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 2016A 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 2016A 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."

$275,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2016A

Dated: Date of Delivery **Maturity Date: June 29, 2017**

The proceeds of the Series 2016A 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, 2017, and (ii) pay the costs of issuing the Series 2016A Notes.

The Series 2016A 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 2016A Notes. Beneficial Ownership Interests in the Series 2016A 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 2016A 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 2016A Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2016A Notes specified above. The Series 2016A Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.*
$ 50,000,000	5.00%	104.137%	0.570%	19672M BT4
50,000,000	5.00	104.127	0.580	19672M BT4
100,000,000	2.00	101.316	0.590	19672M BS6
75,000,000	2.00	101.315	0.591	19672M BS6

The Series 2016A 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 2016A Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2016A Notes in the Series 2016-17 Notes Repayment Account; and the principal of the Series 2016A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2017, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2016A Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the registered owners and Beneficial Owners of the Series 2016A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2016A Notes.

An investment in the Series 2016A 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 2016A 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 2016A Notes are expected to be delivered through the facilities of DTC on or about July 21, 2016.

Dated: July 14, 2016

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* CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2016A Notes and only as of the issuance of the Series 2016A Notes. The State takes no responsibility for the accuracy of such data now or at any time in the future.

NOTICES

This Official Statement does not constitute an offer to sell the Series 2016A 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 2016A 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 2016A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2016A Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

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

This Official Statement, including, but not limited to, the material set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – Summary Financial Information Regarding the Participating Districts," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "APPENDIX A – THE STATE GENERAL FUND," "APPENDIX B – OSPB JUNE 2016 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

$275,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2016A

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 $275,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2016A (the "Series 2016A Notes").

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2016A Notes to potential investors is made only by means of the entire Official Statement.

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated July 8, 2016, as supplemented by the First Supplement to Preliminary Official Statement dated July 13, 2016, including, without limitation, the interest rates, prices, reoffering yields, CUSIP numbers, original purchasers of and the aggregate purchase price paid by the original purchasers for the Series 2016A Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

Purpose

Sections 29-15-112 and 22-54-110, Colorado Revised Statutes, as amended ("C.R.S."), referred to herein collectively as the "Loan Program Statutes," establish a program (the "Loan Program") for making interest-free loans ("Program Loans") to participating Colorado school districts (the "Participating Districts") in order to alleviate Participating Districts' temporary general fund cash flow deficits. The Series 2016A Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2017 ("Fiscal Year 2016-17"), and paying the costs of issuing the Series 2016A Notes, and are the first series of Notes being issued for funding the Loan Program for Fiscal Year 2016-17. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS."

The net proceeds of the sale of the Series 2016A Notes will be deposited in the Series 2016A Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2016A Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to approximately 23 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2016-17. 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 2017 that are required to be deposited in the Participating District's general fund ("Taxes"), and is required to execute a promissory note payable to the State Treasurer (each a "District Note" and collectively the "District Notes") to evidence its repayment obligation. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2016A Notes

Authorization. The Series 2016A 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 2016A NOTES – Authorization."

General Provisions. The Series 2016A Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 29, 2017 (the "Series 2016A Notes Maturity Date"). The Series 2016A Notes are not subject to redemption prior to the Series 2016A Notes Maturity Date. Interest on the Series 2016A 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 2016A Notes Maturity Date. See "THE SERIES 2016A NOTES – General Provisions."

Book-Entry Only System. The Series 2016A 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 2016A Notes. Ownership interests in the Series 2016A 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 2016A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2016A NOTES – General Provisions" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2016A Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment. The Series 2016A 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 2016A Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2017, as repayment of their Program Loans;

- amounts deposited to the "Series 2016-17 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "Series 2016-17 Notes Repayment Account") as discussed in "THE SERIES 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account*"; and

- any unexpended proceeds of the Series 2016A Notes and of any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes and the Supplemental Public Securities Act and payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the pledge thereof in favor of the registered owners (the "Owners") of the Series 2016A 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 2016A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS – The Series 2016A Notes Proceeds Account."

Interest on the Series 2016A Notes will be payable from a deposit to be made by the State Treasurer on the Closing Date to the Interest Subaccount of the Series 2016-17 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2016A Notes from the Closing Date to the Series 2016A 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 2016-17 that is (i) subject to appropriation for Fiscal Year 2016-17 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2016A Notes, any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2016A Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2017, as repayment of their Program Loans, supplemented if necessary by, among other things, any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, including Current General Fund Revenues and any amounts in the State Funds from which the State Treasurer is authorized to borrow under State law ("Borrowable Resources").

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2016A (the "State Series 2016A General Fund Notes"), planned to be issued by the State Treasurer at or about the same time as the issuance of the Series 2016A Notes, in the principal amount of $600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2016-17.

The Series 2016-17 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2016A Notes and any Parity Lien Notes. The Owners of the Series 2016A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2016-17 Notes Repayment Account and the moneys credited thereto.

The Series 2016A 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 2016A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2016A Notes.

See generally "THE SERIES 2016A NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2016A Notes and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX G – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the State by the Attorney General of the State and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2016A 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 2016A Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. See also "LEGAL MATTERS" and "TAX MATTERS" and "APPENDIX G – FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2016A Notes because the Series 2016A 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 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account* – Covenants of the State" and "CONTINUING DISCLOSURE."

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

State Economic and Demographic Information

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

Additional Information

Brief descriptions of the Series 2016A Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the

"Financial Advisor"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Investment Considerations

An investment in the Series 2016A Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

Forward Looking Statements

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

Miscellaneous

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

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

This Official Statement shall not be construed as a contract or agreement between the State and the registered owners or Beneficial Owners of the Series 2016A Notes.

THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS

The Loan Program

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

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

The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes for the purpose of alleviating temporary cash flow deficits by making interest-free loans available to eligible school districts. The Series 2016A Notes are being issued pursuant to this authorization. See also "THE SERIES 2016A NOTES – Authorization."

Application of Series 2016A Notes Proceeds

The proceeds of the Series 2016A Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2016A Notes, will be deposited in the Series 2016A 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 2016-17, 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 2016A Notes Proceeds Account

The State Resolution directs the State Controller to establish within the State's General Fund the Series 2016A Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2016A 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 2016A Notes. The original purchasers of the Series 2016A 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 2016A Notes.

Moneys held in the Series 2016A 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 2016A 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 2016A Notes Proceeds Account; and investment earnings on moneys credited to the Series 2016A 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, 2017, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2016-17 Notes Repayment Account, after which the Series 2016A 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 2016-17. See also "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Participating Districts

As of the date hereof, the Participating Districts that have requested the State Treasurer to issue the Series 2016A Notes on their behalf are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." Denver School District No. 1 and Boulder Valley School District RE-2 are expected to borrow the largest percentages of available proceeds of the Series 2016A Notes and planned Parity Lien Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2016A NOTES

The following is a summary of certain provisions of the Series 2016A Notes during such time as the Series 2016A 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 2016A Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2016A Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the State Resolution. The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS." The State Treasurer may, and currently expects to, issue additional Parity Lien Notes in Fiscal Year 2016-17. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2016A 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 2016A Notes. Beneficial Ownership Interests in the

Series 2016A 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 2016A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2016A Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2016A Notes will be dated as of the Closing Date, mature on the Series 2016A 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 2016A Notes will accrue from the Closing Date and will be payable on the Series 2016A Notes Maturity Date. The principal of and interest on the Series 2016A Notes will be payable by the State Treasurer, as paying agent for the Series 2016A Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2016A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX F – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2016A Notes will cease to accrue on the Series 2016A Notes Maturity Date.

The Deputy State Treasurer or the Chief Financial Officer of the Department of the Treasury will serve as the registrar for the Series 2016A Notes (the "Registrar"), subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy State Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2016A 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 2016A Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2016A Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2016A Notes are not subject to redemption prior to the Series 2016A Notes Maturity Date.

Security and Sources of Payment

The Series 2016A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with any additional Parity Lien Notes. The Series 2016A 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 2016A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2016A 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, 2017, in repayment of their Program Loans; (ii) amounts deposited to the Series 2016-17 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2016A Notes and any Parity Lien Notes that have not been loaned to Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2016A Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS – The Series 2016A Notes Proceeds Account."

The Series 2016-17 Notes Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the Series 2016-17 Notes Repayment Account, including therein the Interest Subaccount and the Principal Subaccount, all of which are to be segregated from all other accounts in the General Fund. The Series 2016-17 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2016A Notes and any Parity Lien Notes. The Owners of the Series 2016A Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2016-17 Notes Repayment Account and the moneys credited thereto.

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2016-17 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2016A Notes from the Closing Date to the Series 2016A Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2017, in repayment of their Program Loans. However, if on June 26, 2015, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2016A Notes and any Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State Series 2016A General Fund Notes. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account does not constitute a pledge of or lien on such other funds for that purpose, and there is no limit on the availability or use of such other funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2016A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2017. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX A – THE STATE GENERAL FUND."

Moneys held in the Series 2016-17 Notes Repayment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Interest income from the investment or reinvestment of moneys credited to the Interest Subaccount and the Principal Subaccount up to and including June 25, 2017, 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 2016A 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 2016-17 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 2016A Notes. Such Parity Lien Notes may have such details as the State Treasurer may determine; provided, however, that the Parity Lien Notes are required to be (i) non-redeemable prior to their Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the Series 2016-17 Notes Repayment Account.

The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2016-17 in an aggregate principal amount of approximately $275 million. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the "Purchasers") and the Owners of the Series 2016A 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 2016A Notes is not made on the Series 2016A 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 2016A 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 2016A Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2016A Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2016A Notes or to enforce and protect such Owner's rights under the State Resolution and the Series 2016A 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 2016A 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 2016A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2016-17 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2016A Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2016-17 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2016A Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2016A Note or Parity Lien Note over any other Series 2016A Note or Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the State Resolution for the benefit of the Purchasers and the Owners of the Series 2016A Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2016A Notes Proceeds Account and the Series 2016-17 Notes Repayment Account not immediately needed will be invested only in investments authorized by the Loan Program Statutes; Article 36 of Title 24, C.R.S.; or, to the extent applicable, Part 6 of Article 75 of Title 24, C.R.S.

The State Treasurer further covenants that the State Treasurer will not take any action or omit to take any action with respect to the Series 2016A Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2016A 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 2016A 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 2016A 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 2016A 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 2016A 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 2016A Notes.

Limited Obligations

The Series 2016A 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 2016A Notes. The Series 2016A 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 2016A 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 2016A Notes. See "THE SERIES 2016A NOTES – Security and Sources of Payment – Defaults and Remedies."

Repayment of Program Loans

The primary source of Pledged Revenues pledged to pay the principal of the Series 2016A Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2017, 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 2017. 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 2017 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 2016A 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" under this caption and in "THE SERIES 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," in the event of a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the

District Notes. The State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State Series 2016A General Fund Notes planned to be issued by the State Treasurer at or about the same time as the Series 2016A Notes. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account does not constitute a pledge of or lien on such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2016A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2017. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the Governor's Office of State Planning and Budgeting ("OSPB") is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on June 20, 2016 (the "OSPB June 2016 Revenue Forecast"), and is included in its entirety in this Official Statement. See "STATE FINANCIAL INFORMATION," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which is not solely based on when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2016-17, it may adversely affect the State's ability to fund, if necessary, any deficiency in the

Principal Subaccount of the Series 2016-17 Notes Repayment Account on June 25, 2017. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

The OSPB June 2016 Revenue Forecast projects that General Fund revenues in Fiscal Year 2015-16 will increase by $159.0 million, or 1.6%, over Fiscal Year 2014-15, and that General Fund revenues in Fiscal Year 2016-17 will increase by $600.9 million, or 6.0%, over Fiscal Year 2015-16. The OSPB also projects that the State will end Fiscal Year 2015-16 with reserves of $7.9 million above the Unappropriated Reserve requirement and that the State will end Fiscal Year 2016-17 with reserves of $10.5 million below the Unappropriated Reserve requirement. These figures are based on revenue and budget information available when the OSPB June 2016 Revenue Forecast was completed and are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

The next OSPB revenue forecast will be released in September of 2016. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2016 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2016-17 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 2016-17 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account on June 25, 2017. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

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

Parity Lien Notes

The State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2016A Notes. Therefore, the issuance of Parity Lien Notes could materially diminish the level of repayment coverage provided by the Taxes and other funds as security for the Series 2016A Notes. The State Treasurer currently anticipates that one or more series of Parity Lien Notes will be issued in Fiscal Year 2016-17 in an aggregate principal amount of approximately $275 million. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2016A NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2016A Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and State Constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes and other funds pledged to the repayment of the Program Loans, as well as to the operations of and availability and appropriation of funds by the State. There is no assurance that there will not be any changes in, interpretation of or addition to such laws that would have a material adverse effect, directly or indirectly, on the operations of the Participating Districts, the imposition, collection or expenditure of ad valorem property taxes and other funds by the Participating Districts or the ability of the Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to repay the Series 2016A Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2016A Notes on its behalf has, or prior to the Closing Date is required to have, adopted a District Resolution that authorizes the Participating District to borrow funds from the State Treasurer pursuant to the Loan Program, and has, or prior to the Closing Date is required to have, executed and delivered a District Note to the State Treasurer to evidence the Participating District's obligation to repay its Program Loan. The obligation of a Participating District to make payments in respect of its District Note is not a joint obligation with any other Participating District and is strictly limited to the Payment Obligations of such Participating District under its District Resolution.

Set forth below is a summary of the District Resolutions and District Notes. The District Resolutions and District Notes are substantially the same except as to Maximum Principal Amount and the cash flow projections. The references in this summary to a single District Resolution, District Note or Participating District are, except where otherwise indicated, equally applicable to all of the District Resolutions, District Notes, and Participating Districts. The following summary does not purport to be complete, and is qualified by express reference to the provisions of the District Resolutions and District Notes, copies of which are available as provided in "INTRODUCTION – Additional Information" and "MISCELLANEOUS." A District Resolution may be amended only with the written consent of the State Treasurer. See also "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS – Program Loans – The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2016-17, 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 2016-17. The District Note matures on June 25, 2017 (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 2016A Notes and any Parity Lien Notes. The District Note may be prepaid in whole or in part at any time prior to the District Note Maturity Date.

The Participating District may obtain advances on its Program Loan in the manner discussed in "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS – Program Loans."

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

Security for and Payment of the District Note

The District Note is payable from and secured by a lien in the amount of the Participating District's Payment Obligations on all of the Participating District's ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2017 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 2016A Notes and any Parity Lien Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS."

Defaults and Remedies

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

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

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

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

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

Upon the occurrence of a District Event of Default as described in clause (i) above, the statutory remedy of the State Treasurer is to notify the treasurer of each county in which the Participating District levies Taxes that the Participating District is in default on its obligation to pay its Payment Obligation and the amount of the Payment Obligation. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any "Default Taxes" (being ad valorem taxes on real and personal property received or to be received by the Participating District after the District Note Maturity Date that are required to be credited to the Participating District's general fund and are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c), C.R.S.) to be received by the District and in the possession of the county treasurer in the amount of such unpaid Payment Obligation. If the amount of

Default Taxes to be received by the District and in the possession of the county treasurer at the time such notice is given is less than the amount of the Payment Obligation, the county treasurer is to withhold additional Default Taxes to be received by the District and in the possession of the County Treasurer until such time as the Payment Obligation has been paid to the State Treasurer in full. *Default Taxes are available solely to repay a Participating District's Payment Obligation to the State Treasurer following a District Event of Default and are not pledged to the payment of the Series 2016A 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 2016A NOTES – Defaults and Remedies."

Other Covenants and Representations

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

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

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

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

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

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent three Fiscal Years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2016-17; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; and (iv) any documents setting forth, among other matters, financial information regarding the District and information relating to the District Resolution and the District's obligations thereunder, other disclosures by the District pursuant to the District Resolution and cash flow projections and ongoing reports pursuant to the District Resolution have been and will be prepared consistent with generally accepted accounting principles; and (v) the District's budget and financial accounting policies and procedures are in compliance with State law.

Parties in Interest

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

SOURCE OF PAYMENT OF PROGRAM LOANS

Taxes

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

Taxes are limited to ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2017 that are required to be credited to the Participating District's general fund. These in turn are comprised of the ad valorem property taxes that the Participating District is authorized to impose in accordance with the Public School Finance Act, plus certain permitted "override revenues," both of which are discussed in this section.

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

State Equalization Funding of School Districts

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

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

The constitutionality of the existing public school finance system has been subject to 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"

During the 2013 legislative session the General Assembly passed Senate Bill ("SB") 13-213, which creates a new public school finance act that substantially changes the current public school finance system. However, implementation of the new funding program is conditional upon passage by no later than November 2017 of a citizen-initiated Statewide ballot measure to increase State revenues for funding public education. Such an initiative was submitted to the State's voters at the State's general election held on November 5, 2013, but was defeated. Should a subsequent funding initiative be successful, various administrative provisions of the new program would take effect during the first budget year commencing after the election and the new funding formula and the distribution of State moneys under the provisions of the new program would take effect in the second budget year commencing after the election. The new funding program, if eventually implemented, will have no impact on the State's ability to pay the Series 2016A Notes or, if issued, any Parity Lien Notes.

Total Program Funding Formula. Funding to school districts is based on a per-pupil formula that calculates the Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per pupil amount of money, increased each year to account for inflation ($6,292.39 for Fiscal Year 2015-16 and $6,367.90 for Fiscal Year 2016-17), plus additional money to recognize variances among school districts in cost of living, personnel costs and size. The Total Program amount also includes additional funding for at-risk pupils. As these components vary among school districts, so does the amount of Total Program funding provided.

A new factor was introduced in the school finance formula starting in Fiscal Year 2010-11 due to the budget balancing challenges facing the State. This new factor, originally called the "State Budget Stabilization Factor," and pursuant to SB 11-230 renamed the "Negative Factor" beginning with Fiscal Year 2011-12, reduces in an equitable manner the amount of funding that school districts would have received prior to the application of this factor. In general, the Negative Factor is calculated by first determining the Total Program funding amount for all school districts in the State (the "Statewide Total Program") prior to application of the Negative Factor. The Negative Factor then reduces this Statewide Total Program to an amount set by the General Assembly, which amount reflects reductions to stabilize the State's budget for each Fiscal Year, as applicable. The difference between the Statewide Total Program amount prior to application of the Negative Factor and the established floor amount for the Statewide Total

Program after the application of the Negative Factor is utilized to calculate a percentage reduction that is then applied to decrease each school district's Total Program funding amount for a given Fiscal Year.

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

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

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

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

The Statewide Total Program funding amount is established in the Public School Finance Act initially based upon projections of various factors. Once actual figures are known, a mid-year revision may be made to this amount.

The Statewide Total Program funding amount for Fiscal Year 2015-16, after application of the Negative Factor, was initially established by SB 15-267 at an amount of not less than \$6,233,955,737, which amount was later reduced by House Bill ("HB") 16-1253 to \$6,233,835,044 due to actual funded pupil count and the actual at-risk pupil counts for the 2015-16 budget year being lower than anticipated when the General Assembly appropriated money for the Statewide Total Program funding for the 2015-16 budget year during the 2015 legislative session. The initial Statewide Total Program funding amount for Fiscal Year 2016-17, after application of the Negative Factor, has been established by HB 16-1422 at an amount of not less than \$6,394,528,931, constituting a Negative Factor of 11.51%.

The Public School Finance Act provides for a minimum level of Total Program funding for Fiscal Year 2015-16 of $7,875.42 per traditional pupil plus $7,588.00 per on-line pupil ($6,919.92 and $6,667.37, respectively, before application of the Negative Factor), although a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "Taxpayer's Bill of Rights" below. The final Statewide Total Program funding amount for Fiscal Year 2015-6, after application of the Negative Factor, is $6,239,564,775, constituting a Negative Factor of 11.83%. The minimum level of Total Program funding for Fiscal Year 2016-17 is currently projected to be $7,969.06 per traditional pupil and $7,679.00 per on-line pupil ($7,051.49 and $6,794.83, respectively, before application of the Negative Factor).

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

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

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

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

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

Override Revenues

The other source of Taxes pledged to the repayment of Program Loans is "override revenues" received by the Participating District. If a school district or its electorate desires to spend property tax revenues in excess of the amount authorized to fund its share of the Total Program, the school district may, or upon receipt of a valid initiative petition is required to, seek voter approval to raise and spend additional, or "override," property tax revenues. Override revenues currently are permitted for excess transportation costs, special building and technology fund, excess costs related to a full-day kindergarten program and, for school districts that obtained voter approval for override revenues in 2009 or thereafter, capital construction projects. Override revenues are also permitted for a school district whose Fiscal Year 1994-95 actual Total Program exceeded its funding formula calculation for that Fiscal Year (a "hold harmless" district).

The Public School Finance Act currently provides that a school district's override revenues are to be limited to the sum of: (a) the greater of (i) 20% (25% in the case of a school district that obtained voter approval for override revenues in 2009 or thereafter, and 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 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.

Ad Valorem Property Taxation Procedure

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

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

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

The following table sets forth the State property appraisal system for property tax levy years 2011 through 2016:

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

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

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

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

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

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

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

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

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

Property Tax Collections. Property taxes levied in one year are collected in the succeeding year. Thus, taxes levied in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The County Treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

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

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

Taxpayer's Bill of Rights

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

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

Budgets

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

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

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

Financial Statements

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

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

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating Districts expected to borrow the largest percentages of available proceeds of the Series 2016A Notes and planned Parity Lien Notes are Denver School District No. 1 and Boulder Valley School District RE-2. See "Largest Borrowers" following the table.

Participating District Financial Information

(Totals may not add due to rounding)

Participating District	Amount of Program Loans[1]						Fiscal Year 2016-17 Tax Information				Fiscal Year 2015-16 Loan Program Information[5]	
	Series 2016A Notes	% of Total	Projected Parity Lien Notes	% of Total	Total Amount Borrowed	% of Total	Estimated 2016 Assessed Valuation (000's)[2]	Estimated 2017 Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2017 Tax Collections	3 Year Average[4]	Amount Borrowed	Repayment Date (2016)
Boulder Valley	$ 46,756,338	15.4%	$ 65,504,352	24.1%	$112,260,690	19.5%	$ 6,026,913	$208,196,958	53.9%	99.4%	$121,373,640	May 12
Cherry Creek (Arapahoe 5)	30,538,085	10.1	41,929,925	15.4	72,468,010	12.6	5,255,383	190,812,209	38.0	98.8	65,626,212	May 12
Colorado Springs D-11	--	--	3,226,590	1.2	3,226,590	0.6	2,472,692	78,308,439	4.1	99.0	--	--
Commerce City (Adams 14)	2,017,134	0.7	2,816,805	1.0	4,833,939	0.8	658,223	17,633,051	27.4	97.5	--	--
Custer County C-1	217,794	0.1	217,811	0.1	435,605	0.1	99,690	1,793,826	24.3	100.3	269,086	March 11
Denver R-1	174,076,535	57.4	74,694,458	27.5	248,770,993	43.2	13,463,620	377,159,767	66.0	99.3	197,000,000	May 12
Douglas County RE-1	18,433,823	6.2	40,776,991	15.0	59,210,814	10.3	5,708,184	165,618,970	35.8	97.3	21,000,000	March 11
Durango (La Plata 9-R)	4,266,605	1.4	3,105,419	1.1	7,372,024	1.3	1,393,629	15,852,750	46.5	98.3	4,561,848	March 25
Eagle County RE-50	11,219,691	3.7	8,239,353	3.0	19,459,044	3.4	2,797,547	34,587,825	56.3	98.8	19,642,154	May 12
Englewood (Arapahoe 1)	--	--	2,015,844	0.7	2,015,844	0.4	468,679	13,575,845	14.8	99.5	--	--
Estes Park (Larimer R-3)	978,976	0.3	1,551,260	0.6	2,530,236	0.4	362,432	8,089,553	31.3	99.6	2,130,450	May 12
Gilcrest (Weld RE-1)	399,510	0.1	2,946,220	1.1	3,345,730	0.6	1,311,239	11,745,851	28.5	99.3	8,748,574	May 27
Hayden (Routt RE-1)	909,411	0.3	810,093	0.3	1,719,504	0.3	102,717	2,821,692	60.9	97.4	1,799,202	May 27
Keenesburg (Weld Re-3J)	2,408,962	0.8	4,635,439	1.7	7,044,401	1.2	1,444,048	16,397,567	43.0	99.9	7,120,445	May 27
Lake County (Leadville)	1,576,028	0.5	959,483	0.4	2,535,511	0.4	230,523	5,547,112	45.7	97.0	2,801,705	May 12
Mapleton (Adams 1)	1,118,532	0.4	323,838	0.1	1,442,370	0.3	510,477	14,339,464	10.1	98.3	--	--
Mesa County 51 (Grand Junction)	--	--	4,488,000	1.7	4,488,000	0.8	1,670,434	42,653,629	10.5	98.7	--	--
Montezuma - Cortez RE-1	1,870,562	0.6	1,854,908	0.7	3,725,470	0.6	676,530	8,922,312	41.8	99.8	2,111,284	May 12
Platte Valley (Weld RE-7)	385,306	0.1	1,213,169	0.5	1,598,475	0.3	1,346,161	6,961,380	23.0	99.9	3,667,959	May 12
Pueblo 70	504,166	0.2	1,741,158	0.6	2,245,324	0.4	669,182	16,208,113	13.9	98.5	2,813,981	March 11
Summit County RE-1	5,822,102	1.9	4,807,016	1.8	10,629,118	1.9	1,749,716	21,525,942	49.4	99.8	1,062,774	March 11
Wiggins (Morgan RE-50(J))	12,795	0.0	313,845	0.1	326,640	0.1	165,210	2,341,018	14.0	97.7	300,000	March 11
Windsor (Weld RE-4)	--	--	3,585,081	1.3	3,585,081	0.6	590,159	17,201,371	20.8	100.0	3,470,870	May 12
	$303,512,355	100.0%	$271,757,058	100.0%	$575,269,413	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 2016A Notes and Parity Lien Notes expected to be issued by the State Treasurer in Fiscal Year 2016-17. Such amounts do not necessarily represent the actual Maximum Principal Amount that will be borrowed from the Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2016A NOTES PROCEEDS." The Owners of the Series 2016A Notes will have a lien upon the Taxes of these Participating Districts, as well as on the Taxes of any Participating Districts that have not yet expressed the intent to participate in the Series 2016A Notes program (and thus are not included in the table) but eventually do participate in the program. Such lien also will be on parity with the lien thereon of the Owners of any Parity Lien Notes. The State Treasurer expects to issue Parity Lien Notes in Fiscal Year 2016-17. See "THE SERIES 2016A NOTES – Parity Lien Notes."

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

[3] This amount was calculated for each Participating District by multiplying the estimated 2016 assessed value of the Participating District by the Participating District's estimated 2016 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 2017. Mill levies for 2017 tax collections are not required to be certified by the Participating Districts until December 15, 2016. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2016-17 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 2012-13, 2013-14 and 2014-15.

[5] Participating District's actual borrowing amounts and repayment dates for Fiscal Year 2015-16. These amounts were funded with the proceeds of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2015A and Series 2015B. Actual borrowing and repayment data excludes South Routt, Sierra Grande, and Briggsdale Weld (RE-10), which borrowed $1,265,000, $635,544 and $1,000,000, respectively, in the Fiscal Year 2015-16 program and repaid such amounts in full on May 12, 2016, April 14, 2016, and May 12, 2016, respectively.

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

Largest Borrowers

Denver School District No. 1. School District No. 1, commonly known as Denver Public Schools ("DPS"), is expected to be the largest borrower of proceeds of the Series 2016A Notes and planned Parity Lien Notes. DPS expects to borrow approximately 57.4% of the net proceeds of the Series 2016A Notes and approximately 27.5% of the net proceeds of the planned Parity Lien Notes, or approximately 43.2% of the combined amount of the Series 2016A Notes and the planned Parity Lien Notes.

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the City, encompassing approximately 155 square miles with an estimated population of approximately 635,000. For the 2015-16 school year, the district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, is 85,584.6. The equivalent October 1 pupil counts for the 2014-15, 2013-14 and 2012-13 school years were 83,221.0, 79,714.5 and 76,502.5, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2015 certified assessed valuation of DPS (for ad valorem property tax collections in 2016), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $13.22 billion. The district's total tax levy for the 2015 levy year (2016 tax collection year) is 47.397 mills, of which 25.541 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 10.976 mills is for voter-approved override revenues, 10.250 mills is for debt service on general obligation bonds and 0.630 mills is to recover lost revenue due to prior year tax abatements and credits. The 2016 assessed valuation of DPS (for ad valorem property tax collections in 2017), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is projected to be approximately $13.5 billion.

Boulder Valley School District RE-2. Boulder Valley School District RE-2 ("BVSD") is expected to be the second largest borrower of proceeds of the Series 2016A Notes and the Series 2016B Notes. BVSD expects to borrow approximately 15.4% of the net proceeds of the Series 2016A Notes and approximately 24.1% of the net proceeds of the Series 2016B Notes, or approximately 19.5% of the combined amount of the Series 2016A Notes and the Series 2016B Notes.

BVSD encompasses approximately 500 square miles in Boulder and Gilpin Counties and the City and County of Broomfield approximately 20 miles northwest of Denver, including the cities of Boulder, Lafayette, Louisville and Superior, a large portion of the City and County of Broomfield, the towns of Gold Hill, Jamestown, Nederland and Ward, a portion of the town of Erie and certain unincorporated areas within the counties. The district serves an estimated population of 211,000. For the 2015-16 school year, the district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, is 29,702.3. The equivalent October 1 pupil counts for the 2014-15, 2013-14 and 2012-13 school years were 28,556.5, 28,674.0 and 28,247.0, respectively. See "State Equalization Funding of School Districts – *Total Program Funding Formula*" above in this section.

The 2015 certified assessed valuation of BVSD (for ad valorem property tax collections in 2016), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $5.85 billion. The district's total tax levy for the 2015 levy year (2016 tax collection year) is 45.814 mills, of which 25.023 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 11.348 mills is for voter-approved override revenues, 1.247 mills is to fund excess transportation costs, 7.885 mills is for debt service on general obligation bonds and 0.311 mills is to recover lost revenue due to prior year tax abatements and credits. The 2016 assessed valuation of DPS (for ad valorem property tax collections in 2017), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is projected to be approximately $6 billion.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2017. Typically, taxing entities do not collect 100% of the taxes levied each year; however, the property tax collection rate among the Participating Districts historically has been very high as shown in the previous table.

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

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately five million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX C – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015" and "APPENDIX D – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

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

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives serve a term of two years. No senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State Constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of

January of each year. Regular sessions may not exceed 120 calendar days. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

The information in this section, "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST" describes general State finances and particularly funds that are eligible for investment in the District Notes. On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2016-17 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2016A Notes from the Closing Date to the Series 2016A Notes Maturity Date. The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2017, in repayment of their Program Loans. Prospective investors are advised that in the event the amounts received by the State Treasurer from Participating Districts as repayment of their Program Loans on or before June 25, 2017, together with investment earnings thereon, is insufficient to pay the principal of the Series 2016A Notes when due, the principal of the Series 2016A Notes will be payable solely from funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The Series 2016A Notes are not general obligations of the State. See also "THE SERIES 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account*" and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds."

The State Treasurer

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

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

Taxpayer's Bill of Rights

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

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

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

Thirdly, TABOR requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "Long Bill") designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The amounts of the TABOR Reserve for Fiscal Years 2015-16 and 2016-17 have been estimated in the OSPB June 2016 Revenue Forecast to be $384.2 million and $397.2 million, respectively.

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

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

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

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

The OSPB June 2016 Revenue Forecast states that TABOR revenues in Fiscal Years 2014-15, 2015-16 and 2016-17 have exceeded or will exceed the TABOR limit by $2.384 billion, $2.408 billion and $2.520 billion, respectively, resulting in the State being $169.7 million above the actual ESRC in Fiscal Year 2014-15, $80.7 million below the projected ESRC in Fiscal Year 2015 16 and $46.0 million below the projected ESRC in Fiscal Year 2016-17. The OSPB June 2016 Revenue Forecast shows a TABOR refund of $153.7 million[1] in Fiscal Year 2014-15 associated with revenues in excess of the ESRC. The other $19.6 million of the $169.7 million excess results from a reclassification of revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund as being subject to TABOR. This money helps fund dental services for adults under the Medicaid program. Previously, the money was not counted as TABOR revenue. However, the legal analysis and audit review on this occurred after refund amounts were established for State income tax forms. Such adjustments and audit findings have occurred in the past and the process calls for the money to be refunded in the next year a refund is due, which, according to the OSPB June 2016 Revenue Forecast, is Fiscal Year 2017-18.

Colorado law currently specifies three mechanisms by which revenues in excess of the ESRC are to be refunded to taxpayers: a sales tax refund to all taxpayers, the earned income tax credit to qualified taxpayers and a temporary income tax rate reduction. The amount that needs to be refunded determines which refund mechanisms are used. See "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST – Taxpayer's Bill of Rights: Revenue Limit" for a discussion of the statutorily defined refund methodology and the anticipated refund that will be distributed through each mechanism according to the revenue projections in the OSPB June 2016 Revenue Forecast. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

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[1] This amount includes $150.1 million in revenue above the ESRC for Fiscal Year 2014-15, as well as $3.6 million in pending amounts owed related to refunds from prior years as the result of either (a) adjustments that were made to State accounting records for years in which TABOR refunds occurred that resulted in additional required refunds to taxpayers, or (b) the refund mechanisms used in previous years resulting in refunds of less than the amount required. Such refunds are held by the State until a future year in which a TABOR refund occurs, when they are added to the total refund amount and distributed to taxpayers. See "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST – Taxpayer's Bill of Rights: Revenue Limit."

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

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend $66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("Marijuana Taxes") authorized by Proposition AA approved by the State's voters in November of 2013 that would otherwise have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which referred the measure (Proposition BB) to the State's voters, also provides for the allocation of the retained amount for public school capital construction, for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and for use by the General Fund for any purpose. For more information on how these amounts are treated in the General Fund, see the discussion in "General Fund and State Education Fund Budget" in the OSPB June 2016 Revenue Forecast. HB 15-1367 also reduces the 10% special sales tax on retail marijuana sales to 8% starting in Fiscal Year 2017-18, subject, however, to later reinstatement without additional voter approval under the circumstances provided therein.

Effect of TABOR on the Series 2016A Notes. Voter approval under TABOR is not required for the issuance of the Series 2016A 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 2016A Notes and any Parity Lien Notes.

State Funds

The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. The State also maintains a large number of statutorily created special funds for which specific revenues are designated for specific purposes, and, if necessary, are available for paying the principal of the Series 2016A Notes. Some of the Funds are considered Borrowable Resources available to pay the principal of and interest on any outstanding State General Fund Tax and Revenue Anticipation Notes, including, without limitation, the State Series 2016A General Fund Notes. See "THE SERIES 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account*," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Certain Funds Eligible for Investment in the District Notes – Borrowable Resources – The State General Fund," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

Budget Process and Other Considerations

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

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2016-17 (HB 16-1405) was adopted by the General Assembly in April of 2016.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor's vetoes are subject to override by a two-thirds majority of each house of the General Assembly. The Long Bill for Fiscal Year 2016-17 was approved and signed by the Governor on May 3, 2016.

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

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

State of Colorado
Unappropriated Reserve Requirement

Fiscal Years	Unappropriated Reserve Requirement[1]
2008-09 and 2009-10 [1]	2.0%
2010-11	2.3
2011-12	4.0
2012-13 and 2013-14	5.0
2014-15 [2]	6.5
2015-16 [2,3]	5.6
2016-17 and thereafter [2,3]	6.5

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

[2] Per SB 15-251, starting in Fiscal Year 2015-16, 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 HB 14-1337, the Unappropriated Reserve for Fiscal Years 2014-15 and thereafter was increased to 6.5% of the amount appropriated for expenditure from the General Fund in such Fiscal Years. However, HB 16-1419 reduced the Unappropriated Reserve for Fiscal Year 2015-16 to 5.6% of General Fund appropriations subject to the appropriations limit (excluding certificates of participation payments), minus the amount of income tax revenue required by SB 16-218 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*. The Unappropriated Reserve requirement reverts to 6.5% of General Fund appropriations subject to the appropriations limit (excluding certificates of participation payments) for Fiscal Years 2016-17 and thereafter. See Notes 9 and 12 to the "General Fund Overview" table in "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview," "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Recent Colorado Supreme Court Decision" and the section of the OSPB June 2016 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

The OSPB June 2016 Revenue Forecast projects that the State will end Fiscal Year 2015-16 with reserves of $7.9 million above the 5.6% Unappropriated Reserve requirement and will end Fiscal Year 2016-17 with reserves of $10.5 million below the 6.5% Unappropriated Reserve requirement[1]. These figures are based on revenue and budget information available when the OSPB June 2016 Revenue Forecast was completed and are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution requires that expenditures for any Fiscal Year not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years discussed in this Official Statement to and including Fiscal Year 2008-09, total General Fund appropriations were limited to: (i) such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus (ii) the lesser of (a) an amount equal to 5% of Colorado personal income (as reported by the U.S. Bureau of Economic Analysis for the calendar year preceding the calendar year immediately preceding a given Fiscal Year) or (b) an amount equal to 106% of General Fund appropriations for the previous Fiscal Year. Per SB 09-228, for Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to the sum of the amount stated in (i) above plus an amount equal to 5% of Colorado personal income.

Excluded from this appropriations limit are: (i) any General Fund appropriation that, as a result of any requirement of federal law, is made for any new program or service or for any increase in the level of service for any existing program beyond the existing level of service; (ii) any General Fund appropriation that, as a result of any requirement of a final State or federal court order, is made for any new program or

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[1] The appropriations amounts in the OSPB June 2016 Revenue Forecast for Fiscal Years 2015-16 and 2016-17 reflect current law.

service or for any increase in the level of service for an existing program beyond the existing level of service; or (iii) any General Fund appropriation of any moneys that are derived from any increase in the rate or amount of any tax or fee that is approved by a majority of the registered electors of the State voting at any general election.

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

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

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

Fiscal Controls and Financial Reporting

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

The State Controller is appointed by the Executive Director of the Department of Personnel & Administration. Except for certain institutions of higher education which have elected to establish their own fiscal rules, the State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants or checks for payment of claims against the State. The State Controller prepares a Comprehensive Annual Financial Report, or "CAFR," in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's CAFR for Fiscal Year 2014-15 CAFR (the "Fiscal Year 2014-15 CAFR") is appended to this Official Statement and includes the most current annual financial statements for the State.

The State implemented a new integrated financial system in July 2014 and has been experiencing various issues, including the labor allocation process which continues to utilize the State's legacy payroll system. The longer time period to complete labor allocation, the first time closing in the new system and developing financial statement reports caused delays in closing the books and producing the State's financial statements. This resulted in the inability of the State to release the State's Fiscal Year 2014-15 CAFR until April 2016. 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 5 to the financial statements in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

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

The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor's report included herein, any procedures on the financial statements presented in the Fiscal Year 2014-15 CAFR, nor has the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

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

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

See also Notes 14 and 15 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

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

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2016-17 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2016A Notes from the Closing Date to the Series 2016A Notes Maturity Date. See "The State General Fund" below and "APPENDIX A – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account all amounts received from the Participating Districts on or before June 25, 2017, in repayment of their Program Loans. However, if on June 26, 2017, the amount credited to the Principal Subaccount of the Series 2016-17 Notes Repayment Account is less than the principal amount of the Series 2016A Notes and any Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account*."

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State Series 2016A General Fund Notes. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

Certain Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account on June 25, 2017, is required to be funded by the State Treasurer first from all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. However, such covenant does not constitute a pledge of or lien on any such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. Further, the State Treasurer has both a statutory and a fiduciary obligation to use prudence and care in investing State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

If it becomes necessary to make a deposit to the Principal Subaccount of the Series 2016-17 Notes Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2016A Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2017. See also "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State Funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two Funds in this category with the largest current balances that are eligible for investment, and thus the Funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the Series 2016-17 Notes Repayment Account in the event of a deficiency therein, are the State Education Fund and the State Highway Fund. Prospective investors are cautioned, however, that these Funds are neither required to be utilized by the State Treasurer, nor pledged for such purpose. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer for such Funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. Accordingly, no representation or warranty is made herein that the State Treasurer will in fact utilize amounts available in these Funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account. See also "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

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

The following information has been provided by the State Treasurer's office to show the actual cash and short term investment balances in the State Education Fund at June 30 of Fiscal Years 2010-11 through 2014-15.

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
2011 [1]	$ 147.8
2012	140.6
2013 [2]	192.9
2014	1,012.2
2015	693.8

[1] This amount does not include the $221.4 million receivable as a transfer of the Fiscal Year 2010-11 General Fund Surplus per SB 11-156. The receivable was converted to cash in December 2011 at the date of publication of the State's Fiscal Year 2010-11 CAFR.

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

Source: State Treasurer's Office

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

The following information has been provided by the State Treasurer's office to show the actual cash balances in the State Highway Fund at June 30 of Fiscal Years 2010-11 through 2014-15.

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
2011	$1,118.3
2012	1,130.9
2013	1,116.2
2014	1,019.2
2015	795.3

Source: State Treasurer's Office

Borrowable Resources

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

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account will depend upon the availability of funds in the State Treasury that are eligible for investment in the District Notes, and is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State Series 2016A General Fund Notes. The availability of Borrowable Resources may also be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual and estimated Borrowable Resources for Fiscal Years 2015-16 and 2016-17. The estimates in the tables are based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the tables and the amounts ultimately realized, and such differences may be material. See also the preliminary notices in this Official Statement regarding forward-looking statements. See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting."

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2015-16[1,2,3]

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

	Actual										Estimated	
	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	June 2016
Aviation Fund	$ 18.0	$ 18.4	$ 18.7	$ 17.9	$ 18.9	$ 18.8	$ 18.2	$ 19.2	$ 20.0	$ 19.2	$ 19.0	$ 19.4
Capital Construction Fund	256.0	269.8	265.0	250.8	232.9	220.9	191.9	153.3	134.0	163.7	103.7	105.4
College Scholarship Fund	162.0	155.0	18.7	18.7	47.2	186.5	183.8	123.8	46.7	50.2	49.2	34.0
Colorado Student Obligation Bond Authority – Administration	31.7	32.3	39.9	38.8	37.1	30.6	32.5	31.8	32.0	31.7	32.1	41.1
Hazardous Substance Fund	14.7	14.6	15.0	15.0	14.9	14.6	14.9	14.7	14.6	14.8	14.9	15.4
Higher Education Funds [4]	1,211.2	1,490.6	1,643.8	1,592.0	1,528.5	1,461.1	1,624.2	1,687.7	1,687.8	1,618.0	1,514.3	1,600.2
Hospital Provider Fee	52.1	15.4	16.4	22.1	27.1	32.0	40.2	49.9	49.1	56.2	63.0	0.0
Limited Gaming Fund	48.4	3.0	4.9	8.5	12.7	16.6	20.9	25.5	29.9	35.2	40.5	46.4
Lottery Fund	45.0	49.7	33.9	42.7	50.2	40.8	48.2	51.4	34.2	43.4	52.8	36.6
Mineral Impact Fund	101.3	111.8	69.1	83.5	94.9	80.9	90.1	100.7	91.9	106.6	118.9	91.4
School Capital Construction Assistance	163.0	187.6	182.8	179.9	188.2	193.8	199.0	226.7	210.9	212.1	227.3	230.0
State and Local Severance Tax Funds	109.3	108.9	102.4	106.2	99.2	105.5	107.3	109.3	113.4	119.8	124.1	123.1
State Public School Fund	388.2	206.4	476.6	262.6	54.8	271.6	88.2	10.1	331.5	163.8	104.3	33.8
Tobacco Tax Funds	33.5	36.0	30.5	35.1	36.8	32.7	36.6	37.9	32.9	36.0	37.2	2.3
Water Conservation Construction Fund	140.0	143.0	164.5	161.9	158.3	167.0	162.9	157.4	164.5	175.7	180.0	185.5
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	1,856.3	1,845.9	2,094.4	1,796.2	1,977.0	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,525.8
Total Borrowable Resources	4,630.7	4,688.2	5,176.6	4,631.9	4,578.8	5,232.3	5,116.1	5,065.2	5,222.6	4,980.2	5,040.0	4,090.6
Total General Fund	(60.4)	(174.6)	(589.4)	(266.0)	(72.9)	(1,030.7)	(329.6)	(286.9)	(1,001.6)	(186.7)	(160.7)	528.6
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	$3,970.3	$3,913.6	$3,987.2	$3,766.0	$3,906.0	$3,601.7	$4,186.4	$4,178.2	$3,621.1	$4,193.5	$4,600.7	$4,619.2

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

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

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

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

Source: State Treasurer's Office

State of Colorado
Estimated Borrowable Resources
Fiscal Year 2016-17 [1,2,3]

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

	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017
Aviation Fund	$ 19.8	$ 20.2	$ 20.5	$ 19.7	$ 20.8	$ 20.6	$ 20.0	$ 21.1	$ 22.0	$ 21.1	$ 20.9	$ 21.3
Capital Construction Fund	111.1	117.1	115.0	108.9	101.1	95.9	83.3	66.5	58.2	71.0	45.0	45.8
College Scholarship Fund	36.4	39.0	14.0	14.0	35.4	139.9	137.8	92.9	35.0	37.7	36.9	25.5
Colorado Student Obligation Bond Authority – Administration	41.8	42.6	52.6	51.1	49.0	40.4	42.9	42.0	42.2	41.8	42.4	54.3
Hazardous Substance Fund	15.3	15.2	15.6	15.6	15.5	15.2	15.5	15.3	15.2	15.4	15.5	16.0
Higher Education Funds [4]	1,353.7	1,665.9	1,837.3	1,779.3	1,708.3	1,633.0	1,815.3	1,886.2	1,886.4	1,808.4	1,692.5	1,788.4
Hospital Provider Fee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Limited Gaming Fund	2.9	0.2	0.3	0.5	0.8	1.0	1.2	1.5	1.8	2.1	2.4	2.8
Lottery Fund	40.4	44.6	30.4	38.3	45.0	36.6	43.3	46.2	30.8	39.0	47.4	32.9
Mineral Impact Fund	100.9	111.4	68.8	83.2	94.5	80.6	89.8	100.3	91.6	106.1	118.4	91.0
School Capital Construction Assistance	264.7	304.6	296.8	292.1	305.6	314.7	323.2	368.1	342.5	344.5	369.2	373.6
State and Local Severance Tax Funds	122.6	122.1	114.9	119.2	111.3	118.3	120.3	122.6	127.2	134.4	139.2	138.1
State Public School Fund	18.0	9.6	22.1	12.2	2.5	12.6	4.1	0.5	15.4	7.6	4.8	1.6
Tobacco Tax Funds	2.5	2.7	2.3	2.6	2.8	2.5	2.8	2.9	2.5	2.7	2.8	0.2
Water Conservation Construction Fund	189.5	193.5	222.6	219.1	214.3	226.0	220.4	213.0	222.6	237.8	243.6	251.1
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	2,232.9	2,220.3	2,519.3	2,160.6	2,378.1	2,359.2	2,257.3	2,265.8	2,229.3	2,133.8	2,358.6	1,405.8
Total Borrowable Resources	4,552.5	4,908.9	5,332.6	4,916.5	5,085.0	5,096.3	5,177.2	5,244.8	5,122.4	5,003.4	5,139.7	4,248.2
Total General Fund	255.9	113.3	(347.5)	(21.6)	155.2	(877.1)	(162.5)	(145.5)	(928.0)	(89.1)	253.6	624.4
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	$4,208.4	$4,422.2	$4,385.2	$4,294.9	$4,640.2	$3,619.2	$4,414.7	$4,499.3	$3,594.4	$4,314.3	$4,793.3	$4,872.7

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

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

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

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

Source: State Treasurer's Office

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. As required by recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2014-15 CAFR as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account would be funded from Current General Fund Revenues eligible for investment in the District Notes only after all other sources of funding therefor have been utilized. In addition, the right of the State Treasurer to use Current General Fund Revenues for this purpose is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State Series 2016A General Fund Notes. See "APPENDIX A – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. The State currently has, and upon issuance of the Series 2016A 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 24 and 25 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2015, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2014-15 and thereafter. See also Note 45 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2015, but before publication of the Fiscal Year 2014-15 CAFR.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 22 and 25 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2015, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2014-15 and thereafter.

The Colorado Department of Transportation ("CDOT") has issued Transportation Revenue Anticipation Notes for the purpose of financing qualified federal aid transportation projects in the State. At June 30, 2015, CDOT had outstanding approximately $283.3 million in aggregate principal amount of such notes. The notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

CDOT also is planning to relocate its headquarters campus and three of its regional campuses, and currently plans to finance the project by the sale of certificates of participation in an annually renewable lease-purchase agreement to be entered into by CDOT in connection with the new facilities. The size of the financing has yet to be determined.

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 24, 25 and 45 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2015, and of those issued after June 30, 2015, but before publication of the Fiscal Year 2014-15 CAFR. The revenue bonds and certificates of participation listed in such Notes have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings directly with banks or other financial institutions. The State has contingent moral obligations to intercept revenue and make certain debt payments on notes and bonds issued by State school districts in the event they fail to make a required payment to the holders of such notes and bonds. See Note 43 to the State's Fiscal Year 2014 15 CAFR appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2014-15 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 funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes, such as the State Series 2016A General Fund Notes, in order to fund cash flow shortfalls in the General Fund. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of Borrowable Resources. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes, such as the Series 2016A Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See Notes 23 and 44 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2015, and of such notes issued after June 30, 2015, but before publication of the Fiscal Year 2014-15 CAFR. The State Series 2016A General Fund Notes are planned to be issued by the State Treasurer in July of 2016 in the principal amount of $600 million in order to fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2016-17.

See also the Statistical Section of the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

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

Pension and Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX E – STATE PENSION SYSTEM," the "State Division Plan"). State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan"), although the majority of State employees participate in the State Division Plan. State employees may also elect to participate in a limited healthcare plan. Each plan is administered by the Public Employees' Retirement Association ("PERA"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits. 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 D – STATE PENSION SYSTEM." For a detailed discussion of the State Division Plan, the State Division DC Plan, the limited healthcare plan and PERA, see Notes 18, 19 and 20 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2015 (the "PERA 2015 CAFR"). The information in the State's Fiscal Year 2014-15 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2014, while information in this Official Statement regarding PERA is derived from the PERA 2015 CAFR. See also "*Future Accounting Standards*" hereafter.

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. Nevertheless, at December 31, 2015, the PERA 2015 CAFR reports that the State Division Plan had an unfunded actuarial accrued liability of approximately $10.2 billion and a funded ratio of only 57.6%. This UAAL would amortize over a 44-year period based on contribution rates as of the date of calculation and scheduled future increases in employer contributions, as well as an investment rate of return on Plan assets and discount rate on actuarially accrued liabilities of 7.5%.

The actuarial value of assets for the State Division Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in the assets of the State Division Plan as a result of economic and market conditions is not reflected in the aforementioned funded ratio. Based on the market value of assets of the State Division Plan, at December 31, 2015, the Plan had an unfunded accrued liability of approximately $10.7 billion and a funded ratio of 55.6%.

The funding status of the State Division Plan summarized above reflect 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 establishes 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.

The Health Care Trust Fund. The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance to State employees is provided through PERA's Health Care Trust Fund, in which members from all divisions of PERA are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple employer plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2015, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately $1.3 billion, a funded ratio of 18.4% and a 35-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, PERA's actuary has not determined the portion of the unfunded actuarial accrued liability that applies to each Division participant. The benefit provided by the Health Care Trust Fund is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 9 and 11 to the PERA 2015 CAFR for additional information regarding the Health Care Trust Fund.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), which is related to GASB 67 but is applicable to the State, is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement. GASB 68 revises and establishes new financial reporting requirements for most governments, such as the State, that provide their employees with pension benefits. GASB 68 requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division had an unfunded actuarial accrued liability of approximately $9.7 billion as of December 31, 2013, $9.9 billion as of December 31, 2014, and $10.2 billion as of December 31, 2015; and the State reported a liability in the State's Fiscal Year 2014-15 CAFR of approximately $9.1 billion ($9.0 billion for the State Division and $0.1 billion for the Judicial Division) at June 30, 2015, for its proportionate share of the net pension liability. Schedules presenting the State's proportionate share of the net pension liability for its retirement plan as of June 30, 2014 and 2015, and a ten year history of the State's contribution to PERA for the State and Judicial Divisions, are set forth in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2014-15 CAFR. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, and the introduction to Notes 1-7 and Notes 18-20 to the Financial Statements, in the State's Fiscal Year 2014-15 CAFR, as well as "APPENDIX E – STATE PENSION SYSTEM" and particularly the section thereof entitled "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68."

Effect of Pension Liability on the Series 2016A Notes. The Series 2016A Notes are short-term obligations maturing on June 29, 2017, 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, 2017, as repayment of their Program Loans and a portion of the proceeds of the Series 2016A Notes deposited to the Series 2016-17 Notes Repayment Account as discussed in "THE SERIES 2016A 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 2016A Notes. See also the discussion of the State's pension liability in Management's Discussion and Analysis in the State's Fiscal Year 2014-15 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 2016A 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 2016A Notes or questioning or affecting the validity of the Series 2016A 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 2016A Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

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

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

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6H, 21, 43 and General Fund Components (in Supplementary Information) in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 43 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement. The State believes that it has a reasonable possibility of favorable outcomes for the actions discussed in Note 43, 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.

Recent Colorado Supreme Court Decision

In April 2016, the Colorado Supreme Court issued a decision in *BP America Production Company v. Colorado Department of Revenue* that allows taxpayers to claim additional severance tax deductions. The decision will result in lowering severance tax revenues in current and past tax years. SB 16-218 creates a reserve fund and diverts income tax revenue to the reserve fund to help pay for refunds estimated in the range of $31 million to $108 million. The Colorado Department of Revenue is conducting further analysis and intends to work with the General Assembly to propose legislation to address the long-term impact of this decision. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*" and the section of the OSPB June 2016 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

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 2016A 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 2016A 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 2016A Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2016A Notes

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which exemption applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2016A 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 2016A Notes, that during such time as any of the Series 2016A 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 2016A 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 2016A Notes; (iv) modifications to rights of owners of the Series 2016A Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2016A 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 2016A Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2016A Notes, if material; (f) bankruptcy, insolvency, receivership or similar event of the State; (g) the consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (h) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2016A 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 2016A Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

From January 2011 to May 2011, the State Treasurer failed to file with the MSRB monthly cash flow schedules for the State's General Fund Tax and Revenue Anticipation Notes, Series 2010A, which were issued on December 14, 2010, and paid in full at maturity. Although such filings were not required by Rule 15c2-12, the authorizing resolution for such notes included an affirmative covenant by the State Treasurer to do so.

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. For example, CDOT failed to file annual financial information and audited financial statements in respect of its outstanding obligations for Fiscal Years 2008-09 through 2012-13. In addition, the State failed to file notices of bond insurer rating downgrades relating to certain outstanding obligations over the last five years, although such bond insurer downgrades did not affect the underlying rating of the State, and failed to file notices of an upgrade in the State's rating by Moody's from "Aa3" to "Aa2" as a result of a global recalibration of ratings by Moody's in May 2010. The State failed to timely file annual financial information and audited financial statements for certain obligations from Fiscal Year 2009-10 through Fiscal Year 2011-12, and failed to file on EMMA notices of such failures. Corrective actions have been taken with regard to these matters as discussed below.

Partially in response to the foregoing, the State Treasurer requested and the General Assembly enacted legislation in 2012 to provide the State Treasurer with statutory authority over debt issuance and post-issuance compliance with continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit (collectively, the "Included Entities") in connection with financial obligations issued by or for the benefit of such the Included Entities. Consistent with this authorization, the responsibility for compliance with the continuing disclosure undertakings entered into by the Included Entities has been centralized with the State Treasurer, which is intended to ensure future compliance with such continuing disclosure undertakings.

In early 2013, the State Treasurer retained Digital Assurance Certification, 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. Thus, the State was unable to submit its Fiscal Year 2014-15 audited financial statements for posting 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, the State's unaudited Basic Financial Statements for Fiscal Year 2014-15 were subsequently posted on EMMA on February 1, 2016, and the State's Fiscal Year 2014-15 CAFR was posted on EMMA on May 2, 2016. The State recently discovered that the OSPB March 2016 revenue forecast was not timely posted on EMMA in connection with the Higher Education

Federal Mineral Lease Certificates of Participation, Series 2014A. Both a Notice of Failure to File and the OSPB March 2016 revenue forecast were posted on EMMA on May 17, 2016.

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: Heidi Dineen, Esq., Senior Assistant Attorney General, telephone number: (720) 508-6179.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2016A Notes, as well as the treatment of interest on the Series 2016A 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 2016A 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 2016A 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 2016A Notes. Failure to comply with such covenants could cause interest on the Series 2016A Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016A 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 2016A Notes. Notwithstanding Bond Counsel's opinion that interest on the Series 2016A Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Bond Counsel is further of the opinion that interest on the Series 2016A 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 2016A Notes may otherwise affect the federal income tax liability of the owners of the Series 2016A 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 2016A 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 2016A Notes.

The amount treated as interest on the Series 2016A 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 2016A 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 2016A Notes and the aggregate amount to be paid at maturity of the Series 2016A Notes (the "original issue discount"). For this purpose, the issue price of the Series 2016A Notes is the first price at which a substantial amount of the Series 2016A 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 2016A Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2016A Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2016A 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 2016A Note over its stated redemption price at maturity constitutes original issue premium on such Series 2016A Note. An initial purchaser of a Series 2016A Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2016A 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 2016A 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 2016A 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 2016A 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 2016A Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2016A 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 2016A 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 2016A 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 2016A 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 2016A Notes will be purchased from the State by BofA Merrill Lynch, J.P. Morgan Securities LLC and Morgan Stanley & Co., LLC, pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $281,423,250.00, being the principal amount of the Series 2016A Notes plus an aggregate original issue premium of $6,434,250.00 and less an aggregate underwriting discount of $11,000.00.

Morgan Stanley, parent company of Morgan Stanley & Co., LLC, an underwriter of the Series 2016A Notes, has entered into a retail distribution arrangement with 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 2016AB 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 2016A 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 2016A 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 2016A Notes. The Financial Advisor's fee for services rendered with respect to the sale of the Series 2016A Notes is contingent upon the issuance and delivery of the Series 2016A 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 2016A 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/ Jonathan Forbes
Deputy Treasurer of the State of Colorado

APPENDIX A

THE STATE GENERAL FUND

The State Resolution requires that if on June 25, 2017, the amount credited to the Principal Subaccount of the Series 2016-17 Notes Repayment Account is less than the principal amount of the Series 2016A Notes and any Parity Lien Notes, the State Treasurer is to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The ability of the State Treasurer to use Current General Fund Revenues that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the Series 2016-17 Notes Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2016-17, including, without limitation, the State Series 2016A General Fund Notes. See "THE SERIES 2016A NOTES – Security and Sources of Payment – *The Series 2016-17 Notes Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

This Appendix contains a discussion of the General Fund, including the estimated cash flows for the General Fund for Fiscal Year 2016-17. See also "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

The General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. As required by recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2014-15 CAFR as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2015-16 and 2016-17. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Revenue Sources[1]
(Accrual basis; dollar amounts expressed in millions)

	Actual										OSPB June 2016 Revenue Forecast			
	Fiscal Year 2010-11		Fiscal Year 2011-12		Fiscal Year 2012-13		Fiscal Year 2013-14		Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17	
Revenue Source	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Excise Taxes:														
Sales Tax [2]	$2,043.5	12.0%	$2,093.2	2.4%	$2,211.7	5.7%	$2,425.3	9.7%	$2,619.2	8.0%	$2,668.8	1.9%	$ 2,836.8	6.3%
Use Tax	190.1	22.0	200.6	5.6	242.7	21.0	241.3	(0.6)	260.3	7.8	253.8	(2.5)	268.4	5.8
	2,233.6	12.8	2,293.8	2.7	2,454.4	7.0	2,666.6	8.6	2,879.5	8.0%	2,922.6	1.5	3,105.2	6.2
Cigarette Tax	39.3	(3.8)	39.5	0.5	38.3	(3.1)	36.6	(4.5)	37.9	3.6	37.2	(1.8)	36.0	(3.1)
Tobacco Products [3]	13.8	(14.2)	16.0	16.1	15.6	(2.9)	16.9	8.5	17.8	5.3	21.3	19.5	19.5	(8.2)
Liquor Tax	36.4	2.8	38.4	5.3	39.2	2.2	40.3	2.9	41.5	2.8	43.7	5.3	43.8	0.2
	89.5	(3.0)	93.9	4.9	93.1	(0.9)	93.8	0.8	97.2	3.6	102.2	5.1	99.3	(2.8)
Total Excise Taxes	2,323.1	12.1	2,387.7	2.8	2,547.5	6.7	2,760.4	8.4	2,976.7	7.8	3024.8	7.8	3204.5	5.9
Income Taxes:														
Net Individual Income Tax	4,496.1	10.1	5,011.6	11.5	5,596.3	11.7	5,696.1	1.8	6,350.1	11.5	6,492.5	2.2	6,903.8	6.3
Net Corporate Income Tax	393.9	5.9	486.5	23.5	636.3	30.8	720.7	13.3	692.9	(3.9)	647.9	(6.5)	672.7	3.8
Total Income Taxes	4,890.0	9.7	5,498.1	12.4	6,232.6	13.4	6,416.8	3.0	7,043	9.8	7,140.4	1.4	7,576.5	6.1
Less State Education Fund Diversion[2]	(370.5)	12.6	(407.5)	10.0	(486.3)	19.3	(478.8)	(1.6)	(519.8)	8.6	(525.5)	1.1	(557.6)	6.1
Total Income Taxes to the General Fund	4,519.5	9.5	5,090.6	12.6	5,746.2	12.9	5,938.0	3.3	6,523.1	9.9	6,614.9	1.4	7,018.9	6.1
Other Revenues:														
Estate	(0.1)	--	0.3	--	(0.1)	--	--	--	--	--	--	--	--	--
-- Insurance	189.7	1.5	197.2	4.0	210.4	6.7	239.1	13.6	256.7	7.4	289.5	12.8	299.0	3.3
Interest Income	7.9	(21.6)	13.6	71.5	17.4	28.6	15.2	(12.8)	8.9	(41.7)	9.4	5.5	12.8	37.2
Pari-Mutuel	0.5	(0.6)	0.6	14.4	0.7	10.3	0.6	(8.8)	0.6	0.2	0.6	(3.0)	0.6	(3.0)
Court Receipts	%	(80.0)	2.6	(27.6)	2.3	(9.0)	2.6	9.5	2.6	0.3	2.5	(4.2)	2.4	(1.0)
Other Income	21.2	(18.8)	23.1	8.8	18.1	(21.6)	21.3	17.9	34.0	59.3	20.1	(41.0)	24.3	21.2
Total Other	222.8	(7.7)	237.3	6.5	249.0	4.9	279.2	12.1	302.7	8.4	322.0	6.4	339.1	5.3
Gross General Fund	**$7,065.4**	**9.7%**	**$7,715.7**	**9.2%**	**$8,542.7**	**10.7%**	**$8,977.7**	**5.1%**	**$9,802.6**	**9.2%**	**$9,961.6**	**1.6%**	**$10,562.5**	**6.0%**

[1] Historically, gaming revenue was reported by OSPB as a source of revenue to the General Fund. The "Other Revenues" in this table for Fiscal Years 2010-11 through 2012-13 have been restated to reflect a change in OSPB's reporting of gaming revenue to the General Fund that began with the OSPB September 2014 Revenue Forecast. Because revenue from gaming is transferred to the General Fund annually from a cash fund, the money is more appropriately reflected in "Transfers to the General Fund" in the General Fund overview table hereafter rather than as a General Fund revenue source in this table. This change does not affect the overall amount of "Total General Fund Revenue Available for Expenditure" in the General Fund overview table.

[2] State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Under current law, the revenue from this sales tax first goes to the General Fund and is then transferred to a cash fund. A portion of this revenue is also distributed to local governments where such sales occur. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.*"

[3] All individual and corporate income tax revenues are deposited to the General Fund and then a portion of the amount is diverted by law to the State Education Fund. See Note 13 to the table in "General Fund Overview" hereafter.

Source: Office of State Planning and Budgeting

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Year 2010-11 through Fiscal Year 2014-15 and the forecasts for Fiscal Years 2015-16 and 2016-17 from the OSPB June 2016 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB June 2016 Revenue Forecast for Fiscal Years 2015-16 and 2016-17. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations." See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2010-11 through 2016-17

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

	Actual (Unaudited) [1]					OSPB June 2016 Revenue Forecast	
	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
REVENUE:							
Beginning Reserve	$ 137.4	$ 156.6	$ 795.8	$ 373.0	$ 435.9	$ 709.2	$ 528.6
Gross General Fund Revenue [2]	7,065.4	7,715.7	8,542.7	8,977.7	9,802.6	9,961.6	10,562.5
Transfers to the General Fund [2]	178.5	162.4	12.4	14.1	64.9	24.3	46.1
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	7,381.3	8,034.7	9,351.0	9,364.8	10,303.4	10,695.2	11,137.1
EXPENDITURES:							
Appropriation Subject to Limit [3]	6,811.1	7,027.8	7,459.2	8,218.7	8,869.0	9,335.6	9,813.3
Dollar Change From Prior Year	179.5	216.7	431.5	759.5	650.3	466.6	477.7
Percent Change From Prior Year	2.7%	3.2%	6.1%	10.2%	7.9%	5.3%	5.1%
Spending Outside Limit:	151.5	189.0	452.3	545.5	785.7	831.0	699.5
TABOR Refund under Subsection (7)(d) [4]	--	--	--	--	153.7	--	--
TABOR Refund under Subsection (3)(c) [5]	--	--	--	--	58.0	(58.0)	--
Rebates and Expenditures [6]	127.6	134.8	380.9	250.2	257.4	276.8	294.1
Transfer to Capital Construction [7]	12.0	49.3	61.4	186.7	248.5	271.2	84.5
Transfers to Highway Users Tax Fund [7]	N/A	N/A	N/A	--	--	199.2	158.0
Transfers to State Education Fund per SB 13-234 [8]	N/A	N/A	N/A	45.3	25.3	25.3	25.3
Transfers to Other Funds [9]	--	5.0	4.6	30.9	42.2	116.5	137.5
Other Expenditures Exempt from General Fund Appropriations Limit [10]	12.0	--	5.4	32.4	0.5	--	--
TOTAL GENERAL FUND OBLIGATIONS	6,962.6	7,216.8	7,911.5	8,764.3	9,654.7	10,166.6	10,512.8
Percent Change from Prior Year	(3.7)%	3.7%	9.6%	10.8%	10.2%	5.3%	3.4%
Reversions and Accounting Adjustments	26.9	36.9	7.1	(50.4)	(60.6)	--	--
RESERVES							
Year-End General Fund Balance	445.5	854.8	1,446.5	650.9	709.2	528.6	624.4
Year-End General Fund as a % of Appropriations	6.5%	12.2%	19.4%	7.9%	8.0%	5.7%	6.4%
General Fund Statutory Reserve Amount [11, 12]	156.6	281.1	373.0	410.9	576.5	520.7	634.9
Unappropriated Reserve Percentage [11, 12]	2.3%	4.0%	5.0%	5.0%	6.5%	5.6%	6.5%
Amount Above (Below) Statutory Reserve	288.9	573.7	1,073.5	240.0	132.7	7.9	(10.5)
Transfer of Excess Reserve to State Education Fund/ Other Funds [13]	(288.9)	(59.0)	(1,073.5)	(215.0)	--	--	--
Balance After Any Funds Above Statutory Reserve are Allocated	156.6	795.8	--	435.9	132.7	7.9	(10.5)

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

2 Historically, gaming revenue was reported by OSPB as a source of revenue to the General Fund. The amounts in these line items for Fiscal Years 2010-11 through 2012-13 have been restated to reflect a change in OSPB's reporting of gaming revenue to the General Fund that began with the OSPB September 2014 Revenue Forecast. Because revenue from gaming is transferred to the General Fund annually from a cash fund, the money is more appropriately reflected in this table as a transfer to the General Fund rather than as General Fund revenue. This change does not affect the overall amount of Total General Fund Revenue Available for Expenditure.

3 Per SB 09-228, commencing with Fiscal Year 2009-10 this appropriation limit was revised from: (a) the lesser of (i) 5% of Colorado personal income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriations amounts from the General Fund during the prior Fiscal Year; to (b) 5% of Colorado personal income.

4 Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected. The refund amount for Fiscal Year 2014-15 includes $150.1 million in revenue above the ESRC for Fiscal Year 2014-15, as well as $3.6 million in pending amounts owed related to refunds from prior years as the result of either (a) adjustments that were made to State accounting records for years in which TABOR refunds occurred that resulted in additional required refunds to taxpayers, or (b) the refund mechanisms used in previous years resulting in less refunds than the amount required. Such refunds are held by the State until a future year in which a TABOR refund occurs, when they are added to the total refund amount and distributed to taxpayers. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST – Taxpayer's Bill of Rights: Revenue Limit."

[Notes continued on next page]

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

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

[7] SB 09-228 requires transfers to capital construction and the Highway Users Tax Fund when personal income increases by more than 5.0%. Such transfers are to be reduced by half if there is a TABOR refund in an amount between 1% and 3% of total General Fund revenue in the same Fiscal Year, and are to be suspended altogether if there is a TABOR refund in excess of 3% of total General Fund revenue. Personal income growth exceeded this threshold in the 2014 calendar year, which triggers the required transfers starting in Fiscal Year 2015-16 and through Fiscal Year 2019-20. Pursuant to HB 16-1416, the dollar amount of the transfers to the Highway Users Tax Fund and the Capital Construction Fund are at fixed amounts in Fiscal Years 2015-16 and 2016-17 regardless of the level of any TABOR refund. The transfer amounts to the Highway Users Tax Fund are $199.2 million in Fiscal Year 2015-16 and $158.0 million in Fiscal Year 2016-17. The transfer amounts to the Capital Construction Fund are $49.8 million in Fiscal Year 2015-16 and $52.7 million in Fiscal Year 2016-17. The capital construction transfer amounts in Fiscal Years 2015-16 and 2016-17 also include transfers of General Fund money in addition to the SB 09-228 transfers, and therefore the amount shown in this line differ from the amount transferred per SB 09-228.

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

[9] State law requires transfers of General Fund money to various State cash funds. Starting in Fiscal Year 2013-14, this line item includes transfers of amounts credited to the General Fund from the 10% retail marijuana sales tax (reduced to 8% starting in Fiscal Year 2017-18) to a cash fund. See Note 1 to the table in "General Fund Revenue Sources" above. However, for Fiscal Year 2015-16 only, $40.0 million of the transfer to other funds amount is a transfer to public school capital construction related to the passage of Proposition BB. For Fiscal Year 2016-17 only, this line also includes a diversion of income tax revenue from the General Fund to a separate severance tax fund pursuant to SB 16-218, which accounts for potentially large expected severance tax refunds related to the ruling rendered by the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue* that allows for taxpayers to claim additional severance tax deductions. SB 16-218 creates a reserve fund and diverts income tax revenue to the fund to help pay the refunds. The OSPB June 2016 Revenue Forecast projects no such diversions for Fiscal Year 2015-16, but assumes that $44.4 million in income tax revenue will be diverted from the General Fund to the reserve fund to pay severance tax refunds in Fiscal Year 2016-17. This amount may change materially in subsequent forecasts as new information becomes available. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts,*" "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE – Recent Colorado Supreme Court Decision" and the section of the OSPB June 2016 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

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

[11] Per SB 15-251, starting in Fiscal Year 2015-16, 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." These appropriations amount to $38.0 million in Fiscal Year 2015-16 and $46.0 million in Fiscal Year 2016-17.

[12] Per HB 14-1337, for Fiscal Years 2014-15 and thereafter, the Unappropriated Reserve has been increased to 6.5% of General Fund appropriations subject to the appropriations limit in such Fiscal Years (excluding certificates of participation payments) starting with Fiscal Year 2015-16. However, HB 16-1419 reduced the Unappropriated Reserve for Fiscal Year 2015-16 to 5.6% of General Fund appropriations subject to the appropriations limit (excluding certificates of participation payments), minus any diversions of income tax revenue pursuant to SB 16-218 as discussed in Note 9 above. The Unappropriated Reserve requirement reverts to 6.5% of General Fund appropriations subject to the appropriations limit (excluding certificates of participation payments) for Fiscal Years 2016-17 and thereafter. See also "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts.*"

[13] In recent years, all or a portion of the amount in excess of the statutory reserve was required by law to be credited to other State Funds, mostly the State Education Fund. For example, per HB 12-1338, all of the Fiscal Year 2012-13 excess was transferred to the State Education Fund. All of the Fiscal Year 2013-14 excess reserves, except for $25 million that remained in the General Fund, were transferred to various other State Funds in a specified order of priority pursuant to HB 14-1339, HB 14-1342 and SB 14-223. The amount remaining in the General Fund became part of the beginning reserve and funds available in Fiscal Year 2014-15. Under current law, all amounts remaining in the General Fund in excess of the statutory reserve in Fiscal Years 2014-15 through 2016-17 have or will 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.

The most recent OSPB Revenue Forecast was issued on June 20, 2016, and is included in this Official Statement as "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST." The OSPB June 2016 Revenue Forecast projects revenues for Fiscal Years 2015-16 through 2017-18. The amounts forecast for Fiscal Years 2015-16 and 2016-17 are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast for the OSPB June 2016 Revenue Forecast was provided by Moody's Economy.com. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

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

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

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

The next OSPB revenue forecast will be released in September of 2016. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB June 2016 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2016-17 and subsequent forecasted years, which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts."

Investment of the State Pool

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

Fiscal Years 2014-15 and 2015-16 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 2014-15 and 2015-16 for which information is available.

State of Colorado
State of Colorado
State Pool Portfolio Mix
Fiscal Year 2014-15
(Amounts expressed in millions)[1]

	July 2014	Aug 2014	Sept 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	April 2015	May 2015	June 2015
Agency CMOs	$ 17.6	$ 16.7	$ 15.9	$ 15.0	$ 14.2	$ 13.3	$ 12.5	$ 11.8	$ 11.3	$ 10.7	$ 10.1	$ 9.4
Commercial Paper	0.0	140.0	60.0	100.0	100.0	0.0	150.0	0.0	50.0	368.0	291.0	484.9
U.S. Treasury Notes	974.0	974.0	973.9	973.8	973.8	973.8	973.9	949.1	909.2	909.2	909.3	909.3
Federal Agencies	3,725.4	3,568.5	3,529.3	3,234.5	2,863.2	2,654.2	3,372.5	3,242.7	2,877.3	3,707.7	3,580.8	2,710.9
Asset-Backed Securities	1,452.5	1,469.2	1,497.1	1,536.1	1,539.0	1,529.1	1,493.0	1,459.6	1,449.2	1,434.2	1,420.2	1,404.9
Money Market	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	390.0	225.0	95.0	370.0
Corporates	1,720.8	1,737.8	1,766.8	1,738.8	1,742.8	1,735.8	1,728.8	1,678.9	1,720.9	1,729.0	1,749.9	1,739.9
Certificates of Deposit	7.5	7.5	7.5	7.5	7.5	7.5	5.5	5.5	5.5	5.5	5.5	5.5
Totals	$7,897.8	$7,913.7	$7,850.5	$7,605.7	$7,240.5	$6,913.7	$7,736.2	$7,447.6	$7,413.4	$8,389.3	$8,061.8	$7,634.8

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

Source: State Treasurer's Office

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2015-16
(Amounts expressed in millions)[1]

	July 2015	Aug 2015	Sept 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016
Agency CMOs	$ 9.3	$ 8.5	$ 8.1	$ 7.7	$ 7.3	$ 7.2	$ 6.6	$ 6.2	$ 6.1	$ 5.5	$ 5.2
Commercial Paper	786.9	789.9	694.9	959.8	980.8	670.8	1,014.6	384.7	463.7	963.4	591.5
U.S. Treasury Notes	909.2	894.4	894.4	894.4	879.8	849.9	849.9	785.2	770.3	846.3	1,205.0
Federal Agencies	2,877.1	2,907.1	3,065.8	2,461.2	2,321.4	2,351.3	2,826.5	3,480.9	3,454.8	3,659.8	3,749.7
Asset-Backed Securities	1,382.8	1,348.2	1,318.8	1,289.0	1,255.9	1,176.0	1,168.2	1,142.5	1,127.0	1,086.2	1,048.7
Money Market	360.0	265.0	435.0	435.0	320.0	304.8	492.9	488.0	438.0	300.0	170.0
Corporates	1,693.3	1,708.1	1,708.7	1,704.9	1,695.5	1,697.1	1,675.2	1,647.2	1,632.6	1,617.3	1,636.2
Certificates of Deposit	5.0	6.5	0.0	6.5	6.5	6.5	4.5	2.5	0.5	0.5	0.5
Totals	$8,023.6	$7,927.7	$8,125.7	$7,758.5	$7,467.2	$7,063.6	$8,038.4	$7,937.2	$7,893.0	$8,479.0	$8,406.8

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

Source: State Treasurer's Office

General Fund Cash Flow

General Fund cash flow deficits are attributable to several categories of loans and expenditures by the State throughout each Fiscal Year, including public school distributions, medical assistance and grants and contract purchased services. The State Treasurer has certain administrative powers to remedy negative cash balances, including the ability to issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and to use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "THE SERIES 2016A 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 2015-16 and 2016-17 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 2015-16 and 2016-17 are based upon (i) the General Fund appropriations for Fiscal Years 2015-16 and 2016-17 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB June 2016 Revenue Forecast discussed in "Revenue Estimation; OSPB Revenue and Economic Forecasts" above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of estimated cash flows. Additionally, the timing of transactions from month to month may vary from the forecasts. Therefore, there are likely to be differences between the forecasted and actual results, and such differences may be material. See the preliminary notices in this Official Statement regarding forward-looking statements.

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State of Colorado
Actual and Estimated General Fund Cash Flow
Fiscal Year 2015-16
Current Law[1]

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

	Actual										Estimated		
	July 2015	**Aug 2015**	**Sept 2015**	**Oct 2015**	**Nov 2015**	**Dec 2015**	**Jan 2016**	**Feb 2016**	**Mar 2016**	**Apr 2016**	**May 2016**	**June 2016**	**Total**
Beginning Cash and Investments Balance	$ 365.1												$ 365.1
Revenues:													
General Fund Revenue:													
Sales and Use Tax	215.7	$ 250.9	$ 260.9	$ 251.6	$ 236.5	$ 239.7	$ 287.4	$ 217.7	$ 220.9	$ 246.7	$ 238.5	$ 256.2	2,922.6
Individual Income Tax	372.2	418.6	586.6	535.9	477.7	507.1	677.5	186.4	260.6	745.5	515.9	683.0	5,967.0
Corporate Income Tax	13.1	5.9	140.4	52.6	(40.4)	57.2	48.3	7.6	78.8	127.2	25.9	131.2	647.9
Other	52.0	5.6	(13.0)	(48.8)	(4.9)	(49.9)	6.2	68.6	41.0	223.5	(36.2)	179.9	424.0
Total General Fund Revenue	653.0	681.0	974.8	791.4	668.8	754.1	1,019.3	480.3	601.3	1,342.8	744.2	1,250.3	9,961.6
Federal Revenue	447.0	552.2	706.5	449.8	604.2	698.4	582.5	599.7	720.1	514.3	607.7	1,269.0	7,751.4
Total Revenues	1,100.0	1,233.2	1,681.4	1,241.2	1,273.0	1,452.5	1,601.8	1,080.0	1,321.4	1,857.2	1,351.9	2,519.3	17,713.0
Expenditures:													
Payroll	132.0	145.8	145.8	146.7	145.5	135.9	142.5	137.6	139.4	135.0	136.8	148.2	1,691.2
Medical Assistance	446.0	547.7	398.1	392.8	593.9	503.0	339.6	545.1	432.1	723.1	720.3	482.1	6,123.7
Public School Distribution	771.0	(13.8)	880.2	0.2	1.9	874.8	3.2	0.3	875.2	0.3	0.2	2.3	3,395.9
Higher Education Distribution	3.1	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.3
Grants and Contracts	42.2	271.0	321.8	215.0	248.9	307.2	262.0	251.6	285.1	248.9	255.8	288.2	2,997.7
Other	446.1	372.2	349.4	137.6	83.8	541.9	181.2	85.3	315.0	(105.3)	(181.9)	329.2	2,554.4
Total Expenditures:	(1,840.4)	(1,368.0)	(2,097.4)	(896.5)	(1,078.1)	(2,405.5)	(928.8)	(1,020.3)	(2,047.1)	(1,002.4)	(931.7)	(1,249.0)	(16,865.2)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(375.3)	(134.7)	(416.0)	344.7	194.9	(953.0)	673.0	59.7	(725.7)	854.7	420.2	1,270.3	1,212.9
Revenue Accrual Adjustment	142.8	(20.1)	2.1	6.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	43.6
Expenditure Accrual Adjustment	(156.8)	40.6	(0.9)	(27.8)	30.2	(9.3)	26.1	(16.7)	13.0	67.9	(20.4)	(282.8)	(336.8)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(118.0)	--	--	(118.0)
General Fund Notes – Including Interest	600.0	--	--	--	--	--	--	--	--	--	--	(602.0)	(2.0)
Capital Construction Transfer	(271.1)	--	--	--	--	--	--	--	--	--	--	--	(271.1)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	(60.4)	(114.3)	(414.8)	323.5	193.1	(957.8)	701.0	42.7	(714.6)	814.9	347.4	367.9	$ 528.6
General Fund Cash Balance End of Month	**$ (60.4)**	**$ (174.6)**	**$ (589.4)**	**$ (266.0)**	**$ (72.9)**	**$ (1,030.7)**	**$ (329.6)**	**$ (286.9)**	**$ (1,001.6)**	**$ (186.7)**	**$ 160.7**	**$ 528.6**	

[1] General Fund revenues in this table are derived from the OSPB June 2016 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notices in this Official Statement regarding forward-looking statements.

Source: State Treasurer's Office

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2016-17[1]
Current Law

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

	July 2016	Aug 2016	Sept 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	June 2017	Total
Beginning Cash and Investments Balance	$ 528.6												$ 528.6
Revenues:													
General Fund Revenue:													
Sales and Use Tax	213.6	$ 268.0	$ 278.7	$ 268.8	$ 252.6	$ 256.1	$ 307.0	$ 232.5	$ 235.9	$ 263.5	$ 254.8	$ 273.7	3,105.2
Individual Income Tax	368.6	446.9	626.3	572.2	510.0	541.5	726.0	200.4	278.3	795.9	550.8	729.2	6,346.2
Corporate Income Tax	13.2	6.1	145.9	54.7	(42.0)	59.5	50.1	7.9	81.8	132.2	27.0	136.3	672.7
Other	51.5	4.4	(12.4)	(52.6)	(8.2)	(53.6)	2.6	70.8	44.5	238.8	(39.8)	192.6	438.6
Total General Fund Revenue	646.7	725.4	1,038.4	843.0	712.5	803.3	1,085.8	511.7	640.5	1,430.5	792.8	1,331.8	10,562.5
Federal Revenue	442.7	544.4	696.4	443.4	595.5	688.4	574.1	591.1	709.8	507.0	599.0	1,250.9	7,642.7
Total Revenues	1,089.4	1,269.8	1,734.9	1,286.4	1,308.0	1,491.7	1,659.9	1,102.8	1,350.3	1,937.4	1,391.8	2,582.7	18,205.1
Expenditures:													
Payroll	137.3	148.8	148.7	149.6	148.3	138.3	145.3	140.2	142.1	137.7	139.5	151.2	1,726.8
Medical Assistance	459.4	547.7	398.1	392.8	593.9	503.0	339.6	545.1	432.1	723.1	720.3	482.1	6,137.1
Public School Distribution	794.1	(13.0)	833.9	0.2	1.8	828.8	3.0	0.3	829.1	0.3	0.2	2.2	3,280.9
Higher Education Distribution	3.2	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.4
Grants and Contracts	43.5	271.0	321.8	215.0	248.9	307.2	262.0	251.6	285.1	248.9	255.8	288.2	2,998.9
Other	459.5	432.5	491.2	176.8	131.6	698.4	222.1	130.5	454.3	(60.9)	(140.8)	384.8	3,379.9
Total Expenditures:	(1,896.9)	(1,432.1)	(2,195.7)	(938.5)	(1,128.6)	(2,518.3)	(972.3)	(1,068.1)	(2,143.0)	(1,049.4)	(975.4)	(1,307.6)	(17,626.0)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(279.0)	(162.3)	(460.9)	347.9	179.4	(1,026.5)	687.6	34.6	(792.7)	888.0	416.4	1,275.2	1,107.7
Revenue Accrual Adjustment	130.6	(20.1)	2.1	6.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	31.4
Expenditure Accrual Adjustment	(144.6)	40.6	(0.9)	(27.8)	30.2	(9.3)	26.1	(16.7)	13.0	67.9	(20.4)	(282.8)	(324.6)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(126.0)	--	--	(126.0)
General Fund Notes – Including Interest	600.0	--	--	--	--	--	--	--	--	--	--	(602.4)	(2.4)
Capital Construction Transfer	(61.8)	--	--	--	--	--	--	--	--	--	--	--	(61.8)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Projected Monthly Cash Change	245.2	(141.8)	(459.6)	326.7	177.6	(1,031.4)	715.7	17.6	(781.7)	840.2	343.6	372.4	624.4
General Fund Cash Balance End of Month	**$ 245.2**	**$ 103.4**	**$ (356.3)**	**$ (29.6)**	**$ 148.0**	**$ (883.4)**	**$ (167.7)**	**$ (150.1)**	**$ (931.7)**	**$ (91.6)**	**$ 252.0**	**$ 624.4**	

[1] General Fund revenues in this table are derived from the OSPB June 2016 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notices in this Official Statement regarding forward-looking statements.

Source: State Treasurer's Office

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APPENDIX B

OSPB JUNE 2016 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 2015-16 through 2017-18. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB Revenue Forecast was issued on June 20, 2016, 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 notices in this Official Statement regarding forward looking statements.

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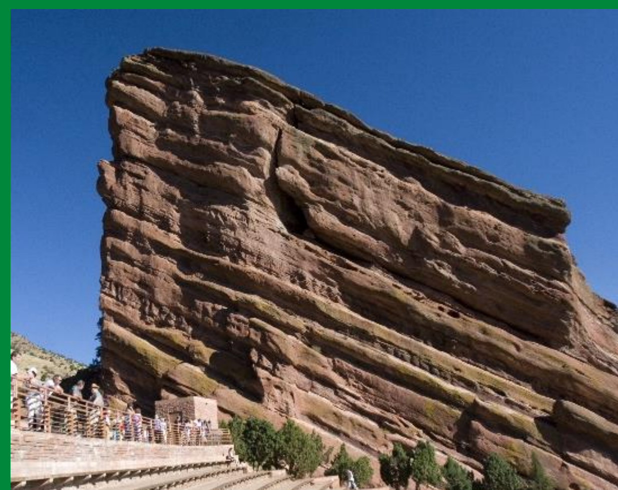
COLORADO
Office of State Planning & Budgeting

June | 2016



The Colorado Economic Outlook

Economic and Fiscal Review

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John W. Hickenlooper
Governor

Henry Sobanet
Director

Jason Schrock
Chief Economist

Luke Teater
Economist

Michael Yeadon
Economist

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Front page photos courtesy of Colorado Tourism.

Summary

- With most of the revenue now collected this fiscal year, General Fund revenue is projected to increase 1.6 percent in FY 2015-16. Despite continued solid economic growth in Colorado, several factors combined to generate the low revenue growth this fiscal year, including the large drop in spending and income due to the downturn in the oil and gas sector; weaker stock market gains; and the sluggish global economic activity and strong appreciation in the dollar that reduced corporate profits. These factors will place less downward pressure on General Fund revenue in FY 2016-17 when we expect revenue growth of 6.0 percent. Continued growth in economic activity across most sectors will support this revenue growth.

- The General Fund revenue forecast for FY 2016-17 is lower relative to March by $58.0 million, or 0.6 percent. With the FY 2016-17 enacted budget and the new forecast, the General Fund reserve will be $10.5 million below the required amount of 6.5 percent of appropriations. This forecast incorporates a projected diversion of $44 million in income tax revenue in FY 2016-17 to a severance tax reserve fund. These diversions occur under Senate Bill 16-218 to help cover refunds associated with the April 2016 Colorado Supreme Court's decision in BP America v. Colorado Department of Revenue that allowed severance taxpayers to claim additional severance tax deductions.

- Under this forecast and current law, General Fund appropriations subject to the limit in FY 2017-18 can grow 3.7 percent. Total General Fund and State Education Fund expenditures combined can grow 3.4 percent in FY 2017-18, assuming that the negative factor in the School Finance Act is maintained at its current level.

- Cash fund revenue subject to TABOR in FY 2015-16 is projected to be $133.9 million, or 4.8 percent, higher than FY 2014-15, primarily as a result of growth in revenue from the Hospital Provider Fee and miscellaneous cash funds. This growth will offset a sharp decline in revenue from severance taxes. Cash fund revenue will decrease 5.3 percent in FY 2016-17. The forecast for FY 2016-17 is $137.5 million, or 4.8 percent, lower compared with projections in March. This decrease is due mostly to the reduction in Hospital Provider Fee revenue per House Bill 16-1405 (the Long Bill), as well as the shifting forward of the transfer from the Unclaimed Property Fund to the Adult Dental Fund pursuant to House Bill 16-1409.

- TABOR revenue is projected to come in $80.7 million below the cap in FY 2015-16 and $46.0 million under the cap in FY 2016-17. TABOR revenue is expected to be above the cap in FY 2017-18 by $257.5 million. For FY 2017-18, the total projected TABOR refund amount of $277.1 million includes the projected $257.5 million exceeding the Referendum C cap plus $19.6 million that needs to be refunded from FY 2014-15 due to the reclassification of the revenue transferred to the Adult Dental Fund from the Unclaimed Property Fund.

- Colorado's economy continues to perform solidly overall, especially considering the persistent challenges faced by the oil and gas industry and the sluggish global economy. Colorado's favorable economic attributes have helped the state perform much better than the other leading oil and gas producing states. The state had the 4th lowest unemployment rate in the country in April and demand for workers among Colorado businesses remains strong. However, tight labor market conditions are making it more difficult for businesses to grow, acting as a constraint on the state's economy. Areas tied to agriculture and dependent on minerals extraction continue to experience weaker economic activity. Economic growth for the nation overall continues to be softer than in previous expansions. Subdued business investment, new business formation, and productivity growth are main factors in the slower growth. Nonetheless, the U.S. economy is performing better than most other developed country economies.

- Although there are no clear indications of an economic downturn in the United States, the global economy continues to show signs of weakness as growth remains slow and vulnerable to downside risks, which could threaten the current expansion. We note the following items of concern: The path of China's slowing economy is particularly uncertain; the June 23 referendum in the United Kingdom on staying in the European Union has affected the economic outlook in Europe; and in the U.S., job growth has slowed and business investment remains soft.

The Economy: Issues, Trends, and Forecast

The following section discusses overall economic conditions in Colorado, nationally, and around the world. The OSPB forecast for most economic conditions is largely unchanged from the March 2016 Colorado Economic Outlook. This section includes an analysis of:

- Economic and labor market conditions in Colorado (page 5)
- Housing costs (page 17)
- Oil and gas industry conditions (page 19)
- Economic and labor market conditions for the nation (page 23)
- International economic conditions and trade (page 28)

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

Summary **—** Although growth has moderated, Colorado's economy continues to perform solidly overall, especially considering the persistent challenges faced by the oil and gas industry and the sluggish global economy. Colorado's favorable economic attributes have helped the state perform much better than the other leading oil and gas producing states. The state has among the lowest unemployment rates in the country and demand for workers among Colorado businesses remains strong. However, tight labor market conditions are making it more difficult for businesses to grow, acting as a constraint on the state's economy.

Rising home values and rents, along with a high rate of in-migration, is causing housing construction to ramp up, which will add employment and spending going forward. Further, after slowing during the course of 2015, growth in new business formation appears to have picked up in the state at the beginning of 2016. Persistent low prices for certain crops and livestock, along with weaker agricultural exports, continue to dampen economic activity in many rural areas of Colorado. Furthermore, in the midst of continued low energy prices, the oil and gas industry continues to contract. Employment in the industry in Colorado decreased by over 25 percent through the end of 2015 and will likely decrease by another 15 to 20 percent by the end of 2016.

Economic growth for the nation overall continues to be weaker than in previous expansions. Subdued business investment, new business formation, and productivity growth are main factors in the slower growth. Nonetheless, the U.S. economy is performing better than most other developed country economies. Financial conditions remain better than the beginning of the year, signaling a more positive outlook. As the labor market continues to tighten, employment has been growing at a slightly slower pace recently, though there is some indication that wage growth has gained some momentum. The manufacturing sector appears to have improved somewhat over recent months, but growth remains subdued due to sluggish global conditions and the stronger dollar. Other sectors, such as professional and business services and construction, which make up a much larger portion of the U.S. economy, continue to perform relatively better.

Economic risks **—** Although there are no clear indications of an economic downturn in the United States, the global economy continues to show signs of weakness as growth remains slow and vulnerable to downside risks, which could threaten the current expansion. We note the following items of concern: The path of China's slowing economy is particularly uncertain; the June 23 referendum in the United Kingdom on staying in the European Union has affected the economic outlook in Europe; stateside, job growth has slowed and business investment remains soft.

Colorado Economy

Although growth has moderated over the past year, Colorado's economy continues to perform solidly overall, especially considering the persistent challenges faced by the oil and gas industry and sluggish global economy. Colorado's unemployment rate is at a lower level than a year ago, and was the 7th lowest among states in May.

The state has weathered the contraction in the oil and gas industry better than other states with large oil and gas presences. Businesses outside of sectors tied to oil and gas continue to grow their sales in markets for their products and services, which is supporting continued economic momentum for the state. Many of Colorado's products are supplied to markets within the U.S. domestic economy, which is performing better than the global economy. However, sectors dependent on energy production and exports continue to struggle.

Colorado's stronger population growth, fueled by the influx of younger, higher-skilled workers into the state, is also supporting stronger growth than the nation overall. This population growth, along with growth in home values and rents, is also causing housing construction to ramp up, which will boost the economy going forward.

Housing construction in the state is ramping up, which will boost the economy going forward.

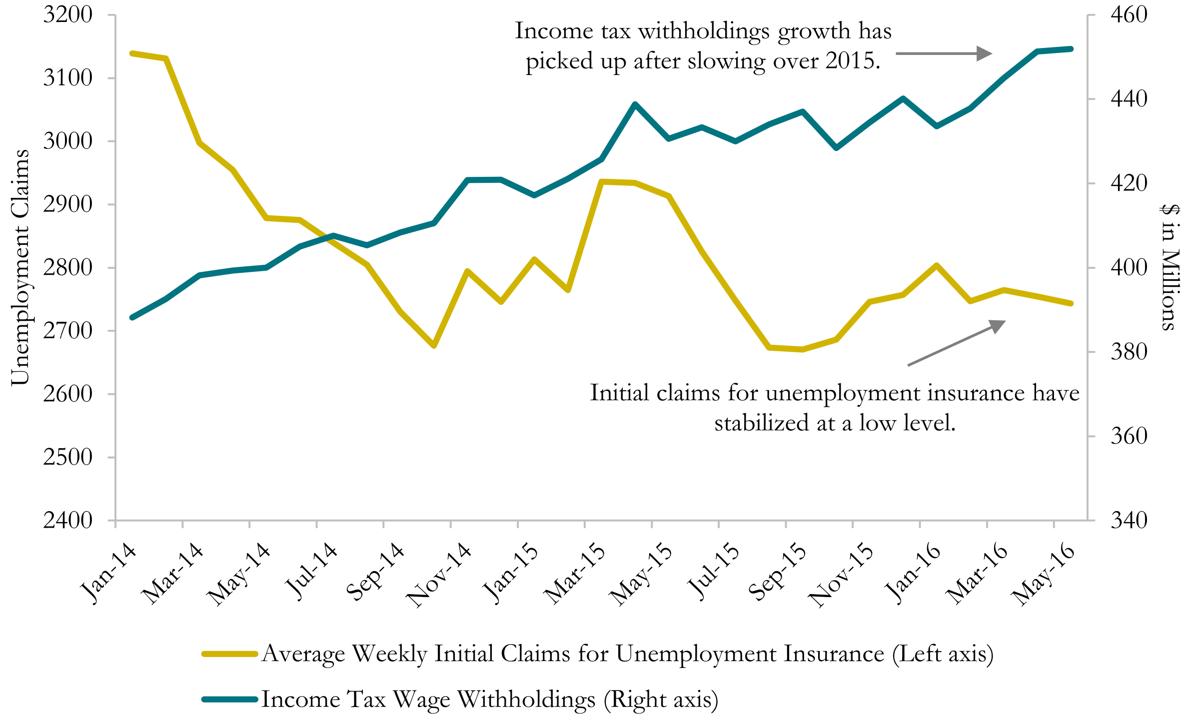
Colorado's economic growth in recent years has led to tight labor market conditions. Although this means that Coloradans continue to have more job opportunities relative to the rest of the nation, it is making it difficult for businesses seeking to expand to grow their business, which is acting as a constraint on the state's economy.

Colorado's economic growth in recent years has led to tight labor market conditions, making it difficult for businesses to grow and acting as a constraint on the state's economy.

The state is expected to add 63,500 jobs in 2016, a growth rate of 2.5 percent, slower than the 3.5 percent and 3.0 percent growth in 2014 and 2015, respectively, but still above the national job growth rate of 1.8 percent. Colorado's unemployment rate is expected to average 3.3 percent in 2016, below the nationwide level of 4.8 percent.

Reliable indicators on the underlying health of the economy show some recent improvement after slowing through 2015 and the first part of 2016 — Figure 1 shows the trends in initial unemployment insurance claims and income tax wage withholdings, two near-real-time reliable indicators of broad economic performance. After moderating in 2015 and the first part of 2016, wage withholdings growth has recently picked up. Much of the slower growth starting in 2015 can be attributed to the loss of the high wages tied to the oil and gas industry's activity that combined with a slowdown in overall job growth. Furthermore, after ticking up during the first half of 2015 and again in the first part of 2016, mostly due the oil and gas contraction, initial claims for unemployment insurance have stabilized and remain at a low level. This indicates that demand for workers among Colorado businesses remains strong.

Figure 1. Indicators of Colorado's Economic Performance*

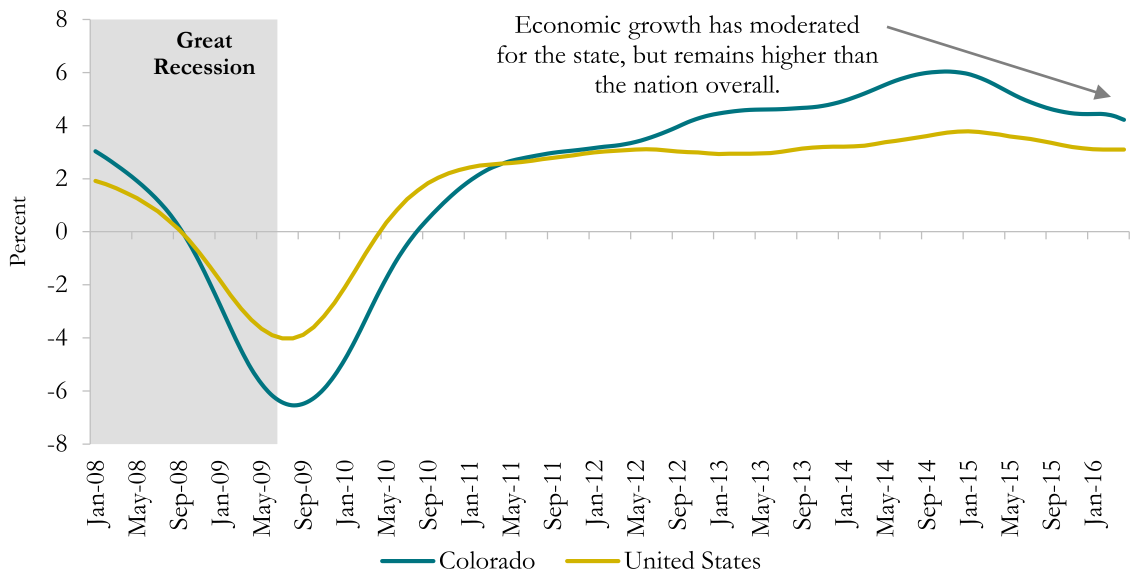


*Seasonally Adjusted, Three-month moving average
Source: Colorado Department of Revenue, Colorado Department of Labor and Employment, and OSPB calculations

***Other measures of broad statewide economic activity show moderated growth for the state, but continued better performance than the nation overall* –** Colorado's economy has moderated overall as measured by the Federal Reserve Bank of Philadelphia's monthly State Coincident Economic Activity Index. This index is one of the most up-to-date broad measures of state economic activity. The index tends to match growth in a state's gross domestic product (GDP) over time by combining four state-level indicators to track current economic conditions – employment, average hours worked in manufacturing, the unemployment rate, and inflation-adjusted wage and salary disbursements.

Figure 2 shows Colorado's economy measured by the State Coincident Economic Activity Index compared to the U.S. overall since the Great Recession. Although economic growth has slowed from its robust pace over 2014 and the beginning of 2015, it remains stronger than the nation through April of this year, the month from which the latest data is available. To help corroborate this data, a recent US Bank survey of small businesses in the U.S. showed that 57 percent of Colorado small businesses indicated that conditions are stronger in the state than the rest of the country, the highest percentage of any of the 11 states surveyed.

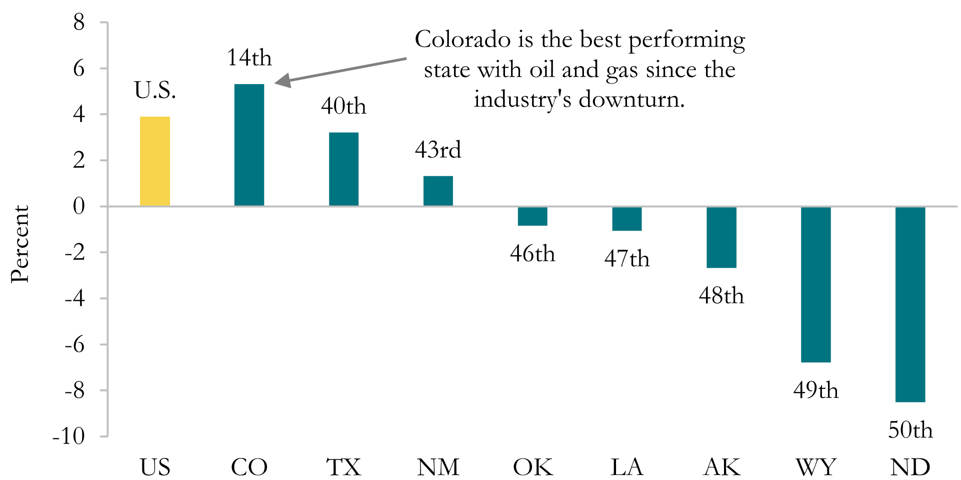
Figure 2. Coincident Economic Activity Index, Year over Year % Change



Source: Philadelphia Federal Reserve Branch

Colorado has weathered the oil and gas industry contraction better than other oil and gas states — The loss of wages, investment, and spending from the downturn in the oil and gas industry has reduced economic activity in the state. However, Colorado's favorable economic attributes have helped the state perform much better than the other leading oil and gas producing states.[1] Figure 3 compares the economic performance of each of the leading oil and gas producing states since the beginning of 2015. More discussion on the oil and gas industry starts on page 19.

Figure 3. State Coincident Economic Activity Index among Largest Oil and Gas Producing States, % Change January 2015 to April 2016, with Ranking among All States



Source: Philadelphia Federal Reserve Branch, OSPB calculations

[1] The selection of largest oil and gas producing states is based on each state's share of total household earnings directly resulting from the oil and gas industry.

New business formation picked up in first part of this year, after growth slowed in 2015 — New business formation is vital for economic vibrancy and job growth. Data on net job creation by age of business from the U.S. Census Bureau, Business Dynamics Statistics (BDS) shows that new firms are responsible for almost all net new jobs in the economy every year. New businesses are also important for productivity gains and innovations in an economy.

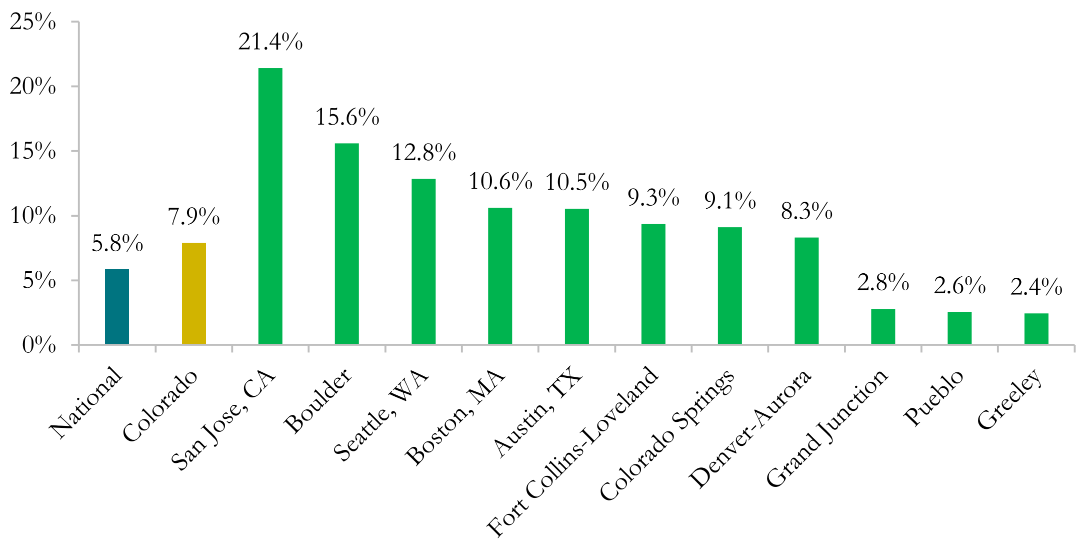
New business formation appears to have picked up in the state at the beginning of 2016, an important development for ongoing job and economic growth.

After slowing during the course of 2015, growth in new business formation appears to have picked up in the state in the first quarter of 2016, the latest information available. Data from the Colorado Secretary of State showed that filings of new entities, which mostly consist of limited liability companies and corporations, increased 5.8 percent above the first quarter of 2015. This is an important signal of continued job and economic growth for the state in the near term as it indicates that more people are pursuing entrepreneurial opportunities in the economy.

High-tech activity is less robust, but continues to be positive, helping fuel Colorado's economic expansion — An important driver of our economy, both now and in the future, is economic activities surrounding ideas, information, and technology. The high-tech sector, comprising of industries with high concentrations of workers skilled in science, technology, engineering, and mathematics (STEM), is the main sector that is developing products using these components. The state's high-tech firms are involved with a wide-range of activities, such as computing and software, data processing, aerospace, medical-related products and services, communications, architecture, engineering, and other professional and technical services. Much of the recent growth in the high-tech sector is being driven by the emergence of mobile devices, social media, cloud computing, and internet search engines.

Colorado has a high concentration of technology-related firms and workers, especially along the Front Range. Figure 4 shows the concentration of workers in high-tech occupations in 2015 in select metro areas across the country and the state. Areas with higher amounts of high-tech activity generally have better performing economies. Smaller concentrations of high-tech workers in the state's areas outside of the Front Range are one reason they are experiencing less economic growth.

Figure 4. Proportion of Workers in High Tech Occupations, Select U.S. and Colorado Regions, 2015



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

The high-tech industries and the economic activity associated with them have been an important part of the state's growth in the current expansion. Because of their innovative activities and higher paying jobs, growth in high-tech industries leads to job growth in other sectors, from doctors and lawyers to services providers. The high-tech sector average wage in 2015 was $76,260, nearly 50 percent higher than the statewide average for all jobs.

The high-tech sector has been an important part of the state's economic growth in the current expansion, contributing an estimated nearly 20 percent to total wage growth.

Growth in total wages paid to workers in the high-tech sector comprised about 14 percent of the growth in all wages that occurred in the state from 2010 to 2015, based on Quarterly Census of Employment and Wages data. However, considering the multiplier effect of the sector, which includes economic activity within the high tech sector's supply chain as well as in other industries throughout the economy, the sector contributed an estimated 19 percent to total wage growth over the period.[2] Consequently, any changes in investment and employment in the sector will affect the state's overall economic performance.

Recent data indicate continued job growth in the high-tech sector. The pace of innovation in the sector appears to be strong and the demand for high-tech products and services is expected to continue.

The professional, scientific, and technical services industry combined with the information industry provides a proxy measure of recent employment changes in the high-tech sector. Like with overall job growth, the sector's job growth has moderated in the state from the robust pace during 2014, but remains solid through April of this year, the month from which the latest data is available.

Recently, however, some firms in the high-tech sector are having more difficulty raising capital and finding workers for expansion. It also appears that investors are reevaluating some of the valuations of companies in the sector. These trends will act as a constraint on growth in the sector, but they do not signal an imminent downturn. The pace of innovation in the sector appears to continue to be strong and the demand for high-tech products and services is expected to continue.

Nonurban areas tied to agricultural economies continue to experience weaker economic activity – After having robust years during the 2010 to 2014 period, persistent low prices for certain crops and livestock, along with weaker agricultural exports tied to sluggish global conditions and a strong dollar, continue to dampen economic activity in many rural areas of Colorado. Most commodity prices remain below levels considered to be profitable, and the price of corn and wheat are especially low. Reduced earnings in farming and ranching also impact urban areas, such as Denver, that have food processing and marketing activities. However, the recent reprieve in dollar appreciation should provide some relief to crop and livestock exporters and agricultural-dependent economies by supporting earnings from sales in foreign markets.

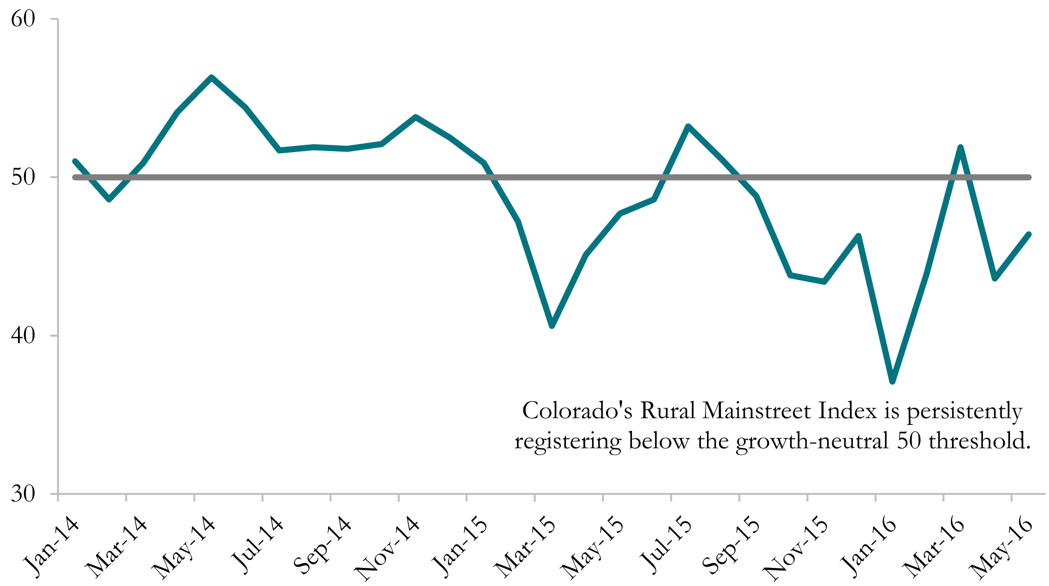
Nonurban agricultural and energy sector-dependent areas of Colorado continue to face challenges due to weaker exports, lower crop prices, and the deep contraction of the oil and gas industry.

Colorado's Rural Mainstreet Index, published by Creighton University, measures economic activity in rural areas by surveying community banks on current economic conditions and their economic outlooks. The index has posted readings below the 50 level that signifies growth for much of 2015 and 2016 thus far, as shown in Figure 5. The index in May registered 46.4, up from 43.6 in April. The index posted a low of 37.1 in January,

[2] The multiplier effects are based on EMSI's (Economic Modeling Specialists International) input-output model for Colorado.

and thus conditions have improved somewhat since that time. In addition to weaker agricultural income, some energy industry dependent rural areas have been adversely affected by the challenging conditions in the oil and gas and coal industries.

Figure 5. Colorado's Rural Mainstreet Index



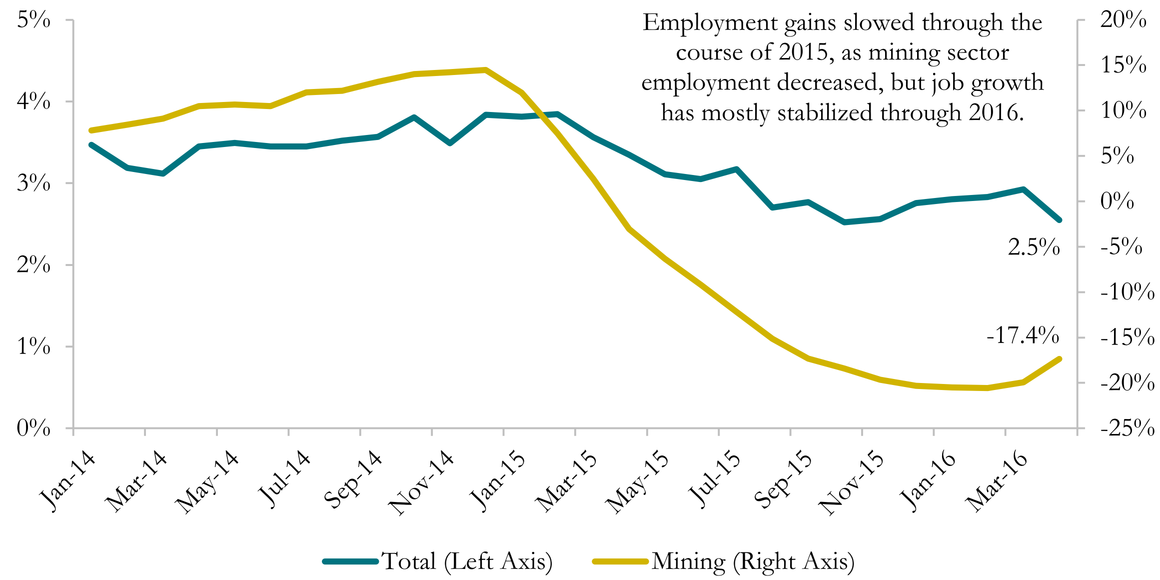
Source: Creighton University

After moderating through most of 2015, Colorado employment growth appears to have stabilized – Employment gains in Colorado slowed over the course of 2015 but have remained relatively stable during the first half of 2016. The downturn in the energy sector and slowdown in manufacturing negatively impacted employment gains across the country, particularly the states that are more heavily energy dependent such as Colorado. However, Colorado's overall labor market was less impacted by the energy and manufacturing downturns and continues to post employment gains that are larger than the nation overall.

Colorado is experiencing a tight labor market, as evidenced by having the 7th lowest unemployment rate out of all states in May. Boulder, Fort Collins, and Denver all have unemployment rates that rank in the lowest 15 percent of all metro areas across the country in April, the latest month from which data is available. Furthermore, according to a report from the Conference Board concerning online help-wanted ads, the ratio of unemployed persons to online ads was 0.68 in April, the 2nd lowest in the country, behind South Dakota, and roughly half the nationwide average. A ratio below one indicates there are more job openings posted online than unemployed individuals, and is a measure of labor market tightness. The ratio has continued to decline over the past year, despite the state's moderating growth and contraction in the oil and gas industry.

As shown in Figure 6, monthly year-over-year job growth rates peaked in February 2015 at 3.8 percent. However, as mining sector employment decreased through 2015, overall employment growth slowed through the year. Employment growth appears to have mostly weathered the job losses in the mining sector as employment gains have remained relatively steady this year. The April year-over-year growth rate in Colorado of 2.5 percent remained higher than the national rate of 1.9 percent and ranks Colorado 12th out of the 50 states and Washington, D.C.

Figure 6. Colorado Overall and Mining Sector Year-over-Year Employment Growth by Month



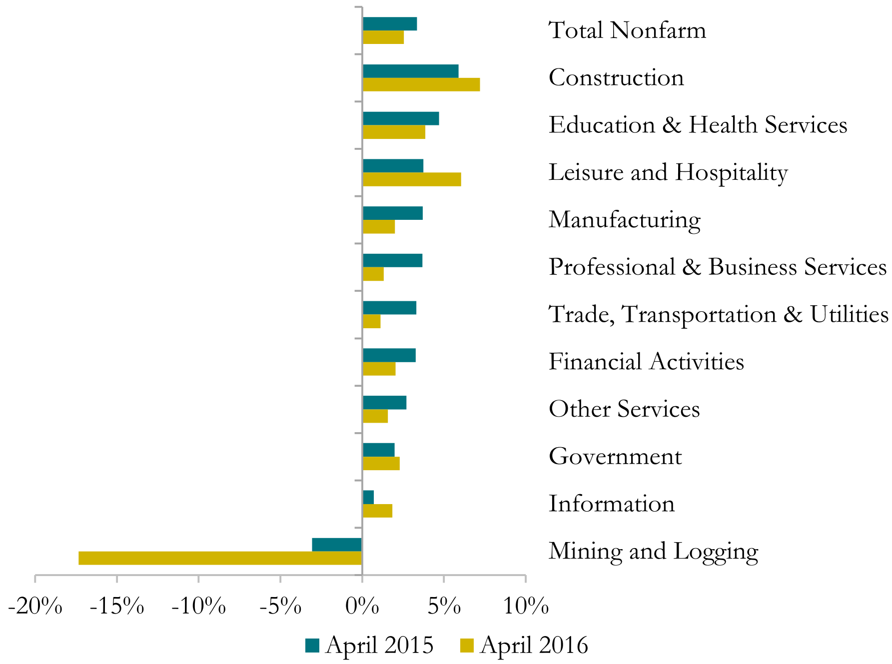
Source: U.S. Bureau of Labor Statistics, OSPB calculations

Employment growth slowing across most sectors in Colorado **–** Job growth continues in all sectors outside of mining, but growth rates are lower this year than they were last year in most of the sectors, as shown in Figure 7. In contrast to the national trend, where manufacturing jobs are declining, manufacturing jobs in Colorado grew 2.0 percent year-over-year in April 2016. Colorado's relatively healthy manufacturing sector can be attributed in part to the higher amount of in-demand, advanced products that tend to be produced in the state, such as renewable energy-related and aerospace-related products. Employment in the construction industry grew at the fastest rate, 7.2 percent, as demand for construction workers remains high for residential and non-residential construction projects. Construction jobs nationally grew 4.2 percent over the same time frame.

Jobs in the services sectors, such as professional and business services and financial activities, grew by 3.1 percent year-over-year in April, driving overall job growth of 2.5 percent.

Service related industries, such as professional and business services, education and health services, leisure and hospitality, and financial and information activities, have fared much better than manufacturing and other goods producing industries recently. However these sectors have shown some indication of slowing recently. Service jobs, which account for over half of all nonfarm employment in Colorado, continued to grow year-over-year at a 3.1 percent clip in April 2016, though that was lower than the 3.6 percent growth in April 2015. Growth in the services sector helped dampen the impact of losses in the mining and logging industry, where employment is down nearly 18 percent since last April.

Figure 7. Colorado Year-over-Year Employment Growth by Sector

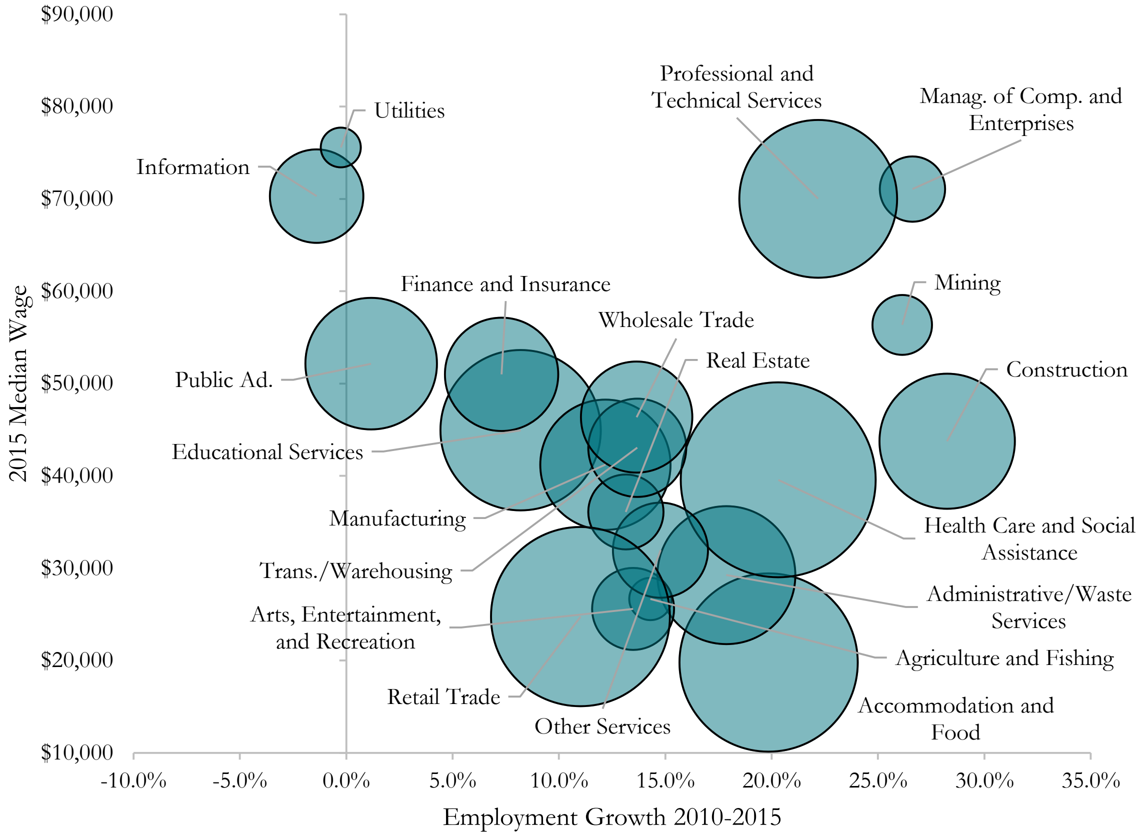


Source: U.S. Bureau of Labor Statistics, OSPB Calculations

Employment growth has occurred across most Colorado industries during the current expansion – Looking at a longer run trend of employment growth by industry during the entire expansion thus far, most industries in Colorado have been growing, albeit at varied rates. Figure 8 illustrates industries in Colorado showing employment growth rates over a five-year period, median wages in the industry in 2015 and the size of the industry based on number of jobs in 2015.

Industries across all wage levels have grown, with construction having the fastest growth in the middle-wage industries and management of companies having the fastest growth in higher-wage industries. The professional and technical services industry, one of the largest industries in Colorado, also was one of the faster-growing and highest-paying industries. The information and utilities industries, both higher-paying, experienced a slight decline in employment over the past five years and public administration had slight growth.

Figure 8. Employment Growth (2010-2015) and Median 2015 Wages by Colorado Industries
Size of Bubble Represent Size of Industry as Measured by Employment in 2015



Source: Colorado Department of Labor, Quarterly Census of Employment and Wages Data, OSPB Calculations

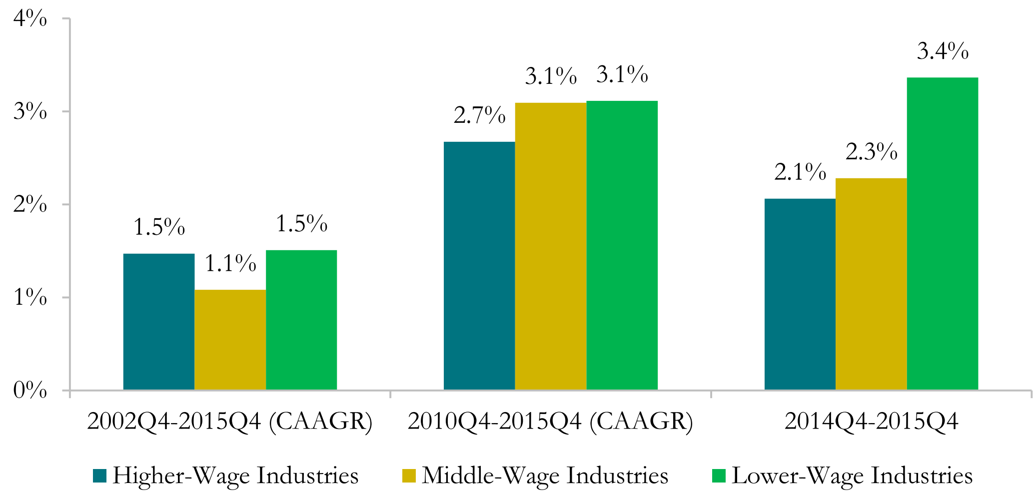
Job growth has occurred at similar levels across higher-, middle-, and lower-wage paying industries, but wage growth has mostly occurred in higher-paying industries – The above analysis shows that there are many middle-wage industries that grew on pace with higher- and lower-wage industries over the past five years. The following figures assess the trends in employment and wage growth broken out into lower- ($35,000 and below), middle- ($35,000-$65,000) and higher- ($65,000 and above) paying industries using median annual wage data.

Although employment growth has been relatively equal across wage groups, growth in wages has mostly occurred in the higher-wage industries.

Figure 9 looks at employment growth for industries broken up by wage groups. There is some indication that the industries that fall into the middle-wage group have been growing slower than those in the lower- and higher-wage industries over the longer term. However, during the current expansion period, middle-wage and lower-wage industries have grown at a slightly higher pace than higher-wage industries.

Over the past year, employment in lower-wage industries grew at a rate of 3.4 percent, a full percentage point higher than industries in the other two wage groups. Oil and gas related industries, which tend to fall into the higher-wage group, have declined over the past year. Additionally, some middle-wage industries that are related to manufacturing and mining also declined over the year. These declines were counteracted by growth in some higher-wage industries such as financial and data-related industries, and in some mid-wage industries related to health care and real estate. Employment in almost all of the 29 industries that fall into the lower-wage group increased over the last year except agriculture and forestry support and apparel manufacturing.

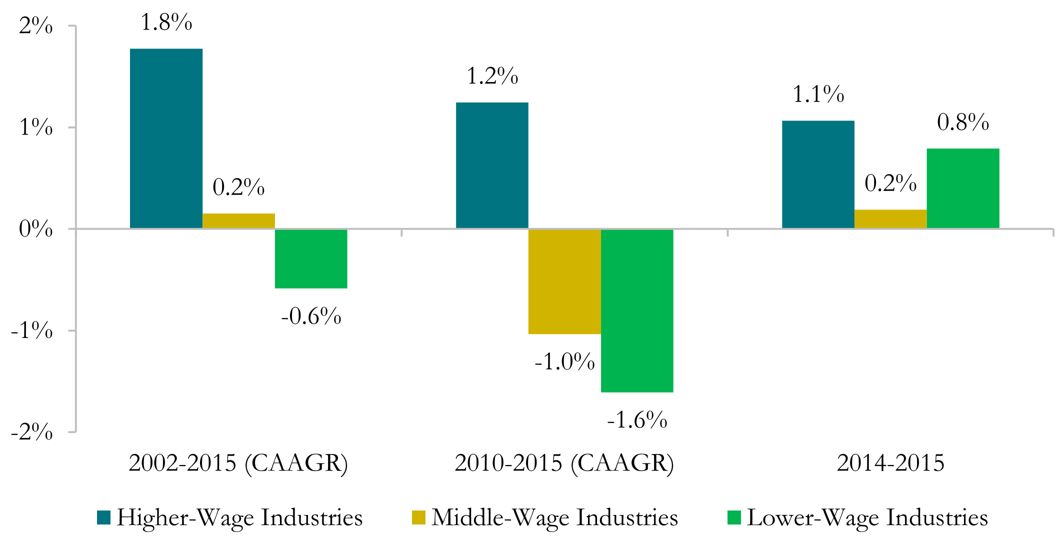
Figure 9. Percent Growth in Employment across Lower-, Middle-, and Higher-Wage Industries



CAAGR: Compound average annual growth rate
Source: U.S. Bureau of Labor Statistics, Colorado Department of Labor, OSPB Calculations

Wage growth has been less equally distributed across industries. Figure 10 illustrates the average inflation-adjusted wages (real wages) in lower-wage, middle-wage and higher-wage industries. Real wages in lower-wage industries, on average, have declined over the past 13-year period from 2002 to 2015 while those in middle-wage industries have increased just slightly. Over the past five years, real wages in both of these wage groups have declined. On the other hand, real wages have increased by nearly 2 percent, on an annual average growth rate basis, for the higher-wage industries over the past 13 years. Average real wages for each of the three groups have seen an improvement over the past year.

Figure 10. Percent Growth in Real Wages across Lower-, Middle-, and Higher-Wage Industries

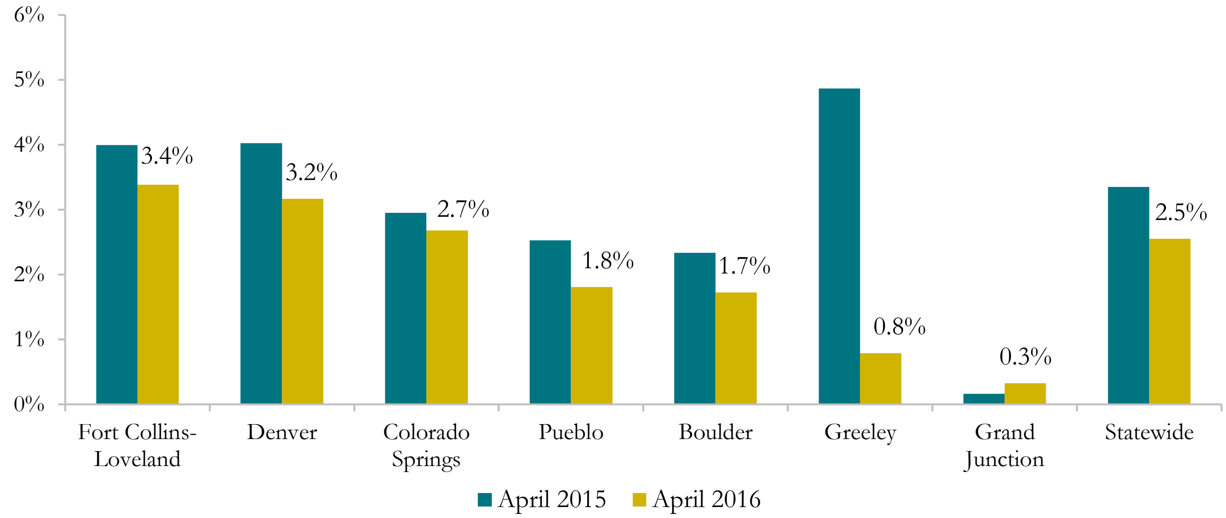


Source: U.S. Bureau of Labor Statistics, Colorado Department of Labor, OSPB Calculations

Larger urban centers are accounting for most of the job growth in Colorado. Job growth has decreased significantly in Greeley due to the energy sector.

Job growth has moderated in all areas of Colorado since last year and growth has been concentrated in the central and northern Front Range regions – Job growth over the past year was driven by gains in the Front Range cities. As shown in Figure 11, these metro areas together accounted for nearly all of the employment gains over the year. After experiencing among the fastest job growth in the country in 2014 attributable to the oil and gas boom, Greeley now has among the slowest growth largely due to the pullback in oil and gas jobs over the past year.

Figure 11. Average Year-over-Year Employment Growth by Colorado Metro Area

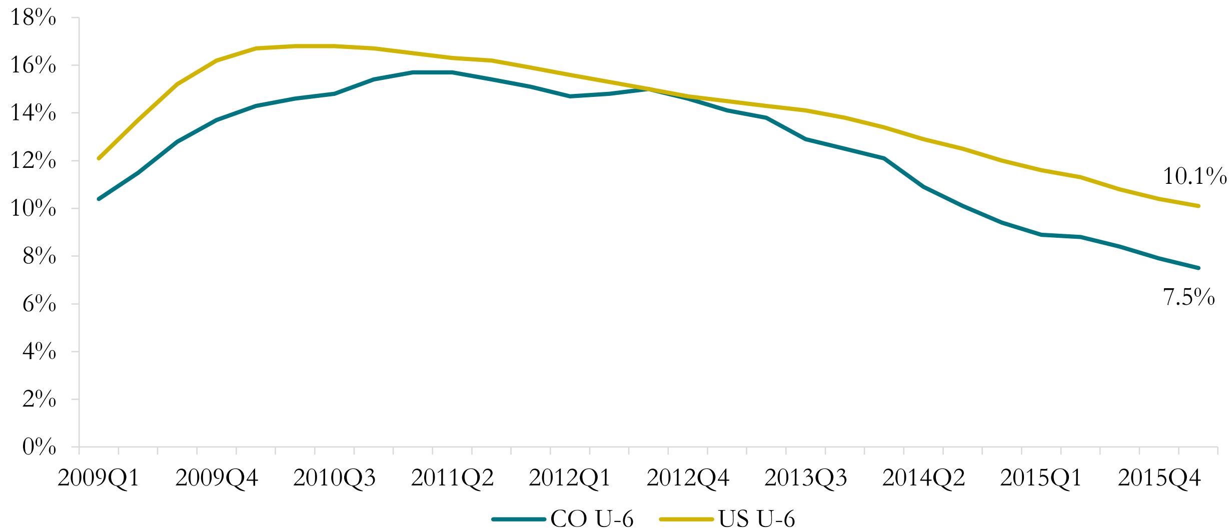


Source: Colorado Department of Labor and Employment

Unemployment measures in Colorado continue to outperform the national trends – Although the official unemployment rate (U-3) ticked up slightly to 3.4 percent in May, it remains over a percentage point lower than the national average and ranks as the 7th lowest among all states. In addition, as Figure 12 illustrates, the broader U-6 measure, which includes marginally attached workers – workers who currently are not working nor looking for work but indicate that they would like to work and have looked within the past 12 months - and people working part-time for economic reasons, continues to drop at a faster rate than the national average. Colorado's average U-6 rate over the second quarter of 2015 through first quarter of 2016 was 2.6 percentage points lower than the national average over this time period.

Colorado's U-3 unemployment rate ticked up slightly in May to 3.4 percent but remains the 7th lowest out of all states.

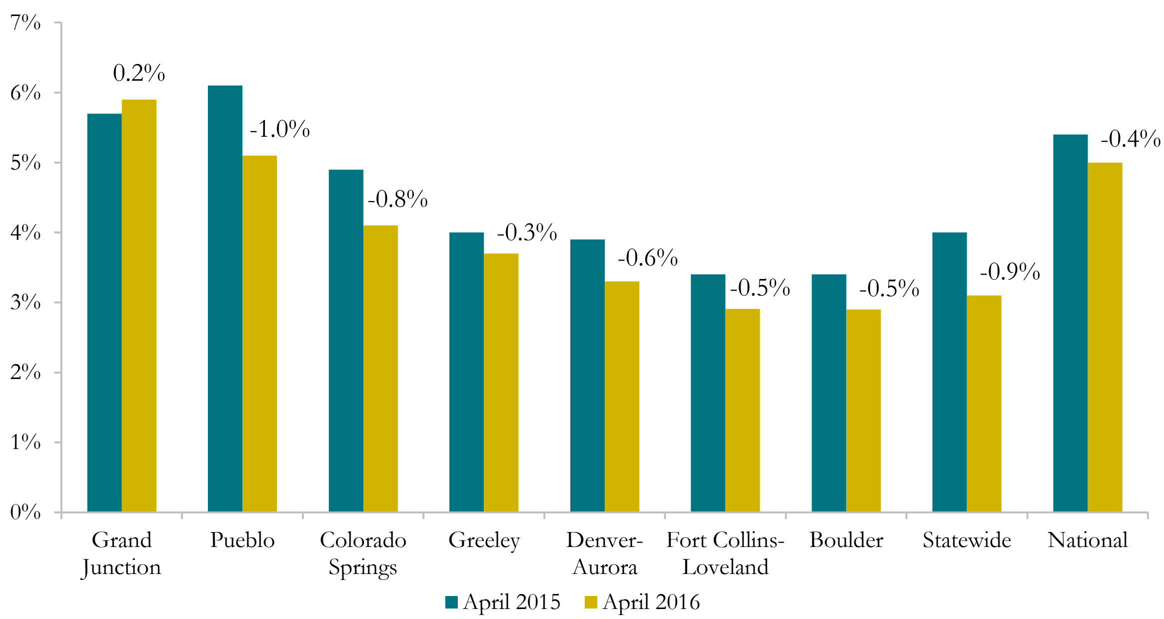
Figure 12. Broad Measure of Unemployment (4-quarter moving average)



Source: U.S. Bureau of Labor Statistics

Figure 13 shows unemployment rates across Colorado metro areas for April 2015 and 2016. As the figure demonstrates, most of Colorado's larger cities have seen a drop in their unemployment rate, though the magnitude of the change varies across the state. For instance, Pueblo and Colorado Springs saw the greatest improvement in unemployment over the past year, but also started with higher levels than cities along the northern Front Range. Boulder and Fort Collins have among the lowest unemployment rates in the country, both ranking in the lowest 10 percent of all 387 metro areas and Denver ranks in the lowest 15 percent.

Figure 13. Unemployment Rates by Colorado Metro Area (Change from year ago shown above bars)



Source: U.S. Bureau of Labor Statistics

Housing Costs

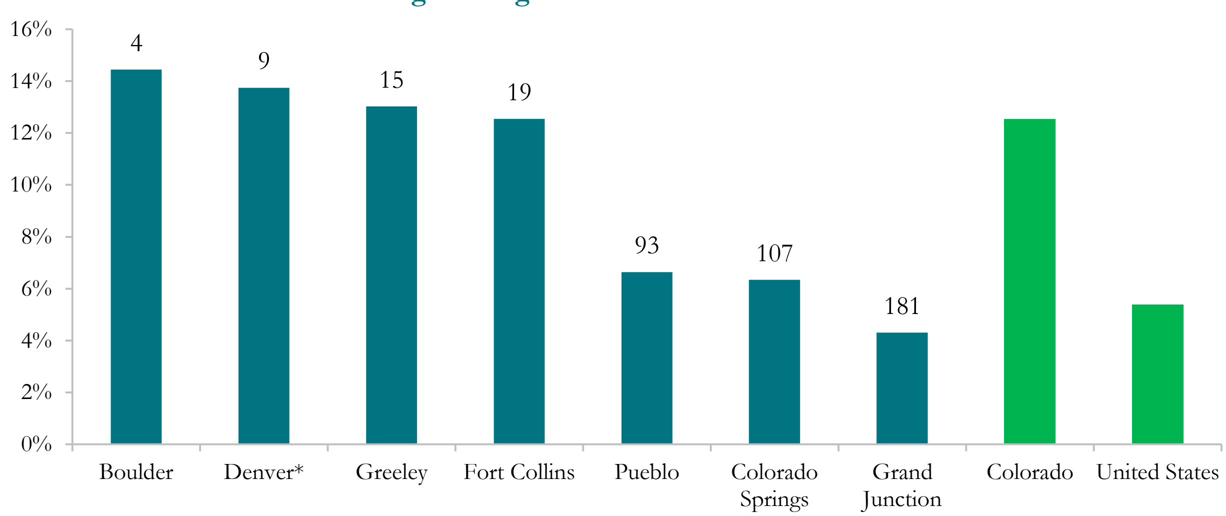
Home prices continue to appreciate at strong rates across Colorado – Home prices and rental rates continue to increase across most areas of the state at faster than national trends. Furthermore, home prices in the Denver Metro area have grown at the fastest rate among large cities since pre-recession peaks. Population growth fueled by high levels of in-migration, as well as low supply, have contributed to the strong appreciation. Colorado in general, and the Front Range in particular, continues to attract a younger and well educated population. In addition to the outdoor amenities Colorado offers, the labor market is exceptionally tight and the Front Range has relatively high concentrations of high-tech and higher paying employment opportunities.

Low supply of housing in the midst of robust in-migration levels continues to put upward pressure on housing prices in many areas across the state.

New housing permit activity increased through the latter half of 2015 and is expected to be strong over the next few years, with housing permits growing by 18.9 percent in 2016 and 9.1 percent in 2017. However, household formation is expected to outpace the level of new homes, which will continue to put upward pressure on house prices. For example, in 2015, Colorado's population increased by over 100,000 individuals while only an estimated 25,143 new homes, condos and apartments were added, according to the U.S. Census Bureau. With an average household size of 2.6 people in Colorado, the state would have needed an additional 38,500 units to accommodate the population increase in 2015, leaving a shortfall of over 13,000 units. Furthermore, these new homes and condos coming on the market, particularly in the Denver Metro area, are priced well above the price that would be achievable by many younger individuals looking to purchase their first house.

The Federal Housing Finance Agency's House Price Index shows that home prices in all of the largest Colorado cities, except Grand Junction, continued to grow faster than the national average in the first quarter of 2016. Four of these cities ranked in the top 20 for home-price appreciation with Boulder and Denver both in the top ten. According to the National Association of Realtors, Boulder's median sales price of existing single-family homes of $479,700 in the first quarter of 2016 was the sixth highest of the 178 large cities tracked by the organization. Denver's median home price was $369,000 and Colorado Springs' was $239,800 in the same period.

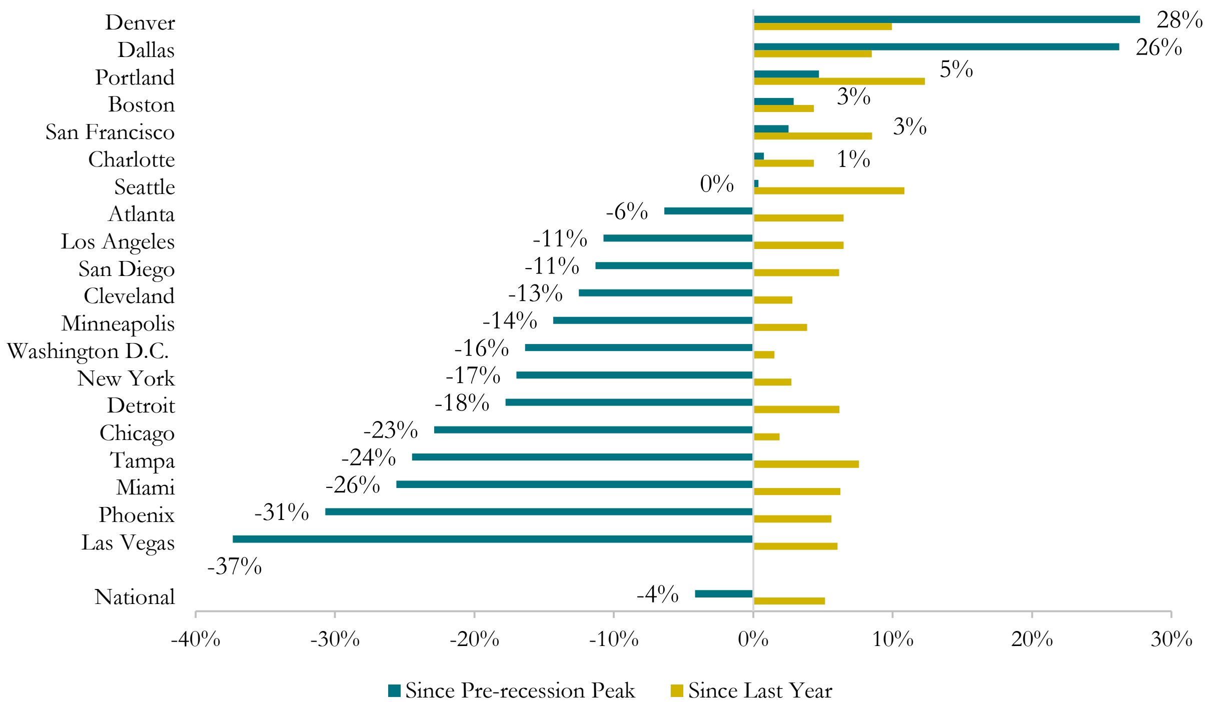
Figure 14. Percent Change in Home Prices, First Quarter 2015 to First Quarter 2016, Rank among 402 large U.S. cities shown above bars



*Includes Aurora and Lakewood
Source: Federal Housing Finance Administration, OSPB Calculations

As shown in Figure 15, according to the Case-Shiller Home Price Index, Denver home prices have surpassed their pre-recession levels by the most out of the 20 largest cities that the index tracks. Many of the cities have yet to reach their pre-recession peak levels, with some still over 30 percent below their peak. In many cases, these cities had a much larger housing boom and bust than did Denver. Denver homes tended to not appreciate as rapidly during the national housing boom but have been appreciating much faster during the past few years than most other areas around the nation. Over the past year, only Seattle and Portland home prices appreciated faster than Denver's home prices.

Figure 15. Percent Change in Home Prices in March 2016, Since Pre-Recession Peak (shown next to bars) and Since March 2015



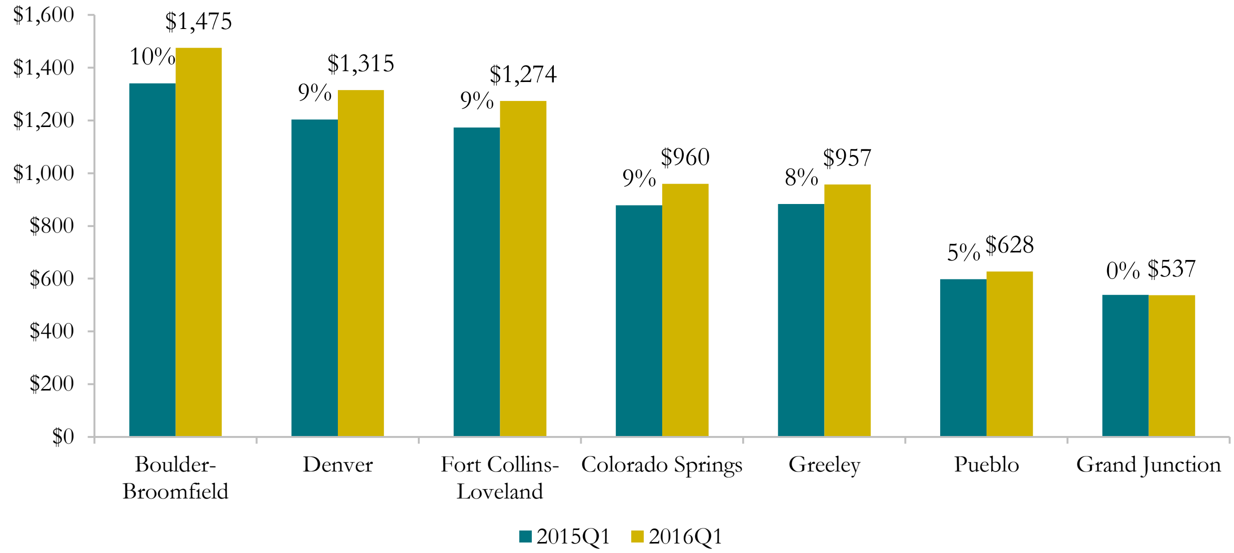
Source: S&P/Case-Shiller Home Price Index- S&P Dow Jones Indices LLC

Rents continue to rise in most metropolitan areas with growing disparity across regions – As shown in Figure 16, rents in most large Colorado cities rose over the past year, however growth rates varied dramatically across regions. The Boulder/Broomfield area saw both the strongest growth and highest average rents. Most cities across the Front Range continue to experience rapidly appreciating rent prices.

Average rents rose by 5 percent or more in six of Colorado's largest cities. New rental inventory in the Denver and Boulder area could lead to tempered rent growth through the remainder of the year.

Recent increases in vacancy rates in the Denver and Boulder Metro areas, mostly due to increased supply of multi-family housing units, may temper rental growth rates. However, robust in-migration and new household formation should continue to lead to growth in rent prices. Vacancy rates in Colorado Springs, Pueblo and Grand Junction all decreased in the first quarter of 2016 which may put upward pressure on rental rates in these cities.

Figure 16. Average Rent in First Quarter of 2015 and First Quarter of 2016, Percent Change in Rent and Average Rent in First Quarter 2016 Shown Above Bars



Source: Colorado Division of Housing, Apartment Association of Metro Denver

Oil and Gas Industry Conditions

In the midst of continued low energy prices, the oil and gas industry continues to contract. Although the outlook for oil prices has improved since the March forecast, the increase in oil prices is expected to be gradual through the remainder of the year and into 2017. Further, absent a major shock, such as heightened political upheaval in the Middle East, prices will likely not return to their 2014 levels for many years. Employment in the oil and gas industry in Colorado decreased by over 25 percent through the end of 2015 and will likely decrease by another 15 to 20 percent by the end of 2016.

Employment in the oil and gas industry contracted by over 25 percent in 2015 and could decrease another 15 to 20 percent in 2016.

Although employment in the oil and gas industry makes up a small share of overall employment in Colorado, the industry and its associated activity made a strong contribution to Colorado's overall growth during the current expansion, helping it to outpace national growth. The industry invests large sums of money and pays high wages, increasing the amount of money circulating in the economy. Average earnings in the industry are more than twice the average earnings in Colorado. Therefore, there can be material impacts on the state from growth or contraction in the industry.

The decrease in investment and employment in the industry has contributed to the moderating overall growth in the state during the latter half of 2015 and beginning of 2016. However, Colorado's economy has been more resilient than other oil and gas intensive states because of its economic diversity and growth in other industries. In addition, lower gasoline prices have given consumers and businesses more money to spend on other goods and services, softening some of the shock. On average, gasoline prices are around 20 percent lower than last year and around 35 percent lower than they were two years ago.

***Oil prices remain suppressed due to oversupply but have improved recently* —** Oil prices dropped to around $25 per barrel during the first few months of 2016 but have since improved and are currently just below $50 per barrel. Production in the U.S. has slowed through the year and oil disruptions in Canada, Nigeria and other parts of the world have put upward pressure on prices. Price projections for the remainder of the year suggest a gradual increase and are generally expected to remain in the $50-$60 range through 2017, although there is a high degree of uncertainty in the trajectory of oil prices.

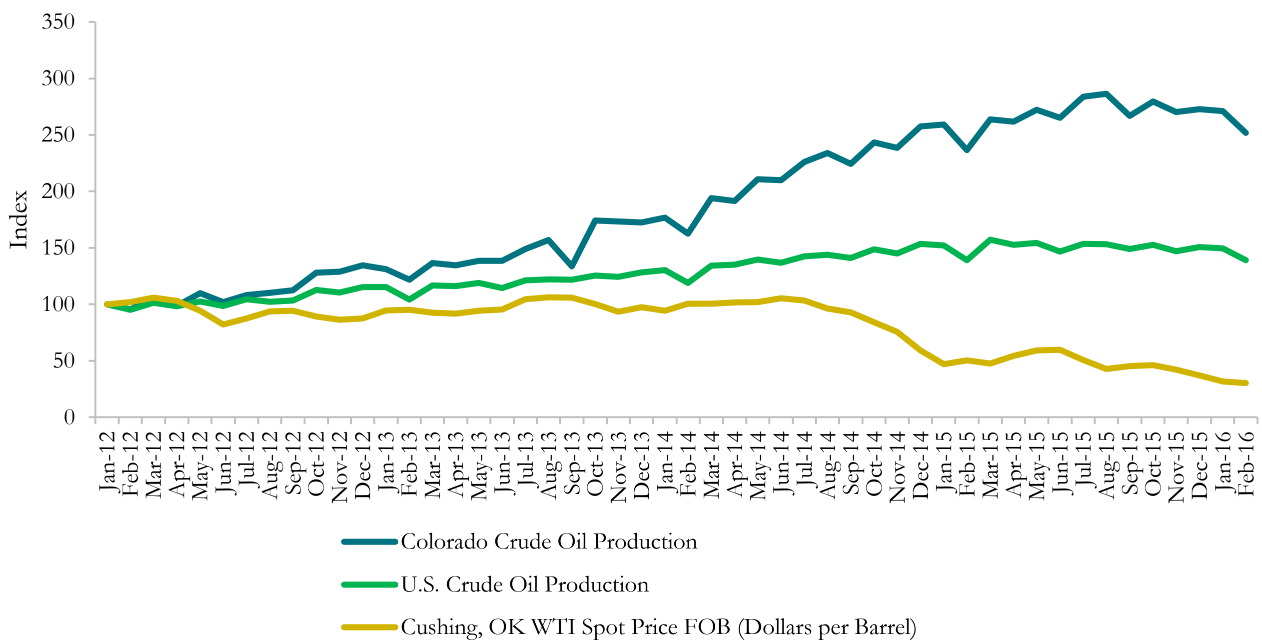
Natural gas prices are currently over 50 percent lower than their 2014 levels, due to oversupply and slower demand. The warmer winter contributed to lower demand putting further downward pressure on prices over the past six months. Natural gas prices are expected to remain low through at least the remainder of 2016 and will likely remain below their 2014 levels through the end of 2017.

Production of oil increased rapidly through mid-2015 despite lower energy prices, with U.S. production peaking around this time last year. However, production has been slowing since April 2015, as shown in Figure 17. Oil production in Colorado increased to a greater extent and has been slower to reverse course, but production began to slow during the first half of 2016. Colorado produced an estimated 126 million barrels of oil in 2015, according to the Colorado Oil and Gas Conservation Committee, an increase of 32 percent over 2014 production. This compares with an 8 percent increase nationally. Production in Weld County accounted for nearly all of Colorado's growth; the county makes up nearly 90 percent of oil production in the state.

Production of oil in Colorado reached record highs in 2015 with a 32 percent increase over 2014 levels.

Energy firms have become increasingly efficient as they focus on the most productive areas to drill new wells and technology advances have allowed them to produce more oil using fewer resources. The Denver-Julesburg Basin in northeast Colorado has been identified as one of the nation's more productive and cost-effective areas to extract oil, which has contributed to the robust increase in Colorado's production over the past few years.

Figure 17. Crude Oil Production and Price Indices (January 2010=100)



Source: U.S. Energy Information Administration

U.S. production is expected to decrease by about 9 percent, on average, in 2016. Decreases will vary greatly by region and firm, though, as they require different price levels to remain profitable. Average breakeven prices — the price necessary to remain profitable — have continued a downward trend over the past few years as firms become more efficient. Breakeven prices vary greatly by firm and region, with some firms reporting breakeven prices as low as $30 per barrel while others are as high as $80 per barrel. According to the Kansas City Federal Reserve's 2016 1st Quarter Energy Survey, energy firms in the 10th District, which includes Colorado, require an oil price of $51 per barrel, on average, to remain profitable, this is down from $60 in the fall of 2015.

Firms require $51 oil prices, on average, to remain profitable in the Colorado region; oil prices are currently just below this level.

The energy companies that can remain profitable in this lower price environment will be those that continue to adapt and focus on the areas that are the most efficient and cost-effective, such as the Denver-Julesburg Basin. As a result, production levels in Colorado may not decrease as significantly as other areas around the nation in 2016.

***The oil and gas industry's employment base continues to contract* —** Based on the latest estimates of labor market data, employment in the oil and gas industry was over 25 percent, or approximately 8,000 jobs, lower in the fourth quarter of 2015 compared with the fourth quarter of 2014. Given continued expectations of lower prices and trends in operating rigs around the state, the state could experience another 15 to 20 percent decrease in employment by the end of 2016.

On a more positive note, the prospects for these displaced workers is better than in the previous downturn in the industry during the Great Recession. This is especially the case in Colorado's robust labor market and growing economy. Recent research conducted at the national level indicated that although the amount of layoffs in the industry has been larger during this downturn than in the late 2000's, oil and gas workers are having an easier time finding work in other industries.[3] Of the individuals surveyed in the oil and gas industry in 2008, 7.3 percent were unemployed the following year. Of the individuals surveyed from September 2014 to September 2015, only 4.2 percent were unemployed. Furthermore, the individuals laid off in the oil and gas industry during the current downturn have been able to move into a broader range of other industries and have been able to maintain or even increase their level of earnings.

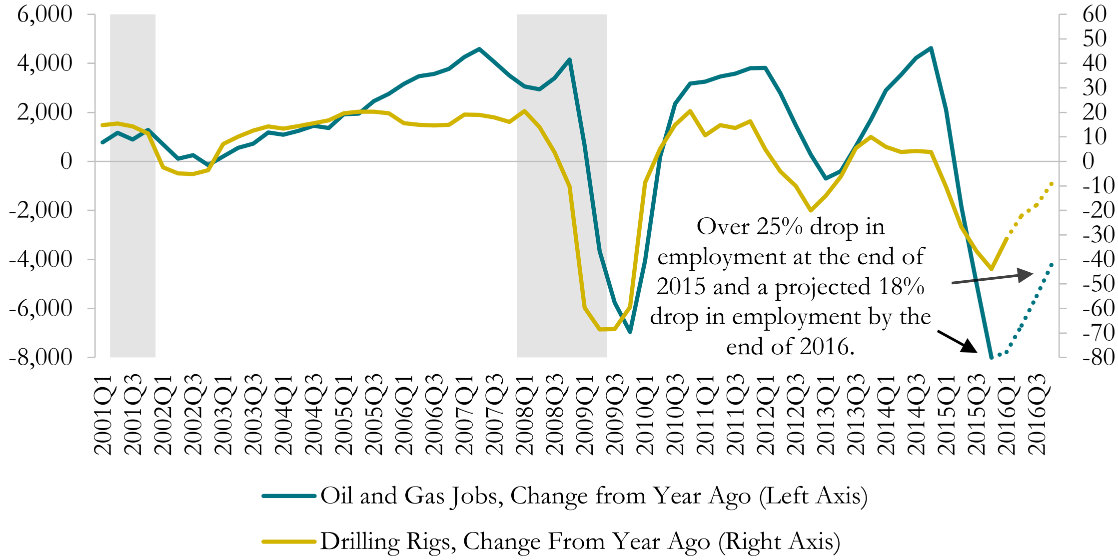
Due to lower oil and gas prices, employment in the oil and gas industry in Colorado dropped over 25 percent through the end of 2015.

The number of oil and gas rigs operating in Colorado continues to track closely with the trend in oil prices. After averaging 68 rigs in 2014 and 38 rigs in 2015, rigs in operation around the state have declined to just 16 rigs, but have stabilized around this level for the past two months.

Figure 18 examines the relationship between drilling rigs and oil and gas employment, both historically and projected through the end of 2016. Historically, the change in drilling rigs is highly correlated with the change in employment in the oil and gas industry. The decline in rigs and employment is expected to continue through 2016, but at a slower rate than 2015. Although prices are expected to gradually improve this year, energy firms continue to struggle in the current environment. Many firms in the industry are deeply indebted as they became highly leveraged during the boom years when prices were well over $100 a barrel. As reduced earnings have made it difficult to make debt payments, many small and medium sized Colorado energy firms have already filed for bankruptcy and expectations are for more mergers and acquisitions as well as bankruptcies to occur through the end of the year.

[3] Brown, Jason P. & Kodaka, Andres. 2016. "The Reallocation of Energy-Sector Workers after Oil Price Booms and Busts." Federal Reserve Bank of Kansas City.

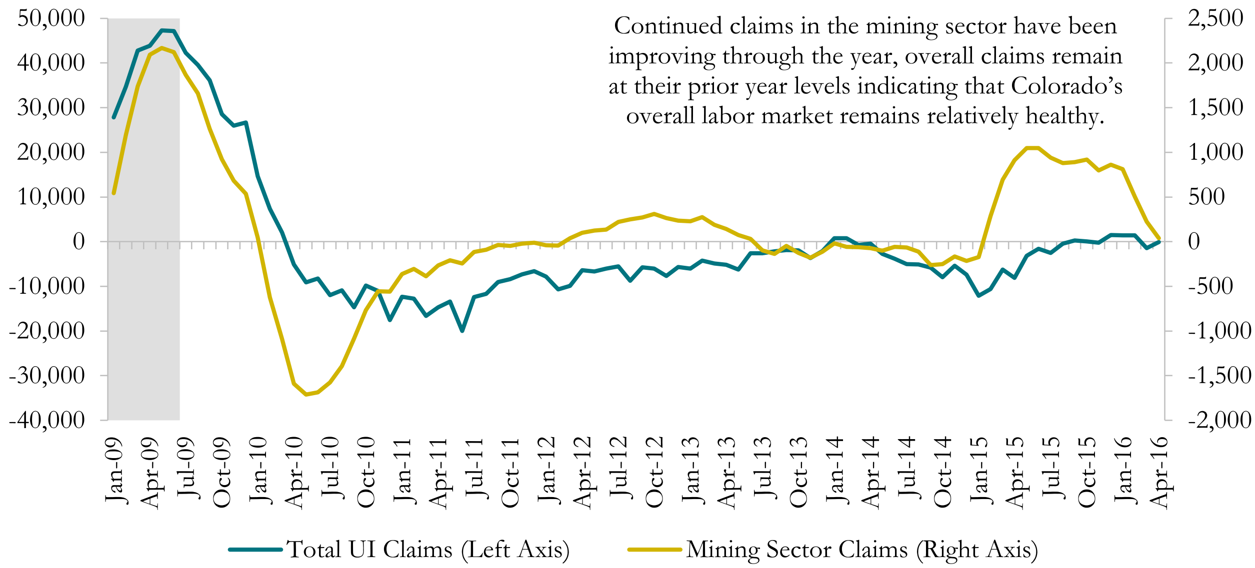
Figure 18. Year over Year Change in Oil and Gas Employment and Operating Drilling Rigs in Colorado*



*Actual data on drilling rigs through the first quarter of 2016, actual employment data through the fourth quarter of 2015. The dotted lines show projections for employment and drilling rigs.
Source: Colorado Department of Labor and Employment; Baker Hughes

Recent trends in unemployment claims in the mining industry indicate layoffs in the industry have slowed since the beginning of 2016, as shown in Figure 19. Overall unemployment claims in Colorado remain right around their previous year levels indicating that Colorado's job market has been able to withstand the slowdown in the energy sector.

Figure 19. Continued Unemployment Claims in Colorado, Change from Prior Year



Source: Colorado Department of Labor and Employment

National Economy

The national economy continues to grow modestly – Although growth continues to be weaker than growth in previous expansions, the U.S. economy is performing better than most other developed country economies. Growth in service-oriented industries, such as professional and business services and financial activities continue to support the expansion.

The U.S. economy continues to grow modestly, driven mostly by the stronger services sector. An aging workforce, combined with slower productivity growth and business creation, among other factors, continue to temper economic growth.

Domestic demand has been growing consistently faster than global demand, which has enabled service-oriented industries and manufacturing firms that sell products domestically to continue to outperform firms focused on selling products internationally. Recent indicators of consumer spending have been mixed with some indicators showing slowing growth, while others, namely demand for housing, showing continued strength. As the labor market continues to tighten, employment has been growing at a slightly slower pace recently but there is some indication that wage growth has gained more momentum.

According to the Federal Reserve's May "Beige Book," businesses and other contacts across the economy indicated that economic activity continued to expand modestly across most regions and industries in recent months, although the Chicago and Kansas City districts indicated that the pace of growth slowed. Overall, manufacturing activity was mixed, with some regions indicating flat to moderate growth while others indicated slight declines. The energy sector remained weak and oil drilling continued to decrease in the Minneapolis, Kansas City, and Dallas districts. Although employment only grew modestly, tighter labor market conditions were indicated in many districts, which have put upward pressure on wages. Consumer spending and tourism were up in many districts, but others reported mixed or flat activity. Construction and real estate activity generally expanded and the overall outlook remained positive.

Growth during the current expansion continues to underperform relative to previous expansion periods. There are a number of factors contributing to this trend. A few necessary ingredients for economic growth have been generally weaker over the past decade. Growth in business investment continues to come in below historical norms and has been trending even lower recently. Additionally, new business formation, a key ingredient to spur innovation and growth, is at lower levels. The businesses that are being formed have been concentrated in fewer regions across the U.S., which is contributing to the large disparity in growth rates across regions.

The continued slower trend in measured productivity growth has also contributed to the slower growth in the U.S. and other developed countries during this recovery period. Productivity growth is essential for long-run growth in an economy, as it allows economies to use their current level of resources more efficiently. Particularly when coupled with the slowdown in the growth of the workforce, mostly due to changing demographics, a lack of productivity gains inhibit economies from experiencing more robust activity.

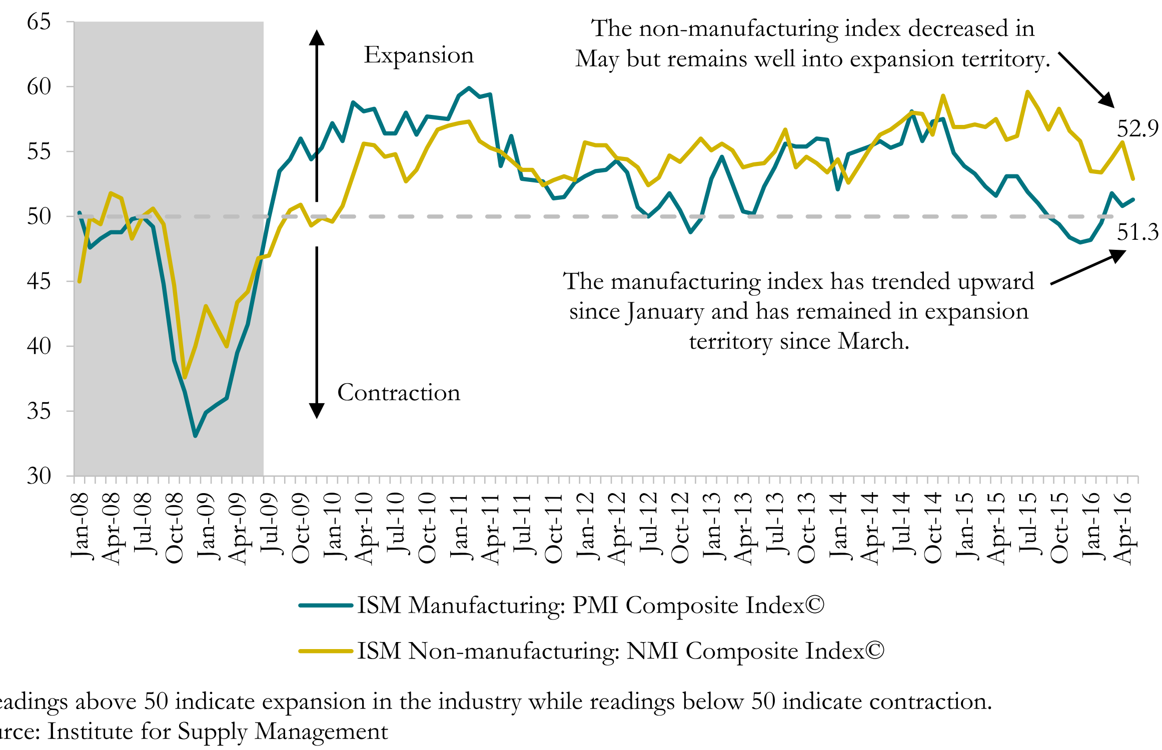
Broad measures of economic activity show continued moderate growth —The Manufacturing Composite Index and the Non-manufacturing Composite Index, both published by the Institute for Supply Management (ISM), give an indication of how the overall national economy is performing. The most recent May indices show that both the manufacturing and non-manufacturing sector continued to expand, with both indices remaining in expansion territory. These two indices use data collected from business surveys that gauge activity by tracking key behaviors, such as placing new orders, increasing production volume, hiring new employees, and making deliveries.

As shown in Figure 20, the non-manufacturing index, which covers the largest portion of economic activity in the U.S., covering industries ranging from agriculture to professional, scientific, and technical services, and from retail to construction, dropped to 52.9 in May from 55.7 in April. Despite the decline, the index remains above the 50 threshold, indicating that the nonmanufacturing sector of the economy continues to expand, just at a slower pace. Nearly all of the components of the index moderated over the month with the employment component entering contraction territory. This may indicate some moderation in overall growth in the services sector. However, prior to May's decrease, the index was generally trending upward and May marked the 76th consecutive month of expansion in the services sector.

The ISM non-manufacturing index, which looks at the largest portion of U.S. economic activity, shows continued but slower expansion in the sector. The manufacturing index continues to regain ground and has remained in expansion territory for the past three months.

After falling into contraction territory at the end of 2015 and into the beginning of this year, the manufacturing sector has remained in expansion territory for three months, according to the ISM manufacturing index. May's index of 51.3 was a welcome increase from April's 50.8. The new orders component of the index remained strong indicating that U.S. factories continue to rebound from the slump. However, the employment component in the manufacturing index was in contraction territory. Overall, the report indicates that the manufacturing sector has been showing signs of improvement. Furthermore, the manufacturing businesses that focus more on supplying domestically demanded goods continue to perform better than those that rely on international demand.

Figure 20. ISM Manufacturing and Non-Manufacturing Indices*



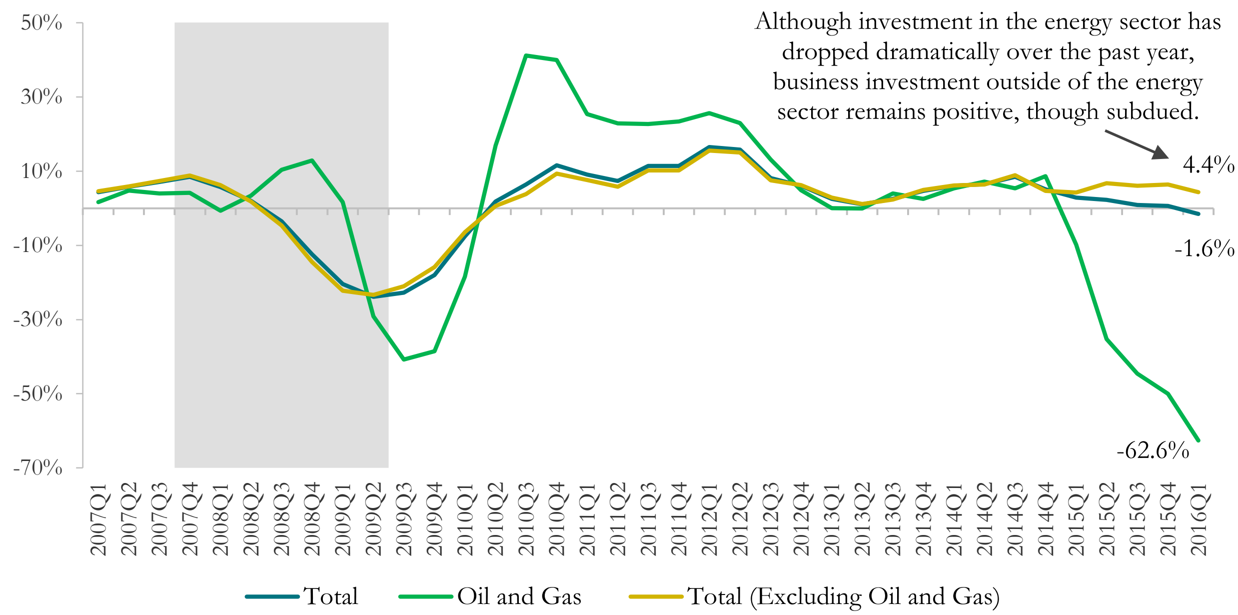
*Readings above 50 indicate expansion in the industry while readings below 50 indicate contraction.
Source: Institute for Supply Management

Business investment remains weak, largely due to the slowdown in the energy sector – Many indicators of business investment indicate overall business investment has remained weaker during this expansion period than in previous expansion periods. Recently, investment has been trending into negative territory, as shown in

Figure 21, which shows non-residential business investment. However, the large drop in investment in the energy sector has driven the majority of the downturn as illustrated in the figure. Business investment outside of the energy industry has remained positive throughout the last year, giving some indication that investment in other sectors remains more stable.

Business investment is vital for the overall economy in that it enables continued growth and job creation. Furthermore, business investment is critical for enabling greater productivity growth, which allows for a higher sustained level of longer-run growth in an economy. The recent, subdued trends in business investment suggest that the slower pace of growth for the U.S. overall in the current expansion is likely to continue, at least in the near term.

Figure 21. Non-residential Business Investment (Percent change from same quarter one year prior)



Source: U.S. Bureau of Economic Analysis

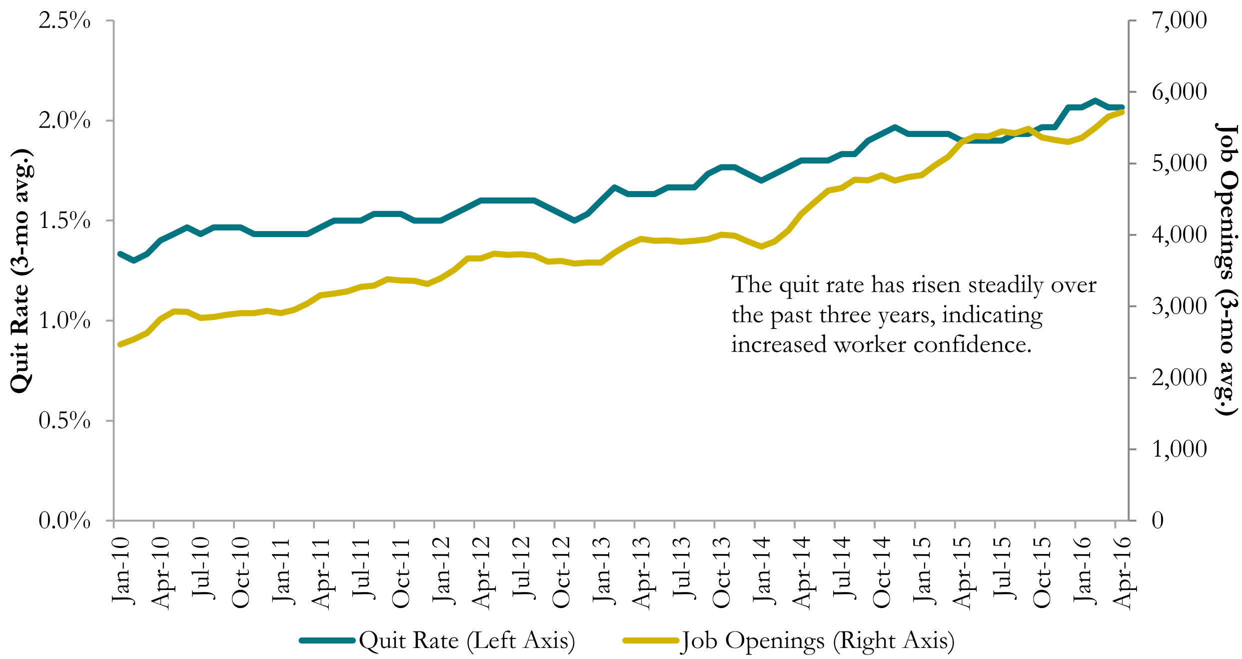
The national labor market continues to improve, but at a slower rate – The May employment report from the U.S. Bureau of Labor Statistics suggested that hiring slowed during the month, but other indicators still point to mostly positive labor market conditions. For example, employers are reporting difficulty filling positions and there are signs of upward pressure in wages, along with a rising quit rate, which signals greater worker confidence in the labor market.

Unemployment has continued to fall – The U-3 rate, the most commonly reported unemployment metric, was 4.7 percent in May, down from 5.5 percent in the same month last year. The U-6 rate, which includes people not in the labor force who want and are available for work, as well as people working part-time for economic reasons, dropped to 9.7 percent in May, a decline of 1.1 percentage points since May 2015. Both indicators are still above their pre-recession lows, but the marked improvement over the last year points to a tightening labor market. On the other hand, as an indication of less positive conditions in the jobs market, the labor force participation rate fell in both April and May after posting six straight months of increases, and now stands at 62.6 percent.

Data from the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS) shows the long-term trend towards a strengthening labor market. As job growth has continued, the quit rate has risen. Generally, a low quit rate indicates that employees feel that they may not be able to find another opportunity, so they stay at their current jobs rather than leaving. A rising quit rate, as has been seen over the last few years, indicates that employees are increasingly confident that they will be able to find new positions after they leave their current ones. Workers can often receive higher wages when they move to new positions, and thus the rising quit rate, or the percent of workers leaving their jobs voluntarily, should also bolster overall wage growth. In April, the quit rate registered 2.0 percent and represented 58 percent of all employment separations. For context, in the previous business cycle the quit rate hit a low of 1.8 percent in 2003, then peaked at 2.3 percent in 2007, whereas in this cycle the quit rate fell all the way to 1.3 percent in 2010 and has slowly risen since.

The quit rate was 2.0 percent in April as it continues to rise from a low of 1.3 percent in 2010 towards the previous cycle peak of 2.3 percent.

Figure 22. Quit Rate and Job Openings



Source: U.S. Bureau of Labor Statistics

Worker compensation is rising **–** U.S. workers as a group saw their average inflation-adjusted hourly compensation rise from $24.97 in May 2015 to $25.59 in May 2016. Compensation trends are important because higher pay and benefits can help sustain economic growth by creating greater consumer confidence and higher levels of spending. Rising wages can signify greater gains in productivity, which helps boost living standards.

As Figure 23 shows, wage growth slowed significantly in 2008 and 2009, and has only recovered at a slow pace. Wage growth began to accelerate again in mid-2014 and has now been above 3 percent for all but one month since January 2015, hitting a high of 3.4 percent in April of this year, still below what has been seen in most recent expansion periods.

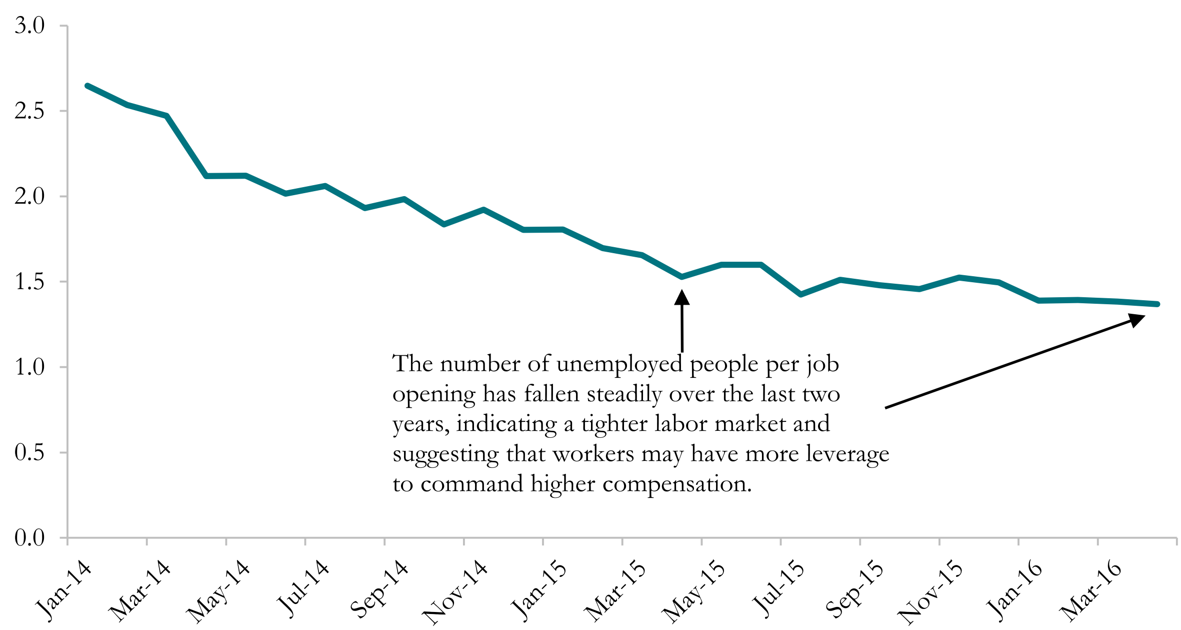
Wages grew by 3.4 percent in April, likely due to a tightening labor market.

Figure 23. Atlanta Fed Wage Growth Tracker, 3-Month Moving Average

Source: Federal Reserve Bank of Atlanta

One potential explanation for the recent wage increases is a tightening labor market. As employers find it harder to fill new positions, they are likely to pay higher wages in order to better recruit and retain talented employees among a smaller pool of job candidates. Figure 24 gives support to this explanation, as it shows that the number of unemployed persons per job opening has been falling. As of April 2016, there were 1.37 unemployed people per job opening, a notable drop from the 2.63 unemployed people per job opening at the beginning of 2014.

Figure 24. Unemployed Persons per Job Opening

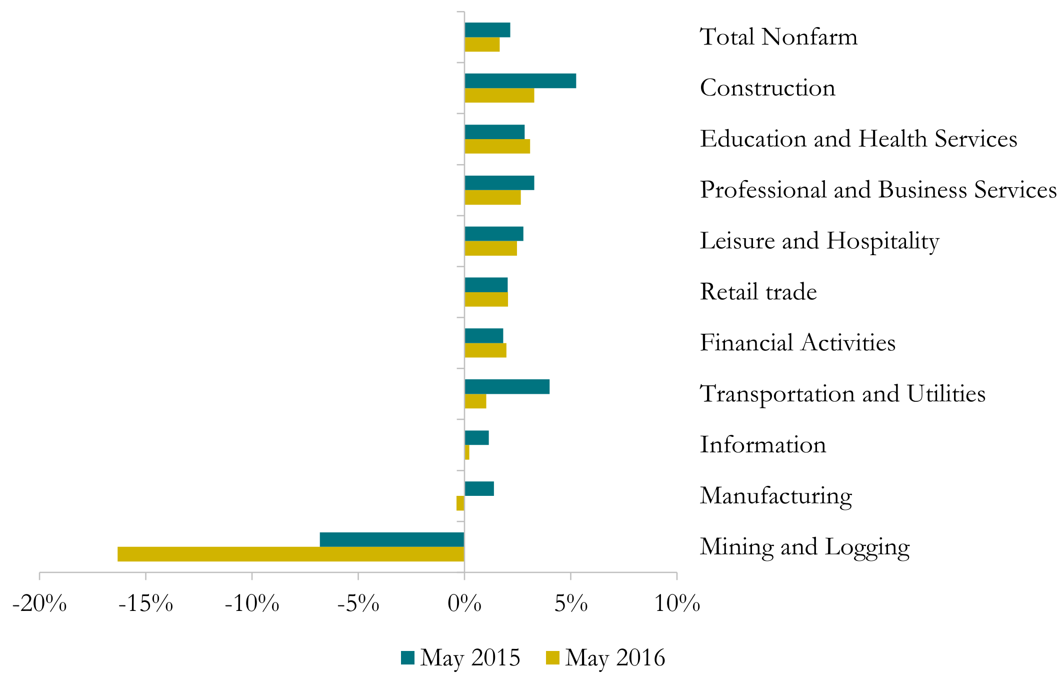


Source: U.S. Bureau of Labor Statistics, OSPB calculations

Employment growth is slowing – As Figure 25 shows, year-over-year job growth slowed from 2.2 percent in May 2015 to 1.7 percent in the same month this year. While job growth accelerated in the financial activities, education and health, and retail trade sectors, it was not enough to offset job losses in the manufacturing and mining and logging sectors. Other sectors saw employment growth, but at a slower rate than in previous months. Mining and logging has been hit especially hard by low oil and commodity prices as firms have shed over 16 percent of their workforce since May 2015. Mining and logging industries represent less than one percent of U.S. nonfarm employment, so the impact of these losses on the broad national economy has been minimal.

Over-the-year job growth slowed to 1.7 percent in May of this year from 2.2 percent in May 2015.

Figure 25. Year-over-Year National Job Growth by Sector



Source: U.S. Bureau of Labor Statistics, OSPB calculations

International Economic Conditions and Trade

The global economy continues to show signs of weakness, as growth remains slow and vulnerable to downside risks, which could threaten the current expansion. In light of the continued slow growth and downside risks, the World Bank has recently revised their forecast for 2016 world GDP growth downward from 2.9 percent to 2.4 percent. In general, advanced economies are expected to fare better than commodity-exporting emerging economies, which are currently facing headwinds due to declining commodity prices and unfavorable exchange rates.

The J.P. Morgan Global All-Industry Output Index declined from 51.6 in April to 51.1 in May, both well below the cycle high of 55.5 in July 2014. Ratings above 50 indicate economic expansion, while ratings below 50 indicate contracting activity is expected. The decline to 51.1 in May suggests that while the global economy is still expanding, economic activity remains sluggish.

The dollar remains strong but has moderated slightly in recent months, offering some relief to U.S. exporters and multinational businesses.

The dollar has softened slightly, depreciating in value compared with a basket of foreign currencies, but remains in a strong position. A strong dollar can adversely affect American exporters by making their products and services more expensive to foreign buyers. While a strong dollar also makes imports cheaper, benefiting consumers and businesses buying from other countries, U.S. imports have not grown as expected. This may be due to worldwide trading trends, as global export values have now fallen for seven consecutive quarters and global import values for eight quarters.

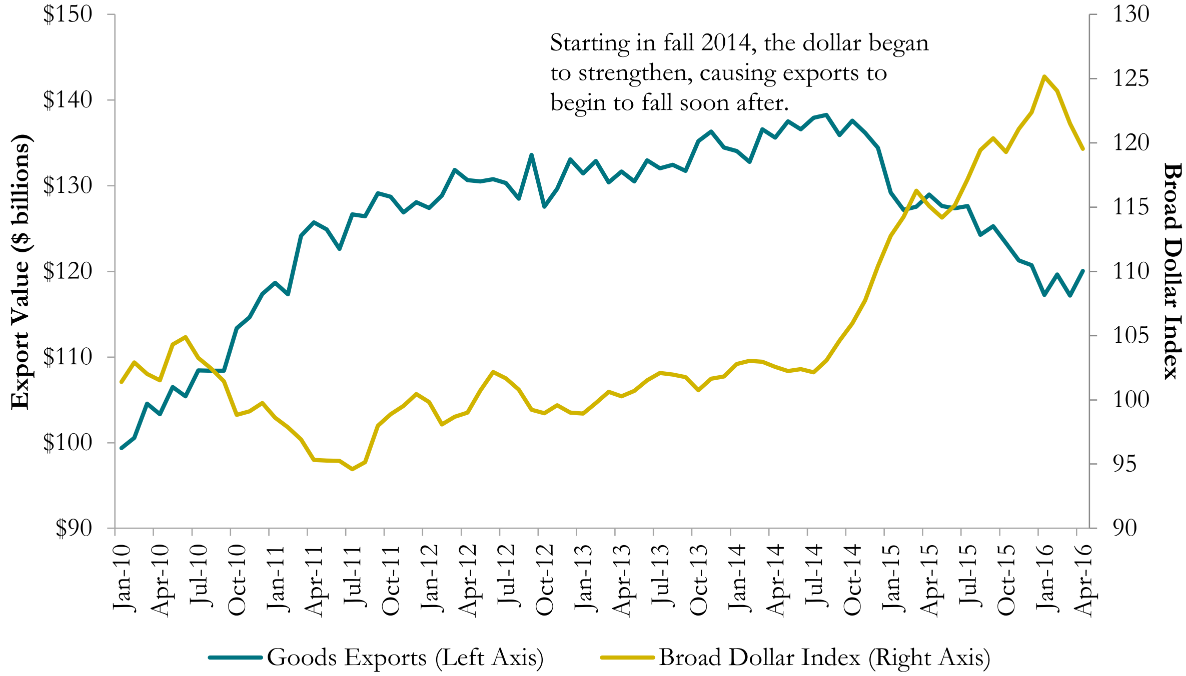
In addition, there is political uncertainty in the Eurozone regarding the outcome of Britain's referendum on whether to exit the European Union, scheduled for June 23. A vote to leave the EU could further weaken economic growth in that region.

China's economic rebalancing continues – While China's economy has stabilized somewhat in the first quarter of 2016, recent indicators have suggested that this stabilization may not persist. China's transition from an economy driven by industrial production toward one based on domestic consumption is having spillover effects around the world, specifically in trade, commodities, and manufacturing.

China accounts for more than 10 percent of all global trade and is a top-10 trading partner with more than 100 nations. As a result, any reduction in China's demand for imports will have an effect on countries around the world. This is seen most clearly in the commodities market. China is a major commodities importer, accounting for about 40 percent of global demand for metals in 2014. China's slowing economy and declining demand for commodities have contributed to falling prices, causing harm to commodities exporters, which tend to be developing nations. At the same time, excess industrial capacity has contributed to an oversupply of steel and certain other manufactured goods, lowering prices below what is needed in order for industrial producers to remain viable.

International trade continues to slow worldwide, but U.S. exports are stabilizing – Globally, total trade values have been declining for about two years. This can be attributed to the slowdown in China, the strong U.S. dollar, weak global economic growth, and the decline in oil and other commodity prices. The dollar's value in terms of other currencies has moderated slightly since January, but remains strong. This recent softening relative to major trading partners has provided some relief to U.S. goods manufacturers who have been struggling to sell their products overseas. Figure 26 shows the relationship between U.S. goods exports and the strength of the dollar since 2010. Note that exports fall as the value of the dollar rises and U.S. goods become more expensive to foreign buyers.

Figure 26. U.S. Goods Exports and Broad Dollar Index

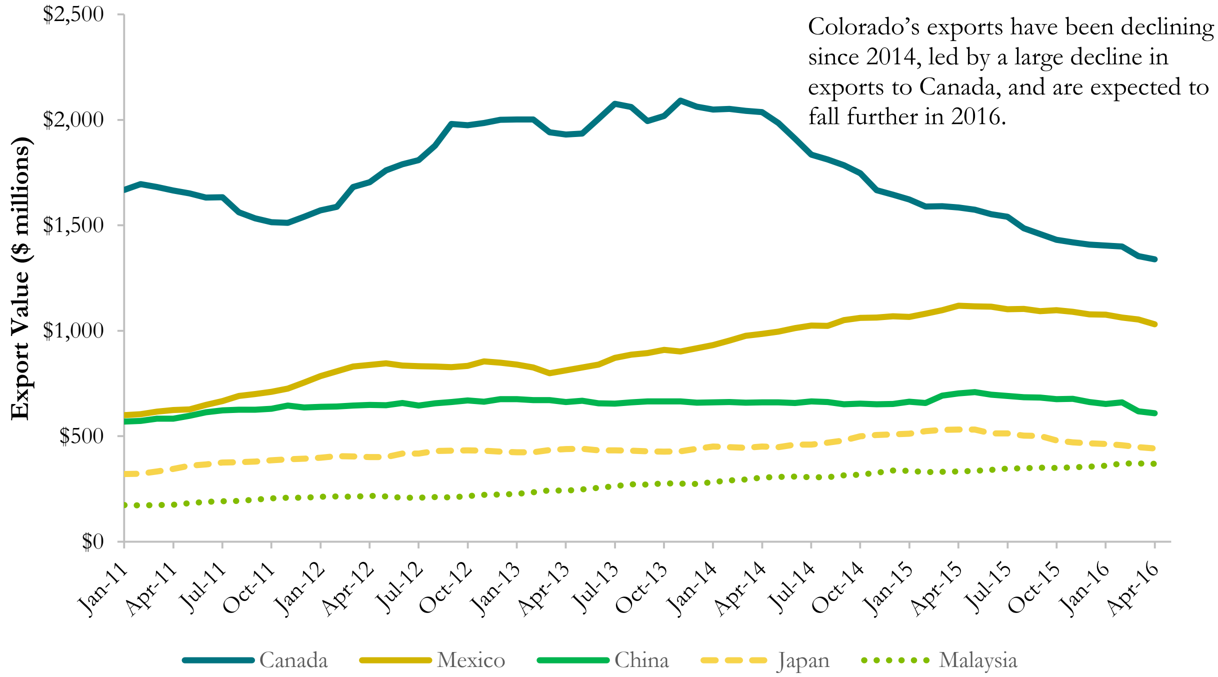


Source: Federal Reserve Bank of St. Louis

This decline in trade is seen in Colorado's export sector as well – Colorado's goods export value declined nearly $600 million from 2013-2015, and the first four months of 2016 saw state goods exports declined 11 percent as compared to the same period last year. Exports to China have declined 21 percent so far this year, representing about 18 percent of the total decline in Colorado exports. Figure 27 shows the values of Colorado's goods exports to the top five trading partners since 2010. A portion of the decline in the value of Colorado's exports can be attributed to the sharp fall in oil and gas and other commodity prices.

Colorado export values have been falling since 2014, and through April were 11 percent below where they were at the same point in 2015.

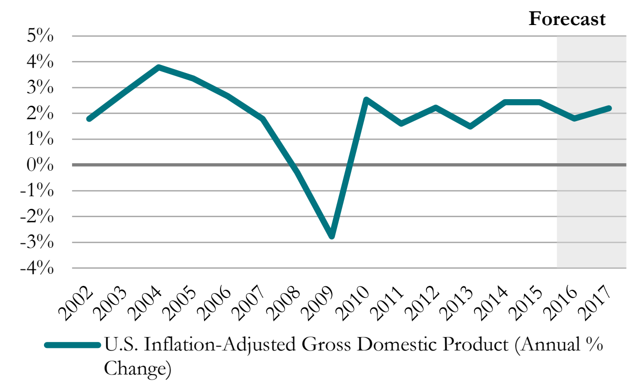
Figure 27. Export Value to Colorado's Top 5 Trading Partners, Trailing 12 Months



Source: WISERTrade

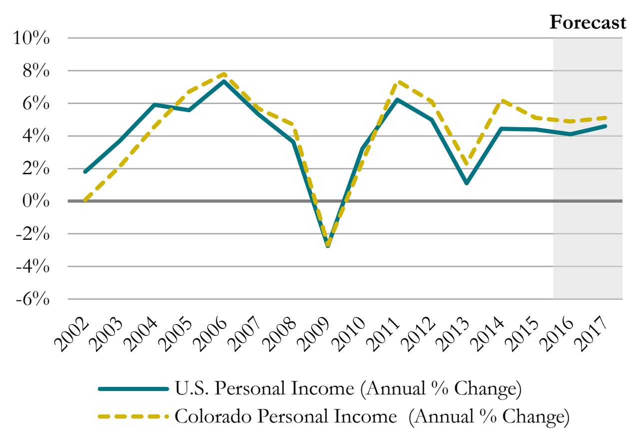
Summary of Key Economic Indicators
Actual and Forecast

U.S. Gross Domestic Product (GDP)



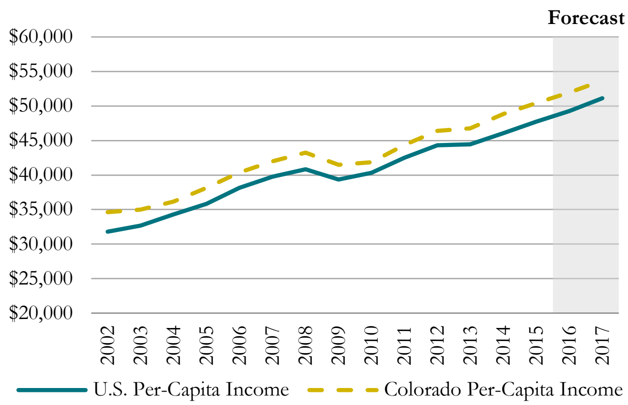
- GDP is a barometer for the economy's overall performance and reflects the value of final output in the U.S.
- The U.S. economy posted a moderate expansion of 2.4 percent in 2015 in the face of slow global growth. The pace of growth will moderate further in 2016 to 1.8 percent.

U.S. and Colorado Personal Income



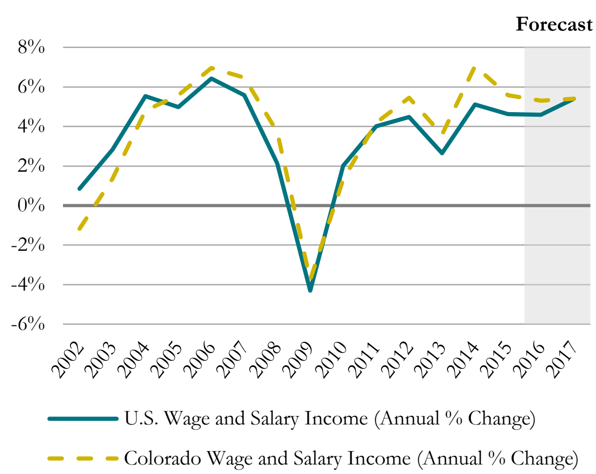
- Personal income growth in Colorado slowed to 5.1 percent in 2015 from a 6.2 percent rate in 2014, largely due to slowing employment growth and especially the oil and gas slowdown. Personal income growth will moderate further in 2016 as the energy sector continues to contract.
- Nationwide, personal income growth remained steady at 4.4 percent in 2015. A tighter labor market and gradual wage increases will allow personal income growth to remain steady through the forecast period.

U.S. and Colorado Per-Capita Income



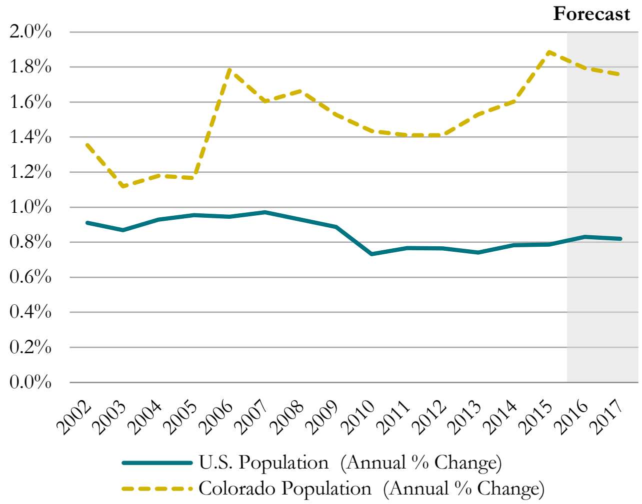
- Per-capita income in Colorado increased to $50,418 in 2015 and will grow 3.1 percent to $51,956 in 2016.
- In the U.S., per-capita income increased to $47,727 in 2015 and will grow 3.2 percent to $49,275 in 2016.

U.S. and Colorado Wage and Salary Income



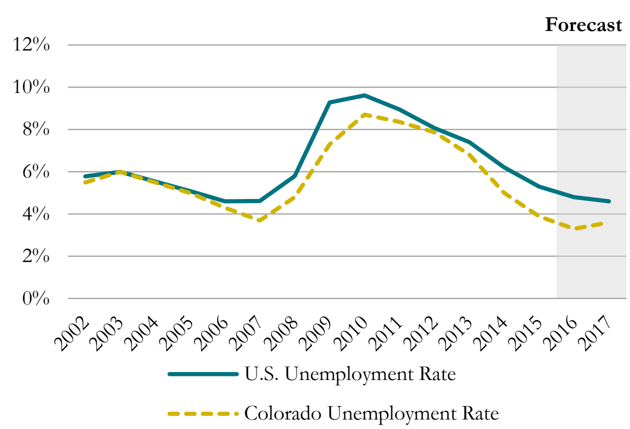
- Wage and salary growth in Colorado moderated in 2015 to 5.6 percent, largely due to the loss of relatively high-paying oil and gas jobs. Growth will decrease slightly in 2016 to 5.3 percent.
- Wage and salary income for the nation increased 4.6 percent in 2015. Moderating employment growth will be countered by quicker wage growth allowing wages and salary to grow around the same amount in 2016.

U.S. and Colorado Population



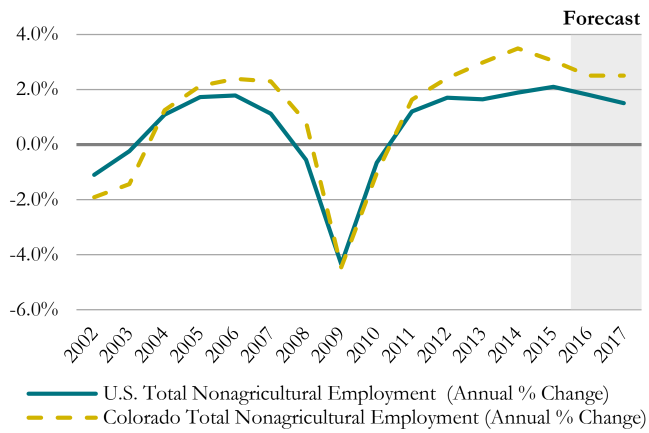
- Relatively high in-migration rates pushed Colorado's population growth rate to 1.9 percent in 2015, over double the national rate. A similar trend will continue in 2016, as the state is expected to add 66,000 people through net migration alone. The state's total population is expected to reach 5.75 million by 2018.
- The nation's population growth rate will remain steady at about 0.8 percent per year, and the population will reach 329.4 million people by 2018.

U.S. and Colorado Unemployment



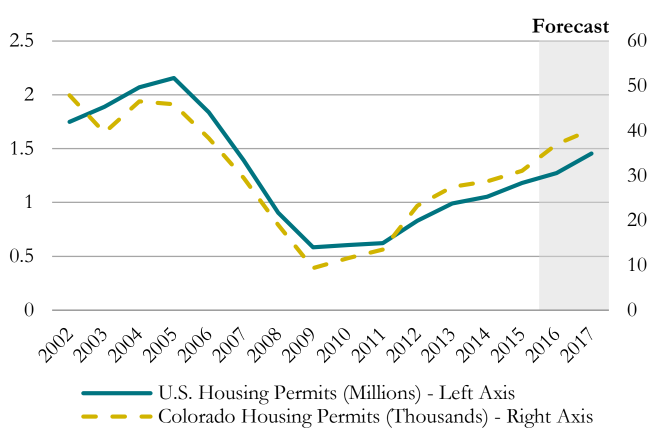
- The unemployment rate in Colorado averaged 3.9 percent in 2015, down over a full percentage point from 2014 despite the oil and gas slowdown. Unemployment is expected to average 3.3 percent in 2016.
- The national unemployment rate followed a similar trend in 2015, but remained more than a percentage point higher than in Colorado, averaging 5.3 percent in 2015. Continued improvements in the labor market will cause the rate to drop to 4.8 percent in 2016.

U.S. and Colorado Total Nonagricultural Employment



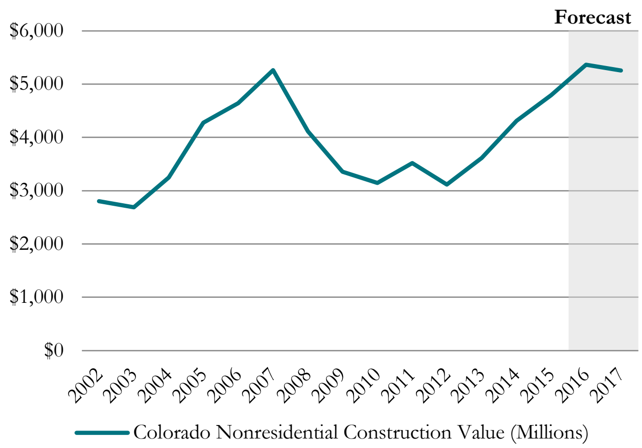
- Despite slowing job growth throughout the year, average employment in Colorado grew 3.0 percent in 2015, slightly lower than in 2014. Continued weakness in the energy sector and a tighter labor market will result in slower growth of 2.5 percent in 2016.
- In contrast to Colorado, U.S. nonfarm payroll jobs in 2015 increased at a faster rate than in 2014 — 2.1 percent versus 1.9 percent. Job growth has slowed nationwide, and OSPB forecasts an increase of 1.8 percent in 2016.

U.S. and Colorado Housing Permits Issued



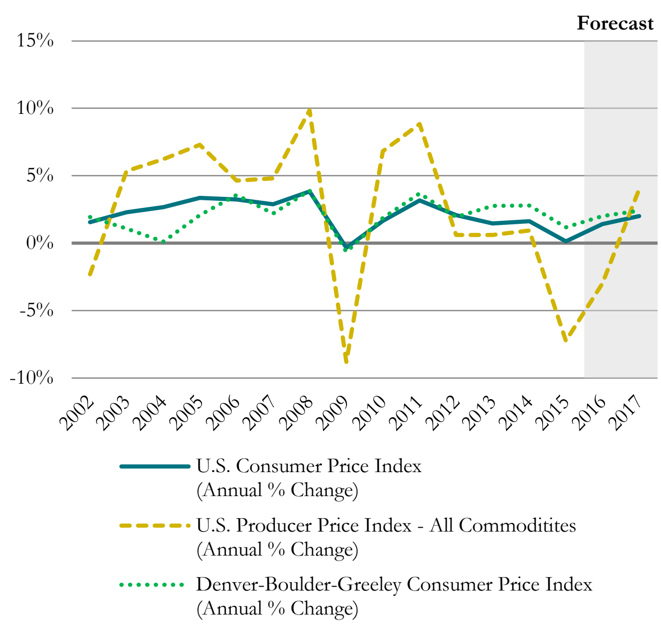
- In 2014, housing permits grew at their slowest rate since the Great Recession and only picked up moderately in 2015. In 2016, Colorado permits will increase 18.9 percent, when 36,943 permits will be issued. The increases will be driven by population growth and continued strength in the state's metro housing markets.
- U.S. housing permits posted growth of 12.4 percent in 2015, but the rate will moderate to 7.7 percent in 2016.

Colorado Nonresidential Construction Value



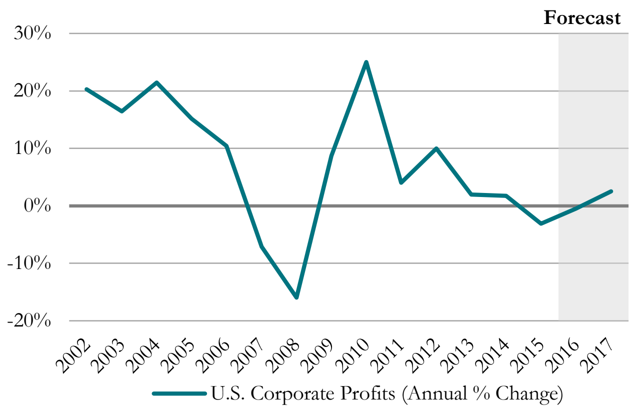
- Growth in nonresidential construction value was 11.1 percent in 2015, following 19.3 percent growth in 2014, the highest rate since before the Great Recession. Nonresidential construction in the state will have another strong year in 2016 with a growth rate of 12.0 percent.

Consumer Price Index and Producer Price Index



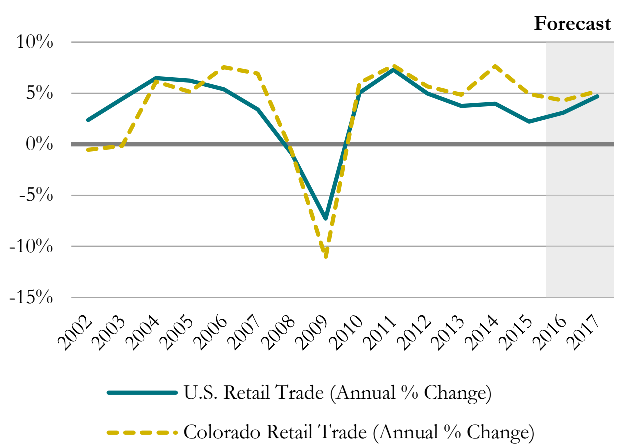
- National consumer prices remained essentially flat through 2015, growing only 0.1 percent, largely due to falling gas prices. OSPB expects prices to rise 1.4 percent in 2016, still lower than most years since the Great Recession.
- The national Producer Price Index fell 7.3 percent in 2015, largely due to low fuel and commodity prices. This trend will continue in 2016 when the index will fall another 3.0 percent before recovering to moderate growth in 2017.
- The Denver-Boulder-Greeley CPI grew more than the national index in 2015, though the 1.2 percent increase was still low by historical standards. Growth will recover in 2016 to 2.0 percent as the impact of lower gas prices will be less pronounced.

U.S. Corporate Profits



- U.S. corporate profits fell 3.1 percent in 2015 as a weak global economy and a strong dollar impacted earnings.
- Profit growth will remain low in 2016 with another decrease of 0.5 percent as firms continue to face international headwinds and increased downward pressure from rising wages.

Retail Trade



- Retail sales in Colorado will grow 4.3 percent in 2016 after 4.9 percent growth in 2015.
- Nationwide retail trade increased 2.2 percent in 2015, the lowest rate since the Great Recession. Sales will grow 3.1 percent in 2016.
- The lower growth rates for both the nation and the state in 2015 were due in part to the lower value of sales at gas stations from the sharp drop in gas prices.

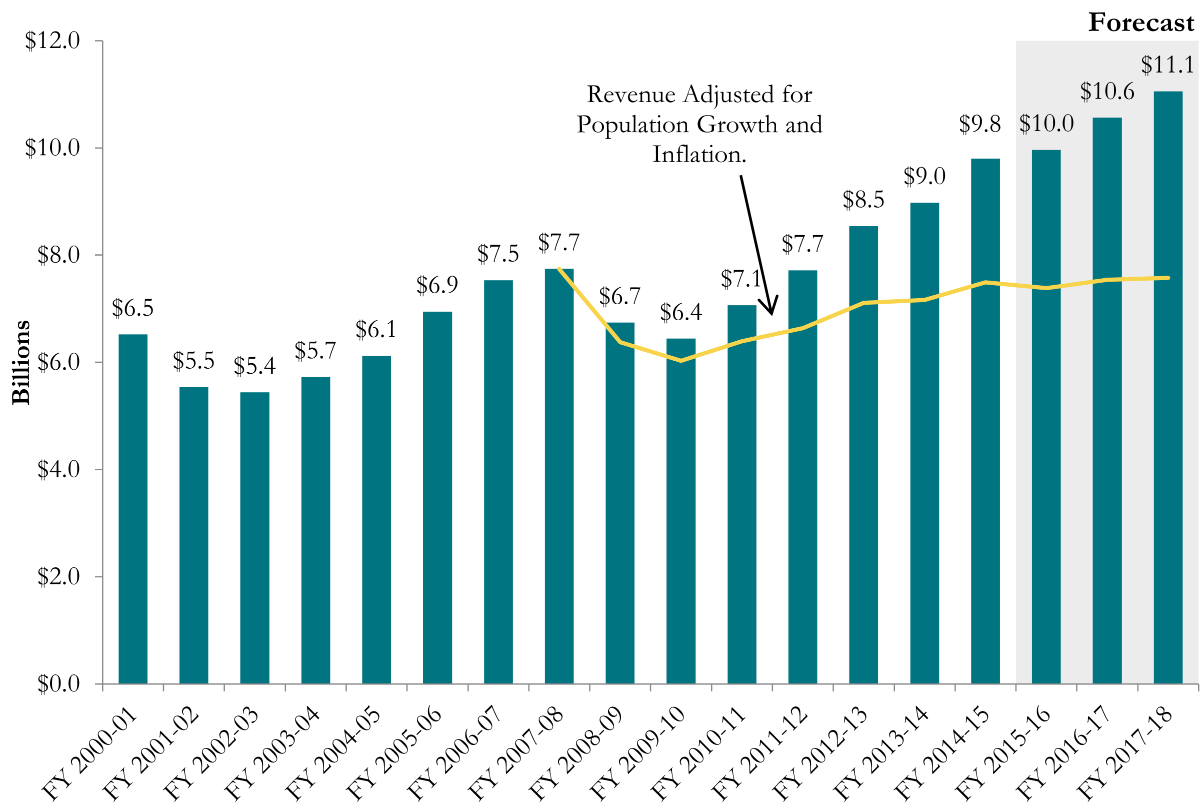
General Fund and State Education Fund Revenue Forecast

With most of the revenue now collected this fiscal year, General Fund revenue is projected to increase 1.6 percent in FY 2015-16. This growth rate is similar to the March forecast, though projected revenue is $15.1 million, or 0.2 percent, lower. Despite continued solid economic growth in Colorado, several factors combined to generate the low revenue growth this fiscal year. The largest of these were: the large drop in spending and income in the state due to the downturn in oil and gas sector; weaker stock market gains; and the sluggish global economic activity and strong appreciation in the dollar that reduced corporate profits.

These factors will place less downward pressure on General Fund revenue in FY 2016-17 when revenue growth of 6.0 percent is forecasted. Continued solid economic activity in the state that will generate further employment and income gains will support this revenue growth. OSPB's assessment and forecast for the economy can be found starting on page 4 in this report. Relative to the March projections, the FY 2016-17 forecast was lowered by $58.0 million, or 0.6 percent. Weaker expectations for sales tax and capital gains income taxes were the biggest adjustments.

Figure 28 shows actual and projected total General Fund revenue from FY 2000-01 through FY 2017-18. The figure includes a line reflecting revenue adjusted for inflation and population growth since FY 2007-08. A more detailed forecast of General Fund revenue by source is provided in Table 3 in the Appendix.

Figure 28. General Fund Revenue, Actual and Forecast, with Revenue Adjusted for Population Growth and Inflation



Source: Office of the State Controller and OSPB

Discussion of Forecasts for Major General Fund Revenue Sources

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

Growth in individual income tax collections is projected at 2.2 percent in FY 2015-16 due to the reduction in income from the oil and gas contraction as well as weaker stock market gains. Individual income tax revenue is expected to grow 6.3 percent in FY 2016-17 when these factors have less downward influence on tax collections.

Individual income tax **–** Individual income tax collections in FY 2015-16 have come in as expected in the forecasts from both December and March. These collections are growing just 2.2 percent in FY 2015-16. Individual income tax revenue is expected to rebound with growth of 6.3 percent in FY 2016-17.

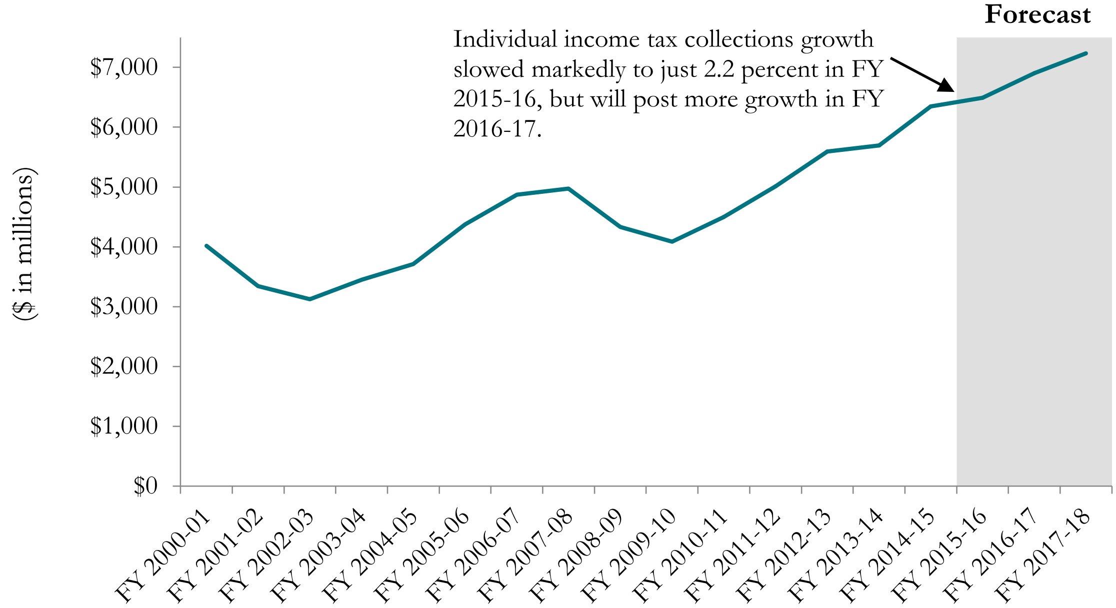
A convergence of factors markedly slowed income tax revenue growth this fiscal year from the robust gains in FY 2014-15. The deep contraction in the oil and gas industry caused a loss of high wage jobs as well as business income and oil and gas royalty payments to mineral rights owners in the state. On top of these income reductions, tepid stock market gains dampened income tax revenue.

These factors are expected to have less downward influence on income tax revenue growth for FY 2016-17, when collections are forecasted to rebound moderately with a 6.3 percent growth rate. The largest contributor to this increase is growth in wage withholdings as a result of continued job and wage gains in the state. Withholdings are expected to increase 6.7 percent in FY 2016-17, though this growth rate overstates actual growth because a portion of the increase is due to an expected larger-than-typical accrual accounting adjustment tied to the end of June's pay period that year.

Estimated income tax payments are expected to post moderate growth over the forecast period as continued tepid stock market gains and persistent weakness in oil and gas royalty payments will temper revenue increases; gains in business and rental income, however, will help support continued growth. Estimated income tax payments are taxes paid on income that is not subject to withholding, such as earnings from self-employment, rents, interest, and dividends. Capital gains account for the largest proportion of these income sources, accounting for about 30 to 35 percent of the total. Income from rents and royalties comprise around 25 to 30 percent, while business income accounts for about 15 percent of the total.

Changes in tax deductions and credits also are impacting revenue collections over the forecast period; the largest of these is the State Earned Income Tax Credit. After becoming a TABOR refund mechanism in FY 2014-15, the credit is available on an ongoing basis starting in tax year 2016. This credit will lower FY 2015-16 income tax collections by an estimated $45.0 million — half of the full-year impact of the credit — by $94.0 million in FY 2016-17 and a similar amount in FY 2017-18.

Figure 29. Individual Income Tax Revenue, Actual and Forecast



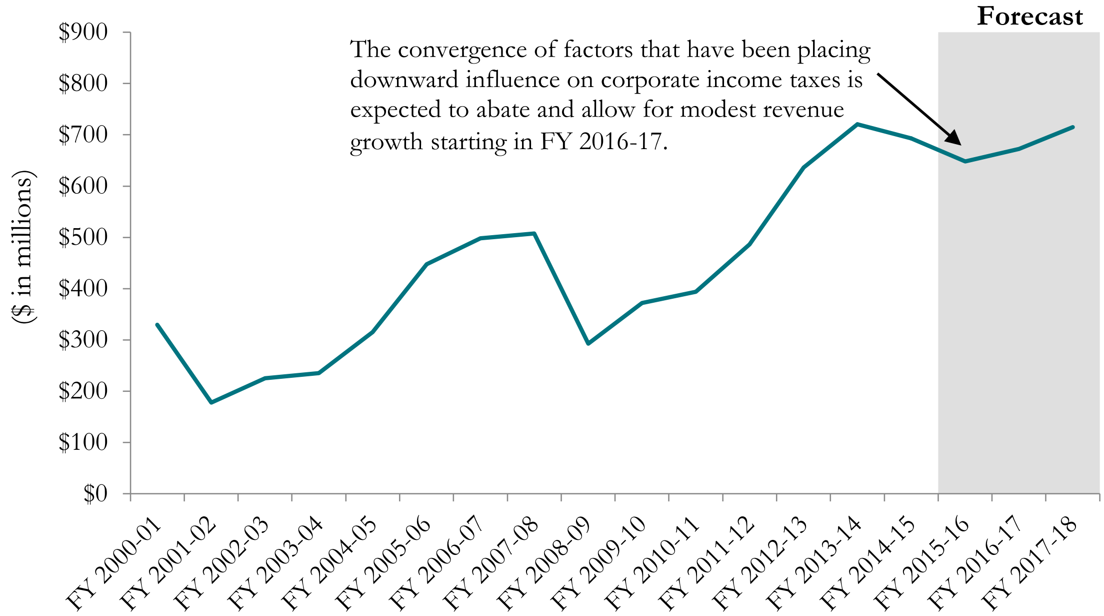
Source: Office of the State Controller and OSPB

***Corporate income tax* –** Corporate income tax collections came in essentially as expected in March. Collections are projected to decrease 6.5 percent in FY 2015-16, the second consecutive annual drop. Corporate income tax revenue will rebound with growth of 3.8 percent in FY 2016-17. The convergence of factors that have been placing downward influence on corporate income taxes is expected to abate and allow for the modest revenue growth.

The strong appreciation of the dollar against other currencies was a primary factor in the weakness in corporate profits, the primary driver behind corporate income tax revenue. A stronger dollar makes U.S. products more expensive in global markets, thus reducing sales, and earnings in dollar terms. The dollar is not expected to appreciate to the same degree over the forecast period, which will help support corporate earnings. Further, less contraction in the oil and gas industry and other commodity producers will alleviate downward pressure on corporate tax collections. However, higher costs for corporations from rising wages and debt payments will temper revenue growth.

After declining for two consecutive years, corporate income tax revenue is projected to rebound modestly in FY 2016-17.

Figure 30. Corporate Income Tax Revenue, Actual and Forecast



Source: Office of the State Controller and OSPB

Sales and use tax – Sales tax revenue is coming in below expectations in March, and is now expected to grow 1.9 percent in FY 2015-16. We reduced the forecast for FY 2015-16 by $31.7 million, or 1.2 percent, compared with the March forecast as sales tax collections continued to slow over the past few months. Slowing collections are perhaps due in part to the drop in spending tied to the oil and gas industry's contraction; however, a slowdown in sales tax collections has been occurring in non-oil and gas intensive states across the country as well. Therefore, a moderation in overall spending is likely a key reason for the slower growth. Other contributing factors could be shifting preferences toward less purchases of taxable goods as well more online purchases, which are not all subject to sales tax collections.

Without the downward pressure from the contraction in oil and gas industry spending, and with continued wage and employment growth, sales taxes will grow 6.3 percent in FY 2016-17. In addition, next fiscal year's sales tax collections will be boosted by sales tax collections by the online retailer Amazon. On February 1, 2016, Amazon began collecting state sales taxes on items purchased directly from the company and shipped to Colorado addresses. OSPB estimates that this new corporate policy will increase State sales tax revenues by $22.0 million in FY 2016-17, after adding roughly $7.0 million this fiscal year. These amounts represent less than 1 percent of total state sales tax revenue.

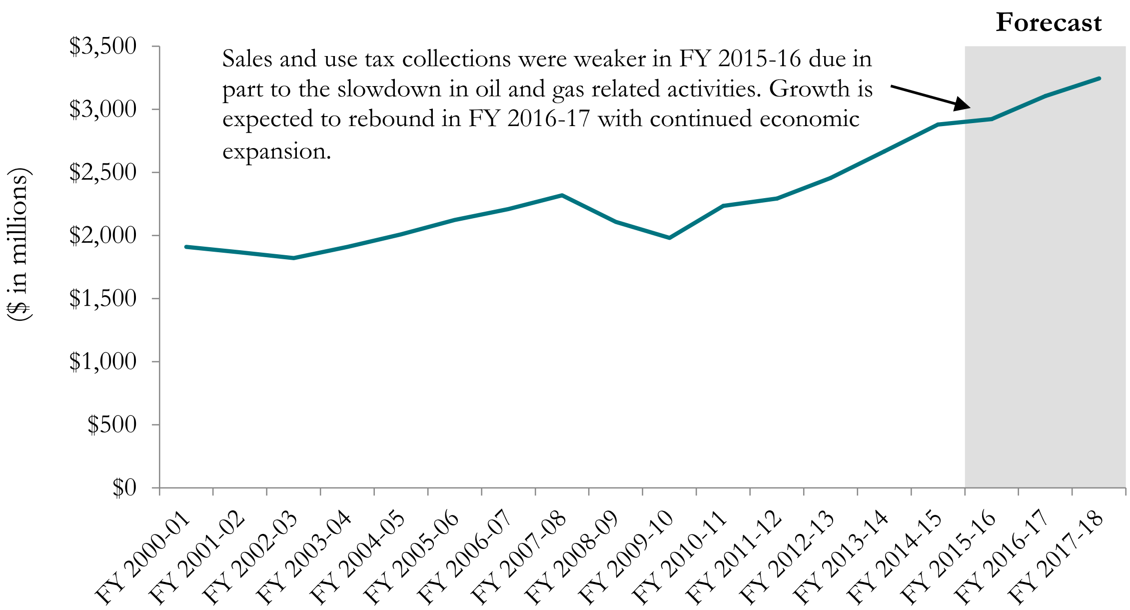
Rising wages and continued job growth will help lead to a rebound in sales tax revenue growth in FY 2016-17 after modest growth of 1.9 percent in FY 2015-16.

Sales tax revenue to the General Fund includes the 10 percent sales tax on retail marijuana. Growth in this revenue source is also contributing to the stronger sales tax growth in FY 2016-17. Revenue from the retail marijuana sales tax, approved by voters in 2013 under Proposition AA, goes first to the General Fund and is then transferred to the Marijuana Tax Cash Fund to support regulation and enforcement. A portion is also distributed to local governments in localities where retail marijuana sales occur. House Bill 15-1367 reduces the 10 percent tax rate to 8 percent starting in FY 2017-18. Revenue from the regular 2.9 percent sales tax on marijuana sales does not go to the General Fund but is credited to the Marijuana Tax Cash Fund, which is included in the Miscellaneous Cash Funds category in Table 6 in the Appendix.

After growing 7.8 percent in FY 2014-15, use tax revenue is projected to decrease 2.5 percent in FY 2015-16, mostly as a result of the decline in business spending tied to the oil and gas industry. Collections will rebound with 5.8 percent growth in FY 2016-17. The use tax is a companion to the sales tax and is paid by Colorado residents and businesses on purchases that did not include a Colorado sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the State's use tax revenue comes from Colorado businesses paying the tax on transactions involving out-of-state sellers.

Beginning with the 2015 individual income tax return form, individuals are asked about the total value of purchases made over the previous year for which sales or use taxes were not previously paid. For most individuals, this is related to online purchases for vendors without a Colorado presence. Individuals are then required to pay the use tax due with their return. This process is expected to collect about $2.2 million in FY 2015-16 and a projected $2.9 million in FY 2016-17.

Figure 31. Sales and Use Tax Revenue, Actual and Forecast



Source: Office of the State Controller and OSPB

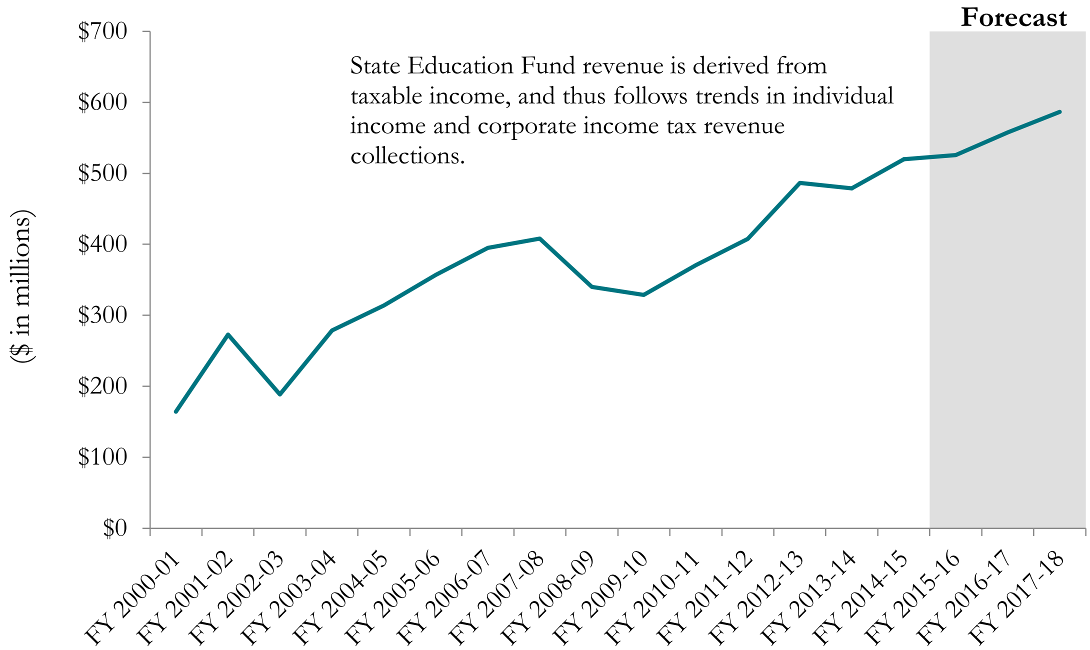
State Education Fund Revenue Forecast

Tax revenue to the State Education Fund will increase 1.1 percent in FY 2015-16 and 6.1 percent in FY 2016-17. State Education Fund revenue is derived from taxable income, and thus follows trends in individual income and corporate income tax revenue collections.

Tax revenue to the State Education Fund will increase 1.1 percent in FY 2015-16 and 6.1 percent in FY 2016-17. Because this revenue is derived from taxable income, it follows the trends in individual income and corporate income tax revenue collections discussed above. The deep contraction in the oil and gas industry reduced income in the state but the reduction will occur to a lesser degree for FY 2016-17. Further, the reprieve in the dollar's appreciation will help support taxable income from corporations. Nonetheless, growth in revenue to the State Education Fund will be tempered.

The state constitution requires that one-third of one percent of taxable income from Colorado taxpayers be credited to the State Education Fund. In addition to this money, policies enacted over the past few years have transferred other General Fund money to the State Education Fund.

Figure 32. State Education Fund Revenue from One-Third of One Percent of Taxable Income, Actual and Forecast



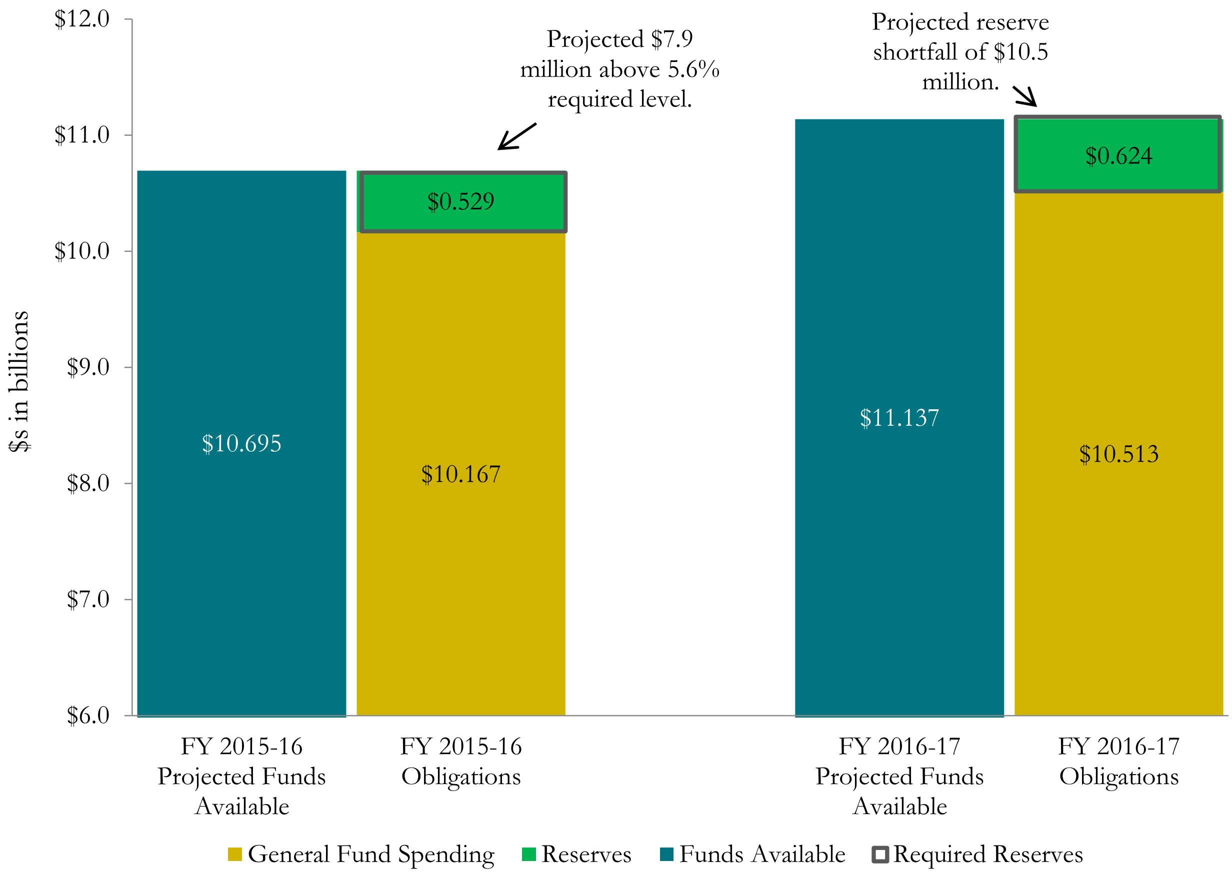
Source: Office of the State Controller and OSPB

General Fund and State Education Fund Budget

General Fund – As discussed in the "General Fund Revenue Forecast" section starting on page 38, projections for General Fund revenue for FY 2015-16 are $15.1 million, or 0.2 percent, lower than in the March 2016 forecast. The forecast for FY 2016-17 is lower by $58.0 million, or 0.6 percent. For FY 2015-16, which ends June 30th, the State's General Fund reserve is projected to be $7.9 million above the required amount of 5.6 percent of appropriations. This required reserve level was temporarily reduced from 6.5 percent pursuant to House Bill 16-1419 for just FY 2015-16.

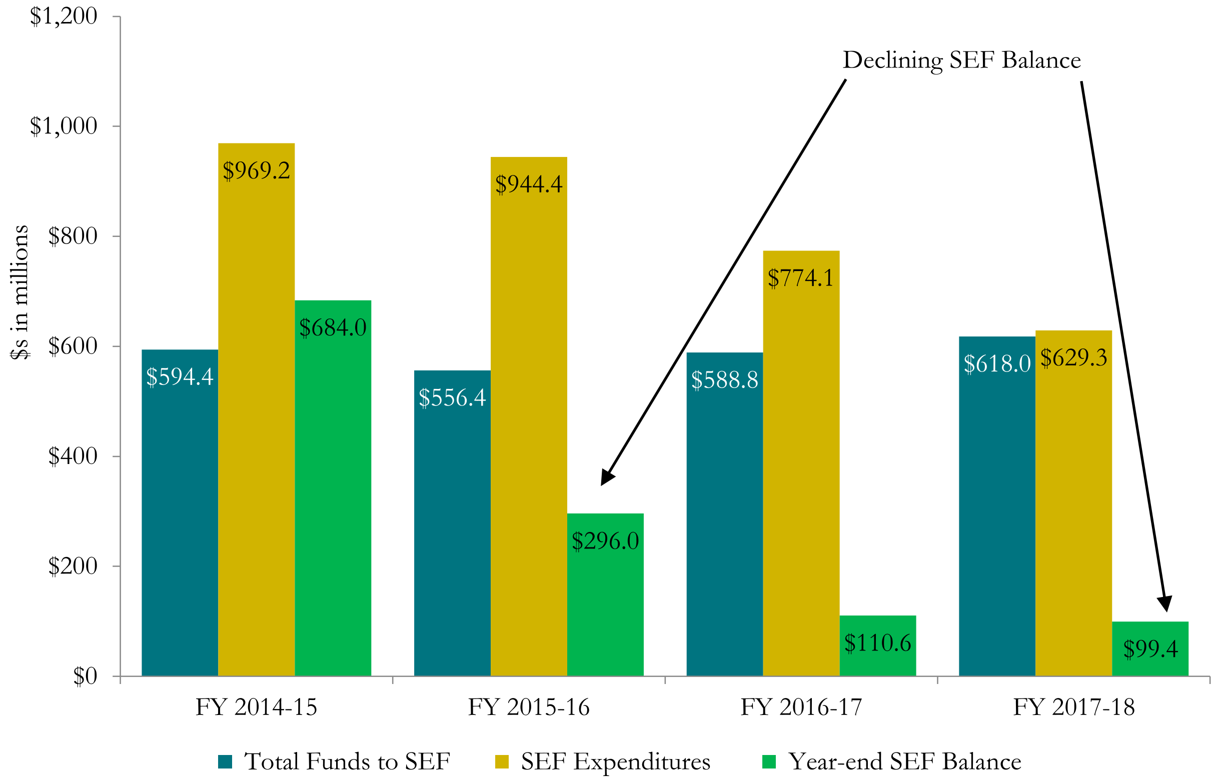
Figure 33 summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2015-16 and FY 2016-17 based on current law. These amounts will change based on future budgeting decisions and updates to the revenue forecast.

Figure 33. General Fund Money, Obligations, and Reserves



State Education Fund – The State Education Fund continues to support a larger share of education funding than it has historically, which is drawing down its fund balance. Figure 34 summarizes total State Education Fund revenue available, total spending, and balance levels from FY 2014-15 through FY 2017-18. In FY 2015-16, the year-end balance in the Fund is dropping 57.0 percent from its level in FY 2014-15, and a larger drop of 63.0 percent is expected in FY 2016-17 when the projected ending balance will be just over $100 million. Under current law, total General Fund and State Education Fund expenditures combined are budgeted to increase 1.6 percent in FY 2016-17. These expenditures are projected to be able to grow 3.4 percent in FY 2017-18, assuming that the negative factor in the School Finance Act is maintained at its current level.

Figure 34. State Education Fund Money, Spending, and Reserves



*Actual expenditures from the State Education Fund for FY 2017-18 will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only.

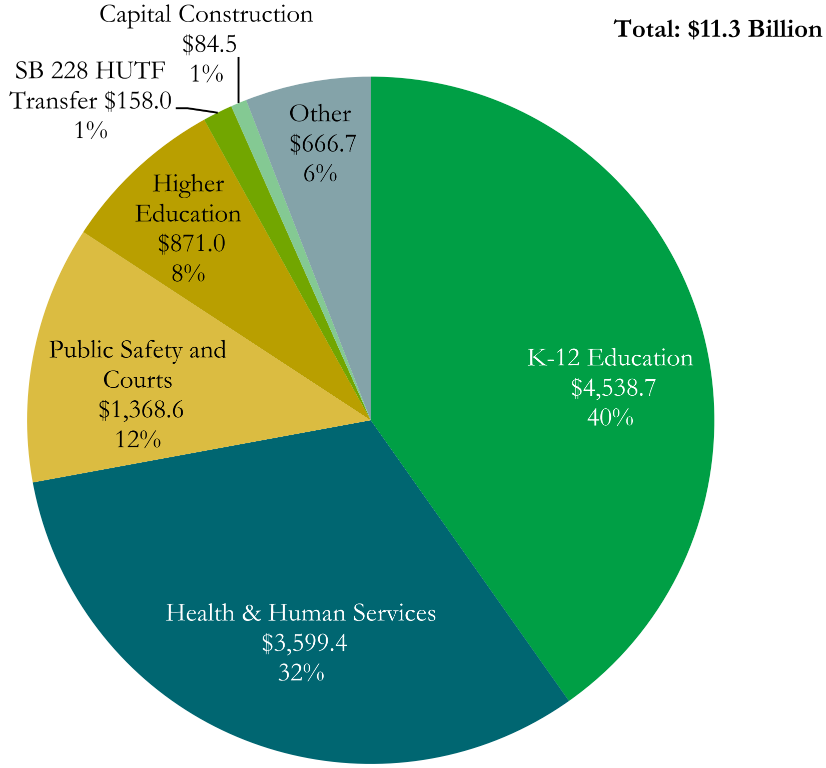
Detailed Overview Tables – A detailed overview of the amount of money available in the General Fund and State Education Fund, expenditures, and end-of-year reserves are provided in the overview tables in the Appendix at the end of this document. These overviews are discussed further starting on page 47.

Spending by Major Department or Program Area

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

Figure 35 shows the allocation of General Fund and State Education Fund spending for FY 2016-17 by major department or program area under current law. As shown above in Figure 33, the current forecast projects the reserve amount for FY 2016-17 to be $10.5 million below the required General Fund reserve amount.

Figure 35. Composition of FY 2016-17 General Fund and State Education Fund Budget under Current Law



Risks to the Outlook and Budget Implications

This budget outlook is based on OSPB's economic analysis and forecast, discussed in more detail in the section titled "The Economy: Issues, Trends, and Forecast," beginning on page 4. Changes in the economy determine revenue to the General Fund and State Education Fund. In addition to revenue, changes in economic conditions impact the budget outlook through associated changes in the use of many state services, including higher education, Medicaid, and other human services. In times of weaker economic conditions, the use of government services increases as incomes decline, unemployment grows, and more people seek education and training to better their job prospects.

As noted elsewhere in this document, although still solid with among the lowest unemployment in the country, Colorado's economic growth has moderated. Nationally, job growth has slowed and business investment, manufacturing, and exports remain sluggish. The global economy continues to show signs of weakness, as growth remains slow and vulnerable to downside risks, which could threaten the current expansion. A large enough adverse shock could result in a downturn in broad economic activity, causing revenue to the State to decline. Even relatively small changes in the projected growth rate of revenue sources can have large implications for the budget.

Because TABOR refunds are paid out of the General Fund, fluctuations in cash fund revenue (outside of the General Fund) subject to TABOR can have a large impact on General Fund obligations. For example, this forecast assumes that no TABOR refund obligation will occur for FY 2016-17, but revenue is projected to be just $46.0 million, or 0.35 percent, below the Referendum C revenue cap for that fiscal year. This amount is well within typical forecast error. Severance tax revenue is a particularly difficult source of revenue to forecast, and especially so with the recent Supreme Court ruling affecting severance tax collections (for more information on this issue, see page 55 in the section on the cash fund forecast). Future revisions to the forecast for this and other revenue sources could result in material changes to total revenue subject to TABOR and, therefore, to TABOR refunds and General Fund obligations.

Further, although the Senate Bill 09-228 transfers to transportation and capital construction (for more details on Senate Bill 09-228 transfers, see page 49) were set at fixed amounts for FY 2015-16 and FY 2016-17, the size of the transfers starting in FY 2017-18 are still subject to fluctuations based on the size of any TABOR refunds. The size of these transfers have major implications for the General Fund budget. As an example, this forecast assumes that the amount of the TABOR refund for FY 2017-18 will result in these transfers being reduced by half. However, an increase of just 0.4 percent, or $54.5 million, in revenue subject to TABOR would result in these transfers being eliminated.

General Fund Overview Table

Table 4 in the Appendix presents the General Fund Overview for the June 2016 OSPB revenue forecast, providing details on forecasts for available General Fund money, expenditures, and end-of-year-reserves. The following section discusses the information presented in Table 4, and includes figures showing each section of the detailed overview found in the Appendix.

Revenue

The top portion of the overview, shown in Figure 36, indicates the amount of General Fund money available for spending. The forecast for General Fund revenue is discussed in further detail in the "General Fund and State Education Fund Revenue Forecast" section starting on page 38. In addition to General Fund revenue, the General Fund receives money transferred from other State funds each fiscal year (shown in line 3 below).

Figure 36. General Fund Revenue Available, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
1	Beginning Balance	$709.2	$528.6	$624.4
2	General Fund Revenue	$9,961.6	$10,562.5	$11,056.1
3	Transfers to the General Fund	$24.3	$46.1	$18.2
4	**Total General Funds Available**	**$10,695.2**	**$11,137.1**	**$11,698.7**
	Dollar Change from Prior Year	$391.8	$442.0	$561.6
	Percent Change from Prior Year	3.8%	4.1%	5.0%

Expenditures

Spending subject to the appropriations limit – The middle portion of the General Fund overview in Table 4 shows General Fund spending. Each year, by statute, the total of most General Fund spending cannot exceed 5 percent of the aggregate level of personal income received by Coloradans. This limit is projected to be $12.3 billion in FY 2015-16 and $13.1 billion in FY 2016-17. Therefore, the General Fund appropriations shown in Figure 37 are about $2.9 billion and $3.3 billion under the limit in these two years, respectively.
The amounts subject to the limit shown below and in Table 4 for FY 2015-16 and FY 2016-17 reflect current law, while the FY 2017-18 amount represents the level of spending that can be supported by projected revenue

while maintaining the General Fund's required reserve amount. These amounts will change based on future budgeting decisions and updates to the revenue forecast.

Figure 37. General Fund Spending Subject to the Appropriations Limit, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
5	**Appropriations**	**$9,335.6**	**$9,813.3**	**$10,175.0**
6	Dollar Change from Prior Year	$466.6	$477.7	$361.7
7	Percent Change from Prior Year	5.3%	5.1%	3.7%

Spending and outlays not subject to the appropriations limit – Figure 38 summarizes General Fund spending that does not count under the General Fund appropriations limit. More information about each line item is presented below the table.

Figure 38. General Fund Spending Not Subject to the Appropriations Limit, $ in Millions

Table 4 Line No.		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
9	TABOR Refund under Art. X, Section 20, (7) (d)	$153.7	$0.0	$0.0	$277.1
10	Set Aside for Potential TABOR Refund under Art. X, Section 20, (3) (c)	$58.0	-$58.0	$0.0	$0.0
	Cigarette Rebate to Local Governments	*$12.3*	*$9.5*	*$9.2*	*$9.0*
	Marijuana Rebate to Local Governments	*$5.9*	*$10.0*	*$11.7*	*$11.9*
	Old-Age Pension Fund/Older Coloradans Fund	*$111.0*	*$117.7*	*$113.3*	*$118.5*
	Aged Property Tax & Heating Credit	*$5.7*	*$6.2*	*$6.0*	*$6.5*
	Homestead Exemption	*$116.9*	*$127.1*	*$147.6*	*$155.4*
	Interest Payments for School Loans	*$0.7*	*$1.2*	*$1.2*	*$1.3*
	Fire/Police Pensions	*$4.2*	*$4.2*	*$4.3*	*$4.3*
	Amendment 35 General Fund Expenditure	*$0.9*	*$0.9*	*$0.8*	*$0.8*
11	**Total Rebates and Expenditures**	**$257.4**	**$276.8**	**$294.1**	**$307.7**
12	Transfers to Capital Construction	$248.5	$271.2	$84.5	$68.3
13	Transfers to Highway Users Tax Fund	$0.0	$199.2	$158.0	$110.6
14	Transfers to State Education Fund per SB 13-234	$25.3	$25.3	$25.3	$25.3
15	Transfers to Other Funds	$42.2	$116.5	$137.5	$76.5
	Total	**$785.7**	**$831.0**	**$699.5**	**$865.5**
	Dollar Change from Prior Year	$240.2	$45.2	-$131.5	$166.1
	Percent Change from Prior Year	44.0%	5.8%	-15.8%	23.7%

Lines 9 and 10: Revenue exceeded the Referendum C cap in FY 2014-15 and is not projected to exceed the cap again until FY 2017-18. TABOR revenue is projected to come in $80.7 million below the cap in FY 2015-16 and $46.0 million under the cap in FY 2016-17. TABOR revenue is expected to be above the cap in FY 2017-18 by $257.5 million. Spending not subject to the limit includes any TABOR refunds funded from the General Fund, which occur when State revenue exceeds its cap as defined in Article X, Section 20 (7) of the Colorado Constitution ("TABOR") and Section 24-77-103.6, C.R.S. ("Referendum C").

The FY 2017-18 refund amount shown of $277.1 million includes the projected $257.5 million exceeding the Referendum C cap plus $19.6 million that needs to be refunded from FY 2014-15. The $19.6 million from FY 2014-15 is due to the reclassification of the revenue transferred to the Adult Dental Fund from the Unclaimed Property Fund. The legal analysis and audit review on this occurred after FY 2014-15 refund amounts were established on state income tax forms. Such adjustments and audit findings have occurred in the past and the process calls for the money to be refunded in the next year a refund is due. For more information on the TABOR refund, see the "Taxpayer's Bill of Rights: Revenue Limit" section later in this report.

The $58.0 million shown in line 10 for FY 2014-15 reflects money set aside by House Bill 15-1367 in a special account to cover a potential refund relating to the passage of Proposition AA, which created excise and sales taxes on retail marijuana. House Bill 15-1367 submitted Proposition BB to voters in November 2015 to ask if the State can retain and spend the money. Because voters approved Proposition BB, the State was able to use the money for the uses outlined in House Bill 15-1367. Therefore, a reversal of the $58 million set aside is shown in line 10 under FY 2015-16 which made it available for spending.

Line 11: "Rebates and Expenditures" account for a large portion of General Fund spending not subject to the appropriations limit. The primary programs under rebates and expenditures are: (1) the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; (2) the Marijuana Rebate, which distributes 15 percent of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; (3) the Old-Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; (4) the Aged Property Tax, Heat, and Rent Credit, which provides property tax, heating bill, and rent assistance to qualifying low-income, disabled, or elderly individuals; and (5) the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans.

Lines 12 and 13: Transfers to the Capital Construction Fund (CCF) and Highway Users Tax Fund (HUTF) are required if growth in statewide personal income exceeds 5 percent. This 5 percent trigger and the associated transfers are commonly referred to as "228" transfers because they were put into law by Senate Bill 09-228. Personal income growth exceeded 5 percent in the 2014 calendar year, which triggered the required transfers starting in FY 2015-16 and through FY 2019-20. For fiscal years 2017-18 through 2019-20, the transfers are reduced by half if there is a TABOR refund in the same fiscal year in an amount between 1 and 3 percent of total General Fund revenue. The transfers are suspended in full if there is a TABOR refund in excess of 3 percent of total General Fund revenue.

Pursuant to House Bill16-1416, the dollar amount of the transfers to the HUTF and CCF are at fixed amounts in FY 2015-16 and FY 2016-17 regardless of the level of any TABOR refund. The transfer amounts to the HUTF are equal to $199.2 million in FY 2015-16 and $158.0 million in FY 2016-17. The transfer amounts to the CCF are $49.8 million in FY 2015-16 and $52.7 million in FY 2016-17.

According to current projections, transfers to the HUTF and CCF will be reduced by half in FY 2017-18 because the TABOR refund is expected to be 2.5 percent of total General Fund revenue. Transfers to HUTF will be reduced from $221.1 million to $110.6 million and transfers to CCF will be reduced from $110.6 million to $55.3 million. However an increase of just 0.4 percent, or $54.5 million, in revenue subject to TABOR would push the refund amount above 3 percent, reducing transfers to zero in FY 2017-18.

The capital construction transfer amounts in FY 2015-16 through FY 2017-18 shown in line 12 also include transfers of General Fund money in addition to the Senate Bill 09-228 transfers and therefore the amount shown in Line 12 differ from the the amount of money transferred related to Senate Bill 09-228. The FY 2017-18 capital construction transfer reflects the needed funding level for "Level I" building-maintenance projects, as well as the continuation of projects funded in prior years.

Line 14: Senate Bill 13-234 requires annual General Fund transfers to the State Education Fund from FY 2013-14 through FY 2018-19. The transfer in each fiscal year through FY 2017-18 is $25.3 million.

Line 15: State law requires transfers of General Fund money to various other State cash funds. Generally, the largest transfer in this line is money from the 10 percent special sales tax on retail marijuana tax (reduced to 8 percent starting in FY 2017-18) credited to the General Fund, 85 percent of which is transferred to the

Marijuana Tax Cash Fund. For FY 2015-16 only, $40.0 million of the "Transfer to Other Funds" amount is a transfer to public school capital construction related to the passage of Proposition BB.

For FY 2016-17 only, this line also includes a diversion of income tax revenue out of the General Fund to a separate severance tax fund pursuant to Senate Bill 16-218. This bill accounts for potentially large expected severance tax refunds related to the April 2016 Colorado Supreme Court's decision in BP America v. Colorado Department of Revenue that allows for taxpayers to claim additional severance tax deductions. Senate Bill 16-218 creates a reserve fund and diverts income tax revenue to the fund to help pay the refunds. This forecast projects that about $44 million in income tax revenue will be diverted from the General Fund to the reserve fund to pay severance tax refunds in FY 2016-17. More discussion on Senate Bill 16-218 and the impacts of the court decision can be found starting on page 55 in this report's section discussing the cash fund revenue forecast.

Line 16: This line includes any expenditures for certain programs that have exceeded their appropriated amount for a fiscal year, called "overexpenditures."

Reserves

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

Under current law, the FY 2015-16 reserve is required to be 5.6 percent of General Fund appropriations subject to the appropriations limit (excluding Certificates of Participation payments), minus any diversions of income tax revenue pursuant to Senate Bill 16-218. However, no diversions are expected under this forecast in FY 2015-16, only in FY 2016-17, as discussed above. The required reserve is 6.5 percent of appropriations (excluding Certificates of Participation payments) for FY 2016-17 and for subsequent fiscal years.

With the budget for FY 2015-16, the State's General Fund reserve is projected to be $7.9 million above the required amount. The budget under current law for FY 2016-17 is $10.5 million below the required reserve. The FY 2017-18 amount in the table represent the required reserve level supported by projected General Fund available.

Starting in FY 2015-16, General Fund appropriations for "lease-purchase" payments, called Certificates of Participation, for certain capital projects were made exempt from the reserve calculation requirement by Senate Bill 15-251. These appropriations amount to $38.0 million in FY 2015-16 and $46.0 million in FY 2016-17. Figure 39 provides information on the General Fund ending balance.

Figure 39. General Fund Reserves, $ in Millions

Table 4 Line No.		FY 2015-16	FY 2016-17	FY 2017-18
20	Year-End General Fund Balance	$528.6	$624.4	$658.1
21	Balance as a % of Appropriations	5.7%	6.4%	6.5%
22	**General Fund Statutory Reserve**	**$520.7**	**$634.9**	**$658.1**
23	Money Above/Below Statutory Reserve	$7.9	-$10.5	$0.0

State Education Fund Overview

Figure 40 summarizes State Education Fund annual revenue and spending. It also includes projected beginning and ending fund balances. As Figure 40 shows, lower revenue to the Fund and higher expenditures have been placing increasing strain on the Fund. By the end of FY 2015-16, the balance is projected to fall 57.0 percent, to $296.0 million, from levels a year earlier. The trend is projected to continue into FY 2016-17, as the year-end balance drops another 63.0 percent to $110.6 million.

State Education Fund expenditures for FY 2015-16 and FY 2016-17 reflect current law. The FY 2017-18 expenditure amount projects spending needed to keep the negative factor in the School Finance Act at the current law dollar amount of $830.7 million, while maintaining a balance in the Fund of about $100 million.

Figure 40. State Education Fund Revenue, Spending, and Reserves*, $ in Millions

State Education Fund ($ in Millions)			
	FY 2015-16	**FY 2016-17**	**FY 2017-18**
Beginning Balance	***$684.0***	***$296.0***	***$110.6***
One-third of 1% of State Taxable Income	*$525.5*	*$557.6*	*$586.6*
Transfers under SB 13-234	*$25.3*	*$25.3*	*$25.3*
Other	*$5.5*	*$5.8*	*$6.1*
Total Funds to State Education Fund	**$556.4**	**$588.8**	**$618.0**
State Education Fund Expenditures	**$944.4**	**$774.1**	**$629.3**
Year-end Balance	**$296.0**	**$110.6**	**$99.4**

*Actual FY 2017-18 expenditures from the State Education Fund will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections are illustrative only.

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

Table 5 in the Appendix incorporates all of the same information from the General Fund overview in Table 4, but also includes spending, revenue, and fund-balance information for the State Education Fund. Given the budget implications of the balance of funding between the State Education Fund and General Fund, a unified and multi-year view provides important insight into the sustainability of budgeting decisions. As shown in Table 5, under current law, total General Fund and State Education Fund expenditures combined are budgeted to increase 1.6 percent in FY 2016-17. These expenditures are projected to be able to grow 3.4 percent in FY 2017-18, assuming that the negative factor in the School Finance Act is maintained at its current level. These lower growth rates are due to the smaller amount of funding available from the State Education Fund to support school finance.

Cash Fund Revenue Forecast

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

Cash fund revenue in FY 2015-16 is projected to be $133.9 million, or 4.8 percent, higher than FY 2014-15, primarily as a result of growth in revenue from the Hospital Provider Fee and miscellaneous cash funds. This growth will offset a sharp decline in revenue from severance taxes. The forecast for FY 2015-16 is $13.6 million, or 0.5 percent, higher than projections from the March forecast, due in large part to the shifting forward of the revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund from FY 2016-17 into FY 2015-16 pursuant to House Bill 16-1409.

Cash fund revenue will decrease 5.3 percent in FY 2016-17 as a projected decrease in revenue from the Hospital Provider Fee and miscellaneous cash funds will offset growth in revenue from many of the other major categories of cash funds. The forecast for FY 2016-17 is $137.5 million, or 4.8 percent, lower compared with projections in March. This decrease is due mostly to the reduction in Hospital Provider Fee revenue per House Bill 16-1405 (the Long Bill), as well as the aforementioned shifting forward of the transfer to the Adult Dental Fund.

Table 6 shows only the outlook for revenue that is subject to the TABOR provisions in the Colorado Constitution that place a limit on the amount of revenue that can be retained by the state each year. Cash fund revenue that is not subject to TABOR generally includes revenue exempt by Colorado voters, federal money, and revenue received by entities designated as enterprises, such as public universities and colleges, that receive most of their money from sources other than the state. More information on TABOR revenue and the revenue limit can be found on page 59.

Transportation-related cash funds — Transportation-related cash fund revenue is forecast to grow 1.3 percent in FY 2015-16 and 1.5 percent in FY 2016-17. In FY 2014-15, transportation-related cash fund revenue subject to TABOR grew $28.9 million, or 2.5 percent, to $1.16 billion.

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and several smaller cash funds. HUTF collections, which account for roughly 85 percent of revenue in this category, are distributed by statutory formula to the Colorado Department of Transportation, local counties and municipalities, and the Colorado State Patrol.

The shift in consumer preference towards buying larger, less fuel-efficient vehicles will help support growth in revenue from vehicle registrations and fuel taxes.

Through April of this fiscal year, revenue from HUTF vehicle fuel taxes and vehicle registrations grew 1.2 and 2.3 percent, respectively, from their levels in FY 2014-15. Changes in these revenue streams have a substantial influence on overall transportation-related cash funds because they account for approximately 80 percent of HUTF revenue and three-quarters of all transportation-related revenue.

HUTF vehicle registration revenues are driven primarily by auto sales, which have been growing at a robust rate since the end of the Great Recession in 2009. As unemployment and interest rates are expected to remain low, auto sales should continue to grow. Used vehicle sales may supplant some new sales because a large number of previously leased vehicles will become available over the next several quarters. The continuing shift in consumer preference towards more expensive SUVs and light trucks should offset any registration revenue lost due to the expected lower growth of new vehicle sales, while also contributing to increased revenue from vehicle fuel taxes. As a result of these trends, HUTF revenue growth is expected to average 1.5 percent over the next three fiscal years.

***Limited Gaming* —** Limited gaming revenue is forecast to grow by $8.2 million, or 7.3 percent, in FY 2015-16, after increasing 3.3 percent in FY 2014-15. Revenue from gaming will grow an additional $4.4 million, or 3.6 percent, to $123.9 million in FY 2016-17.

The Colorado gaming industry was hit hard by the Great Recession and has been slowly recovering ever since, with limited gaming revenue yet to return to its pre-recession peak of $122 million in FY 2006-07. As growth in the gaming industry is primarily driven by economic conditions, a growing Colorado economy has resulted in an increase in gaming tax revenue of 5.0 percent in FY 2014-15 and a projected increase of 7.3 percent in FY 2015-16. Continued growth in revenue is expected over the forecast period. In addition, transitions in the gaming industry will contribute to limit gaming tax revenues as smaller gaming venues close and larger operations absorb market demand. Because casinos pay taxes on a progressive scale based on proceeds, this consolidation will support increases in limited gaming revenue for the State.

Continued growth in the Colorado economy will contribute to increases in limited gaming revenue.

Of the total expected limited gaming revenue of $119.6 million in FY 2015-16, $102.4 million will be subject to TABOR, as reflected in Figure 41. Of this amount, $101.0 million is classified as "base limited gaming revenue" as designated by State law after the passage of Amendment 50 in 2008. This revenue is distributed by formula in State statute to the State General Fund, the State Historical Society, cities and counties affected by gaming activity, and economic development-related programs.

Gaming revenue attributable to Amendment 50, which is not subject to TABOR, is distributed mostly to community colleges, with a smaller portion going to local governments with communities affected by gaming. These distributions will grow along with overall gaming revenue, totaling $14.2 million and $15.4 million in FY 2015-16 and FY 2016-17, respectively. Figure 41 shows the distribution of limited gaming revenues in further detail.

Figure 41. Distribution of Limited Gaming Revenues

Distribution of Limited Gaming Revenues	Actual FY 14-15	Forecast FY 15-16	Forecast FY 16-17	Forecast FY 17-18
A. Total Limited Gaming Revenues	**$111.4**	**$119.6**	**$123.9**	**$127.8**
Annual Percent Change	3.3%	7.3%	3.6%	3.1%
B. Base Limited Gaming Revenues (max 3% growth)	**$98.1**	**$101.0**	**$104.0**	**$107.2**
Annual Percent Change	3.0%	3.0%	3.0%	3.0%
C. Gaming Revenue Subject to TABOR	**$99.3**	**$102.4**	**$105.5**	**$108.7**
Annual Percent Change	1.1%	3.1%	3.0%	3.0%
D. Total Amount to Base Revenue Recipients	**$87.3**	**$91.3**	**$94.3**	**$96.2**
Amount to State Historical Society	$24.5	$25.6	$26.4	$26.9
Amount to Counties	$10.5	$11.0	$11.3	$11.5
Amount to Cities	$8.7	$9.1	$9.4	$9.6
Amount to Distribute to Remaining Programs (State Share)	$43.7	$45.7	$47.1	$48.1
Amount to Local Government Impact Fund	$5.0	$5.0	$5.0	$5.0
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.0	$2.0	$2.0	$2.0
Transfer to the General Fund	$13.7	$15.7	$17.1	$18.1
E. Total Amount to Amendment 50 Revenue Recipients	**$9.9**	**$14.2**	**$15.4**	**$16.3**
Community Colleges, Mesa and Adams State (78%)	$7.7	$11.1	$12.0	$12.7
Counties (12%)	$1.2	$1.7	$1.8	$2.0
Cities (10%)	$1.0	$1.4	$1.5	$1.6

Hospital Provider Fee — Hospital Provider Fee (HPF) revenue is expected to increase 52.2 percent, or $276.2 million, to $805.0 million in FY 2015-16. HPF revenue will then decrease 18.5 percent, or by $148.8 million, to $565.3 million in FY 2016-17 and grow 22.4 percent, or by $147.0 million, in FY 2017-18. As a result of House Bill 16-1405 (the Long Bill) restricting HPF revenue collections, the forecast for FY 2016-17 is $73.2 million, or 10.0 percent, lower compared with projections in March, and the forecast for FY 2017-18 is $31.4 million, or 4.1 percent, higher compared with projections in March.

The projections for HPF revenue are influenced by federal funding levels associated with the Affordable Care Act as well as changes in the population receiving medical care support under the Medicaid program. The large increase in FY 2015-16 is due to continued caseload growth associated with expansion of the Medicaid program, as well as later-than-expected federal approval of the HPF funding levels associated with higher program costs. This later approval prevented the higher fee collections from taking effect earlier, shifting the higher collections to FY 2015-16. The decrease in FY 2016-17 is a result of House Bill 16-1405, which restricted HPF revenue collections to $656.3 million. There is no budget restriction in FY 2017-18 thereby HPF revenue collections are projected up to the federal limit as authorized under current law.

The Hospital Provider Fee is paid by Colorado hospitals and is used, together with matching federal funds, to help cover the cost of the Medicaid program. The amount of Hospital Provider Fee collected each year is calculated by a formula that considers the anticipated cost of care for certain Medicaid populations with each hospital's individual fee allocation based on inpatient days and outpatient revenue.

Severance tax revenue ─ Severance tax revenue will decrease 77.6 percent, or $218.3 million, to $63.0 million in FY 2015-16 due to the sharp decline in oil and natural gas prices and a recent Colorado Supreme Court ruling related to severance tax deductions allowed to taxpayers, discussed in more detail below. However, severance tax revenue has come in higher than expected throughout the current fiscal year and the outlook for commodity prices has slightly improved, which will offset some of the adverse impact of the Supreme Court ruling on severance tax revenue. Compared to the March forecast, this forecast's projection for severance tax revenue is $9.3 million lower in FY 2015-16.

Continued low prices for natural gas and oil, combined with ad valorem tax credits and a recent Supreme Court decision affecting severance tax deductions, will result in a decline of $218.3 million in severance taxes in FY 2015-16.

Robust severance tax revenue growth in the last few fiscal years resulted from the higher price environment for natural gas and oil prior to the summer of 2014. The substantial decline in prices for both natural gas and oil since that time has caused a large decrease in severance tax revenue in FY 2015-16. A modest and gradual rebound in prices will lead to an increase of $26.3 million, or 41.7 percent, in severance tax revenue for FY 2016-17. The ad valorem credit for State severance taxes is contributing to the large swings in revenue collections.

Revenue collections will increase $26.3 million in FY 2016-17 with gradually increasing prices and smaller ad valorem tax credits that will reduce tax liabilities to a lesser degree.

Average oil prices in 2015 were nearly 50 percent lower than they were in 2014 as growing production in the United States boosted oil inventories and a sluggish global economy dampened demand. Oil prices dropped further in the beginning of 2016 but have since recovered back to just below $50 per barrel and are projected to gradually increase through 2017. However, it is important to note that there is a high degree of uncertainty in the trajectory of oil prices. Thus, the actual amount of severance tax revenue could materially differ from the present forecast depending on the direction of future energy prices.

The price of natural gas also remains well below the previous few years as supply has outpaced demand. Natural gas prices in 2015 were 40 percent below 2014 levels and prices are expected to remain low through 2016. More discussion of the oil and gas industry is included in "The Economy: Issues, Trends, and Forecast" section of this forecast, which starts on page 4.

In FY 2015-16, the impact of ad valorem tax credits is exacerbating the decline of severance tax revenue from lower oil and natural gas prices. Severance taxpayers claim ad valorem tax credits based on the local property taxes they pay on the value of mineral extraction in the prior year. Although the prices of natural gas and oil were low in 2015, taxpayers will mostly claim ad valorem credits based on the value of oil and gas in 2014, when prices were much higher. This difference in timing greatly increases the impact of lower prices on severance tax liabilities, thus the 77.6 percent forecasted decline in FY 2015-16 severance taxes. Along with gradual increases in prices, the lower ad valorem credit from 2015 production, when prices were low, will contribute to the projected rebound in severance taxes in FY 2016-17.

The amount of oil and natural gas produced in Colorado, known as production volume, also influences severance tax collections. A decline in production is expected to continue through 2016 as prices are projected to remain suppressed for both oil and gas. The pullback in new production will further contribute to lower severance tax revenue growth over the forecast period.

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

Senate Bill 16-218 accounts for potentially large expected severance tax refunds by creating a reserve fund and diverting income tax revenue to the fund to help pay the refunds. Senate Bill 16-218 also places a restriction on $77.4 million on severance tax money allocated to the Department of Natural Resources and the Department of Local Affairs, preventing the money from being expended in case the money is needed to help cover the refunds. The restriction may be lifted in whole or in part upon a majority vote of the members of the Joint Budget Committee.

The most recent figure available for the known impact of the Supreme Court ruling for past tax years (2014 and earlier) is a reduction of $16.3 million based on tax returns already received by the Department of Revenue. These refunds will reduce severance tax revenue in FY 2015-16. The amount includes refunds related to a deduction for the "cost of capital," or return on investment, directly addressed in the court ruling, as well as other deductions related to transportation, manufacturing, and processing costs that the Department of Revenue believes can now be claimed by severance taxpayers. However, the amount of the refunds may increase by approximately $24 million if other deductions are allowed.

Severance taxpayers may also file additional amended tax returns for past tax years (2014 and earlier) to claim refunds as a result of the court ruling. The amount of these refunds is highly uncertain, and the current estimate from the Department of Revenue ranges from an additional $22 million to $67 million. Whether or not all of these additional refunds for deductions fall under the scope of the recent ruling is yet to be determined, and legislation may be needed to address the question. The fiscal year in which these possible additional refunds reduce revenue in, either FY 2015-16 or FY 2016-17 or later, depends on when returns are filed. The lower range of this estimate is included in this forecast as it is based on allowable deductions that the Department of Revenue believes are now required as a result of the court ruling. The majority of these additional reductions are expected to occur in FY 2016-17 as taxpayers will likely not file their amended returns before the current fiscal year ends. As more information becomes available, the estimate of the revenue impact and timing may change substantially.

Under Senate Bill 16-218, severance tax revenue collected in June of FY 2015-16 will be diverted to the reserve to pay $2.4 million in refunds directly related to the court ruling in the current fiscal year. Any severance tax refund amount in excess of severance revenue received in June will be paid through a diversion of income tax revenue. However, OSPB expects that there will not need to be a diversion of income taxes in FY 2015-16 to cover the refunds.

Senate Bill 16-218 also created a mechanism for income tax revenue to be diverted to the reserve fund to pay a portion of severance tax refunds that occur in FY 2016-17. During any month in which severance tax refunds are larger than 15 percent of gross severance revenue, income tax is diverted to the reserve to pay the portion of the refund amount that exceeds the 15 percent threshold. This forecast assumes that $44.4 million in income taxes will be diverted from the General Fund to the reserve fund to cover severance tax refunds paid out in FY 2016-17. This amount may change materially in subsequent forecasts as new information becomes available.

The above refund amounts are related to past tax year (2014 and earlier) impacts of the Supreme Court ruling. Taxpayers will also claim more deductions for 2015 and subsequent tax years, which will reduce severance taxes on an ongoing basis. This forecast assumes that the additional deductions will reduce annual severance tax collections by 6 percent each year. However, the estimated amount of the reduction to ongoing severance tax revenue in the future may change materially as more information becomes available regarding which additional specific severance tax deductions will be allowed and the revenue impacts of those deductions.

Federal Mineral Leasing revenue — Colorado's share of Federal Mineral Lease (FML) revenue will fall 35.6 percent to $93.5 million in FY 2015-16. This follows a decline of 16.4 percent in FY 2014-15. FML revenue continues to decline due to the persistent lower oil and natural gas prices and the refund of FML "bonus" payments to mineral extraction leaseholders on the Roan Plateau. As commodity prices gradually increase, FML revenue is expected to rebound 10.8 percent to $103.6 million in FY 2016-17 and an additional 20.1 percent in FY 2017-18.

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

FML revenue will fall 35.6 percent in FY 2015-16 due to lower oil and gas prices and one-time refunds to leaseholders, but will rebound in FY 2016-17 and FY 2017-18 with gradual increases in commodity prices.

A portion of the reduced levels in FML revenue in FY 2015-16 through FY 2017-18 are a result of refunds to holders of cancelled leases on land for mineral extraction on the Roan Plateau in Colorado. The BLM carried out auctions for leases to produce natural gas on the Roan Plateau in 2008, collecting significant "bonus" payments. The BLM later revisited these leases and determined a need to re-negotiate or cancel several of them. As a result, the BLM will refund nearly $50 million of the bonus payments that were originally made. Colorado's share of this amount, $23.4 million, will be recouped from the State's share of FML revenue.

The federal government is withholding $7.8 million of Colorado's FML payments in FY 2015-16 and each of the next two fiscal years to complete the required refund. As a result, the distributions of FML revenue to the State Public School Fund, the Colorado Water Conservation Board Construction Fund, and the Local Government Mineral Impact Fund would be proportionately reduced; however, Senate Bill 15-244 transfers money from the General Fund to these funds in each of the three fiscal years in order to backfill the decline in FML distributions.

The impact of lower oil and gas prices on FML revenue was larger than initially estimated in FY 2015-16, thus the forecast for this fiscal year is $6.8 million lower than in March. Although FML revenue is declining in FY 2015-16, the decline is not nearly as severe as the drop in severance tax revenue. The impact of lower energy prices on FML revenue is much smaller than the impact on severance taxes because the revenue stream is not affected by the ad valorem tax credits that impact severance tax gross liabilities.

A portion of FML revenue is allocated to the Higher Education FML Revenues Fund (Revenues Fund) to pay for lease purchase agreements (COP's) that fund capital construction projects at institutions of higher education and the Higher Education Maintenance and Reserve Fund (Reserve Fund) to maintain reserve funds. House Bill 16-1229 transfers money in the Reserve Fund into the Revenues Fund and then eliminates the Reserve Fund. All FML revenue previously deposited into the Reserve Fund will be directed to the Revenues Fund.

Figure 42. Federal Mineral Leasing (FML) Payments, $ in Millions

Fiscal Year	Bonus	Non-Bonus	Total FML	% Change
FY 2014-15	$1.1	$144.0	$145.1	-16.4%
FY 2015-16	$3.4	$90.0	$93.5	-35.6%
FY 2016-17	$1.6	$102.0	$103.6	10.8%
FY 2017-18	$1.9	$122.6	$124.4	20.1%

FY 2014-15 figures are actual collections, and FY 2015-16 through FY 2017-18 are projections.

Other cash funds **—** Cash fund revenue to the Department of Regulatory Agencies (DORA) will increase 2.0 percent to $67.0 million in FY 2015-16 after decreasing 4.1 percent in FY 2014-15. Cash fund revenue related to regulatory agencies will grow another 6.5 percent to $71.3 million in FY 2016-17. A portion of the growth in FY 2016-17 is related to legislation passed during the 2016 legislative session. DORA oversees businesses and professionals in certain industries through licensing, rulemaking, enforcement, and approval of rates charged to consumers. The Department is responsible for oversight of a wide variety of professions, ranging from landscape architects and psychologists to hunting guides. Revenue from licensing fees and other services fund many of the Department's activities.

Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance programs. Revenue from this source will decrease 27.3 percent to $14.5 million in FY 2015-16 as a result of a reduction in the surcharge used to fund the Division of Workers' Compensation (DOWC), as well as the Major Medical Insurance Fund and Subsequent Injury Fund. These funds were created to absorb costs for workers injured prior to 1981. Each year, the DOWC is required to perform a review to determine the funding needed to operate its programs. The DOWC determined that a 50 percent reduction in premium surcharges would generate sufficient funding to pay and administer claims for FY 2015-16.

The category called Other Miscellaneous Cash Funds in Table 6 includes revenue from over 300 cash funds that generally collect revenue from fines, fees, and interest earnings. However, approximately 75 percent of the revenue comes from the largest 30 funds. These larger funds include such things as the Employment Support Fund, Medicaid Nursing Facility Cash Fund, and the Marijuana Tax Cash Fund. Total revenue to miscellaneous cash funds is expected to be $674.7 million in FY 2015-16, an increase of 10.2 percent, after growth of 7.4 percent the prior year. Revenue to these funds is expected to decrease 8.5 percent in FY 2016-17.

The FY 2015-16 projection is $28.7 million higher than the March forecast, due mostly to the shifting forward of the revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund which helps fund dental services for adults under the Medicaid program. The transfer that was slated to occur in FY 2016-17, estimated to be $34.8 million, will instead be transferred in FY 2015-16, as per House Bill 16-1409, increasing the revenue estimate for FY 2015-16 by this amount and decreasing the revenue estimate in FY 2016-17.

Revenue from the 2.9 percent sales tax on retail and medical marijuana, as well as fees related to regulation of the marijuana industry, is reflected in the Miscellaneous Cash Funds category in Table 6. However, the table does not include the proceeds from marijuana taxes authorized by Proposition AA in November 2013 as they are not subject to TABOR. Proposition AA taxes are transferred to the Marijuana Tax Cash Fund, local governments, and school construction.

Revenue from the retail marijuana sales tax in Proposition AA goes first to the General Fund — and is included under sales tax revenue in Table 3 in the Appendix — before it is transferred to the Marijuana Tax Cash Fund and local governments. Proposition AA also included an excise tax of 15 percent on retail marijuana that is credited to public school cash funds, a majority of which goes to a cash fund for public school capital construction projects.

Taxpayer's Bill of Rights: Revenue Limit

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

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

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

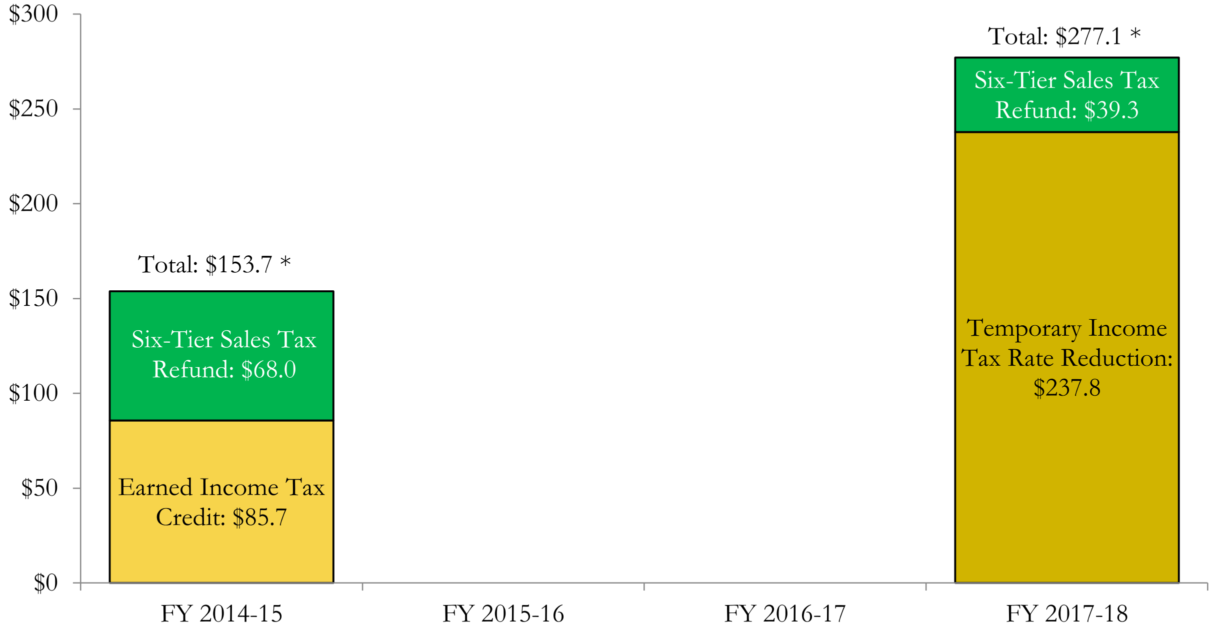
TABOR refunds are occurring for FY 2014-15 and are projected again for and FY 2017-18 – TABOR revenue exceeded the Referendum C cap by $169.7 million in FY 2014-15. Of this amount, $150.1 is being refunded to taxpayers when taxpayers file their 2015 tax return, along with an additional $3.6 million owed related to refunds from prior years, for a total of $153.7 million. The remaining $19.6 million of the $169.7 million is from reclassifying the revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund as subject to TABOR. This money helps fund dental services for adults under the Medicaid program. Previously, the money was not counted as TABOR revenue. However, the legal analysis and audit review on this occurred after refund amounts were established for state income tax forms. Such adjustments and audit findings have occurred in the past and the process calls for the money to be refunded in the next year a refund is due, which, according to this forecast, is FY 2017-18, as discussed below.

TABOR revenue is projected to come in $80.7 million below the cap in FY 2015-16 and $46.0 million under the cap in FY 2016-17. TABOR revenue is expected to be above the cap in FY 2017-18 by $257.5 million. The amount above the cap in FY 2017-18 includes a projected $37.3 million for transfers from the Unclaimed Property Fund to the Adult Dental Fund now subject to TABOR. The $34.8 million transfer slated for FY 2016-17 was shifted forward into FY 2015-16, as per House Bill 16-1409, increasing TABOR revenue for FY 2015-16 and decreasing TABOR revenue in FY 2016-17.

Colorado law currently specifies three mechanisms by which revenue in excess of the cap is refunded to taxpayers: a sales tax refund to all taxpayers ("six-tier sales tax refund"), the Earned Income Tax Credit (EITC) to qualified taxpayers, and a temporary income tax rate reduction. The refund amount determines which refund mechanisms are used. Figure 43 shows the anticipated refund that will be distributed through each mechanism according to the revenue projections in this forecast and the statutorily defined refund mechanisms.

In FY 2014-15, the amount needed to be refunded exceeded the threshold that activates the state EITC, as specified by Section 39-22-123, C.R.S. Colorado taxpayers who qualify for the federal EITC can claim 10 percent of the amount they claim on their federal tax return on their state tax return for the 2015 tax year. The amount refunded through this mechanism is estimated to be $85.7 million and the credit is estimated to average about $217 per qualifying household. The state EITC is only a TABOR refund mechanism for one year because it becomes permanent after the year it is used as a refund. After the use of the EITC as a refund mechanism for FY 2014-15, it becomes available to qualifying taxpayers on an ongoing basis and will reduce revenue to the General Fund through a reduction in income tax liabilities and higher income tax refunds.

Figure 43. Projected Distribution of TABOR Refunds, $ in Millions



* The FY 2014-15 amount includes $150.1 million in revenue above the Referendum C cap in FY 2014-15, as well as $3.6 million in pending amounts owed related to refunds from prior years. These pending amounts are the result of (a) adjustments that were made to State accounting records for years in which TABOR refunds occurred that resulted in additional required refunds to taxpayers, and (b) the refund in previous years was less actual money than required. Such refunds are held by the State until a future year in which a TABOR refund occurs when they are added to the total refund amount and distributed to taxpayers. The FY 2017-18 amount includes $257.5 million in revenue above the Referendum C cap for FY 2017-18, as well as $19.6 million from FY 2014-15 due to the determination that revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund is subject to TABOR. The legal analysis and audit review on this occurred after refund amounts were established for state income tax forms and therefore the additional refund amount for FY 2014-15 is to be refunded during the next year a refund is due which, according to this forecast, is FY 2017-18.

The remaining $68.0 million of the refund for FY 2014-15 is being distributed through the six-tier sales tax refund, as specified by Section 39-22-2002, C.R.S., when taxpayers file their state tax return for the 2015 tax year. The amount of the refund that can be claimed by each taxpayer is calculated according to a statutory formula that includes six adjusted gross income tiers and the total amount to be refunded. Figure 44 shows per-taxpayer refund estimates by income tier for the six-tier sales tax refund. Based on preliminary data on refunds claimed thus far from the Department of Revenue, the total amount of refunds claimed may end up being slightly lower than was projected. Any amount not refunded to taxpayers will be added to refunds the next year a refund is due which, according to this forecast, is FY 2017-18.

For FY 2017-18, the TABOR refund amount of $277.1 million includes the projected $257.5 million exceeding the Referendum C cap plus the $19.6 million that needs to be refunded from FY 2014-15, as shown in Figure 43. The $19.6 million from FY 2014-15 is due to the reclassification of the revenue transferred to the Adult Dental Fund from the Unclaimed Property Fund. Revenue in excess of the cap in FY 2017-18 is projected to meet the refund threshold to activate the temporary income tax rate reduction refund mechanism as specified by Section 39-22-627, C.R.S. This refund mechanism will reduce the state income tax rate from 4.63 to 4.5

percent for tax year 2018. This would reduce the income tax liability for individual income taxpayers by about $51 for tax year 2018 on average per taxpayer, though the amount will vary greatly based on a taxpayer's taxable income level as shown in Figure 44. The total amount refunded through this mechanism is estimated to be $237.8 million in FY 2017-18 with the remaining portion, $39.3 million, to be refunded through the six-tier sales tax refund mechanism. When the average six-tier sales tax refund is below $15 per taxpayer on average, as is projected for FY 2017-18, each taxpayer across income tiers is refunded the same amount equal to the average sales tax refund amount. The average amount per taxpayer is projected to be $11 for FY 2017-18.

Figure 44. Projected Distribution of Refunds per Taxpayer by Fiscal Year

FY 2014-15 TABOR Refund per Taxpayer								
	Individual Returns				Joint Returns			
Adjusted Gross Income Tier	Earned Income Tax Credit*	Six-Tier Sales Tax	Income Tax Rate Cut	Total	Earned Income Tax Credit*	Six-Tier Sales Tax	Income Tax Rate Cut	Total
Up to $36,000	$234	$13	$0	$247	$234	$26	$0	$260
$36,001 - $77,000	$137	$18	$0	$155	$137	$36	$0	$173
$77,001 - $120,000	$0	$21	$0	$21	$0	$42	$0	$42
$120,001 - $163,000	$0	$23	$0	$23	$0	$46	$0	$46
$163,001 - $204,000	$0	$24	$0	$24	$0	$48	$0	$48
$204,001 and Up	$0	$41	$0	$41	$0	$82	$0	$82

*EITC applies per household, while the sales tax and income tax refunds are per return. Only households qualifying for the federal EITC will qualify for the state EITC and thus not all households in these income brackets will necessarily qualify. For tax years after 2015, the EITC will no longer be a TABOR refund mechanism and will become a permanent credit. The number of taxpayers and adjusted gross income tiers for FY 2014-15 are the Colorado Department of Revenue's projections.

No TABOR surplus is projected for FY 2015-16

No TABOR surplus is projected for FY 2016-17

FY 2017-18 TABOR Refund per Taxpayer						
	Individual Returns			Joint Returns		
Adjusted Gross Income Tier	Six-Tier Sales Tax	Income Tax Rate Cut	Total	Six-Tier Sales Tax	Income Tax Rate Cut	Total
Up to $39,000	$11	$8	$19	$22	$2	$24
$39,001 - $82,000	$11	$48	$59	$22	$30	$52
$82,001 - $128,000	$11	$106	$117	$22	$77	$99
$128,001 - $173,000	$11	$156	$167	$22	$128	$150
$173,001 - $217,000	$11	$194	$205	$22	$180	$202
$217,001 and Up	$11	$594	$605	$22	$550	$572

TABOR refund amounts will affect transfers to transportation and capital construction (Senate Bill 09-228 transfers) – In addition to activating distributions of refunds to taxpayers, projected revenue in excess of the Referendum C cap affects the transfers to transportation and capital construction created by Senate Bill 09-228, as specified by Section 24-75-219, C.R.S. Because total personal income in Colorado grew by more than 5 percent in 2014, this statute requires transfers of General Fund revenue to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund (CCF) for five years starting in FY 2015-16. For fiscal years 2017-

18 through 2019-20, the transfers are reduced by half if there is a TABOR refund in the same fiscal year in an amount between 1 and 3 percent of total General Fund revenue. The transfers are suspended in full if there is a TABOR refund in excess of 3 percent of total General Fund revenue.

Pursuant to House Bill 16-1416, the dollar amount of the transfers to the HUTF and CCF are at fixed amounts in FY 2015-16 and FY 2016-17 regardless of the level of any TABOR refund. The transfer amounts to the HUTF are equal to $199.2 million in FY 2015-16 and $158.0 million in FY 2016-17. The transfer amounts to the CCF are $49.8 million in FY 2015-16 and $52.7 million in FY 2016-17.

According to current projections, transfers to the HUTF and CCF will be reduced by half in FY 2017-18 because the TABOR refund is expected to be 2.5 percent of total General Fund revenue. Transfers to HUTF will be reduced from $221.1 million to $110.6 million and transfers to CCF will be reduced from $110.6 million to $55.3 million. However a small increase in revenue subject to TABOR would push the refund amount above 3 percent, reducing transfers to zero in FY 2017-18.

Governor's Revenue Estimating Advisory Committee

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

- Tucker Hart Adams – Senior Partner, Summit Economics LLC
- Alison Felix – Vice President and Denver Branch Executive, Denver Branch – Federal Reserve Bank of Kansas City
- Elizabeth Garner – State Demographer, Colorado Department of Local Affairs
- Alexandra Hall – Labor Market Information Director, Colorado Department of Labor and Employment
- Ronald New – Capital Markets Executive
- Patricia Silverstein – President, Development Research Partners
- Richard Wobbekind – Associate Dean, Leeds School of Business; University of Colorado, Boulder

Appendix – Reference Tables

Table 1. History and Forecast for Key Colorado Economic Variables
Calendar Year 2010-2018

Line No.		Actual						June 2016 Forecast		
		2010	2011	2012	2013	2014	2015	2016	2017	2018
	Income									
1	Personal Income (Billions) /A	$211.4	$227.1	$240.9	$246.4	$261.7	$275.1	$288.6	$303.3	$319.1
2	Change	2.4%	7.4%	6.1%	2.3%	6.2%	5.1%	4.9%	5.1%	5.2%
3	Wage and Salary Income (Billions)	$113.8	$118.6	$125.0	$129.5	$138.7	$146.4	$154.2	$162.5	$171.4
4	Change	1.3%	4.2%	5.4%	3.6%	7.1%	5.6%	5.3%	5.4%	5.5%
5	Per-Capita Income ($/person) /A	$41,880	$44,351	$46,402	$46,754	$48,871	$50,418	$51,956	$53,663	$55,509
6	Change	0.9%	5.9%	4.6%	0.8%	4.5%	3.2%	3.1%	3.3%	3.4%
	Population & Employment									
7	Population (Thousands)	5,048.3	5,119.5	5,191.7	5,271.1	5,355.6	5,456.6	5,554.5	5,652.0	5,748.2
8	Change	1.5%	1.4%	1.4%	1.5%	1.6%	1.9%	1.8%	1.8%	1.7%
9	Net Migration (Thousands)	37.5	36.0	39.8	47.9	50.8	67.8	66.0	65.0	63.0
10	Unemployment Rate	8.7%	8.4%	7.9%	6.8%	5.0%	3.9%	3.3%	3.6%	3.8%
11	Total Nonagricultural Employment (Thousands)	2,222.3	2,258.6	2,313.0	2,381.9	2,464.9	2,539.9	2,603.4	2,668.4	2,732.5
12	Change	-1.0%	1.6%	2.4%	3.0%	3.5%	3.0%	2.5%	2.5%	2.4%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	11.6	13.5	23.3	27.5	28.7	31.1	36.9	40.3	43.1
14	Change	23.9%	16.5%	72.6%	18.1%	4.2%	8.3%	18.9%	9.1%	7.1%
15	Nonresidential Construction Value (Millions) /B	$3,146.7	$3,516.2	$3,112.3	$3,614.0	$4,312.2	$4,790.2	$5,365.0	$5,252.4	$5,459.3
16	Change	-6.2%	11.7%	-11.5%	16.1%	19.3%	11.1%	12.0%	-2.1%	3.9%
	Prices & Sales Variables									
17	Retail Trade (Billions) /C	$70.5	$75.9	$80.2	$84.1	$90.5	$95.0	$99.0	$104.2	$109.4
18	Change	6.0%	7.7%	5.7%	4.8%	7.6%	4.9%	4.3%	5.2%	5.0%
19	Denver-Boulder-Greeley Consumer Price Index (1982-84=100)	212.4	220.3	224.6	230.8	237.2	240.0	244.8	250.7	255.7
20	Change	1.9%	3.7%	1.9%	2.8%	2.8%	1.2%	2.0%	2.4%	2.0%

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

/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, medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

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

Table 2. History and Forecast for Key National Economic Variables
Calendar Year 2010 – 2018

Line No.		Actual						June 2016 Forecast		
		2010	2011	2012	2013	2014	2015	2016	2017	2018
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$14,783.8	$15,020.6	$15,354.6	$15,583.3	$15,961.7	$16,348.9	$16,643.2	$17,009.3	$17,349.5
2	Change	2.5%	1.6%	2.2%	1.5%	2.4%	2.4%	1.8%	2.2%	2.0%
3	Personal Income (Billions) /B	$12,477.1	$13,254.5	$13,915.1	$14,068.4	$14,694.2	$15,340.4	$15,969.4	$16,703.9	$17,438.9
4	Change	3.2%	6.2%	5.0%	1.1%	4.4%	4.4%	4.1%	4.6%	4.4%
5	Per-Capita Income ($/person) /B	$40,334	$42,521	$44,301	$44,460	$46,077	$47,727	$49,275	$51,122	$52,938
6	Change	2.4%	5.4%	4.2%	0.4%	3.6%	3.6%	3.2%	3.7%	3.6%
7	Wage and Salary Income (Billions)	$6,377.5	$6,633.2	$6,930.3	$7,114.4	$7,477.8	$7,824.0	$8,183.9	$8,625.8	$9,074.4
8	Change	2.0%	4.0%	4.5%	2.7%	5.1%	4.6%	4.6%	5.4%	5.2%
	Population & Employment									
9	Population (Millions)	309.3	311.7	314.1	316.4	318.9	321.4	324.1	326.7	329.4
10	Change	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%
11	Unemployment Rate	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.8%	4.6%	4.6%
12	Total Nonagricultural Employment (Millions)	130.4	131.9	134.2	136.4	139.0	141.9	144.4	146.6	148.6
13	Change	-0.7%	1.2%	1.7%	1.6%	1.9%	2.1%	1.8%	1.5%	1.4%
	Price Variables									
14	Consumer Price Index (1982-84=100)	218.1	224.9	229.6	233.0	236.7	237.0	240.3	245.1	250.0
15	Change	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.4%	2.0%	2.0%
16	Producer Price Index - All Commodities (1982=100)	184.7	201.0	202.2	203.4	205.3	190.4	184.7	192.1	198.8
17	Change	6.8%	8.8%	0.6%	0.6%	0.9%	-7.3%	-3.0%	4.0%	3.5%
	Other Key Indicators									
18	Corporate Profits (Billions)	$1,746.4	$1,816.6	$1,998.2	$2,037.4	$2,072.9	$2,008.6	$1,998.6	$2,048.6	$2,132.6
19	Change	25.0%	4.0%	10.0%	2.0%	1.7%	-3.1%	-0.5%	2.5%	4.1%
20	Housing Permits (Millions)	0.605	0.624	0.830	0.991	1.052	1.183	1.274	1.456	1.561
21	Change	3.7%	3.2%	32.9%	19.4%	6.2%	12.4%	7.7%	14.3%	7.2%
22	Retail Trade (Billions)	$4,285.8	$4,597.6	$4,826.4	$5,001.2	$5,211.5	$5,327.4	$5,492.5	$5,750.7	$6,009.5
23	Change	5.4%	7.3%	5.0%	3.6%	4.2%	2.2%	3.1%	4.7%	4.5%

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

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

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

Line No.	Category	Actual FY 2014-15	% Chg	June 2016 Estimate by Fiscal Year FY 2015-16	% Chg	FY 2016-17	% Chg	FY 2017-18	% Chg
	Excise Taxes:								
1	Sales	$2,619.2	8.0%	$2,668.8	1.9%	$2,836.8	6.3%	$2,964.5	4.5%
2	Use	$260.3	7.8%	$253.8	-2.5%	$268.4	5.8%	$280.7	4.6%
3	Cigarette	$37.9	3.6%	$37.2	-1.8%	$36.0	-3.1%	$35.0	-2.9%
4	Tobacco Products	$17.8	5.3%	$21.3	19.5%	$19.5	-8.2%	$20.0	2.5%
5	Liquor	$41.5	2.8%	$43.7	5.3%	$43.8	0.2%	$44.8	2.4%
6	**Total Excise**	**$2,976.7**	**7.8%**	**$3,024.8**	**1.6%**	**$3,204.5**	**5.9%**	**$3,345.1**	**4.4%**
	Income Taxes:								
7	Net Individual Income	$6,350.1	11.5%	$6,492.5	2.2%	$6,903.8	6.3%	$7,233.1	4.8%
8	Net Corporate Income	$692.9	-3.9%	$647.9	-6.5%	$672.7	3.8%	$715.2	6.3%
9	**Total Income**	**$7,043.0**	9.8%	**$7,140.4**	**1.4%**	**$7,576.5**	**6.1%**	**$7,948.3**	**4.9%**
10	*Less: State Education Fund Diversion*	*$519.8*	*8.6%*	*$525.5*	*1.1%*	*$557.6*	*6.1%*	*586.6*	*5.2%*
11	**Total Income to General Fund**	**$6,523.1**	**9.9%**	**$6,614.9**	**1.4%**	**$7,018.9**	**6.1%**	**$7,361.7**	**4.9%**
	Other Revenue:								
12	Insurance	$256.7	7.4%	$289.5	12.8%	$299.0	3.3%	$307.1	2.7%
13	Interest Income	$8.9	-41.7%	$9.4	5.5%	$12.8	37.2%	$13.6	5.6%
14	Pari-Mutuel	$0.6	0.2%	$0.6	-3.0%	$0.6	-3.0%	$0.6	-2.0%
15	Court Receipts	$2.6	0.3%	$2.5	-4.2%	$2.4	-1.0%	$2.3	-4.1%
16	Other Income	$34.0	59.3%	$20.1	-41.0%	$24.3	21.2%	$25.8	6.1%
17	**Total Other**	**$302.7**	**8.4%**	**$322.0**	**6.4%**	**$339.1**	**5.3%**	**$349.3**	**3.0%**
18	GROSS GENERAL FUND	$9,802.6	9.2%	$9,961.6	1.6%	$10,562.5	6.0%	$11,056.1	4.7%

Table 4. General Fund Overview under Current Law /A
(Dollar Amounts in Millions)

Line No.		Actual	June 2016 Estimate by Fiscal Year		
		FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Revenue					
1	**Beginning Reserve**	**$435.9**	**$709.2**	**$528.6**	**$624.4**
2	**Gross General Fund Revenue**	**$9,802.6**	**$9,961.6**	**$10,562.5**	**$11,056.1**
3	*Transfers to the General Fund*	*$64.9*	*$24.3*	*$46.1*	*$18.2*
4	**TOTAL GENERAL FUND AVAILABLE FOR EXPENDITURE**	**$10,303.4**	**$10,695.2**	**$11,137.1**	**$11,698.7**
Expenditures					
5	**Appropriation Subject to Limit**	**$8,869.0**	**$9,335.6**	**$9,813.3**	**$10,175.0**
6	*Dollar Change (from prior year)*	*$650.3*	$466.6	$477.7	$361.7
7	*Percent Change (from prior year)*	7.9%	5.3%	5.1%	3.7%
8	**Spending Outside Limit**	**$785.7**	**$831.0**	**$699.5**	**$865.5**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	*$153.7*	*$0.0*	*$0.0*	*$277.1*
10	*Set Aside for Potential TABOR Refund under Art. X, Section 20, (3) (c)*	*$58.0*	*-$58.0*	*$0.0*	*$0.0*
11	*Rebates and Expenditures*	*$257.4*	$276.8	$294.1	$307.7
12	*Transfers for Capital Construction*	*$248.5*	$271.2	$84.5	$68.3
13	*Transfers to Highway Users Tax Fund*	$0.0	$199.2	$158.0	$110.6
14	*Transfers to State Education Fund under SB 13-234*	$25.3	$25.3	$25.3	$25.3
15	*Transfers to Other Funds*	$42.2	$116.5	$137.5	$76.5
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.5	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$9,654.7**	**$10,166.6**	**$10,512.8**	**$11,040.6**
18	*Percent Change (from prior year)*	10.2%	5.3%	3.4%	5.0%
19	Reversions and Accounting Adjustments	*-$60.6*	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$709.2**	**$528.6**	**$624.4**	**$658.1**
21	*Year-End General Fund as a % of Appropriations*	*8.0%*	5.7%	6.4%	6.5%
22	*General Fund Statutory Reserve*	$576.49	$520.7	$634.9	$658.1
23	*Above (Below) Statutory Reserve*	$132.7	$7.9	-$10.5	$0.0

/A See the section discussing the General Fund and State Education Fund Budget starting on page 44 for information on the figures in this table.

Table 5. General Fund and State Education Fund Overview under Current Law /A
(Dollar Amounts in Millions)

Line No.		Actual FY 2014-15	June 2016 Estimate by Fiscal Year FY 2015-16	FY 2016-17	FY 2017-18
Revenue					
1	**Beginning Reserves**	**$1,484.9**	**$1,393.2**	**$824.5**	**$735.0**
2	*State Education Fund*	$1,048.9	$684.0	$296.0	$110.6
3	*General Fund*	$435.9	$709.2	$528.6	$624.4
4	**Gross State Education Fund Revenue**	**$594.4**	**$556.4**	**$588.8**	**$618.0**
5	**Gross General Fund Revenue /B**	**$9,867.4**	**$9,985.9**	**$10,608.6**	**$11,074.3**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$11,946.7**	**$11,935.5**	**$12,021.9**	**$12,427.4**
Expenditures					
7	General Fund Expenditures /C	$9,654.7	$10,166.6	$10,512.8	$11,040.6
8	State Education Fund Expenditures	*$969.2*	*$944.4*	*$774.1*	*$629.3*
9	**TOTAL OBLIGATIONS**	**$10,624.0**	**$11,111.0**	**$11,286.9**	**$11,669.8**
10	*Percent Change (from prior year)*	11.8%	4.6%	1.6%	3.4%
11	*Reversions and Accounting Adjustments*	*($70.5)*	*$0.0*	*$0.0*	*$0.0*
Reserves					
12	**Year-End Balance**	**$1,393.2**	**$824.5**	**$735.0**	**$757.5**
13	State Education Fund	$684.0	$296.0	$110.6	$99.4
14	General Fund	$709.2	$528.6	$624.4	$658.1
15	*General Fund Above (Below) Statutory Reserve*	$132.7	$7.9	-$10.5	$0.0

/A See the section discussing the General Fund and State Education Fund Budget starting on page 44 for information on the figures in this table.
/B This amount includes transfers to the General Fund shown in line 3 in Table 4.
/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income shown in line 5 in Table 4 as well as all spending outside the limit shown in line 8 in Table 4.

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

Category	Actual FY 2014-15	June 2016 Estimate by Fiscal Year FY 2015-16	FY 2016-17	FY 2017-2018
Transportation-Related /A	**$1,164.6**	**$1,180.3**	**$1,198.1**	**$1,218.0**
Change	2.5%	1.3%	1.5%	1.7%
Limited Gaming Fund /B	**$99.3**	**$102.4**	**$105.5**	**$108.7**
Change	1.1%	3.1%	3.0%	3.0%
Capital Construction - Interest	**$5.6**	**$4.7**	**$4.7**	**$3.6**
Change	134.2%	-16.2%	-0.5%	-23.8%
Regulatory Agencies	**$65.6**	**$67.0**	**$71.3**	**$72.9**
Change	-4.1%	2.0%	6.5%	2.2%
Insurance-Related	**$19.9**	**$14.5**	**$13.8**	**$13.9**
Change	-3.5%	-27.3%	-5.2%	0.7%
Severance Tax /C	**$281.3**	**$63.0**	**$89.2**	**$175.9**
Change	4.7%	-77.6%	41.7%	97.1%
Hospital Provider Fee /D	**$528.8**	**$805.0**	**$656.3**	**$803.3**
Change	-6.7%	52.2%	-18.5%	22.4%
Other Miscellaneous Cash Funds /E	**$612.4**	**$674.7**	**$617.2**	**$676.1**
Change	7.4%	10.2%	-8.5%	9.6%
TOTAL CASH FUND REVENUE	**$2,777.6**	**$2,911.5**	**$2,756.0**	**$3,072.2**
Change	1.7%	4.8%	-5.3%	11.5%

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

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

/C FY 2014-15 figure includes the impact of Senate Bill 15-255 which credits severance tax collections between May 1st and June 30th, 2015, up to $20 million, into the General Fund. Actual collections were equal to $16.2 million.

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

/E Figures include the additional revenue related to the recent determination that the revenue transferred from the Unclaimed Property Fund to Adult Dental Fund is subject to TABOR.

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

Line No.		Actual FY 2014-15	June 2016 Estimate by Fiscal Year FY 2015-16	FY 2016-17	FY 2017-18
	TABOR Revenues:				
1	General Fund /A	$9,753.1	$9,895.0	$10,484.8	$10,977.0
	Percent Change from Prior Year	8.8%	1.5%	6.0%	4.7%
2	Cash Funds /A	$2,777.6	$2,911.5	$2,756.0	$3,072.2
	Percent Change from Prior Year	1.7%	4.8%	-5.3%	11.5%
3	**Total TABOR Revenues**	**$12,530.8**	**$12,806.6**	**$13,240.8**	**$14,049.2**
	Percent Change from Prior Year	7.2%	2.2%	3.4%	6.1%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.5%	1.6%	1.9%	1.8%
5	Previous calendar year inflation	2.8%	2.8%	1.2%	2.0%
6	**Allowable TABOR Growth Rate**	**4.3%**	**4.4%**	**3.1%**	**3.8%**
7	TABOR Limit /B	$9,976.9	$10,398.3	$10,720.6	$11,128.0
8	General Fund Exempt Revenue under Ref. C /C	$2,384.1	$2,408.3	$2,520.1	$2,663.7
9	**Revenue Cap Under Ref. C /B, /D**	**$12,361.0**	**$12,887.3**	**$13,286.8**	**$13,791.7**
10	**Amount Above/(Below) Cap**	**$169.7**	**-$80.7**	**-$46.0**	**$257.5**
11	TABOR Reserve Requirement	$370.8	$384.2	$397.2	$413.8

/A Amounts differ from the General Fund and Cash Fund revenues reported in Table 3 and Table 6 due to accounting adjustments and because some General Fund revenue is exempt from TABOR. Cash Funds amounts include the additional revenue related to the determination that the revenue transferred from the Unclaimed Property Fund to the Adult Dental Fund is subject to TABOR.

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

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

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

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APPENDIX C

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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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 June 2016 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State.* See also "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2016 REVENUE FORECAST."

Overview

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

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

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX A – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB JUNE 2016 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
2005	4.7	1.2%	295.5	0.9%
2006	4.7	1.8%	298.4	1.0%
2007	4.8	1.6%	301.2	1.0%
2008	4.9	1.7%	304.1	1.0%
2009	5.0	1.5%	306.8	0.9%
2010	5.1	1.5%	309.3	0.8%
2011	5.1	1.4%	311.7	0.8%
2012	5.2	1.4%	314.1	0.8%
2013	5.3	1.5%	316.5	0.8%
2014	5.4	1.6%	318.9	0.7%
2015	5.4	1.7%	321.5	0.8%

Note: Figures for 2005 through 2014 are estimates. The U.S. 2015 count is an estimate, and the 2015 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, 2015		United States, 2014	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.28	23.5%	73.58	23.1%
18 to 24	0.53	9.8%	31.46	9.9%
25 to 44	1.50	27.6%	84.03	26.4%
45 to 64	1.42	26.0%	83.54	26.2%
65+	0.71	13.1%	46.24	14.5%
Total	5.44	100.0%	318.86	100.0%
Median Age	36.9		37.7	

Note: Totals may not add due to rounding. The U.S. 2014 count is an estimate, and the Colorado 2015 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
2011	$44,349		$39,862		$42,453	
2012	$46,402	4.6%	$41,754	4.7%	$44,266	4.3%
2013	$46,746	0.7%	$42,129	0.9%	$44,438	0.4%
2014	$48,869	4.5%	$43,787	3.9%	$46,049	3.6%
2015	$50,410	3.2%	$45,126	3.1%	$47,669	3.5%

[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	United States
2011	2,736.1		2,507.3		8.4%	8.9%
2012	2,759.4	0.9%	2,542.3	1.4%	7.9%	8.1%
2013	2,780.5	0.8%	2,590.7	1.9%	6.8%	7.4%
2014	2,815.2	1.2%	2,674.6	3.2%	5.0%	6.2%
2015	2,828.5	0.5%	2,718.7	1.6%	3.9%	5.3%
Year-to-date averages through March:						
2015	2,815.9		2,683.6		4.7%	5.8%
2016	2,859.0	1.5%	2,763.2	3.0%	3.4%	5.2%

[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	2011	2012	2013	2014	2015	Most Recent Quarter 2014Q4	2015Q4	% Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,015	14,513	14,348	14,935	15,624	14,600	15,217	4.2%
Mining	27,789	30,225	30,433	33,847	30,565	35,793	27,461	-23.3%
Utilities	8,138	8,037	7,832	8,140	8,202	8,177	8,272	1.2%
Construction	112,232	115,753	127,597	142,140	148,638	147,387	152,118	3.2%
Manufacturing	129,165	131,978	132,691	136,216	140,831	138,528	141,837	2.4%
Wholesale Trade	92,192	94,262	96,636	99,825	103,253	101,920	104,535	2.6%
Retail Trade	239,985	243,699	249,235	254,942	263,104	262,906	271,962	3.4%
Transportation and Warehousing	57,863	59,850	62,398	65,180	67,287	67,077	68,495	2.1%
Information	71,950	69,733	69,817	70,001	70,599	69,976	70,815	1.2%
Finance and Insurance	98,056	99,754	103,136	103,623	106,344	104,616	107,772	3.0%
Real Estate and Rental and Leasing	41,194	41,895	42,849	44,497	46,944	45,573	47,935	5.2%
Professional and Technical Services	172,096	178,313	188,984	196,684	204,586	201,097	207,453	3.2%
Management of Companies and Enterprises	29,914	31,761	34,591	35,406	36,488	35,752	36,747	2.8%
Administrative and Waste Services	137,331	145,383	148,745	154,121	157,385	158,222	159,617	0.9%
Educational Services	30,145	31,494	31,997	32,965	33,847	33,352	34,922	4.7%
Health Care and Social Assistance	239,967	246,951	250,654	261,428	275,183	267,586	280,808	4.9%
Arts, Entertainment, and Recreation	45,564	46,704	47,166	48,978	50,707	46,008	48,335	5.1%
Accommodation and Food Services	225,702	232,875	242,100	251,052	261,704	250,578	261,047	4.2%
Other Services	66,134	67,988	69,554	72,443	75,157	73,627	75,796	2.9%
Unclassified	492	745	1,388	2,783	1,478	1,884	1,031	-45.3%
Government	373,154	374,628	383,637	388,566	396,853	394,195	402,134	2.0%
Total*	**2,213,075**	**2,266,539**	**2,335,786**	**2,417,769**	**2,494,778**	**2,458,854**	**2,524,308**	**2.7%**

*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 2016. 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	26,500
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,000
UCHealth[2]	Healthcare	16,000
Centura Health	Healthcare	13,200
HealthONE Corporation	Healthcare	12,000
SCL Health System	Healthcare	9,100
Lockheed Martin Corporation	Aerospace & Defense Related Systems	8,800
Comcast Corporation	Telecommunications	8,000
Home Depot	Building Materials Retailer	7,700
Kaiser Permanente	Health Maintenance Organization	7,000
Target Corporation	General Merchandise	6,900
Vail Resorts	Leisure & Hospitality	6,400
Children's Hospital Colorado	Healthcare	6,100
Wells Fargo	Banking/Financial Services	6,000
CenturyLink	Telecommunications	5,800
United Airlines	Airline	5,700
Safeway Inc.	Supermarkets	5,000
United Parcel Service	Delivery Services	4,800
Banner Health	Healthcare	4,800
JBS Swift & Company	Beef Processing/Corporate Office	4,600
FedEx Corp.	Transportation, E-commerce	4,300
Oracle	Software & Network Computer Systems	4,200
DISH Network	Satellite TV & Equipment	4,100
Xcel Energy	Utility	4,000
University of Denver	Private University	3,800

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for the University of Colorado System (next table).
Source: Compiled by Development Research Partners from various sources, May 2016.

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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 2016.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	49,000
Federal Government (except USPS)	44,300
University of Colorado System[2]	19,600
Denver Public Schools	14,700
City & County of Denver	11,700
Jefferson County Public Schools	11,500
U.S. Postal Service	9,900
Douglas County School District RE-1	7,800
Cherry Creek School District No 5	7,200
Colorado State University	7,100
Denver Health	6,700
Aurora Public Schools	6,300
Adams 12 Five Star Schools	4,700
Boulder Valley School District RE-2	4,200
Poudre School District R-1	4,000
Colorado Springs School District 11	3,900
St. Vrain Valley School District RE-1J	3,800
City of Aurora	3,600
Academy Schools District No 20	3,300
Jefferson County	2,800
Mesa County Valley School District 51	2,800
Regional Transportation District (RTD)	2,700
El Paso County	2,400
Greeley 6 School District	2,400
Metropolitan State University of Denver	2,300

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for UCHealth (previous table).
Source: Compiled by Development Research Partners from various sources, May 2016.

Retail Sales

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

Colorado Gross and Retail Sales

	Gross Sales		Retail Sales	
	Amount (billions)	% Change	Amount (billions)	% Change
2010	$199.62		$144.85	
2011	$216.16	8.3%	$155.05	7.0%
2012	$225.15	4.2%	$164.57	6.1%
2013	$240.36	6.8%	$172.78	5.0%
2014	$257.14	7.0%	$182.48	5.6%
Year-to-date totals through November:				
2014	$210.54		$158.99	
2015	$210.27	-0.1%	$160.38	0.9%

Source: Colorado Department of Revenue.

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

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

Industry	2010	% Change	2011	% Change	2012	% Change	2013	% Change	2014	% Change	Year-to-date totals through November 2014	Year-to-date totals through November 2015	% Change
Agriculture/Forestry/Fishing	336.3	18.6%	411.7	22.4%	406.2	-1.3%	387.0	-4.7%	440.0	13.7%	313.0	370.9	18.5%
Mining	2,531.7	13.7%	3,111.7	22.9%	3,815.6	22.6%	4,611.8	20.9%	5,571.7	20.8%	5,011.8	3,456.1	-31.0%
Utilities	10,370.1	54.6%	7,353.2	-29.1%	7,332.9	-0.3%	7,635.7	4.1%	7,927.4	3.8%	7,062.9	6,839.5	-3.2%
Construction	2,756.3	-1.8%	2,829.3	2.6%	3,396.0	20.0%	3,531.5	4.0%	4,178.9	18.3%	3,624.1	4,022.2	11.0%
Manufacturing	10,423.9	13.1%	15,909.3	52.6%	18,192.1	14.3%	18,747.5	3.1%	19,655.0	4.8%	16,131.3	13,789.4	-14.5%
Wholesale Trade	12,422.0	4.5%	13,084.9	5.3%	14,012.4	7.1%	15,041.3	7.3%	15,153.6	0.7%	12,361.0	11,937.3	-3.4%
Retail Trade													
Motor Vehicle and Auto Parts	11,293.5	10.1%	12,986.8	15.0%	14,435.4	11.2%	15,667.7	8.5%	17,448.0	11.4%	15,926.2	17,372.5	9.1%
Furniture and Furnishings	1,900.9	0.4%	2,049.0	7.8%	2,265.5	10.6%	2,461.8	8.7%	2,656.9	7.9%	2,384.4	2,600.3	9.1%
Electronics and Appliances	2,118.6	6.8%	2,224.2	5.0%	2,077.8	-6.6%	1,998.6	-3.8%	2,260.2	13.1%	1,935.2	2,051.7	6.0%
Building Materials/Nurseries	4,388.6	4.5%	4,515.0	2.9%	4,824.6	6.9%	5,298.3	9.8%	5,923.6	11.8%	5,462.3	5,896.0	7.9%
Food/Beverage Stores	13,363.7	6.4%	14,433.2	8.0%	15,298.5	6.0%	15,729.9	2.8%	15,963.1	1.5%	14,549.5	14,577.3	0.2%
Health and Personal Care	2,529.7	7.6%	2,712.1	7.2%	2,886.9	6.4%	3,166.1	9.7%	3,724.3	17.6%	3,198.3	3,777.8	18.1%
Gas Stations	4,693.2	17.3%	5,778.1	23.1%	6,011.1	4.0%	5,869.2	-2.4%	5,701.8	-2.9%	5,325.2	4,563.4	-14.3%
Clothing and Accessories	3,118.0	7.8%	3,337.4	7.0%	3,510.2	5.2%	3,559.2	1.4%	3,734.6	4.9%	3,212.2	3,277.7	2.0%
Sporting/Hobby/Books/Music	2,487.1	5.0%	2,680.6	7.8%	2,674.0	-0.2%	2,767.7	3.5%	2,919.4	5.5%	2,470.3	2,544.6	3.0%
General Merchandise/Warehous	11,091.0	1.1%	11,722.3	5.7%	12,185.7	4.0%	12,408.3	1.8%	12,850.1	3.6%	11,397.9	11,595.5	1.7%
Misc Store Retailers	2,448.6	11.1%	2,938.6	20.0%	3,147.8	7.1%	3,752.3	19.2%	4,629.9	23.4%	3,894.3	4,378.8	12.4%
Non-Store Retailers	2,337.7	-16.3%	1,550.2	-33.7%	1,456.0	-6.1%	1,584.7	8.8%	1,692.0	6.8%	1,407.5	1,359.6	-3.4%
Total Retail Trade	**61,770.7**	**5.6%**	**66,927.5**	**8.3%**	**70,773.7**	**5.7%**	**74,263.5**	4.9%	**79,503.9**	7.1%	**71,163.2**	**73,995.4**	**4.0%**
Transportation/Warehouse	528.9	-9.7%	593.1	12.1%	710.2	19.7%	828.4	16.6%	980.8	18.4%	816.3	768.5	-5.9%
Information	6,889.0	-2.2%	6,321.8	-8.2%	6,242.2	-1.3%	5,789.3	-7.3%	5,447.6	-5.9%	4,836.4	4,802.1	-0.7%
Finance/Insurance	3,207.3	12.7%	3,085.9	-3.8%	3,130.7	1.5%	2,493.2	-20.4%	1,689.9	-32.2%	1,393.0	2,388.2	71.4%
Real Estate/Rental/Lease	2,916.5	0.5%	3,154.3	8.2%	3,240.7	2.7%	3,561.7	9.9%	4,168.7	17.0%	3,750.5	3,951.9	5.4%
Professional/Scientific/Technical	6,553.9	8.2%	6,768.8	3.3%	6,818.2	0.7%	7,474.7	9.6%	7,049.0	-5.7%	5,192.5	5,304.8	2.2%
Admin/Support/Waste/Remediatio	1,823.3	1.6%	1,882.7	3.3%	1,866.1	-0.9%	2,044.5	9.6%	2,070.2	1.3%	1,766.9	1,884.7	6.7%
Education	480.0	13.8%	487.1	1.5%	490.8	0.8%	478.1	-2.6%	481.2	0.7%	407.2	401.5	-1.4%
Health Care/Social Assistance	6,000.4	4.5%	6,222.6	3.7%	6,318.5	1.5%	6,827.2	8.1%	7,226.5	5.8%	6,388.7	6,105.9	-4.4%
Arts/Entertainment/Recreation	955.8	5.8%	987.2	3.3%	1,036.6	5.0%	1,104.4	6.5%	1,169.3	5.9%	1,015.8	1,162.8	14.5%
Accommodation	2,719.2	5.9%	3,014.9	10.9%	3,199.2	6.1%	3,375.6	5.5%	3,748.1	11.0%	3,430.6	3,711.6	8.2%
Food/Drinking Services	8,333.8	4.5%	8,876.4	6.5%	9,474.1	6.7%	9,976.8	5.3%	10,855.0	8.8%	9,871.1	10,559.5	7.0%
Other Services	3,565.9	2.7%	3,763.6	5.5%	3,867.8	2.8%	4,359.0	12.7%	4,907.6	12.6%	4,220.8	4,691.7	11.2%
Government	262.4	8.2%	268.2	2.2%	244.5	-8.8%	252.6	3.3%	254.8	0.9%	228.6	237.3	3.8%
Total All Industries	**144,847.3**	**8.0%**	**155,054.2**	**7.0%**	**164,568.4**	**6.1%**	**172,784.0**	5.0%	**182,479.4**	5.6%	**158,985.8**	**160,381.3**	**0.9%**

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]	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2011	5.82		82		283.2		$564.2		12.28	
2012	5.81	-0.1%	98	19.5%	266.1	-6.0%	$530.1	-6.0%	11.02	-10.3%
2013	5.39	-7.2%	84	-14.3%	265.7	-0.2%	$529.3	-0.2%	11.45	3.9%
2014	6.03	11.8%	76	-9.5%	289.3	8.9%	$576.3	8.9%	12.60	10.1%
2015	7.08	17.3%	73	-3.9%	236.8	-18.1%	$546.6	-5.2%	12.55	-0.4%

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

Residential Housing Starts

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

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2011	8,723	266	127	4,386	13,502	
2012	12,617	304	97	10,283	23,301	72.6%
2013	15,772	408	148	11,189	27,517	18.1%
2014	17,104	532	146	10,916	28,698	4.3%
2015	20,025	334	287	11,225	31,871	11.1%
Year-to-date totals through March:						
2015	4,010	144	55	1,894	6,103	
2016	4,798	38	65	2,286	7,187	
% change	*19.7%*	*-73.6%*	*18.2%*	*20.7%*	*17.8%*	

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
2011	31,975		19,617	
2012	28,579	-10.6%	15,903	-18.9%
2013	15,333	-46.3%	9,318	-41.4%
2014	11,243	-26.7%	5,989	-35.7%
2015	8,241	-26.7%	4,209	-29.7%

[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, 2015 (the "PERA 2015 CAFR"). The PERA 2015 CAFR was prepared by PERA staff employees and the firm of Cavanaugh Macdonald Consulting, LLC, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward looking information as described in the preliminary notices 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 2015 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 2015 CAFR.

The information in the State's Fiscal Year 2014-15 CAFR regarding PERA is derived from PERA's Comprehensive Annual Financial Report for calendar year 2014 (the "PERA 2014 CAFR") and 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") as discussed in "Implementation by PERA of GASB 67" below. See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" in this appendix.

General Description

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

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee, the amounts of which are determined and established by statute. Benefits provided through the State Division Plan are paid from the State Division Trust Fund. State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. The State has no obligation to make contributions or fund benefits in Divisions other than the State Division and Judicial Division of PERA. See Notes 1 and 8 to the financial statements in the PERA 2015 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 18, 19 and 20 to the financial statements in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

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

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

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

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each Division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its Divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 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 18, 19 and 20 to the financial statements in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement, the PERA 2015 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 2015 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

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

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

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

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

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

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, were prepared by PERA's actuaries as of December 31, 2015, 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 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

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

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

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

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 2015 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2015 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. The PERA Board last completed an experience study in 2012, and the next planned experience study is in 2016. In addition, the PERA Board reviews the economic assumptions on a more frequent basis. The PERA Board determined that changes to the economic and demographic assumptions were not necessary for the December 31, 2014, accounting actuarial assumptions.

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. The baseline SRC that is made by the State for most State employees is 10.15% of the employee's salary. The State has consistently contributed the full amount of the SRC to the State Division Plan. See Note 18 and the Required Supplementary Information to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement for a summary of the SRC percentages payable, and percentage amount of the SRC paid, by the State for the last three Fiscal Years, as well as total PERA plan contributions made by the State for each of the past ten Fiscal Years.

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

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement, or "AED," and the Supplemental Amortization Equalization Disbursement, or "SAED," in order to shorten the amount of time over which the unfunded liability of the Plan is amortized. Both the AED and the SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. The AED applicable to the State Division Plan was effective as of January 1, 2006, and was initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The AED rate applicable to the State Division Plan was 4.2% in 2015, is 4.6% in 2016 and will increase to 5.0% in 2017. The SAED applicable to the State Division Plan was effective as of January 1, 2008, and was also initially payable at the rate of 0.5% of total covered payroll, with annual increases in the contribution rate through 2017. The SAED rate applicable to the State Division Plan was 4.0% in 2015, is 4.5% in 2016 and will increase to 5.0% in 2017. When and if the scheduled increases in AED and SAED for the State Division Plan are fully implemented as of January 1, 2017, the total SRC applicable to the State Division Plan will be equal to 20.15% of employee wages. See Note 18 to the State's Fiscal Year 2014-15

CAFR appended to this Official Statement and Note 4 to the financial statements in the PERA 2015 CAFR for a further discussion of the AED and SAED.

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

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 Plan assets or the funded ratio of the Plan. Any changes in the SRC would require legislative action by the General Assembly. See also "Funding Status of the State Division Plan" below.

While PERA has a pension funding policy as discussed in "*Change in PERA Funding Policy*" hereafter, the State does not have a formal or established policy or procedure for managing its pension liability. PERA annually provides a briefing to State officials and members of the General Assembly as to the status of the State Division Plan and occasionally may pursue legislation pertaining to changes in contribution and/or benefit provisions in furtherance of PERA's funding policy. Legislative proposals to modify the contributions, benefits, eligibility and other provisions of the State Division Plan also are introduced in the General Assembly from time to time independent of a request therefor from PERA.

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

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

Change in PERA Funding Policy. In response to the new GASB 67 standards, the PERA Board adopted a revised pension funding policy in March 2015 with regard to its trust funds to update and replace the prior funding policy dated November 2007. The purpose of the revised funding policy, as stated in the PERA 2015 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

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

intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "*Statutorily Required Contributions*" above.

Historical ADC and State Contributions. The following table sets forth for each of the years 2006-2015 (i) the ADC for the State Division Plan, (ii) the annual contribution deficiency and (iii) the actual contribution as a percentage of covered employee payroll. The State annually contributes the full amount of the SRC to the State Division Plan; however, these amounts have been less than the applicable ARC or ADC. During this period the State has not made any contributions to the State Division Plan in excess of the SRC.

The ADC rates, as a percentage of pensionable payroll, used to determine the ADC amounts in Table 1 below are calculated as of December 31 two years prior to the end of the year in which the ADC amounts are reported. The following actuarial methods and assumptions (from the December 31, 2013, actuarial valuation) were used to determine contribution rates reported in the table for the year ended December 31, 2015: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's UAAL is amortized as a level percent of payroll, on an open basis, over a 30-year period; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards; (iv) price inflation is assumed to be 2.80%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.90%) are projected to range from 3.90% to 9.57%; (vii) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.50%; and (viii) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year and cost of living adjustments for post-2006 hires are assumed to be financed by the Annual Increase Reserve described in footnote 2 to the table. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2015 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
2015	22.35%	$2,641,867	$11,400	$601,857	$484,005	$117,852	18.32%
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2013	20.01	2,474,965	--	495,241	393,218	102,023	15.89
2012	16.52	2,384,934	--	393,991	328,055	65,936	13.76
2011	13.63	2,393,791	--	326,274	277,122	49,152	11.58
2010	18.93	2,392,080	--	452,821	282,640	170,181	11.82
2009	17.91	2,384,137	--	426,999	293,234	133,765	12.30
2008	18.45	2,371,639	--	437,567	267,533	170,034	11.28
2007	17.23	2,236,518	--	385,352	231,909	153,443	10.37
2006	19.33	2,099,325	--	405,800	208,795	197,005	9.95

[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 2015 CAFR.

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

Source: PERA 2015 CAFR

The Management's Discussion and Analysis in the PERA 2015 CAFR states that, using the GASB standards as a guide and the 2014 actuarial valuation based on a 7.5% investment rate of return and discount rate, the 2016 ADC for the State Division Fund needed to meet the initial, layered, 30-year closed amortization period will be 22.31%, and using the funding policy approved by the PERA Board in March 2015 and the 2015 actuarial valuation based on a 7.5% investment rate of return and discount rate, the 2016 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 22.71%.

For historical information regarding employer contributions based on the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013 and Note 18B to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the Plan design by SB 10-001, all in an effort to improve the funding status of the State Division Plan. In addition, investment returns on Plan assets have recently decreased following the negative effects of the global economic downturn that began in 2008, with a net investment return for the Plan of 1.5% in 2015. 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 8.5% to 8.0% in 2009, and again from 8.0% to 7.5% at the end of 2013, and other economic assumptions, including the amortization period, have been changed over this period as well, to reflect actual results and new estimates about the future. For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Note 10 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2015 CAFR.

The PERA 2015 CAFR reports that at December 31, 2015, the actuarial value of assets of the State Division Plan was approximately $13.9 billion and the AAL of the Plan was approximately $24.1 billion, resulting in a UAAL of approximately $10.2 billion and a funded ratio (*i.e.*, the actuarial value of Plan assets divided by the AAL) of only 57.6%. This UAAL would amortize over a 44-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC) and future increases in the AED and SAED, as well as an investment rate of return and discount rate for actuarially accrued liabilities of 7.5%.

The actuarial value of assets of the State Division Plan is determined by using an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets over a four-year period to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in assets of the State Division Plan as a result of economic and market conditions is not reflected in the funded ratio. Based on the market value of assets of the State Division Plan, the PERA 2015 CAFR reports that at December 31, 2015, the UAAL of the Plan was approximately $10.7 billion and the funded ratio was 55.6%.

Table 2 below sets forth for each of the years 2006-2015 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 total pension liability for the State Division Plan was determined by actuarial valuations as of December 31, 2014, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2015. When calculating the AAL of the State Division Plan in Tables 2 and 3 below, the following actuarial methods, assumptions and inputs, among others, were used: (i) price inflation is assumed to be 3.90%; (ii) real wage growth is assumed to be 1.10%; (iii) salary increases (including assumed wage inflation of 3.90%) are projected to range from 3.90% to 9.57%; (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.50%; and (v) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year compounded annually, and cost of living adjustments for post-2006 hires are assumed to be financed by the AIR. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2015 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
2015	$13,882,820	$24,085,671	$10,202,851	57.6%	$2,641,867	386.2%
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2013	13,129,460	22,843,725	9,714,265	57.5	2,474,965	392.5
2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
2011	12,010,045	20,826,543	8,816,498	57.7	2,393,791	368.3
2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2
2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.7
2007	14,220,681	19,390,296	5,169,615	73.3	2,236,518	231.1
2006	13,327,290	18,246,010	4,918,720	73.0	2,099,325	234.3

[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 2015 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
2015	$13,391,398	$24,085,671	$10,694,273	55.6%	$2,641,867	404.8%
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2013	13,935,754	22,843,725	8,907,971	61.0	2,474,965	359.9
2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	353.3
2011	12,001,770	20,826,543	8,824,773	57.6	2,393,791	368.7
2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0
2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3
2007	14,852,029	19,390,296	4,538,267	76.6	2,236,518	202.9
2006	14,041,260	18,264,010	4,222,750	76.9	2,099,325	201.1

[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 2015 CAFR.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2006 through 2015

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, 2015, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2015 CAFR. The following table sets forth for each of the years 2006-2015 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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
ADDITIONS										
Employer contributions	$ 484,005	$ 444,372	$ 401,658	$ 335,073	$ 283,222	$ 287,624	$ 297,240	$ 270,353	$ 232,997	$ 208,795
Member contributions	217,980	211,610	202,799	227,058	258,678	223,240	194,168	191,481	179,971	169,965
Purchased service	26,946	22,446	22,241	16,358	11,277	12,496	8,830	13,315	8,259	39,480
Net investment income (loss)	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142	1,742,571	(3,745,843)	1,388,265	1,921,863
Other	5,023	3,289	4,869	150	331	1	3	7	4	1
Total additions	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503	2,242,812	(3,270,687)	1,809,496	2,340,104
DEDUCTIONS										
Benefit payments	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707	1,122,435	1,071,725	999,279	925,761	849,229
Refunds	63,567	61,152	68,735	69,221	70,090	68,844	58,416	56,716	56,578	65,911
Disability insurance premiums	2,088	2,309	2,229	1,570	1,685	1,661	2,004	1,794	1,833	1,772
Administrative expenses	10,779	10,067	9,780	8,568	8,685	8,942	8,729	8,639	6,963	7,889
Other	3,406	3,171	3,593	3,911	(4,546)	(726)	(1,519)	6,613	7,592	3,103
Total deductions	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621	1,201,156	1,139,355	1,073,041	998,727	927,904
Change in fiduciary net position	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347	1,103,457	(4,343,728)	810,769	1,412,200
Fiduciary net position held at beginning of year	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758	10,508,301	14,852,029	14,041,260	12,629,060
Fiduciary net position held at end of year	$13,460,536	$14,013,947	$13,980,460	$12,797,352	$12,022,661	$12,487,105	$11,611,758	$10,508,301	$14,852,029	$14,041,260

Source: PERA 2015 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 2013-2015 (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 2015 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014 and 2015 (information for 2013 is not available). See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" hereafter.

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

	For the Year Ended December 31,		
	2015	2014	2013
Total pension liability[2]	$23,991,569	$23,420,461	$22,888,431
Plan fiduciary net position	13,460,536	14,013,947	13,980,460
Net pension liability	$10,531,033	$ 9,406,514	$ 8,907,971
Net pension liability as a percentage of total pension liability	56.11%	59.84%	61.08%
Covered employee payroll	$ 2,641,867	$ 2,564,670	$ 2,474,965
Net pension liability as a percentage of covered employee payroll `	398.62%	366.77%	359.92%

1 Information for years prior to 2013 is not available.

2 The total pension liability for the State Division was determined by actuarial valuations as of December 31, 2014, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2015. The actuarial valuations as of December 31, 2014, used the key actuarial methods, assumptions or other inputs discussed in "Funding Status of the State Division Plan" above, except that the fair value of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.

Source: PERA 2015 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 2015 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

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68") is a GASB pronouncement that is related to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement. GASB 68 revises and establishes new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. PERA reports that the State Division had a UAAL of approximately $9.7 billion as of December 31, 2013, $9.9 billion as of December 31, 2014, and $10.2 billion as of December 31, 2015.

The State reported a liability in the State's Fiscal Year 2014-15 CAFR of approximately $9.1 billion ($9.0 billion for the State Division and $0.1 billion for the Judicial Division) at June 30, 2015, for its proportionate share of the net pension liability. The State's proportionate share of the net pension liability at the end of Fiscal Years 2013-14 and 2014-15 is set forth in the following table. PERA includes employers in the State Division and the Judicial Division that are not included in the State's Fiscal Year 2014-15 CAFR, which results in a difference between the net pension liability for the State reported by PERA and the State in their respective CAFRs. The State included 95.85% of the State

Division and 93.60% of the Judicial Division in its Fiscal Year 2014-15 CAFR to determine its proportionate share in accordance with requirements of GASB 68. These percentages are applied to the net pension liability reported in the PERA 2014 CAFR to determine the net pension liability reporting the State's Fiscal Year 2014-15 CAFR because the PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's CAFR 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 not part of the State's CAFR reporting entity. More information about the State's reporting entity can found in Note 3 to the State's Fiscal Year 2014-15 CAFR appended to this Official Statement and additional information on the proportionate share calculation can be found in Note 18 of the State's Fiscal Year 2014-15 CAFR. Due to changes in the State's proportional share and the net pension liability amount at June 30, 2016, the State is unable to estimate the effect of the net pension liability reported in the PERA 2015 CAFR on the State's Fiscal Year 2015-16 CAFR.

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

	Fiscal Year 2014-15		Fiscal Year 2013-14	
	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.85%	93.60%	95.86%	93.44%
State's proportionate Share of Net Pension liability (asset)	$9,015,773	$129,500	$8,539,181	$102,756
State's covered-employee payroll	$2,530,865	$50,596	$2,476,598	$46,957
State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	356.23%	255.95%	344.79%	218.83%
Plan fiduciary net position as a percentage of the total pension liability	148.98%	201.98%	156.94%	252.48%

[1] The amounts presented for each Fiscal Year were determined as of the calendar year-end that occurred within the Fiscal Year and were calculated as described in Note 18C to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement.

Source: State Fiscal Year 2014-15 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 2014-15 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis, and the introduction to Notes 1-7 and Notes 18-20 to the Financial Statements, in the State's Fiscal Year 2014-15 CAFR.

Effect of Pension Liability on the Series 2016A Notes

The Series 2016A Notes are short-term obligations maturing on June 29, 2017, 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, 2017, as repayment of their Program Loans and a portion of the proceeds of the Series 2016A Notes deposited to the Series 2016-17 Notes Repayment Account as discussed in "THE SERIES 2016A 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 2016A Notes. See also Management's Discussion and Analysis in the State's Fiscal Year 2014-15 CAFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

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APPENDIX F

DTC BOOK-ENTRY SYSTEM

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

None of the State, the State Treasurer, the Deputy State Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2016A 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 2016A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2016A Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2016A Notes. The Series 2016A 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 2016A Note certificate, in the aggregate principal amount of the Series 2016A 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 2016A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A 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 2016A 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 2016A Notes except in the event that use of the book-entry system for the Series 2016A Notes is discontinued.

To facilitate subsequent transfers, all Series 2016A 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 2016A Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A 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 2016A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016A Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2016A Notes may wish to ascertain that the nominee holding the Series 2016A 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 2016A 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 2016A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2016A 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 2016A 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 2016A 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 2016A Note certificates are required to be printed and delivered to the appropriate registered owners of the Series 2016A 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 2016A Notes. In that event, Series 2016A Note certificates will be printed and delivered to DTC.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

[Closing Date]

The Honorable Walker Stapleton
Treasurer of the State of Colorado

BofA Merrill Lynch
J.P. Morgan Securities LLC
Morgan Stanley & Co., LLC

$275,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2016A

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 2016A," in the aggregate principal amount of $275,000,000 dated as of the date of their issuance (the "Notes").

The Notes mature, bear interest, are transferable and payable, as to principal and interest at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on July 14, 2016, 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 2016-17 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 2016-17 Notes Repayment Account and the moneys credited thereto.

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

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

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

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

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

Very truly yours,

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