751,264	646,386	104,878	20.92

1 See the discussion preceding this table regarding the actuarial methods and assumptions used in determining the ADC rates.

2 The Annual Increase Reserve, or "AIR," was established in 2007 and is used to provide post-retirement benefit increases for members hired on or after January 1, 2007. The AIR is financed by an allocation from employer statutory contributions made on behalf of such members equal to 100% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2020 CAFR.

3 The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR.

Source: PERA 2020 CAFR

For historical information regarding employer contributions based on the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013 and Note 6 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the Plan design by SB 10-001, all in an effort to improve the funding status of the State Division Plan. However, investment returns on Plan assets declined following the global economic downturn that began in 2008. As a result, the actuarial assumptions as to the investment rate of return on Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% in 2009, to 7.50% at the end of 2013 and to 7.25% as of December 31, 2017, and other economic assumptions, including the amortization period, were changed over this period as well, to reflect actual results and new estimates about the future. Notwithstanding these changes, PERA reported that at December 31, 2016, the State Division Plan a UAAL of approximately $11.644 billion and a funded ratio (*i.e.*, the actuarial value of Plan assets divided by the AAL) of only 54.6%, which UAAL would have amortized over a 65-year period based on contribution rates as of the date of calculation.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, in 2018 the General Assembly enacted SB 18-200 which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans, and thereby reach a 100% funded ratio for each of such plans, within a 30-year period. Among other things, SB 18-200 phases-in a 2% increase in contribution rates for most employees, suspended the cost of living adjustment for retirees through 2019, changes the definition of salary and highest average salary, reduces maximum annual cost of living adjustments, adjusts employee and employer contribution rates, funds unfunded PERA liability from political subdivisions that terminate their affiliation with PERA and provides for a direct annual distribution to PERA from the State General Fund of $225 million (actual dollars) beginning with Fiscal Year 2019-20, although per HB 20-1379, due to the actual and forecast impact of COVID-19 on the State's revenues in Fiscal Years 2019-20 and 2020-21, this distribution was suspended for Fiscal Year 2020-21 only as discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above. SB 18-200 also provides for automatic adjustments to employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding SB 18-200, see Note 6 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, as well as the PERA 2020 CAFR.

The PERA 2020 CAFR reports that at December 31, 2020, the actuarial value of assets of the State Division Plan was approximately $16.039 billion and the AAL of the Plan was approximately $27.117 billion, resulting in a UAAL of approximately $11.078 billion, a funded ratio of 59.1% and an amortization period (including consideration of the suspension of the State's direct distribution to PERA for Fiscal Year 2020-21 and the revised economic and demographic assumptions adopted by the PERA Board on November 20, 2020), of 33 years[1]. The actuarial value of assets of the State Division Plan is determined by using an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets over a four-year period to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Based on the market value of assets of the State Division Plan, the PERA 2020 CAFR reports that at December 31, 2020, the UAAL of the Plan was approximately $9.457 billion and the funded ratio was 65.1%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2020 CAFR.

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

The actuarial valuation for funding purposes in the PERA 2020 CAFR was performed as of December 31, 2020. The actuarial valuation for accounting and financial reporting purposes in the PERA 2020 CAFR was performed as of December 31, 2019, and the total pension liability was rolled forward to the measurement date of December 31, 2020, utilizing generally accepted actuarial techniques and taking into consideration the revised economic and demographic assumptions adopted by the PERA Board on November 20, 2020, and effective for the December 31, 2020, actuarial valuations and measurement date. See "Actuarial Valuations" above in this Appendix.

The following assumptions, among others, were used to determine the actuarial valuation of the State Division Plan as of December 31, 2019: (i) price inflation is assumed to be 2.40%; (ii) real wage growth is assumed to be 1.10%; (iii) salary increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 9.17%; (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; (v) post-retirement benefit increases for pre-2007 hires are assumed to be 1.25% compounded annually; and (vi) post-retirement benefit increases for post-2006 hires are assumed to be financed by the AIR. The roll

[1] This amortization period does not include the full effect of legislation enacted in 2006, 2010 and 2018, which includes plan changes designed to lower the normal cost over time as new members are added to the Plan, to allow a greater proportion of the State's contribution to the Plan to be used to amortize the unfunded liability and to increase future contributions to the Plan in order to further accelerate the amortization of the UAAL. The PERA 2020 CAFR states that the increase in the amortization period for the State Division Plan from 2019 to 2020 is primarily due to the revised actuarial assumptions adopted by the PERA Board and effective for 2020. For further information, see the Actuarial Section of the PERA 2020 CAFR.

forward calculation of the December 31, 2019, actuarial valuation to December 31, 2020, used the following assumptions: (i) price inflation is assumed to be 2.30%; (ii) real wage growth is assumed to be 0.70%; (iii) salary increases (including assumed wage inflation of 3.00%) are projected to range from 3.30% to 10.90% for members other than State Troopers and from 3.20% to 12.40% for State Troopers (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; (v) post-retirement benefit increases for pre-2007 hires are assumed to be 1.25% compounded annually; and (vi) post-retirement benefit increases for post-2006 hires are assumed to be financed by the AIR. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2020 CAFR.

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

Valuation Date (December 31)	Actuarial Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2011	$12,010,045	$20,826,543	$ 8,816,498	57.7%	$2,393,791	368.3%
2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
2013	13,129,460	22,843,725	9,714,265	57.5	2,474,965	392.5
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2017	14,256,410	24,782,085	10,525,675	57.5	2,774,207	379.4
2018	14,303,726	25,509,852	11,206,126	56.1	2,898,827	386.6
2019	14,922,050	25,717,648	10,795,598	58.0	2,995,453	360.4
2020	16,039,287	27,116,805	11,077,518	59.1	3,089,161	358.6

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

Source: PERA 2020 CAFR

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

Valuation Date (December 31)	Market Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2011	$12,001,770	$20,826,543	$ 8,824,773	57.6%	$2,393,791	368.7%
2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	353.3
2013	13,935,754	22,843,725	8,907,971	61.0	2,474,965	359.9
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2017	15,105,378	24,782,085	9,676,707	61.0	2,774,207	348.8
2018	13,837,863	25,509,852	11,671,989	54.2	2,898,827	402.6
2019	15,819,843	25,717,648	9,897,805	61.5	2,995,453	330.4
2020	17,660,157	27,116,805	9,456,648	65.1	3,089,161	306.1

[1] The market value of Plan assets is the fair value of the assets determined in conformity with GASB standards. See the Investment Section of the PERA 2020 CAFR.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2010-2019

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

Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2020, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2020 CAFR. The following table sets forth for each of the past ten years the changes in fiduciary net position of the State Division Plan.

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

	For the Year Ended December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Additions										
Employer contributions	$ 283,222	$ 335,073	$ 401,658	$ 444,372	$ 484,005	$ 521,804	$ 563,977	$ 583,164	$ 612,282	$ 646,386
Nonemployer contributions	--	--	--	--	--	--	--	78,489	77,088	--
Member contributions	258,678	227,058	202,799	211,610	217,980	223,005	228,978	236,313	257,803	298,264
Purchased service	11,277	16,358	22,241	22,446	26,946	24,528	27,442	25,227	29,494	28,522
Net investment income (loss)	232,669	1,511,244	1,931,658	780,762	210,337	947,981	2,391,683	(497,562)	2,764,719	2,652,870
Other	331	150	4,869	3,289	5,023	8,708	15,860	7,888	22	9,390
Total additions	786,177	2,089,883	2,563,225	1,462,479	944,291	1,726,026	3,227,940	433,519	3,741,408	3,635,432
Deductions										
Benefit payments	1,174,707	1,231,922	1,295,780	1,352,293	1,417,862	1,483,828	1,554,290	1,608,534	1,637,168	1,675,048
Refunds	70,090	69,221	68,735	61,152	63,567	60,137	58,696	65,253	61,832	57,921
Disability insurance premiums	1,685	1,570	2,229	2,309	2,088	2,106	2,035	2,093	1,965	1,360
Administrative expenses	8,685	8,568	9,780	10,067	10,779	11,271	11,745	11,903	11,294	11,385
Other	(4,546)	3,911	3,593	3,171	3,406	3,040	3,652	3,017	2,707	2,634
Total deductions	1,250,621	1,315,192	1,380,117	1,428,992	1,497,702	1,560,382	1,630,418	1,690,800	1,714,966	1,748,348
Change in fiduciary net position	(464,444)	774,691	1,183,108	33,487	(553,411)	165,644	1,597,522	(1,257,281)	2,026,442	1,887,084
Fiduciary net position held at beginning of year	12,487,105	12,022,661	12,797,352	13,980,460	14,013,947	13,460,536	13,626,180	15,223,702	13,966,421	15,992,863
Fiduciary net position held at end of year	$12,022,661	$12,797,352	$13,980,460	$14,013,947	$13,460,536	$13,626,180	$15,223,702	$13,966,421	$15,992,863	$17,879,947

Source: PERA 2020 CAFR

Net Pension Liability of the State Division Plan

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

The following table sets forth for the years 2013-2020 (the only years for which information is available) the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2020 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2020 (information for 2013 is not available). See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75" hereafter.

Table 5
Net Pension Liability
State Division[1,2]
(Dollar Amounts in Thousands)

	For the Year Ended December 31,							
	2013	2014	2015	2016	2017	2018	2019	2020
Total pension liability[3,4]	$22,888,431	$23,420,461	$23,991,569	$31,994,311	$35,241,684	$25,345,094	$25,696,667	$27,364,740
Plan fiduciary net position	13,980,460	14,013,947	13,460,536	13,626,180	15,223,702	13,966,421	15,992,863	17,879,947
Net pension liability	$ 8,907,971	$ 9,406,514	$10,531,033	$18,368,131	$20,017,982	$11,378,673	$ 9,703,804	$ 9,484,793
Net pension liability as a percentage of total pension liability	61.08%	59.84%	56.11%	42.59%	43.20%	55.11%	62.24%	65.34%
Covered employee payroll	$ 2,474,965	$ 2,564,670	$ 2,641,867	$ 2,710,651	$ 2,774,207	$ 2,898,827	$ 2,995,453	$ 3,089,161
Net pension liability as a percentage of covered employee payroll	359.92%	366.77%	398.62%	677.63%	721.57%	392.53%	323.95%	307.03%

1 Information for years prior to 2013 is not available.

2 Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "Funding Status of the State Division Plan" above, the changes made by SB 18-200 are not reflected in this table for years 2013-2017.

3 The total pension liability as of December 31, 2020, was determined by actuarial valuations as of December 31, 2019, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2020 (measurement date). The actuarial valuations as of December 31, 2019, used the key actuarial methods, assumptions or other inputs discussed in "Funding Status of the State Division Plan" above, except that the fair value (or market value) of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.

4 The decrease in the total pension liability at December 31, 2018, is primarily due to changing from a blended discount rate to a discount rate equal to the long-term assumed rate of return in accordance with GASB 67.

Source: PERA 2020 CAFR

Investment of State Division Plan Assets

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

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

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

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

See Note 5 to the financial statements and the Investment Section of the PERA 2020 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

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

GASB 68. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68") is a GASB pronouncement that is a companion to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 was effective for fiscal years beginning after June 15, 2014, and accordingly was implemented beginning with the State's Fiscal Year 2014-15 CAFR. GASB 68 revised and established new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. See Table 2 in this Appendix for the UAAL of the State Division Plan for the past ten years as set forth in the PERA 2020 CAFR.

In the State's Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, the State reported a total net pension liability of approximately $9.245 billion at June 30, 2021, of which approximately $9.125 billion constitutes its proportionate share of the net pension liability with respect to the PERA administered defined benefit pension trusts determined as described in Note 6 to the Fiscal Year 2020-21 Unaudited BFS Financial Statements. The balance constitutes the net pension liability associated with a defined benefit pension plan administered by the University of Colorado for certain of its employees. This compares to a reported net pension liability at June 30, 2020, of approximately $11.375 billion, of which approximately $11.285 billion constituted the State's proportionate share of the net pension liability with respect to the PERA administered defined benefit pension trusts determined as described in Note 6 to the financial statements in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement, and the balance constituted the net pension liability associated with the University of Colorado administered a defined benefit pension plan. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year.

There is a difference between the net pension liability for the State reported by PERA and the State in their respective financial statements. The difference results from PERA's inclusion of employers in the State Division and the Judicial Division which are not included in the State's financial statement reporting entity. The PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's financial statement reporting entity as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Examples of these employers in the State Division include Pinnacol Insurance, Fire and Police Pension Association and District Attorneys. Denver County Courts is the only Judicial Division employer that is not part of the State's financial statement reporting entity. The State includes in its financial statements a percentage of the net pension liability reported by PERA in its financial statements for each Division to determine the State's proportionate share in accordance with requirements of GASB 68. Additional information concerning the State's reporting entity can found in Note 1 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS.

Set forth in the following table are the State's proportionate share of the net pension liability at the end of calendar years 2013-2019 for the retirement trusts to which the State contributes presented in accordance with the requirements of GASB 68. Information for the State and Judicial Divisions is not available prior to calendar year 2013, and information for the other Divisions is not available prior to calendar year 2018.

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

State Division

	Calendar Year						
	2013	2014	2015	2016	2017	2018	2019
State's proportion of the net pension liability	95.86%	95.85%	95.71%	95.49%	95.37%	95.40%	95.49%
State's proportionate share of net pension liability	$8,539,181	$9,016,144	$10,079,252	$17,539,728	$19,091,149	$10,855,754	$9,265,778
State's covered payroll	$2,570,286	$2,586,800	$ 2,687,152	$ 2,751,094	$ 2,796,014	$ 3,262,962	$3,376,294
State's proportionate share of the net pension liability as a percentage of its covered payroll	332.23%	348.54%	375.09%	637.55%	682.80%	332.70%	274.44%
Plan fiduciary net position as a percentage of the total pension liability	61.00%	59.84%	56.11%	42.59%	43.20%	55.11%	62.24%

Judicial Division

	Calendar Year						
	2013	2014	2015	2016	2017	2018	2019
State's proportion of the net pension liability	93.44%	93.60%	93.98%	94.17%	93.99%	94.06%	94.28%
State's proportionate share of net pension liability	$102,756	$129,499	$172,824	$239,423	$218,136	$132,873	$85,727
State's covered payroll	$ 37,203	$ 40,114	$ 44,159	$ 46,320	$ 46,764	$ 55,706	$55,934
State's proportionate share of the net pension liability as a percentage of its covered payroll	276.20%	322.83%	391.37%	516.89%	466.46%	238.52%	153.27%
Plan fiduciary net position as a percentage of the total pension liability	77.41%	66.89%	60.13%	53.19%	58.70%	68.48%	80.02%

Denver Public Schools Division

	Calendar Year	
	2018	2019
State's proportion of the net pension liability	34.13%	30.71%
State's proportionate share of net pension liability	$349,095	$202,321
Plan fiduciary net position as a percentage of the total pension liability	75.69%	84.73%

Schools Division

	Calendar Year	
	2018	2019
State's proportion of the net pension liability	12.03%	11.26%
State's proportionate share of net pension liability	$2,129,952	$1,681,628
Plan fiduciary net position as a percentage of the total pension liability	57.01%	64.52%

State Division as Non-Employer Contributing Entity

	Calendar Year	
	2018	2019
State's proportion of the net pension liability	0.55%	0.51%
State's proportionate share of net pension liability	$349,095	$202,321

Judicial Division as Non-Employer Contributing Entity

	Calendar Year	
	2018	2019
State's proportion of the net pension liability	0.85%	0.64%
State's proportionate share of net pension liability	$1,199	$582

[1] The amounts presented for each Division were determined as of the measurement date, which is the calendar year end that occurred within the State's Fiscal Year. See Note 6 to the financial statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement with respect to the calculation of the 2019 amounts. Prior year amounts were calculated in a similar manner.

Source: State Fiscal Year 2019-20 CAFR

A ten year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis in the State's Fiscal Year 2019-20 CAFR, as well as Notes 1, 6, 7 and 8 to the financial statements in both the State's Fiscal Year 2019-20 CAFR and Fiscal Year 2020-21 Unaudited BFS.

GASB 75. GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017, and accordingly was first implemented in the State's Fiscal Year 2018-19 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits ("OPEB") liability (of all employers for benefits provided through the OPEB plan), *i.e.*, the collective net OPEB liability. The State is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements. See "Overall Financial Position and Results of Operations" and "Conditions Expected to Affect Future Operations" in the Management's Discussion and Analysis, as well as Note 7 to the financial statements and Note RSI-3 to the Required Supplementary Information, in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement, as well as Note 7 to the State's Fiscal Year 2020-21 Unaudited BFS.

Effect of Pension Liability on the Series 2021B Notes

The Series 2021B Notes are short-term obligations maturing on June 29, 2022, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2022, as repayment of their Program Loans and a portion of the proceeds of the Series 2021B Notes deposited to the ETRANS 2021-22 Repayment Account as discussed in "THE SERIES 2021B NOTES – Security and Sources of Payment." Therefore, the State's current pension liability and the State's current plans to address such liability are not expected to adversely affect the State's ability to pay the Series 2021B Notes. See also Management's Discussion and Analysis in the State's Fiscal Year 2019-20 CAFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

* * *

APPENDIX F

DTC BOOK-ENTRY SYSTEM

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

None of the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller, the Paying Agent, the Registrar or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2021B 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 2021B Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2021B Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2021B Notes. The Series 2021B 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 2021B Note certificate, in the aggregate principal amount of the Series 2021B Notes, will be issued and deposited with DTC.

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

Purchases of Series 2021B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021B 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 2021B 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 2021B Notes except in the event that use of the book-entry system for the Series 2021B Notes is discontinued.

To facilitate subsequent transfers, all Series 2021B 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 2021B Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not cause any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021B 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 2021B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021B Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2021B Notes may wish to ascertain that the nominee holding the Series 2021B 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 2021B 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 2021B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2021B 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 2021B 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 2021B 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 2021B Note certificates are required to be printed and delivered to the appropriate Owners of the Series 2021B 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 2021B Notes. In that event, Series 2021B Note certificates will be printed and delivered to DTC.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

[Closing Date]

The Honorable David L. Young
Treasurer of the State of Colorado

Barclays Capital Inc.
Morgan Stanley & Co. LLC
UBS Financial Services

$400,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2021B

Ladies and Gentlemen:

We have examined the laws of the State of Colorado (the "State"), the laws of the United States of America relevant to the opinions herein, and a certified transcript of the record of the proceedings taken preliminary to and simultaneously with the issuance by the State Treasurer (the "Treasurer") of the "State of Colorado, Education Loan Program, Tax and Revenue Anticipation Notes, Series 2021B," in the aggregate principal amount of $400,000,000 dated as of the date of their issuance (the "Notes").

The Notes mature, bear interest, are transferable and payable, as to principal and interest at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on January 12, 2022, authorizing the issuance of the Notes (the "Resolution"). Proceeds of the Notes will be used to, among other things, fund loans to participating State school districts (the "Participating Districts") pursuant to a loan program administered by the State Treasurer.

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

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

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

2. The Notes have been duly authorized, executed and delivered by the State and are valid and binding obligations of the State, enforceable against the State in accordance with the terms of the Resolution. The "Series 2020-21 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account", to be established pursuant to the terms of the Resolution, and the Pledged Revenues, as defined in the Resolution, are irrevocably pledged to the payment of the principal of and

interest on the Notes when due. The owners of the Notes are equally and ratably secured by a first lien, but not an exclusive first lien, on the Series 2020-21 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account and the moneys credited thereto.

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

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

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

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

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

Very truly yours,

* * *