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 2010B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax; and interest on the Series 2010B 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."

$325,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2010B

Dated: Date of Delivery **Due: June 30, 2011**

The proceeds of the Series 2010B 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, 2011, and (ii) pay the costs of issuing the Series 2010B Notes.

The Series 2010B 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 2010B Notes. Beneficial Ownership Interests in the Series 2010B 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 2010B 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 2010B Notes, at the rate per annum set forth below, is payable on the maturity date of the Series 2010B Notes set forth above. The Series 2010B Notes are not subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Yield	CUSIP© No.[1]
$ 25,000,000	2.00%	100.931	0.32%	19672M BB3
300,000,000	2.00	100.926	0.33	19672M BB3

[1] The State takes no responsibility for the accuracy of the CUSIP© information, which is included solely for the convenience of the purchasers of the Series 2010B Notes.

The Series 2010B 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 2010B Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2010B Notes in the Series 2010 Notes Repayment Account, and from certain investment earnings thereon; and the principal of the Series 2010B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2010B 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 2010B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2010B Notes.

An investment in the Series 2010B 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 2010B Notes are offered when, as and if issued by the State, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State, and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. The Series 2010B Notes are expected to be delivered through the facilities of DTC on or about December 10, 2010.

Dated: December 7, 2010

NOTICES

This Official Statement does not constitute an offer to sell the Series 2010B 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.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2010B Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2010B 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**"** and "APPENDIX C – THE STATE GENERAL FUND," 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.

* * *

STATE OF COLORADO

EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2010B

Department of the Treasury

Cary Kennedy, State Treasurer
Eric Rothaus, Deputy Treasurer
Charles Scheibe, Chief Financial Officer
Helen DiBartolomeo, Chief Investment Officer

State Controller

David J. McDermott

Office of State Planning and Budgeting

Todd Saliman, Director

Bond Counsel

Kutak Rock LLP
Denver, Colorado

Special Counsel

Peck, Shaffer & Williams LLP
Denver, Colorado

Financial Advisor to the State

RBC Capital Markets, LLC
Denver, Colorado

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OFFICIAL STATEMENT

Relating to

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TAX AND REVENUE ANTICIPATION NOTES
SERIES 2010B

INTRODUCTION

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, including the cover page and appendices hereto and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2010B 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 November 29, 2010, including, without limitation, the interest rate, prices, yields, CUSIP© number, ratings, original purchasers of, and the purchase price paid by such original purchasers for, the Series 2010B Notes. Accordingly, prospective investors should read this Official Statement in its entirety.

General

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the State of Colorado (the "State") of its $325,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2010B (the "Series 2010B Notes"). See "THE SERIES 2010B NOTES" and "THE STATE."

The Series 2010B Notes are issued pursuant to 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"; the Supplemental Public Securities Act, 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"). 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. See "THE SERIES 2010B NOTES – Authorization."

The Series 2010B Notes

Purpose. The Series 2010B Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2011 ("Fiscal Year 2010-11"), and paying the costs of issuing the Series 2010B Notes. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS."

The net proceeds of the sale of the Series 2010B Notes will be deposited in the Series 2010B Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2010B

Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to approximately 24 Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2010-11. 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 2011 through June 2011 that are required to be deposited in the Participating District's general fund ("Taxes"), and is required to execute a promissory note 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 2010B NOTES PROCEEDS – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

General Provisions. The Series 2010B Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 30, 2011 (the "Series 2010B Notes Maturity Date"). The Series 2010B Notes are not subject to redemption prior to the Series 2010B Notes Maturity Date. Interest on the Series 2010B 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 2010B Notes Maturity Date. See "THE SERIES 2010B NOTES – General Provisions."

Book-Entry Only System. The Series 2010B 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 2010B Notes. Ownership interests in the Series 2010B 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 2010B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2010B NOTES – General Provisions" and "APPENDIX D – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2010B 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 2010B 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 2010B Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, as repayment of their Program Loans;

- amounts deposited to the Series 2010 Notes Repayment Account of the General Fund as discussed in "THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account*"; and

- any unexpended proceeds of the Series 2010B Notes and of any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes 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 2010B 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 2010B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS – The Series 2010B Notes Proceeds Account."

Interest on the Series 2010B 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 2010 Notes Repayment Account in an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B 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 2010-11 that is (i) subject to appropriation for Fiscal Year 2010-11 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the 2010B Series Notes or any Parity Lien Notes.

Principal of the Series 2010B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, 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 Series 2010 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2010B Notes and any Parity Lien Notes. The Owners of the Series 2010B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2010 Notes Repayment Account and the moneys credited thereto.

The Series 2010B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2010B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2010B Notes.

See generally "THE SERIES 2010B NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2010B Notes and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX E – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State.

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2010B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax; and interest on the Series 2010B 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."

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 2010B Notes as the Series 2010B Notes have a stated maturity of less than 18 months. However, the State Treasurer nevertheless undertakes in the State Resolution to provide periodic disclosure of certain financial information, and to provide notice of certain material events if they occur, as described in "THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account* – Covenants of the State" and "CONTINUING DISCLOSURE."

Economic and Demographic Information

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

Additional Information

Brief descriptions of the Series 2010B Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "Financial Advisor"), One Tabor Center, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Attention: Terry Casey, telephone number (303) 595-1204.

Investment Considerations

An investment in the Series 2010B 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

This Official Statement, and particularly the sections hereof captioned "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" and "APPENDIX C – THE STATE GENERAL FUND," contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. 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.

Miscellaneous

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

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 2010B Notes.

THE LOAN PROGRAM; APPLICATION OF SERIES 2010B 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 expenses include (i) funding from the State pursuant to the Public School Finance Act of 1994 (the "School Finance Act"), which, other than as provided below for Fiscal Year 2010-11, 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. Per HB 10-1013, for Fiscal Year 2010-11 only, the timing and amount of installment payments to school districts of the State's share of equalization program funding is to be determined by the Colorado Department of Education (the "State Department of Education"). However, HB 10-1013 further provides that this provision is repealed automatically upon the failure of the citizen's initiative known as Amendment 61 submitted to the State's electors at the November 2010 general election, effective with the later of the Secretary of State's certification of the official statewide abstract of votes for such election or December 15, 2010.

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 State's education loan program 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 2010B Notes are being issued pursuant to this authorization. See also "THE SERIES 2010B NOTES – Authorization."

Application of Series 2010B Notes Proceeds

The proceeds of the Series 2010B Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2010B Notes, will be deposited in the Series 2010B 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 2010-11, 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 2010B Notes Proceeds Account

The State Resolution directs the Controller of the State (the "State Controller") to establish within the State's General Fund the Series 2010B Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2010B 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 2010B Notes. The original purchasers of the Series

2010B 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 2010B Notes.

Moneys held in the Series 2010B 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 2010B 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 investment earnings on moneys credited to the Series 2010B 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 27, 2011, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the Series 2010 Notes Repayment Account, after which the Series 2010B Notes Proceeds Account is to be closed. See “APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool.”

Program Loans

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

An aggregate amount of not more than the Maximum Principal Amount may be drawn upon in the manner provided in the District Resolution and expended by the Participating District from time to time to fund its general fund cash flow deficit occurring during Fiscal Year 2010-11. 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 2010B Notes on their behalf are set forth in “SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts.” No Participating District is expected to borrow in excess of 20% of the available Series 2010B Note proceeds. See “SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts.”

THE SERIES 2010B NOTES

The following is a summary of certain provisions of the Series 2010B Notes during such time as the Series 2010B 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 2010B Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2010B 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 2010B NOTES PROCEEDS." The State Treasurer does not foresee the need to issue additional Parity Lien Notes, but reserves the right to do so if additional funds are requested by eligible school district. See "Parity Lien Notes" under this caption.

General Provisions

The Series 2010B 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 2010B Notes. Beneficial Ownership Interests in the Series 2010B 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 2010B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX D – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2010B Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2010B Notes will be dated as of the Closing Date, mature on the Series 2010B 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 2010B Notes will accrue from the Closing Date and will be payable on the Series 2010B Notes Maturity Date. The principal of and interest on the Series 2010B Notes will be payable by the State Treasurer, as paying agent for the Series 2010B Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2010B Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX D – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2010B Notes will cease to accrue on the Series 2010B Notes Maturity Date.

The Deputy Treasurer or the Chief Financial Officer of the Department of the Treasury will serve as the registrar for the Series 2010B Notes (the "Registrar"), subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy 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 2010B 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 2010B Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2010B Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2010B Notes are not subject to redemption prior to the Series 2010B Notes Maturity Date.

Security and Sources of Payment

The Series 2010B Notes are special, limited obligations of the State payable solely from the Pledged Revenues on parity with any Additional Parity Lien Notes. The Series 2010B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2010B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2010B Notes.

The Pledged Revenues. The Pledged Revenues consist of: (i) amounts received by the State Treasurer from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans; (ii) amounts deposited to the Series 2010 Notes Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2010B 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 2010B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF SERIES 2010B NOTES PROCEEDS – The Series 2010B Notes Proceeds Account."

The Series 2010 Notes Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the Series 2010 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 2010 Notes Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2010B Notes and any Parity Lien Notes. The Owners of the Series 2010B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the Series 2010 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 2010 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – The State General Fund" and "APPENDIX C – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2010 Notes Repayment Account all amounts received from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans. However, if on June 28, 2011, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2010B 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 2010 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 2010-11, including, without limitation, the State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2010A (the "Planned State Series 2010A General Fund Notes"), planned to be issued by the State Treasurer on December 14, 2010, in the principal amount of $500 million in order to *fund anticipated cash flow shortfalls in the State's General Fund in Fiscal Year 2010-11. 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 2010 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 2010 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 2010B Notes will have no right or claim to any amounts received by the State under the District Notes after June 27, 2011. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State Funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds.* See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND."

Moneys held in the Series 2010 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 27, 2011, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool."

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2010B 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 by the State Resolution 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 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 2010-11 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 2010B 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 or after the Maturity Date and (iii) payable from the Series 2010 Notes Repayment Account.

The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on a parity with the pledge in favor of the Series 2010B Notes; however, the State Treasurer reserves the right to issue such additional notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the "Purchasers") and the Owners of the Series 2010B 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; (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; and (iii) upon being notified of an event of default under the applicable Participating District Resolution (a "Participating District Event of Default"), immediately give notice of such Participating District Event of Default to the MSRB and to DTC or any successor depository unless there has been credited to the Series 2010 Notes Repayment Account an amount sufficient to pay principal of and interest on all Series 2010B Notes and any Parity Lien Notes when due.

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 2010B Notes is not made on the Series 2010B 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 2010B Notes and such failure continues for 15 days after receipt of written notice by the State Treasurer from any Owner of any of the Series 2010B Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2010B Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2010B Notes or to enforce and protect such Owner's rights under the State Resolution and the Series 2010B 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 2010B 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 2010B Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Series 2010 Notes Repayment Account are insufficient to pay the principal of and interest on the Series 2010B Notes and any Parity Lien Notes, the State Treasurer is to ratably apply the moneys in the Series 2010 Notes Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2010B Notes and any Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2010B Note or Parity Lien Note over any other Series 2010B 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 2010B Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2010B Notes Proceeds Account and the Series 2010 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 2010B Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2010B Notes to lose its exclusion from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations thereunder (the "Code"); (ii) would cause interest on the Series 2010B Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income; or (iii) would cause interest on the Series 2010B 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 2010B Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2010B 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 2010B Notes.

Limited Obligations

The Series 2010B 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 2010B Notes. The Series 2010B Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the constitution or laws of the State; 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 2010B 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 2010B Notes. See "THE SERIES 2010B NOTES – Security and Sources of Payment – Defaults and Remedies."

Insufficient Taxes

The District Notes are payable solely from the Taxes of the respective Participating Districts received during the period of March through June 2011. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its District Note. In the event that a Participating District's Taxes are insufficient to timely repay its District Note, the State

Treasurer is required by the State Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2010B Notes, from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled to and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolutions. See "DISTRICT RESOLUTIONS AND DISTRICT NOTES – Defaults and Remedies." The obligation of a Participating District to make payments in respect of its District Note does not constitute a joint obligation with any other Participating District and is strictly limited to the principal amount of the District Note and, under the circumstances described in "DISTRICT RESOLUTIONS AND DISTRICT NOTES – Participation in the Loan Program," default interest thereon (the "Payment Obligation") under its District Resolution. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts" for information regarding the historical average property tax collection rates for the Participating Districts. There is no assurance that the Participating Districts will collect sufficient Taxes from March through June of 2011 to repay the Program Loans in full.

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

As discussed in "Insufficient Taxes" above and in "THE SERIES 2010B NOTES – Security and Sources of Payment – The Series 2010 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 2010 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 2010 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 2010 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 2010-11, including, without limitation, the Planned State Series 2010A 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 2010 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 2010 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 2010B Notes will have no right or claim to any amounts received by the State under the District Notes after June 27, 2011. 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 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. If the OSPB forecast projects a budgetary shortfall in excess of one-half of the Unappropriated Reserve requirement for the current Fiscal Year (as further described in "THE STATE – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*"), by statute the Governor is required to take certain budget balancing measures to ensure that the Unappropriated Reserve as of the close of such Fiscal Year will be at least one-half of the required amount. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – *Revenue Shortfalls* – OSPB Revenue and Economic Forecasts."

The most recent OSPB revenue forecast was issued on September 20, 2010 (the "OSPB September 2010 Revenue Forecast"), and is summarized in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – OSPB Revenue and Economic Forecasts." The OSPB September 2010 Revenue Forecast states that after adjusting for the August 23, 2010, budget balancing actions taken by the Governor that resulted from the OSPB June 2010 revenue forecast shortfall, a revised shortfall is projected at $256.9 million for Fiscal Year 2010-11.

The amount of budgetary shortfall projected in the OSPB September 2010 Revenue Forecast is in excess of the one-half of the 4% Unappropriated Reserve requirement for Fiscal Year 2010-11. Accordingly, in compliance with the State law, on October 22, 2010, the Governor presented a budget balancing plan providing balancing measures totaling $296.5 million to the General Fund, including $226.6 million in General Fund expenditures reductions (primarily to K-12 education programs), $65.4 million associated with net transfers to the General Fund from cash funds (primarily from severance tax funds) and $4.5 million reflecting a reduction of the required Unappropriated Reserve since such reserve is a percentage of the Fiscal Year 2010-11 General Fund expenditures which are to be reduced. While many of the Governor's budget balancing actions have already been made operational by the executive branch, as required by statute, the General Assembly must adopt the Governor's plans through legislative action prior to the Fiscal Year 2010-11 budget being balanced. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – Revenue Shortfalls – Budgetary Reduction Measures for Fiscal Year 2010-11."

The next OSPB revenue forecast will be released on December 20, 2010. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2010 Revenue Forecast and may project an additional revenue shortfall. Due to the volatility in the State and national economies, on average the last six forecasts from the OSPB have been significantly lower than the immediately preceding forecast, and such volatility may be reflected in the December 2010 forecast. If an additional revenue shortfall is projected for Fiscal Year 2010-11 and subsequent forecasted years, further budget cuts will be necessary to ensure the balanced budget. A further cash shortfall may adversely affect the State's ability to fund any deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account on June 28, 2011. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND."

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

Parity Lien Notes

The State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on a parity with the pledge securing the Series 2010B Notes. Therefore, the issuance of Parity Lien Notes could adversely impact the investment security for the Series 2010B Notes. The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on a parity with the pledge in favor of the Series 2010B Notes; however, the State Treasurer reserves the right to issue such additional notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2010B NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2010B Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes 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 2010B Notes.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2010B 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 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 "APPLICATION OF SERIES 2010B NOTES PROCEEDS; THE LOAN PROGRAM – 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 2010-11, 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 expenses during Fiscal Year 2010-11. The District Note matures on June 27, 2011 (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 2010B 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 2010B 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 2011 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 2010B 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 a 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 default. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any moneys of the Participating District in the possession of the county treasurer in the amount of such unpaid Payment Obligation, and transmit such moneys to the State Treasurer. If the amount of such moneys of the Participating District in the possession of the county treasurer at the time notice of the default is given is less than the amount of the default, the county treasurer is required to withhold additional moneys of the Participating District until such time as the Payment Obligation has been paid in full to the State Treasurer. The State Treasurer also may 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 2010B NOTES – Defaults and Remedies.”

Other Covenants and Representations

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

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

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

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

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

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent five Fiscal Years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2010-11; (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 2011 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 School Finance Act, plus certain permitted "override" revenues, both of which are discussed in this section.

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

State Equalization Funding of School Districts

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

Colorado school districts are funded primarily from revenues that are determined in accordance with the School Finance Act, which was adopted in furtherance of the State legislature's duty under Article IX, Section 2 of the State Constitution to provide for a thorough and uniform system of public schools throughout the State. The School Finance Act revised the formula for distributing State moneys to school districts previously applied under the Public School Finance Act of 1988, and has applied to school districts for budget years beginning on and after July 1, 1994.

Total Program Amount. For each school district, an amount is calculated that represents the financial base of support for public education in that school district for a given budget year (the "Total Program"). After determining the Total Program, such amount is funded in part by the school district and the balance is funded by the State.

Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per pupil amount of money plus additional money to recognize district-by-district variances 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.

Starting in Fiscal Year 2010-11, a new factor was introduced in the school finance formula due to the Statewide budget balancing challenges Colorado currently is facing. This new factor is called the "State Budget Stabilization Factor" and reduces the amount of funding school districts would have received prior to the application of this factor in an equitable manner. In general, this factor is calculated by first determining the Total Program prior to application of the State Budget Stabilization Factor. Then the State Budget Stabilization Factor reduces this Statewide Total Program to no less than $5,438,295,823, being a total amount set by the State legislature for Fiscal Year 2010-11 in HB 10-1369. The difference between the Total Program amount prior to application of the State Budget Stabilization Factor and the established floor amount for Total Program is utilized to calculate a percentage reduction that is then applied to each School District's Total Program funding amount.

The general rule for calculating Total Program funding for Fiscal Year 2010-11 and thereafter is as follows:

Total Program	=	Funded Pupil Count (October 1)	X	Total Per Pupil Funding	+	At-Risk Funding	+	On-Line Funding	+	State Budget Stabilization 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 three 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 school district size, cost of living, personnel costs and non-personnel cost factors specified in the School Finance Act.
At-Risk Funding	=	Funding formulas which are based upon the number of school district pupils and pupils Statewide eligible for the federal free lunch program.
On-Line Funding	=	Funding for pupils receiving an education predominantly through an on-line program and residing in the State.
State Budget Stabilization Factor	=	A reduction to other existing factors, which does not reduce any base per pupil funding that school districts receive through the school finance formula as discussed above.

The School Finance Act provides for a minimum level of Total Program funding of $6,471.52 per traditional pupil plus $6,244.58 per on-line pupil for Fiscal Year 2010-11, but limits a school district's Total Program per pupil funding to not more than 125% of its prior year's Total Program funding per pupil funding (not including override revenues discussed below). In addition, a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "Taxpayer's Bill of Rights" below.

Amendment 23. In November of 2000, the State's voters approved an amendment to the State Constitution relating to funding for public schools, commonly referred to as "Amendment 23." Amendment 23 requires that the base per-pupil funding amount and the funding for categorical programs (such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education): (i) increase by the rate of inflation plus one percentage point for Fiscal Year 2001-02 through Fiscal Year 2010-11, and (ii) increase by at least the rate of inflation each year thereafter. Amendment 23 also creates the State Education Fund, and (i) mandates that there be deposited therein an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, and (ii) exempts such revenues from the revenue limitations of TABOR. See "Taxpayer's Bill of Rights" below. The State legislature 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 Total Program under the 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. Based on the OSPB September 2010 Revenue Forecast, it is not anticipated that the State will be 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."

Sources of Funding of Total Program. Under the School Finance Act, a school district's Total Program is funded in part by the school district, with the State funding the balance. The school district's share is the amount raised by the school district's ad valorem property tax mill 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.

Effective with the 2007 levy year, the School Finance Act requires that each school district's general fund mill levy be maintained at no less than its 2006 level, with no reduction permitted for increases in the school district's assessed valuation. This measure reduced the State's share of the Total Program in Fiscal Year 2007-08 and thereafter and increased the dependency of school districts on the local property taxes to meet their funding needs. Pursuant to the School Finance Act, beginning with the 2007 levy year, a school district's mill levy is to be the lowest of the following: (i) the number of mills 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 (commonly known as being "De-Bruced"), the number of mills that may be levied by such school districts in accordance with the property tax revenue limitation imposed by TABOR; or (iv) 27.000 mills. See "Taxpayer's Bill of Rights" below and "INVESTMENT CONSIDERATIONS – Insufficient Taxes."

Specific ownership tax revenue is the portion of the revenues of the specific ownership tax on certain motor vehicles and other personal property imposed by the State pursuant to Article 3 of Title 42, C.R.S., that is 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 State 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. See also "Amendment 23" above.

Override Revenues

The other source of Taxes pledged to the repayment of Program Loans is "override revenues" received by the Participating District. If a school district or its electorate desires to spend property tax revenues in excess of the amount authorized to fund its share of the Total Program, the school district may, or upon receipt of a valid initiative petition is required to, seek voter approval to raise and spend additional, or "override," property tax revenues. Override revenues are currently permitted for excess transportation costs, special building and technology fund, excess costs related to a full-day kindergarten program and for school districts that obtained voter approval for override revenues in 2009 or thereafter, for capital construction projects. Override revenues are also permitted for a school district whose Fiscal Year 1994-95 actual Total Program exceeded its funding formula calculation for that Fiscal Year (a "hold harmless" district). A school district's override revenues are generally limited to the greater of $200,000 or 20% of its Total Program for the budget year in which the election at which the 20% limitation was reached, plus an amount equal to the maximum dollar amount of property tax revenue that the school district could have generated for Fiscal Year 2001-02 in a cost of living adjustment election pursuant to Section 22-54-107.5, C.R.S. In addition, pursuant to SB 09-256, for any school district that obtains voter approval in 2009 and thereafter to raise and spend additional or "override" property tax revenues the foregoing limitation was changed to the greater of $200,000 or 25% of the school district's Total Program plus an amount equal to the maximum dollar amount of property tax revenue that the school district could have generated for Fiscal Year 2001-02 in a cost of living adjustment election pursuant to Section 22-54-107.5, C.R.S. Override revenues are derived entirely from increased property taxes, and do not affect the amount of State funding that the school district is otherwise eligible to receive under the School Finance Act.

Ad Valorem Property Taxation Procedure

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

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

Determination of Actual Value. Each county assessor in the State annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the statutory "actual" value of all taxable property within the county as of January 1st. The statutory actual value of a property is not intended to represent current market value, but, with certain exceptions, is determined by the county assessor utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1st preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). The one and one-half year period used to determine the level of value advances two years with the start of each reassessment cycle. The following table sets forth the State property appraisal system for property tax levy years 1999 through 2010:

Levy Years	Tax Collection Years	Value Calculated as of July 1	Based on the Market Period
1999 and 2000	2000 and 2001	1998	Jan. 1, 1997 to June 30, 1998
2001 and 2002	2002 and 2003	2000	Jan. 1, 1999 to June 30, 2000
2003 and 2004	2004 and 2005	2002	Jan. 1, 2001 to June 30, 2002
2005 and 2006	2006 and 2007	2004	Jan. 1, 2003 to June 30, 2004
2007 and 2008	2008 and 2009	2006	Jan. 1, 2005 to June 30, 2006
2009 and 2010	2010 and 2011	2008	Jan. 1, 2007 to June 30, 2008

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 State legislature 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 following table sets forth the ratios of valuation for assessment for residential property since the 1999 levy year:

Levy Years	Tax Collection Years	Residential Property Assessment Ratio[1]
1999 – 2000	2000 – 2001	9.74%
2001 – 2002	2002 – 2003	9.15
2003 – 2010	2004 – 2011	7.96

[1] Reflects the percentage of statutory actual value at which residential real property is required to be assessed as described above.

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 State legislature 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 legislature 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 SB 10-190 for property tax collection years 2011 and 2012 as part of a State budget balancing package. See "APPENDIX C – THE STATE GENERAL FUND – Revenue Estimation – *Budgetary Reduction Measures for Fiscal Year 2010-11*."

Taxation Procedure. The county assessor is required to certify to the school district the assessed valuation of property within the school district no later than August 25th of each year, which amount is subject to adjustment until December 10th of such year. Subject to the limitations of the State Constitution, based upon the valuation certified by the county assessor, the 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 2010 will be collected in 2011. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th. If the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment. Notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The county treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

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

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

Taxpayer's Bill of Rights

Article X, Section 20 of the Colorado 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 State 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 District expected to borrow the largest percentage of available proceeds of the Series 2010B Notes is Denver School District No. 1.

Participating District Financial Information
(Totals may not add due to rounding)

	Estimated Amount of Program Loans[1]		Actual and Estimated Fiscal Year 2010-11 Tax Information				Fiscal Year 2009-10 Loan Information[5]	
Participating District	**Series 2010B Notes**	**% of Total**	**Assessed Valuation (000s)[2]**	**Estimated Tax Collections[3]**	**Ratio of Amount Borrowed to Estimated 2010 Tax Collections**	**3 Year Average[4]**	**Amount Borrowed**	**Repayment Date (2010)**
Adams 14	$ 2,648,039	0.81%	$ 562,616	$ 17,290,005	15.32%	98.54%	$ 3,500,000	March 11
Adams-Arapahoe 28J (Aurora)	17,140,866	5.26	1,764,078	62,286,691	27.52	99.51	17,561,675	March 25
Boulder Valley RE-2	52,081,431	16.00	4,861,085	170,260,817	30.59	99.52	61,403,305	May 11
Cherry Creek 5	61,691,499	18.95	4,719,616	168,077,289	36.70	98.23	68,271,355	May 11
Colorado Springs 11	16,700,485	5.13	2,496,211	80,778,525	20.67	98.97	14,998,687	March 11
Cripple Creek RE-1	925,665	0.28	230,549	3,029,335	30.56	100.00	1,401,342	May 11
Custer County C-1	619,128	0.19	93,080	1,706,168	36.29	96.63	729,216	May 11
Denver 1	60,473,360	18.57	11,227,458	303,473,684	19.93	97.90	120,500,000	May 11
Douglas County RE-1	49,330,497	15.15	4,951,337	145,410,721	33.92	97.29	68,666,001	May 11
Durango 9-R	738,250	0.23	1,623,639	17,046,909	4.33	98.35	5,337,625	May 11
Eagle County RE-50	20,391,539	6.26	3,286,765	40,468,951	50.39	98.88	19,247,000	May 11
East Grand 2	1,414,730	0.43	708,789	8,747,765	16.17	98.96	1,856,628	March 11
Gilcrest RE-1	197,091	0.06	661,363	6,074,879	3.24	92.00	3,531,679	May 11
Gunnison Watershed Re-1J	2,362,591	0.73	723,599	10,819,767	21.84	99.54	5,307,293	May 11
Hayden RE-1	1,485,406	0.46	103,223	2,818,284	52.71	98.82	1,627,313	May 25
Littleton 6	9,879,094	3.03	1,329,162	58,464,172	16.90	99.31	5,828,465	March 11
Mesa County Valley No. 51	6,883,557	2.11	2,084,745	52,878,954	13.02	98.68	--	--
Park R-3 (Estes Park)	944,359	0.29	366,754	8,092,409	11.67	98.13	1,432,739	March 11
Roaring Fork RE-1	10,208,122	3.14	1,414,097	30,651,485	33.30	100.61	14,387,982	May 11
Sierra Grande RE-30	418,560	0.13	64,850	1,278,199	32.75	97.33	474,839	April 12
South Routt RE-3	1,539,159	0.47	161,130	4,054,453	37.96	99.00	2,032,195	May 11
Summit County Re-1	1,835,999	0.56	1,930,434	23,425,676	7.84	99.66	2,057,663	March 11
Weld RE-4 (Windsor)	5,166,875	1.59	478,165	14,448,821	35.76	98.60	4,468,163	May 11
West Grand 1-JT	490,030	0.15	285,340	2,737,383	17.90	99.00	148,013	May 11
	$325,566,332	100.00%						

1 These amounts are estimates based upon predictions provided by the Participating Districts regarding the amounts expected to be borrowed from the Series 2010B Note proceeds. 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 2010B NOTES PROCEEDS." The Owners of the Series 2010B 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 2010B Notes program (and thus are not included in the table) but eventually do participate in the program. Such lien also will be on parity with the lien thereon of the Owners of any Parity Lien Notes. See also "THE SERIES 2010B NOTES – Parity Lien Notes." The Series 2010B Notes are the first notes issued for the Fiscal Year 2010-11 Loan Program. The Education Loan Program Tax and Revenue Anticipation Notes, Series 2010A, were issued in January of 2010 as part of the Fiscal Year 2009-10 Loan Program and have been paid by the State.

2 Preliminary certified assessed valuation amounts for the 2010 levy year (2011 tax collection year). Final assessed valuation amounts are to be certified by December 10, 2010. The estimated amounts have been provided by the State 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 "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – *Taxation Procedure*" above.

3 This amount was calculated by multiplying the 2010 preliminary assessed value of the Participating District by the Participating District's estimated 2010 general fund mill levy; and assumes collections of 100% of taxes to be collected by all Participating Districts normally during the months of March through June 2011. Mill levies for 2011 tax collections are not required to be certified by the Participating Districts until December 15, 2010. The estimated mill levies used to calculate the estimated Taxes to be collected during Fiscal Year 2010-11 are based upon information provided by the State Department of Education and are subject to change; however, because Colorado school district taxes are determined pursuant to the School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts" above.

4 Based on each Participating District's actual collection data for Fiscal Years 2006-07, 2007-08 and 2008-09.

5 State Treasurer's actual borrowing and repayment dates for Fiscal Year 2009-10.

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

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June 2011. 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 104,247 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,431 feet above sea level. The current population of the State is approximately five million. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010" and "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the State legislature, known as the General Assembly, to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the State Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials expires on the second Tuesday in January, 2011, and each office was subject to a general election in November 2010. No elected executive official may serve more than two consecutive terms in the same office. A new Governor, State Treasurer and Secretary of State were elected at the November 2010 general election.

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

STATE FINANCIAL INFORMATION

The information in this section, "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX C – THE STATE GENERAL FUND" describes general State finances and particularly funds that are eligible for investment in the District Notes. On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2010 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2010 Notes Repayment Account all amounts received from the Participating Districts on or before June 27, 2011, 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 27, 2011, together with investment earnings thereon, is insufficient to pay the principal of the Series 2010B Notes when due, the principal of the Series 2010B 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 2010B Notes are not general obligations of the State.* See also "THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account*."

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" below and "APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer's Bill of Rights

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

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

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

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

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"). The TABOR Reserve may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The Long Appropriation Bill (the "Long Bill") designates resources that constitute the TABOR Reserve. For Fiscal Year 2010-11, the TABOR Reserve will be comprised of portions of the Major Medical Insurance Fund ($94.0 million) and the Wildlife Cash Fund ($100.0 million), as well as certain State properties, as designated by the Governor, equaling $70.7 million.

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

The "Ratchet Down" Effect of TABOR on State Revenues; Curative Measures. As discussed above, TABOR limits year-to-year increases in revenues, and therefore spending, to the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, plus any voter approved revenue (*i.e.*, tax) increase. There are no provisions in TABOR to account for cyclical revenue swings. This originally produced a "ratchet down" effect whenever State revenues declined from one Fiscal Year to the next and then rebounded in subsequent years. The ratcheting down occurred as the result of the TABOR requirements that the State's revenue base be reduced to the lower amount, without limitation, but that the State's revenue base may be increased only to the extent of the limitations stated above, with any excess to be refunded. Such a ratcheting down occurred between Fiscal Years 2000-01 and 2002-03, when TABOR revenues declined by 13.1%, followed by an increase of 8.0% in Fiscal Year 2003-04.

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

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

In the event the 2010 census reflects an undercounting of population figures during the relevant period, the same growth dividend mechanics for recouping excess refunds would be applicable.

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

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

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

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

Referendum C provides that, for each Fiscal Year that the State retains and spends State revenues in excess of the TABOR limit on State fiscal year spending, the Director of Research of the Colorado Legislative Council is to prepare by October 15th an excess State revenues legislative report that identifies the amount of excess State revenues retained by the State and describes how such excess State revenues have been expended. Referendum C requires that the report be published and made available on the official web site of the Colorado General Assembly. In addition, the Office of the State Controller is required to prepare a report each Fiscal Year that identifies revenues that the State is authorized to retain pursuant to Referendum C and to certify the same no later than September 1st following the end of the Fiscal Year. Accordingly, in Fiscal Years 2005-06, 2006-07 and 2007-08 the State was allowed to retain $1.116 billion, $1.308 billion and $1.169 billion, respectively. State revenues did not exceed the TABOR limit in either Fiscal Year 2008-09 or Fiscal Year 2009-10. See "APPENDIX C – THE STATE GENERAL FUND – General Fund Overview."

Effect of TABOR on the Series 2010B Notes. Voter approval under TABOR is not required for the issuance of the Series 2010B 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 2010B 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 2010B Notes. Some of the Funds are considered Borrowable Resources available to pay the principal of and interest on any outstanding State General Fund Anticipation Notes, including, without limitation, the Planned State Series 2010A General Fund Notes. See "THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 Notes Repayment Account*," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Certain

Funds Eligible for Investment in the District Notes – Borrowable Resources – The State General Fund" and "APPENDIX C – THE STATE GENERAL FUND."

Budget Process and Other Considerations

Phase I (Executive). The budget process begins in June of each year when State departments reporting to the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor's office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November by the Governor 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 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) re-appropriated 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 2010-11 was adopted by the General Assembly on April 19, 2010.

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 2010-11 was approved in part and disapproved in part by the Governor on April 29, 2010. A new Governor was elected at the November 2010 election and will take office in January 2011. The new Governor could modify the Fiscal Year 2010-11 budget and balancing plans and the Fiscal Year 2011-12 budget proposal submitted by the current Governor to the JBC; however, the General Assembly retains the final approval authority over the Fiscal Year 2010-11 and 2011-12 budgets.

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 (the "Unappropriated

Reserve"), which Unappropriated Reserve may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. The Unappropriated Reserve for Fiscal Year 2010-11 is designated at 4% of the amount appropriated for expenditure from the General Fund in each such Fiscal Year. See "APPENDIX C – THE STATE GENERAL FUND – General Fund Overview – Recent General Fund Financial Results – Revenue Estimation – *Revenue Shortfalls*."

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution requires that expenditures for any Fiscal Year not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years discussed in this Official Statement through Fiscal Year 2008-09, total General Fund appropriations were limited to: (i) such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus (ii) the lesser of (a) an amount equal to 5% of Colorado personal income (as reported by the U.S. Bureau of Economic Analysis for the calendar year preceding the calendar year immediately preceding a given Fiscal Year) or (b) 6% over General Fund appropriations for the previous Fiscal Year. Per SB 09-228, for Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to the sum of the amount stated in (i) above plus an amount equal to 5% of Colorado personal income.

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

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

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

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

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 2008-09 CAFR appended to this Official Statement as part of Appendix A.

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the "Auditor") through the Auditor's staff as assisted by independent accounting firms selected solely by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2011. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2008-09 CAFR, including the State Auditor's Opinion thereon, and the State's unaudited Fiscal Year 2009-10 Basic Financial Statements, are appended to this Official Statement. The CAFR for the Fiscal Year Ended June 30, 2010, is expected to be released to the public by the State and be available on or about December 31, 2010. 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 2008-09 CAFR or the Fiscal Year 2009-10 Basic Financial Statements, nor has the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

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

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

See also Note 14 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A and "APPENDIX C – THE STATE GENERAL FUND – Investment of the State Pool."

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

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the Series 2010 Notes Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2010B Notes from the Closing Date to the Series 2010B Notes Maturity Date. See "The State General Fund" below and "APPENDIX C – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the Series 2010 Notes Repayment Account all amounts received from the Participating Districts on or before June 27, 2011, in repayment of their Program Loans. However, if on June 28, 2011, the amount credited to the Principal Subaccount of the Series 2010 Notes Repayment Account is less than the principal amount of the Series 2010B 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 2010B NOTES – Security and Sources of Payment – *The Series 2010 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 2010 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 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. See

"INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX C – THE STATE GENERAL FUND."

Certain Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account on June 28, 2011, 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 2010 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 2010B Notes will have no right or claim to any amounts received by the State under the District Notes after June 27, 2011. See also "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX C – THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State Funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two Funds in this category with the largest current balances that are eligible for investment, and thus the Funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the Series 2010 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 are 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 2010 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 State legislature 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* <u>*not*</u> *a Borrowable Resource.*

The following information has been provided by the State Treasurer's office to show the actual and estimated cash and investment balances in the State Education Fund at June 30 of Fiscal Years 2005-06 through 2010-11. The June 30, 2011, estimate in the table is based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amount will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amount in the table and the amount ultimately realized, and such difference may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

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

At June 30,	Cash and Investment Balance
2006	$ 98.2
2007	170.3
2008	298.9
2009	293.2
2010	147.3
2011[1]	72.5

[1] The amount for June 30, 2011, is an estimate made by the State Treasurer's office based on various assumptions. No representation or guaranty is made herein that such estimate will be realized.

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). *The State Highway Fund represents in part a diversion of General Fund moneys to a restricted cash fund. Moneys in the State Highway Fund may not be transferred to the General Fund, and consequently the State Highway Fund is* <u>*not*</u> *a Borrowable Resource.*

The following information has been provided by the State Treasurer's office to show the actual and estimated cash and investment balances in the State Highway Fund at June 30 of Fiscal Years 2005-06 through 2010-11. The June 30, 2011, estimate in the table is based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amount will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amount in the table and the amount ultimately realized, and such difference may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

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

At June 30,	Cash and Investment Balance
2006	$ 638.1
2007	1,133.9
2008	1,388.2
2009	1,197.0
2010	1,148.3
2011[1]	1,114.6

[1] The amount for June 30, 2011, is an estimate made by the State Treasurer's office based on various assumptions. No representation or guaranty is made herein that such estimate will be realized.

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 C – THE STATE GENERAL FUND – Investment of the State Pool."

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the Series 2010 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 2010-11, including, without limitation, the Planned State Series 2010A 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 actual Borrowable Resources for Fiscal Year 2009-10 and actual and estimated Borrowable Resources for Fiscal Year 2010-11. The estimates in the table are based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the table and the amounts ultimately realized, and such differences may be material. See also the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Actual Borrowable Resources
Fiscal Year 2009-10[1,2]

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

	July 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	June 2010
State and Local Severance Tax Funds	$ 387.0	$ 383.1	$ 333.7	$ 338.7	$ 332.5	$ 333.6	$ 327.0	$ 329.0	$ 322.5	$ 255.2	$ 252.2	$ 244.9
Mineral Impact Fund	126.8	131.4	89.3	92.7	93.0	81.4	86.4	97.3	78.9	91.6	101.8	85.0
Tobacco Settlement Funds	22.3	21.1	21.1	19.1	18.2	16.7	15.2	12.4	12.0	91.1	90.3	19.6
Children's Basic Health Plan	22.5	17.3	26.9	12.1	5.5	6.9	2.4	(0.5)	0.8	(0.4)	--	0.8
Public Safety Communications	1.3	1.3	--	--	--	--	--	--	--	--	--	--
Colorado Student Obligation Bond Authority – Administration	10.5	9.3	23.7	32.6	35.7	25.4	16.1	14.0	16.6	22.1	20.0	23.2
Subsequent Injury and Major Medical Funds	--	1.8	1.8	5.6	5.5	5.3	6.7	15.5	--	--	--	--
Water Conservation Construction Fund	94.5	96.0	97.5	96.3	94.3	97.1	100.4	99.2	100.8	79.3	81.3	83.4
Capital Construction Fund	179.5	169.2	151.5	140.4	132.6	122.2	117.4	110.5	100.7	97.5	88.1	77.0
Lottery Fund	43.8	53.9	32.0	41.3	51.0	27.4	41.7	54.1	35.1	49.1	59.6	41.2
Limited Gaming Fund	43.8	3.2	6.0	9.2	13.2	16.0	20.0	24.8	29.4	34.4	39.5	44.8
Hazardous Substance Fund	10.9	11.0	10.9	11.3	11.7	12.1	12.4	12.1	11.9	12.1	12.0	11.9
Workers' Compensation Fund	23.6	25.9	26.0	18.7	22.9	20.3	15.1	26.3	8.0	3.0	2.6	--
State Public School Fund	479.6	177.6	657.8	355.4	49.9	538.1	238.5	(59.3)	427.3	468.9	175.6	23.5
Higher Education Funds	975.2	898.7	985.3	986.9	899.6	931.6	1,154.3	1,152.6	1,076.6	1,009.9	983.4	1,099.5
Tobacco Tax Funds	175.0	183.7	183.3	177.9	180.4	173.0	173.8	176.8	157.7	168.9	178.2	92.4
Other Borrowable Resources	1,293.7	1,471.2	1,334.8	1,347.0	1,337.8	1,387.9	1,392.3	1,339.7	1,383.0	1,497.4	1,639.1	684.8
Total Borrowable Resources	3,890.0	3,655.7	3,981.6	3,685.2	3,283.8	3,795.0	3,719.7	3,404.5	3,761.3	3,880.1	3,723.7	2,532.0
Total General Fund	(154.1)	(200.8)	(682.6)	(456.3)	(350.1)	(892.4)	(458.5)	(442.2)	(951.5)	(432.3)	(381.0)	45.9
Less: Notes Issued and Outstanding	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	--
Net Borrowable Resources	$3,085.9	$2,804.9	$2,649.0	$2,578.9	$2,283.7	$2,252.6	$2,611.2	$2,312.3	$2,159.8	$2,797.8	$2,692.7	$2,577.9

[1] This table shows monthly balances for 16 individual funds plus over the 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 an accrual basis.

Source: State Treasurer's Office

State of Colorado

Actual and Estimated Borrowable Resources

Fiscal Year 20010-11[1,2]

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

	Actual				Estimated[3]							
	July 2010	**Aug 2010**	**Sept 2010**	**Oct 2010**	**Nov 2010**	**Dec 2010**	**Jan 2011**	**Feb 2011**	**Mar 2011**	**Apr 2011**	**May 2011**	**June 2011**
State and Local Severance Tax Funds	$ 247.0	$ 246.0	$ 231.5	$ 240.1	$ 235.7	$ 196.5	$ 192.6	$ 193.8	$ 189.9	$ 110.3	$ 109.0	$ 85.9
Mineral Impact Fund	96.2	106.2	65.6	79.3	54.6	47.8	50.7	57.1	46.3	53.7	59.7	49.9
Tobacco Settlement Funds	2.9	2.9	2.9	2.9	2.8	0.5	0.5	0.4	0.4	7.9	7.9	1.7
Children's Basic Health Plan	--	--	--	--	--	--	--	--	3.0	(1.5)	--	--
Public Safety Communications	--	--	--	--	--	--	--	--	--	--	--	--
Colorado Student Obligation Bond Authority – Administration	22.9	23.3	28.8	28.0	30.7	21.8	13.8	12.0	14.3	19.0	17.2	19.9
Subsequent Injury and Major Medical Funds	--	4.5	4.4	4.4	4.4	--	--	--	--	--	--	--
Water Conservation Construction Fund	71.0	72.5	83.4	82.1	80.4	82.8	85.6	84.6	85.9	67.6	69.3	71.1
Capital Construction Fund	74.3	78.3	76.9	72.8	68.8	63.4	60.9	57.3	32.2	31.2	28.2	24.6
Lottery Fund	49.8	55.0	37.5	47.2	58.3	31.3	47.7	61.8	40.1	56.1	68.1	47.1
Limited Gaming Fund	45.9	2.9	4.7	8.1	11.6	14.0	17.5	21.7	25.7	30.1	34.6	39.2
Hazardous Substance Fund	12.7	12.6	13.0	13.0	13.5	13.9	14.3	13.9	13.7	13.9	13.8	13.7
Workers' Compensation Fund	2.1	17.2	22.2	19.9	24.4	21.6	16.1	28.0	8.5	3.2	2.8	--
State Public School Fund	571.5	303.9	701.7	386.6	54.3	585.3	259.4	(4.5)	92.5	101.5	38.0	5.1
Higher Education Funds	948.2	1,166.9	1,286.9	1,246.3	1,136.1	1,176.5	1,457.7	1,455.6	1,359.6	1,275.3	1,241.9	1,388.5
Tobacco Tax Funds	104.1	112.0	94.7	109.0	110.5	91.0	91.4	93.0	82.9	88.8	93.7	48.6
Other Borrowable Resources	853.1	940.4	912.7	809.3	803.8	833.9	836.5	804.9	830.9	899.7	984.8	454.1
Total Borrowable Resources	3,101.7	3,144.6	3,566.9	3,149.0	2,689.5	3,180.2	3,144.6	2,879.5	2,825.9	2,756.8	2,768.9	2,249.3
Total General Fund	(745.6)	(751.6)	(1,006.7)	(826.5)	(758.9)	(1,105.4)	(727.0)	(755.6)	(1,423.5)	(882.3)	(729.2)	(502.8)
Less: Notes Issued and Outstanding	--	--	--	--	--	--	--	--	--	--	--	--
Net Borrowable Resources	$2,356.1	$2,393.0	$2,560.2	$2,322.5	$1,930.6	$2,074.9	$2,417.5	$2,123.9	$1,402.5	$1,874.5	$2,039.7	$1,746.6

[1] This table shows monthly balances for 16 individual funds plus over the 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 an accrual basis.

[3] Amounts for November 2010 and thereafter are estimates made by the Treasurer's office based on various assumptions. No representation or guaranty is made herein that such estimates will be realized.

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. It is presently anticipated that a deficiency in the Principal Subaccount of the Series 2010 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 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. See "APPENDIX C – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. Accordingly, the State currently has, and upon the issuance of the Series 2010B Notes will have, no outstanding general obligation debt.

The State has entered into lease-purchase agreements, including some providing security for outstanding certificates of participation, in order to finance various public projects. The obligations of the State to make lease payments beyond any current Fiscal Year are contingent upon appropriations by the General Assembly. At June 30, 2010, the minimum lease payments due under lease-purchase agreements entered into by the State were estimated to be $64.20 million (unaudited) in Fiscal Year 2010-11 and $80.83 million (unaudited) in Fiscal Year 2011-12. See Notes 24 and 39 to the financial statements included in the State's CAFR for Fiscal Year 2008-09 and Notes 24 and 40 to the Fiscal Year 2009-10 Basic Financial Statements (unaudited) appended to this Official Statement as part of Appendix A for a discussion of the State's notes and bonds payable and material subsequent events that occurred after June 30, 2009, and after June 30, 2010, but before publication of the respective financial statements. On or about December 16, 2010, the State also plans to enter into an additional annually renewable lease purchase agreement to finance K-12 schools pursuant to the State's "Building Excellent Schools Today" program. No lease payments are expected to be due under this lease purchase agreement in Fiscal Year Fiscal Year 2010-11.

Separate from lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment. All of the lease/rental agreements for buildings and/or equipment contain a stipulation that continuation of the lease is subject to funding by the State legislature. Historically, these leases have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. At June 30, 2010, the minimum lease/rental payments due for buildings and/or equipment for Fiscal Year 2010-11 and Fiscal Year 2011-12 were estimated to be $87.63 million (unaudited) and $73.91 million (unaudited), respectively. See Note 22 to the unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes. At June 30, 2010, CDOT had outstanding $947.6 million (unaudited) in aggregate principal amount of such notes. These notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State departments and agencies, including State institutions of higher education, issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2010, see Notes 24 and 40 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A.

The State Employees Pension Plan

Most State employees participate in a defined benefit pension plan, which is a cost-sharing multiple-employer benefit plan administered by the Public Employees' Retirement Association ("PERA"). The PERA Health Care Trust Fund held by PERA is a post-employment cost-sharing multiple-employer benefit program 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 State has made all of the statutorily required contributions to the PERA Health Care Trust Fund. For additional information on the actuarially required contribution to the pension plan, see the Management's Discussion and Analysis and Notes 18, 19 and 20 to the State's Fiscal Year 2008-09 CAFR and the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as part of Appendix A. See also PERA's Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2009, at PERA's website (www.copera.org).

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State. Generally, State authorities are legally separate, independent bodies, governed by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate).

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

Note Issues of the State

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes, such as the Planned State Series 2010A 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 the proceeds of internal borrowing from State funds other than the General Fund. Since Fiscal Year 2003-04, the State has also issued education loan anticipation notes, such as the Series 2010B Notes offered by this Official Statement, 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.

LITIGATION

No Litigation Affecting the Series 2010B 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 2010B Notes or questioning or affecting the validity of the Series 2010B 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 2010B Notes in the manner provided in the State Resolution and the Loan Program Statutes.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State, the Participating Districts or their employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State, the Participating Districts or their employees sued in their official capacities under federal statutes when such actions are brought in federal court.

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, 6I, 21 and 38 to the State's Fiscal Year 2008-09 audited financial statements and Notes 6H, 6I, 21 and 39 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Statement as part of Appendix A. 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 38 to the financial statements in the State's Fiscal Year 2008-09 CAFR and Note 39 to the State's unaudited Fiscal Year 2009-10 Basic Financial Statements appended to this Official Statement as Appendix A. The State Attorney General does not believe that any actions described in that Note, or any combination thereof, will result in a materially adverse effect with regard to the financial resources of the State, or the continuous operation thereof, or the ability of the State to repay the Series 2010B Notes. There can be no assurance, however, regarding the ultimate outcome of the actions described in Note 38 and Note 39, for the respective Fiscal Years, and no provision has been made in the financial statements related to the actions discussed in these Notes. The State Attorney General also does not believe that since June 30, 2010, there have been any material actions initiated in which the State is a defendant that will result in a materially adverse effect with regard to the financial resources of the State, or the continuous operation thereof, or the ability of the State to repay the Series 2010B Notes.

RATINGS

Moody's and Standard & Poor's have assigned to the Series 2010B Notes the ratings set forth on the cover page of this Official Statement. No application was made to any other rating agency for the purpose of obtaining additional ratings on the Series 2010B Notes.

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 the applicable rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2010B Notes, 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 2010B Notes. The State has not undertaken any responsibility to oppose any proposed change in, suspension or withdrawal of a rating.

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, 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 2010B Notes as the Series 2010B Notes have a stated maturity of less than 18 months. However, the State Treasurer nevertheless undertakes in the State Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2010B Notes, that during such time as any of the Series 2010B Notes are outstanding, it will provide to the MSRB in a timely manner, not in excess of ten Business Days after the occurrence of the event, notice of any of the following events with respect to the Series 2010B Notes: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) 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 2010B Notes; (vii) modifications to rights of owners of the Series 2010B Notes, if material; (viii) Series 2010B Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the Series 2010B Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the State; (xiii) 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 (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The covenants of the State set forth in "THE SERIES 2010B NOTES – Covenants of the State" constitute a part of the undertaking of the State Treasurer to provide certain information for the benefit of the Owners and Beneficial Owners of the Series 2010B Notes.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2010B 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 2010B Notes in such event.

During the previous five years, the State Treasurer has complied, in all material respects, with the continuing disclosure undertakings entered into by the State Treasurer pursuant to Rule 15c2-12.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2010B Notes, as well as the treatment of interest on the Series 2010B Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2010B 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 2010B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item nor included in adjusted current earnings for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2010B Notes. Failure to comply with such covenants could cause interest on the Series 2010B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2010B 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 2010B Notes. Such interest is also 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 2010B Notes may otherwise affect the federal income tax liability of the owners of the Series 2010B 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 2010B Notes, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2010B Notes.

The amount treated as interest on the Series 2010B 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 2010B 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 2010B Notes and the aggregate amount to be paid at maturity of the Series 2010B Notes (the "original issue discount"). For this purpose, the issue price of the Series 2010B Notes is the first price at which a substantial amount of the Series 2010B 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 2010B Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2010B Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2010B 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 2010B Note over its stated redemption price at maturity constitutes original issue premium on such Series 2010B Note. An initial purchaser of a Series 2010B Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Code. Purchasers of a Series 2010B 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 2010B 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 2010B 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 2010B 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

2010B Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2010B 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 2010B 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 2010B Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This new reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2010B 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 2010B Notes will be purchased from the State by Piper Jaffray & Co., Barclays Capital, Inc. and Goldman, Sachs & Co. pursuant to a competitive sale conducted by the State for an aggregate purchase price of $328,009,750, being the principal amount of the Series 2010B Notes plus an aggregate original issue premium of $3,010,750 and less an aggregate underwriting discount of $1,000.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2010B 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 2010B Notes. However, the Financial Advisor 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. Pursuant to its contract with the State, the Financial Advisor is not permitted to submit a bid to purchase the Series 2010B Notes.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2010B Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, One Tabor Center, 1200 17th Street, Suite 2150, Denver, Colorado 80202, Attention: Terry Casey, telephone number (303) 595-1204. 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/ Cary Kennedy
Treasurer of the State of Colorado

APPENDIX A

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009,

and

STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Pagination reflects the original printed documents)

Comprehensive Annual Financial Report

Bill Ritter, Jr.
Governor

For the Fiscal Year Ended June 30, 2009

Department of Personnel & Administration
Rich L. Gonzales, Executive Director
David J. McDermott, State Controller

REPORT LAYOUT

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the controller's transmittal letter and the state's organization chart. The Financial Section includes the auditor's opinion, management's discussion and analysis, the basic financial statements, and the combining statements and schedules. The Statistical Section includes fiscal, economic, and demographic information about the state.

INTERNET ACCESS

The Comprehensive Annual Financial Report and other financial reports are available on the State Controller's home page at:

http://www.colorado.gov/dpa/dfp/sco/

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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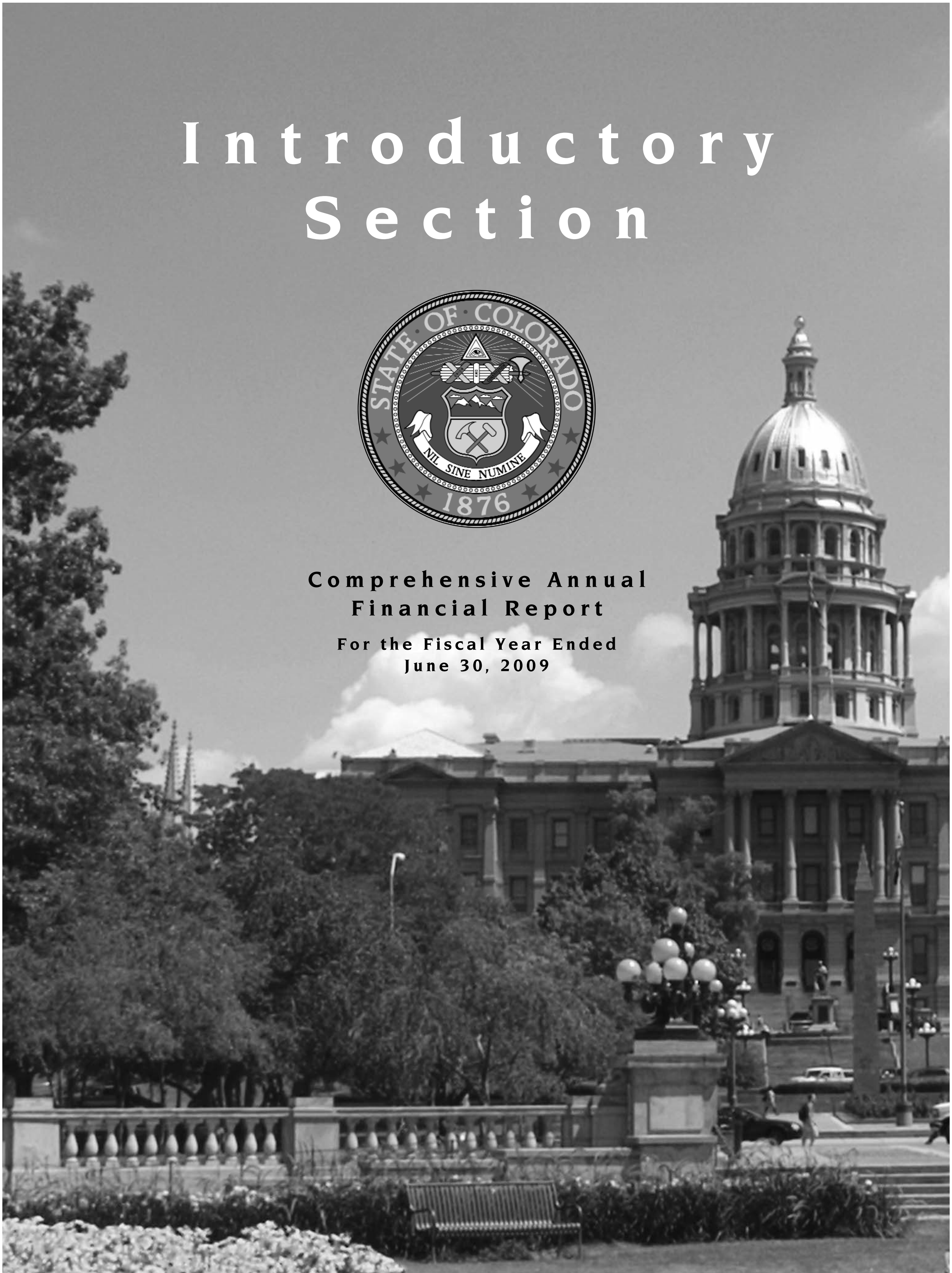
Introductory Section



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

State of Colorado

Bill Ritter, Jr.
Governor

Rich Gonzales
Executive Director

Jennifer Okes
Deputy Executive Director

David J. McDermott
State Controller

DPA
Department of Personnel & Administration

Office of the State Controller
633 17th Street, Suite 1500
Denver, Colorado 80202
Phone (303) 866-6200
Fax (303) 866-4233
www.colorado.gov/dpa

December 18, 2009

To the Citizens, Governor, and Legislators of the State of Colorado:

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the State of Colorado for the fiscal year ended June 30, 2009. This report is prepared by the Office of the State Controller and is submitted as required by Section 24-30-204 of the Colorado Revised Statutes. The State Controller is responsible for managing the finances and financial affairs of the state and is committed to sound financial management and governmental accountability.

We believe the financial statements are fairly presented in all material aspects. They are presented in a manner designed to set forth the financial position, results of operations, and changes in net assets or fund balances of the major funds and nonmajor funds in the aggregate. All required disclosures have been presented to assist readers in understanding the state's financial affairs.

Except as noted below, the basic financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB), and except for the discretely presented component units, they are audited by the State Auditor of Colorado. The basic financial statements comprise the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and Required Supplementary Information. The MD&A, which begins on page 21, contains additional financial analysis and supplementary information that is required by GASB and should be read in conjunction with this transmittal letter. The schedules comparing budgeted to actual activity, included in the section titled Required Supplementary Information, are not presented in accordance with GAAP; rather, they reflect the budgetary basis of accounting which defers certain payroll, Medicaid, and other statutorily defined expenditures to the following fiscal year. (See additional information on "Cash Basis Accounting" on page 41 of the Management's Discussion and Analysis.) In addition to the basic financial statements, the CAFR includes: combining financial statements that present information by fund category, certain narrative information that describes the individual fund categories, supporting schedules, and statistical tables that present financial, economic, and demographic data about the state.

The funds and entities included in the CAFR are those for which the state is financially accountable based on criteria for defining the financial reporting entity as prescribed by GASB. The primary government is the legal entity that comprises the major and nonmajor funds of the state, its departments, agencies, and state institutions of higher education. It also includes certain university activities that are legally separate but have been blended with the accounts of the institution that is financially accountable for the activity.

The state's elected officials are financially accountable for other legally separate entities that qualify as discretely presented component units. The following entities qualify as discretely presented component units of the state:

University of Colorado Hospital Authority
Colorado Water Resources and Power Development Authority
University of Colorado Foundation
Colorado State University Foundation
Colorado School of Mines Foundation
University of Northern Colorado Foundation
Other Component Units (nonmajor):
- Denver Metropolitan Major League Baseball Stadium District
- CoverColorado
- Venture Capital Authority
- Renewable Energy Authority
- Higher Education Competitive Research Authority

Additional information about these component units and other related entities is presented in Note 2 of the financial statements (see page 73). Audited financial reports are available from each of these entities.

PROFILE OF THE STATE OF COLORADO

Colorado became the thirty-eighth state of the United States of America when it was admitted to the union in 1876. Its borders encompass 104,247 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,315 to 14,431 feet above sea level. The state's major economic sectors include agriculture, manufacturing, technology, tourism, energy production, and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate, and other services. Given the state's semi-arid climate, water resource development, allocation, and conservation are ongoing challenges for state management.

The state maintains a separation of powers utilizing three branches of government – executive, legislative, and judicial. The executive branch comprises four major elected officials – Governor, State Treasurer, Attorney General, and Secretary of State. 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 with a limit on the number of terms allowed.

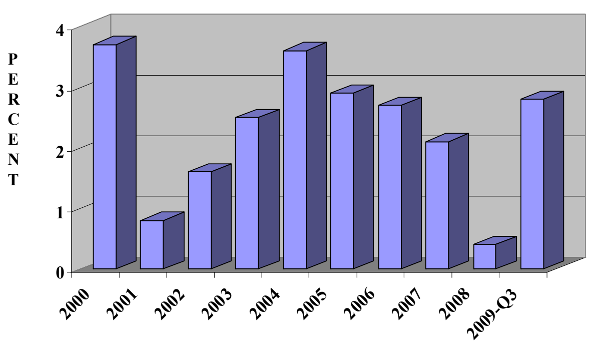
The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives who are also term limited. It is a citizen legislature whose general session lasts 120 days beginning in January of each year. Special sessions may be called by the Governor at his discretion and are limited to the topics identified by the Governor. The Legislature's otherwise plenary power is checked by the requirement for the Governor's signature of its legislation and by specific limitations placed in the State Constitution by voters. The most significant fiscal limitation is the restriction related to issuing debt, raising taxes, and changing existing spending limits. From a fiscal perspective, the Joint Budget Committee of the Legislature, because of its preparation of the annual budget and supplemental appropriations bills, holds the most important power vested in the Legislature. The Committee is bipartisan with members drawn from each of the houses of the Legislature. The Governor's Office of State Planning and Budgeting develops and submits an executive branch budget proposal, but there is no requirement for the Joint Budget Committee to adopt that proposal.

The Judicial Branch is responsible for resolving disputes within the state, including those between the executive and legislative branches of government, and for supervising offenders on probation. The branch includes the Supreme Court, Court of Appeals, and district and county courts, served by more than 300 justices and judges in 22 judicial districts across the state (excluding 17 Denver county court judges). Municipal courts are not part of the state system. There are also seven water courts, one in each of the state's major river basins. The Judicial Branch budget is appropriated by the Legislature, and it is funded primarily from general-purpose revenues of the General Fund.

ECONOMIC CONDITION AND OUTLOOK

The state's General Fund revenues reflect the overall condition of the state economy, which showed a declining rate of growth in Fiscal Year 2008-09; General Fund revenues decreased by $980.0 million (13.1 percent) from the prior year. In absolute dollars, personal income in the state grew by approximately 4.9 percent for 2008 and is forecast to decrease by 0.9 percent for 2009. The growth in new state employment significantly declined with only 18,000 jobs added in 2008 and 86,000 forecast to be lost in 2009.

PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



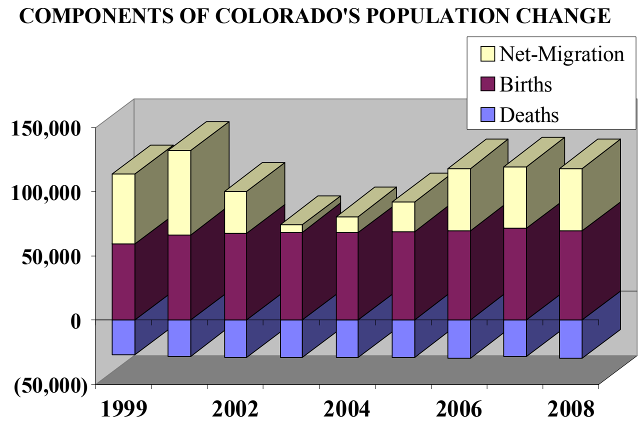
Inflation adjusted national gross domestic product (GDP) grew at an annual rate of 0.4 percent in calendar year 2008 and by an estimated 2.8 percent in the third quarter of 2009. Inflation adjusted GDP decreased 2.5 percent from the third quarter of 2008 to the third quarter of 2009 (all percentage changes in the balance of this paragraph are measured on the third quarter to third quarter basis). National personal consumption expenditures account for approximately two-thirds of GDP and were down 0.1 percent, while private domestic investment (including nonresidential structures, equipment and software, residential, and changes in inventories) was down 25.3 percent in aggregate. Residential investment declined 18.8 percent (fourteenth consecutive quarter of decline) and private investment related to nonresidential structures declined by 22.1 percent. Government spending exceeded the quarter-over-quarter growth rate at 2.0 percent largely related to a 5.7 percent increase in nondefense expenditures, as well as an increase in federal defense spending of 5.1 percent. Quarter-over-quarter exports declined by 10.8 percent and imports declined by 14.1 percent due to a weak global economy.

After six consecutive years of expansion, US real GDP became negative in the second half of 2008. Falling housing prices initiated numerous economic problems including the failure and near-failure of major financial institutions, employment losses averaging 420,000 jobs per month in the last quarter of 2008, and a sharp decline in energy prices after record increases during the first half of the year. Overall, these financial stresses reached a level not seen since the end of World War II as the US economy slid into a recession.

In response to this turmoil, the U. S. Congress enacted a variety of measures to shore up financial institutions and the credit markets through the Troubled Asset Relief Program (TARP) and the American Reinvestment and Recovery Act (ARRA). TARP authorized $700 million in financial relief (of which $370 billion was eventually issued) for troubled financial institutions that had suffered severe losses, primarily due to investments in derivative instruments and the subprime lending market. ARRA provided $787 billion of federal funding to states and local governments primarily for job creation and retention and to help stabilize state budgets. At this time, the final impact of both of these acts cannot be determined, however, U.S. credit markets have not recovered to their pre-recession levels. It appears that inflationary fears caused by increased government spending under ARRA have not yet materialized, but the majority of dollars have not been spent yet and the national unemployment rate continues to be high.

The Colorado economy has traditionally lagged behind the national economy and the state remains mired in a recession. According to the state Office of Planning and Budgeting declining tax collections, home prices and retail sales coupled with increased unemployment have contributed to the weak economy. However, unemployment appears to have stabilized with actual job growth between June and July 2009 and OSPB is predicting a moderate recovery in 2010. Major indicators such as housing permits, labor variables and retail sales remain weak although they are stronger than the national economic indicators in general. Colorado is predicted as being one of the leaders of the national recovery due to its diversified economy with investments in the hi-tech and renewable energy sectors and a more stable housing market.

Colorado economic activity and in-migration are interdependent. A relatively stable state economy resulted in in-migration increasing from approximately 47,800 in 2007 to 52,400 in 2008. It remains slightly off its peak amount of about 65,600, which occurred in 2001, but is significantly in excess of its low of about 5,600 in 2003. International in-migration increased slightly from approximately 15,100 to 15,500 for 2007 and 2008, respectively, and in-migration from other states increased more significantly from about 33,000 to about 36,900. An increase in migration from other states should benefit Colorado's economy as it likely represents an influx of more established households as compared to international in-migration. The information in the adjacent chart is based on current Census Bureau estimates, which were revised again during the past year. Data for the year 2000 is not included in the chart because a large adjustment was made to total state population for that year, and reliable annual estimates for deaths and births are not available for that year.



The Governor's Office of State Planning and Budgeting's (OSPB) September 21, 2009 quarterly estimate predicts that Colorado's economy will continue to weaken throughout calendar year 2009 with a modest recovery during 2010. OSPB has made the following calendar year forecast for Colorado's major economic variables:

- Unemployment will average 7.6 percent for 2009 compared with 4.9 percent and 3.9 percent in 2008 and 2007, respectively, and it is expected to slightly increase in 2010 to 8.0 percent.
- Wages and salary income will decrease by 2.4 percent in 2009 and by 1.6 percent in 2010 before increasing to 3.3 percent growth in 2011.
- Total personal income will decrease by 0.9 percent in 2009 before increasing by 1.6 percent in 2010.
- Net in-migration is expected to be 38,500 in 2009 and 46,100 in 2010 with total population growth of about 1.6 percent and 1.8 percent in each year respectively.
- Retail trade sales will decrease 11.8 percent in 2009 before increasing by 0.1 percent in 2010.
- Colorado inflation will decrease to 1.6 percent in 2009 and 0.6 percent in 2010.

MAJOR GOVERNMENT FISCAL INITIATIVES

The General Assembly enacted and the Governor signed a large number of bills during the 2009 session. The main focus of the session was on budget balancing and revenue issues. Colorado is constitutionally required to maintain a balanced budget as well as a positive General Fund fund balance on the budgetary basis. These requirements, along with the other debt, revenue, and tax limitations in the Constitution necessitated a variety of legislative actions.

The General Assembly enacted the following budget balancing measures:

- The General Assembly authorized the transfer of $815.3 million from various cash funds during Fiscal Year 2008-09 to augment the General Fund and prevent a deficit fund balance. These transfers are further discussed in the notes to the Financial Statements.
- The 4 percent General Fund statutory reserve was reduced to 2 percent for Fiscal Year 2008-09 and 2009-10; it is restored to 4 percent for Fiscal Years 2010-11 and 2011-12 and scheduled to grow by 0.5 percent each fiscal year, from Fiscal Year 2012-13 through 2016-17, until it reaches and is maintained at 6.5 percent.
- The statutory General Fund surplus transfers to transportation and capital construction were repealed during Fiscal Year 2008-09. The General Fund surplus transfer was effectively replaced with a required transfer of 2 percent of general-purpose revenue to transportation and a 0.5 percent transfer to the Capital Construction Fund when certain thresholds are met.
- The diversion of 10.355 percent of sales and use tax receipts to the Highway Fund was repealed during Fiscal Year 2008-09 and the balance in the Sales and Use Tax Holding Fund was transferred to the General Fund at fiscal year-end. The diversion cannot resume sooner than Fiscal Year 2018-19.

- The state appropriated approximately $50.7 million for capital construction and maintenance projects. However, $85.4 million of new and previously appropriated capital projects were decommissioned during Fiscal Year 2008-09, $28.1 million of which was transferred to augment the General Fund. Additionally, $26.6 million was transferred to the Higher Education Federal Mineral Lease Revenues Fund to make payments on certificates of participation issued during Fiscal Year 2008-09.
- A modification to the statutory limit on General Fund growth. In prior years, the Arveschoug-Bird statute limited the annual growth in the state's General Fund to six percent. Legislation during the 2009 session modified this restriction to allow growth of up to five percent of Colorado personal income.
- The suspension of the state contribution to pay part of the unfunded liability of old hire pension plans administered by the Fire and Police Pension Association. The payments will resume in Fiscal Year 2011-12 and the suspension of funding is expected to save the state $25.3 million per year in general-funded appropriations through Fiscal Year 2010-11.
- The suspension of the senior citizen homestead property tax exemption for the 2009 property tax year and reducing the Fiscal Year 2009-10 General Fund appropriation by $90.4 million.
- $27.4 million of General Fund appropriation reductions offset by $16.0 million of cash-funded appropriations achieved by allowing the moneys dedicated for tobacco use and prevention programs and the prevention, early detection, and treatment of chronic diseases to be used for any health-related purpose and to serve persons enrolled in both the Children's Basic Health Plan and Medicaid during Fiscal Year 2009-10.
- An estimated $43.5 million in General Fund appropriation reductions for Fiscal Year 2008-09 relate to either cuts in the services or moving related expenditures into future years.

The most significant measures enacted to address declining state revenues due to the national recession were:

- The Funding Advancements for Surface Transportation and Economic Recovery (FASTER) Act, which created new fees on vehicle registrations and rentals to pay for transportation improvements and increased existing late registration fees and fines. The amount of additional revenue expected under this measure is $200.0 million for Fiscal Year 2009-10.
- A new hospital provider fee charged to hospitals and cost sharing for the Children's Basic Health Plan. The purpose of the fee is to obtain additional federal participation for the state's medical assistance programs. An estimated $336.5 million in additional fee revenue is anticipated for Fiscal Year 2009-10.
- Eliminating vendor fees from July 1, 2009, through June 30, 2011, that normally reduce sales tax collections; additional revenue to the state from this bill is estimated at $30.6 million in Fiscal Year 2009-10 and $31.7 million in Fiscal Year 2010-11. A separate bill reduced the sales tax vendor fee from 3.33 percent to 1.35 percent for returns filed between March 1, 2009, and December 31, 2011; additional revenue estimated from this bill partially duplicates the additional revenue cited for the vendor fee elimination above.
- The temporary elimination of the sales and use tax exemption on the sale of cigarettes for Fiscal Years 2009-10 and 2010-11. The anticipated increase in state revenues for these two fiscal years is $63.0 million.
- An income tax modification of the Colorado-source capital gains subtraction beginning with tax year 2010. An additional $46.8 million in tax collections is expected as a result of this measure through Fiscal Year 2011-12.

Additionally, the state issued the following certificates of participation in order to achieve a broad range of goals:

- $299.8 million to construct a new state justice center,
- $39.0 million to construct a new state museum,
- $230.8 million to construct and remodel buildings at twelve state institutions of Higher Education,
- $87.1 million for the Build Excellent Schools Today (BEST) program to finance public primary school construction projects.

BUDGETARY AND OTHER CONTROL SYSTEMS

The General Assembly enacts the annual state budget for all ongoing programs, except for federal and custodial funds. New programs are funded for the first time in enabling legislation and are continued through the Long Appropriations Act in future periods. For the most part, appropriations lapse at the end of the fiscal year unless extenuating circumstances permit the State Controller to approve an appropriation rollforward. Capital construction appropriations are normally effective for three years.

The state records the budget in its accounting system along with estimates of federal awards and custodial funds of the various departments. Revenues and expenses/expenditures are accounted for on the basis used for the fund in which the budget is recorded except for certain budgetary basis exceptions (see Note RSI-1A). Encumbrances are also recorded and result in a reduction of the budgeted spending authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders, contracts, or other commitments are fulfilled. Encumbrances in the General Fund are not reported as a reservation of fund balance unless the related appropriations are approved for rollforward to the subsequent fiscal year. Fund balance is reserved for encumbrances that represent legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Highway Users Tax Fund.

In developing the state's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Those controls also assure the reliability of financial records for preparing financial statements and maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the state's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

INDEPENDENT AUDIT

The State Auditor performs an audit of the Basic Financial Statements. The opinion of the auditor is on page 18 of this report. Besides annually auditing the statewide financial statements, the auditor has the authority to audit the financial statements and operations of the departments and institutions within state government.

In 1996, the United States Congress amended the Single Audit Act of 1984. The amended act clarifies the state's and the auditor's responsibility for ensuring that federal moneys are used and accounted for properly. Under the requirements of this act, transactions of major federal programs are tested. The state prepares a Schedule of Expenditures of Federal Awards for inclusion in the State Auditor's Statewide Single Audit Report. The State Auditor issues reports on the schedule, the financial statements, internal controls, and compliance with the requirements of federal assistance programs.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Colorado for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

In conclusion, I thank my staff and the controllers, accountants, auditors, and program managers in the state departments and branches whose time and dedication have made this report possible. I reaffirm our commitment to maintaining the highest standards of accountability in financial reporting.

Sincerely,

David J. McDermott

David J. McDermott, CPA
Colorado State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

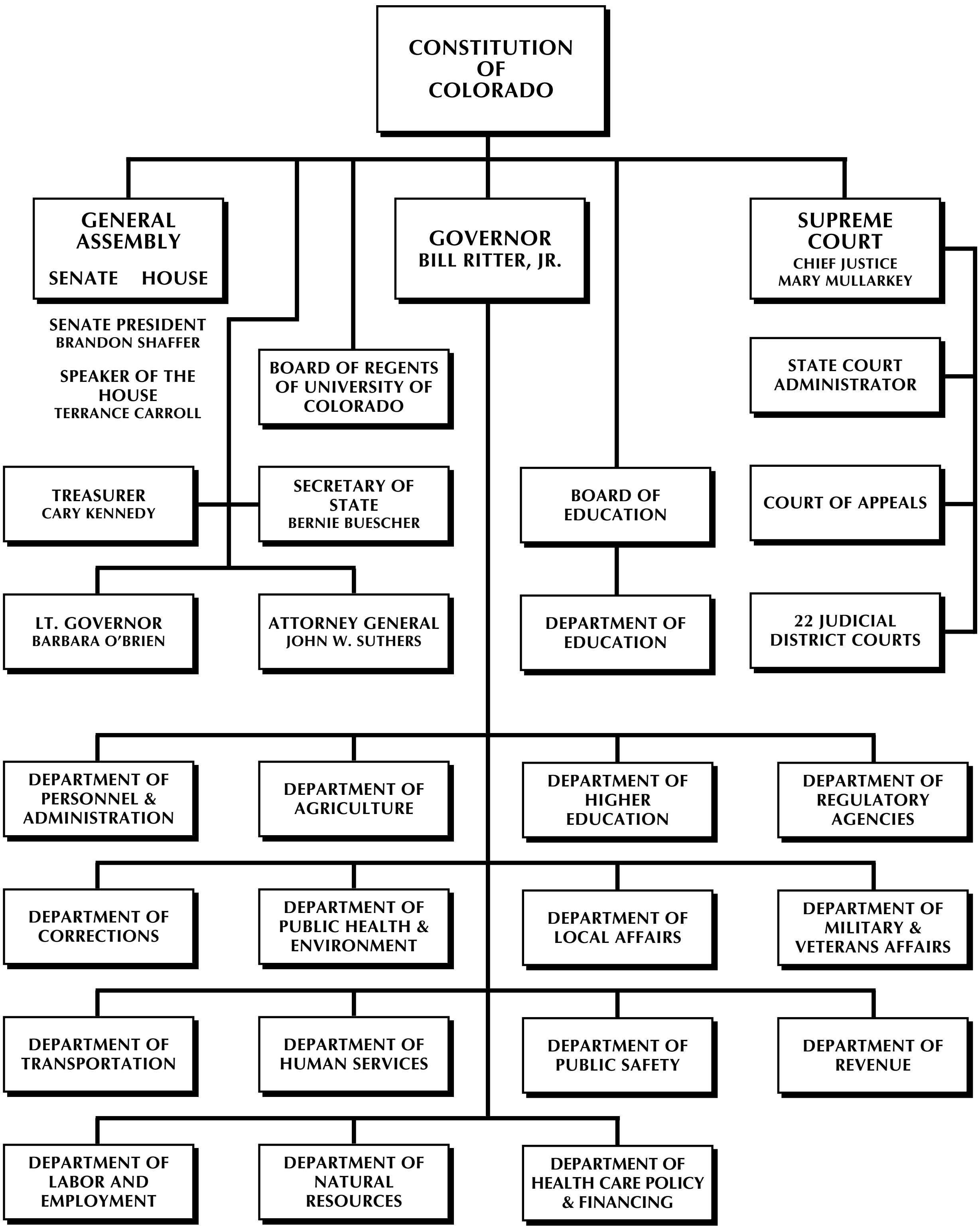
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

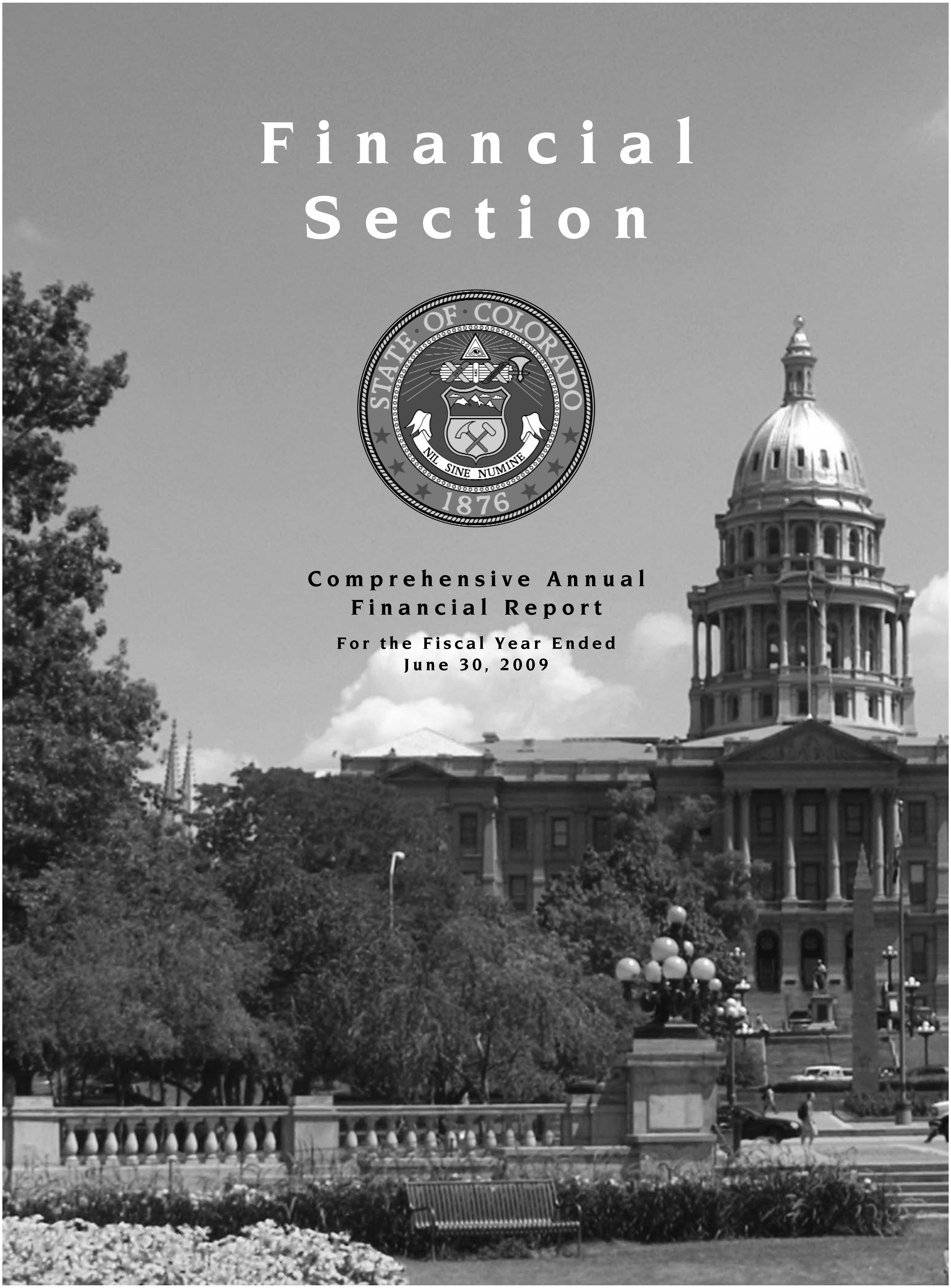
President

Executive Director

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS



Financial Section



Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2009

STATE OF COLORADO

Sally Symanski, CPA
State Auditor

OFFICE OF THE STATE AUDITOR
303.869.2800
FAX 303.869.3060

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

December 18, 2009

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Colorado as of and for the fiscal year ended June 30, 2009, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units identified in Note 2, which represent 100 percent of the total assets, 100 percent of the net assets, and 100 percent of the total revenue of the aggregate discretely presented component units. In addition, we did not audit the financial statements of University Physicians, Inc., a blended component unit which represents 3 percent of the assets, 4 percent of the net assets, and 9 percent of the revenue of Higher Education Institutions, a major enterprise fund, and 2 percent of the total assets, 4 percent of the net assets, and 6 percent of the total revenue of business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts and disclosures included for those discretely presented component units and for University Physicians, Inc., are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the University of Colorado Foundation, Colorado State University Foundation, University of Northern Colorado Foundation, Colorado School of Mines Foundation, discretely presented component units, and University Physicians, Inc., a blended component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 27 and 28 to the financial statements, in Fiscal Year 2008-09 the State adopted GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. As a result, the state restated $117.4 million of beginning net assets related to pollution remediation obligations that existed prior to July 1, 2008.

In Fiscal Year 2009, the State received approximately $175 million in federal grant funding through the State Fiscal Stabilization Fund program of the American Recovery and Reinvestment Act (Recovery Act). Expenditures of funds under this program require compliance with the grant agreement and are subject to audit. Some requirements of the grant agreement are specialized as a result of the Recovery Act and are subject to interpretation. Any federally disallowed expenditures resulting from such audits become a liability of the State. Any disallowed costs from audit will not materially impact the financial condition or operations of the State.

In accordance with *Government Auditing Standards* a report on our consideration of the State of Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under a separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The sections entitled "Management's Discussion and Analysis" and "Required Supplementary Information" listed in the table of contents on pages 1 and 2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, statistical section, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sally Symanski

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and it is intended to provide an easily readable explanation of the information provided in the attached basic financial statements. It is by necessity highly summarized, and in order to gain a thorough understanding of the state's financial condition, the attached financial statements and notes should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Government-wide:

Assets of the state's governmental activities exceeded liabilities by $15,477.2 million, a decrease of $353.0 million as compared to the prior year amount of $15,830.2 million. The prime reason for the decrease was a reduction in cash and restricted cash balances of $663.0 million primarily in the Capital Projects fund ($287.4 million), the Highway User's Tax Fund ($186.1 million), and in Other Governmental Funds ($335.0 million) which were partially offset by a related increase in the General Fund of $158.9 million in cash. Assets of the state's business-type activities exceeded liabilities by $4,880.1 million, a decrease of $247.0 million as compared to the prior year amount of $5,127.1 million primarily due to increases in revenue bonds and certificates of participation issued by Higher Education Institutions and an increase in amounts payable to the federal government by CollegeInvest, the effect of which was partially offset by increases in capital assets and land at Higher Education Institutions. In total, net assets of the state decreased by $600.0 million to $20,357.3 million.

Fund Level:

Governmental fund assets exceeded liabilities resulting in total fund balances of $4,785.1 million (prior year $5,312.0 million), of which, $3,308.3 million (prior year $3,701.7 million) was reserved, and the balance of $1,476.8 million (prior year $1,610.3 million) was unreserved. In total, governmental fund balances decreased $526.9 million from the prior year due to decreases in the Highway User's Tax Fund, the Capital Projects Fund, and in Other Governmental Funds, which were partially offset by an increase in the General Fund. The Highway User's Tax Fund decreased primarily due to the discontinuation of statutory transfers from Other Special Revenue Funds. The Capital Projects Fund decreased primarily due to the discontinuation of statutory transfers from the General Fund. The Other Governmental Funds decreased due to transfers to augment the General Fund's cash balance. The decreases in these three funds are a result of actions taken in response to the state's budget crises, as is the corresponding increase in the General Fund. The unreserved undesignated fund balance of the General Fund (on the GAAP basis) was $155.4 million and $0.0 million at June 30, 2009, and June 30, 2008, respectively, and the state did meet its mandatory reserve on a budgetary basis in both years. For Fiscal Year 2008-09, the state was only able to meet this reserve requirement due to legislation reducing the reserve amount from four percent to two percent and through transferring $815.3 million from various cash funds to augment the General Fund. The $128.0 million increase in total General Fund fund balance was primarily the result of these transfers which were necessary to offset declining tax revenues.

Enterprise Fund assets exceeded liabilities resulting in total net assets of $4,880.1 million (prior year $5,127.1 million), of which, $3,850.7 million (prior year $3,966.9 million) was restricted or invested in capital assets, and the balance of $1,029.4 million (prior year $1,160.2 million) was unrestricted. The total decrease of $247.0 million in Enterprise Fund net assets primarily occurred in the Unemployment Insurance fund due to a large increase in the amount of benefits paid which was partially offset by an increase in the Higher Education Institutions which included an allocation of $150.7 million of funds received under the American Reinvestment and Recovery Act (ARRA) from the State Fiscal Stabilization Fund.

Debt Issued and Outstanding:

The outstanding governmental activities' notes, bonds, and certificates of participation at June 30, 2009, were $1,784.0 million (prior year $1,848.9 million), which is 27.0 percent (prior year 26.0 percent) of financial assets (cash, receivables, and investments) and 8.9 percent (prior year 9.2 percent) of total assets of governmental activities. The governmental activities debt is primarily related to infrastructure, and future federal revenues and state highway revenues are pledged to the related debt service. The state's Enterprise Funds have revenue bonds outstanding that total $4,003.0 million (prior year $3,542.1 million). The revenue bond proceeds are primarily invested in loans and capital assets that generate a future revenue stream to service the related debt.

Revenue and Spending Limits:

The State Constitution indirectly limits the rate of spending increases and directly limits the state's ability to retain revenues collected over an amount set by a constitutional amendment commonly known as TABOR. Revenues in excess of the limit must be refunded to the taxpayers unless otherwise approved by the voters. In the November 2005 election, voters passed Referendum C, which allowed the state to retain revenues in excess of the limit for Fiscal Years 2005-06 through 2009-10. However, due to the economic downturn, the state did not have any revenues in excess of the TABOR limit for Fiscal Year 2008-09; the $0.7 million shown on the financial statements is the residual amount of a Fiscal Year 2004-05 TABOR refund that was not distributed as of June 30, 2009. (See page 29 for more information on the TABOR requirements and Referendum C.)

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are three major parts to the basic financial statements – government-wide statements, fund-level statements, and notes to the financial statements. Certain required supplementary information (in addition to this MD&A), including budget-to-actual and infrastructure information, is presented following the basic financial statements. Supplementary information, including combining fund statements and schedules, follows the required supplementary information in the Comprehensive Annual Financial Report.

Government-wide Statements

The government-wide statements focus on the government as a whole. These statements are similar to those reported by businesses in the private sector, but they are not consolidated financial statements because certain intra-entity transactions have not been eliminated. Using the economic resources perspective and the accrual basis of accounting, these statements include all assets and liabilities on the *Statement of Net Assets* and all expenses and revenues on the *Statement of Activities*. These statements can be viewed as an aggregation of the governmental and proprietary fund-level statements along with certain perspective and accounting-basis adjustments discussed below. Fiduciary activities are excluded from the government-wide statements because those resources are not available to support the state's programs.

The *Statement of Net Assets* shows the financial position of the state at the end of the fiscal year. Net assets measure the difference between assets and liabilities. Restrictions reported in net assets indicate that certain assets, net of the related liabilities, can only be used for specified purposes. Increases in total net assets from year to year indicate the state is better off, while decreases in total net assets indicate the state is worse off.

The *Statement of Activities* shows how the financial position has changed since the beginning of the fiscal year. The most significant financial measure of the government's activities is presented in the line item titled "Change in Net Assets" at the bottom of the *Statement of Activities.* The statement is presented in a net program cost format, which shows the cost of programs to the government by offsetting revenues earned by the programs against expenses of the programs. Due to the large number of programs operated by the state, individual programs are aggregated into functional areas of government.

On the *Statement of Net Assets,* columns are used to segregate the primary government, including governmental activities and business-type activities, from the discretely presented component units. On the *Statement of Activities*, both columns and rows are used for this segregation. The following bullets describe the segregation.

- Governmental activities are the normal operations of the primary government that are not presented as business-type activities. Governmental activities include Internal Service Funds and are primarily funded through taxes, intergovernmental revenues, and other nonexchange revenues.
- Business-type activities are primarily funded by charges to external parties for goods and services. These activities are generally reported in Enterprise Funds in the fund-level statements because the activity has revenue-backed debt or because legal requirements or management decisions mandate full cost recovery.
- Discretely presented component units are legally separate entities for which the state is financially accountable. More information on the discretely presented component units can be found in Note 2 on page 73.

Fund-Level Statements

The fund-level statements present additional detail about the state's financial position and activities. However, some fund-level statements present information that is different from the government-wide statements due to the perspective and the basis of accounting used. Funds are balanced sets of accounts tracking activities that are legally defined or are prescribed by generally accepted accounting principles. Funds are presented on the fund-level statements as major or nonmajor based on criteria set by the Governmental Accounting Standards Board (GASB). There are three types of funds operated by the state – governmental, proprietary, and fiduciary. In the fund-level statements, each fund type has a pair of statements that show financial position and activities of the fund; a statement showing cash flows is also presented for the proprietary fund type.

- Governmental Funds – A large number of the state's individual funds and activities fall in this fund type; however, only some are reported as major – the remaining funds are aggregated into the nonmajor column. Governmental Funds are presented using the current financial resources perspective, which is essentially a short-term view that excludes capital assets, debt, and other long-term liabilities. The modified accrual basis of accounting is used. Under modified accrual, certain revenues are deferred because they will not be collected within the next year, and certain expenditures are not recognized, even though they apply to the current period, because they will not be paid until later fiscal periods. This presentation focuses on when cash will be received or disbursed, and it is well suited to showing amounts available for appropriation. The governmental fund type includes the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, and Permanent Funds.
- Proprietary Funds – Proprietary fund type accounting is similar to that used by businesses in the private sector. It is used for the state's Enterprise Funds and Internal Service Funds. Enterprise Funds generally sell to external customers while Internal Service Funds charge other state agencies for goods or services. These funds are presented under the economic resources measurement focus, which reports all assets and liabilities. Accrual accounting is used, which results in revenues recognized when they are earned and expenses reported when the related liability is incurred. Because this is the same perspective and basis of accounting used on the government-wide statements, Enterprise Fund information flows directly to the business-type activities column on the government-wide statements without adjustment. Internal Service Fund assets and liabilities are reported in the governmental activities on the government-wide *Statement of Net Assets*. The net revenue or net expense of Internal Service Funds is reported as an adjustment to program expenses on the government-wide *Statement of Activities*. On the fund-level statements, Nonmajor Enterprise Funds are aggregated in a single column, as are all Internal Service Funds.

- Fiduciary Funds – These funds report resources held under trust agreements for other individuals, organizations, or governments. The assets reported in these funds are not available to finance the state's programs, and therefore, these funds are not included in the government-wide statements. The state's fiduciary funds include several Pension and Other Employee Benefits Trust Funds, several Private-Purpose Trust Funds, and several Agency Funds. Agency Funds track only assets and liabilities and do not report revenues and expenses on a statement of operations. All Fiduciary Funds are reported using the accrual basis of accounting.

The state has elected to present combining financial statements for its component units. In the report, the component unit financial statements follow the fund-level financial statements discussed above.

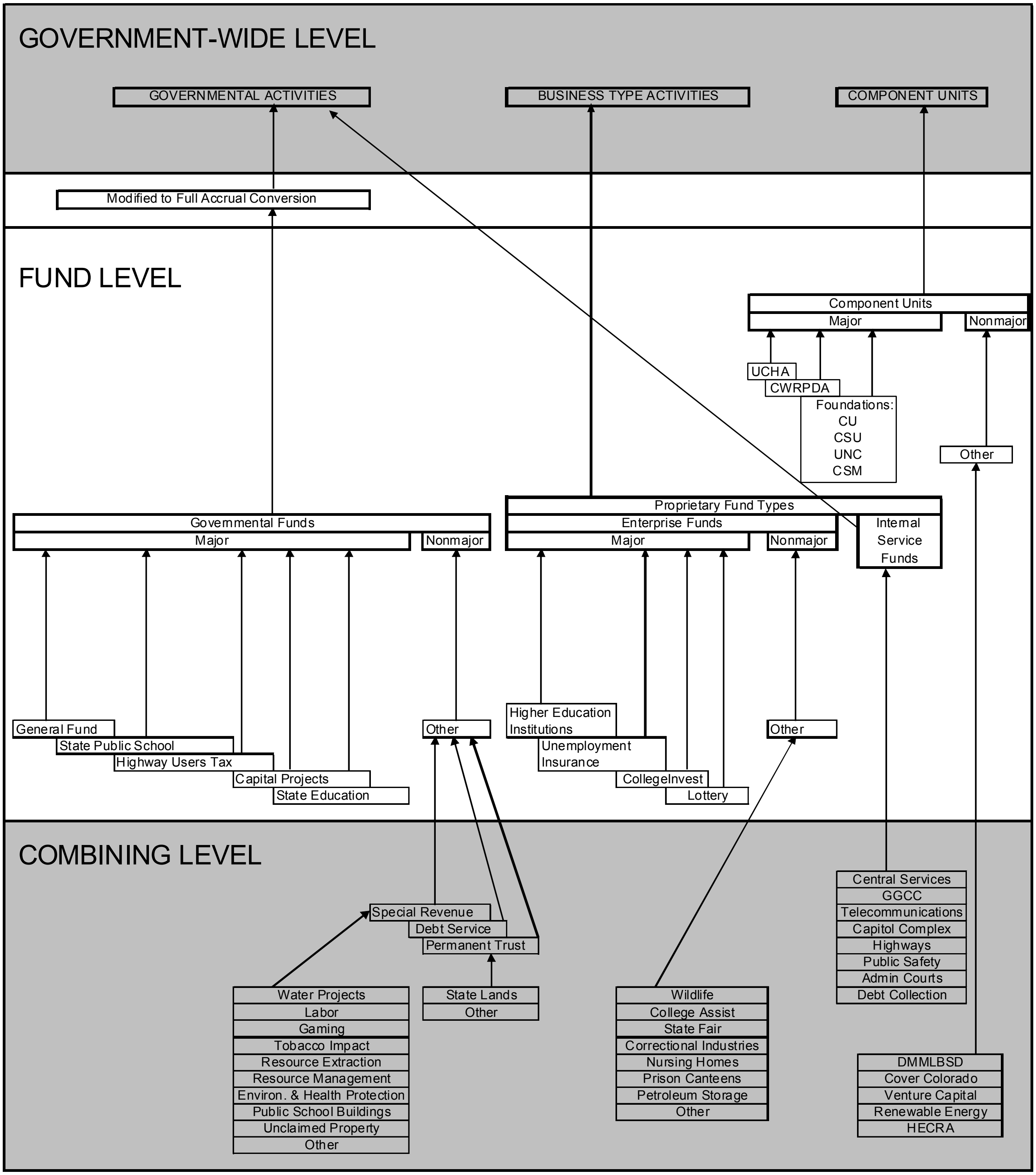
Notes to Basic Financial Statements

The notes to the financial statements are an integral part of the basic financial statements. They explain amounts shown in the financial statements and provide additional information that is essential to fair presentation.

Required Supplementary Information (RSI)

Generally accepted accounting principles require certain supplementary information to be presented following the notes to the financial statements. Required supplementary information differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes budgetary comparison schedules and information about transportation infrastructure reported under the modified approach.

The chart on the following page is a graphic representation of how the state's funds are organized in this report. Fiduciary Funds are not shown in the chart; they occur only in fund-level statements.


GOVERNMENT-WIDE LEVEL
GOVERNMENTAL ACTIVITIES
BUSINESS TYPE ACTIVITIES
COMPONENT UNITS
Modified to Full Accrual Conversion
FUND LEVEL
Component Units
Major
Nonmajor
UCHA
CWRPDA
Foundations:
CU
CSU
UNC
CSM
Other
Proprietary Fund Types
Governmental Funds
Major
Nonmajor
Enterprise Funds
Major
Nonmajor
Internal Service Funds
General Fund
State Public School
Highway Users Tax
Capital Projects
State Education
Other
Higher Education Institutions
Unemployment Insurance
CollegeInvest
Lottery
Other
COMBINING LEVEL
Special Revenue
Debt Service
Permanent Trust
Water Projects
Labor
Gaming
Tobacco Impact
Resource Extraction
Resource Management
Environ. & Health Protection
Public School Buildings
Unclaimed Property
Other
State Lands
Other
Wildlife
College Assist
State Fair
Correctional Industries
Nursing Homes
Prison Canteens
Petroleum Storage
Other
Central Services
GGCC
Telecommunications
Capitol Complex
Highways
Public Safety
Admin Courts
Debt Collection
DMMLBSD
Cover Colorado
Venture Capital
Renewable Energy
HECRA

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following table was derived from the current and prior year government-wide *Statement of Net Assets*.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Noncapital Assets	$ 7,252,573	$ 7,586,750	$ 5,894,571	$ 5,888,380	$ 13,147,144	$ 13,475,130
Capital Assets	12,840,474	12,573,895	4,522,626	4,041,734	17,363,100	16,615,629
Total Assets	20,093,047	20,160,645	10,417,197	9,930,114	30,510,244	30,090,759
Current Liabilities	2,488,460	2,319,501	1,243,341	996,494	3,731,801	3,315,995
Noncurrent Liabilities	2,127,382	2,010,954	4,293,744	3,806,530	6,421,126	5,817,484
Total Liabilities	4,615,842	4,330,455	5,537,085	4,803,024	10,152,927	9,133,479
Invested in Capital Assets, Net of Related Debt	11,631,061	11,348,995	2,665,270	2,411,662	14,296,331	13,760,657
Restricted	2,483,122	2,618,790	1,185,405	1,555,221	3,668,527	4,174,011
Unrestricted	1,363,022	1,862,405	1,029,437	1,160,207	2,392,459	3,022,612
Total Net Assets	$ 15,477,205	$ 15,830,190	$ 4,880,112	$ 5,127,090	$ 20,357,317	$ 20,957,280

The amount of total net assets is one measure of the health of the state's finances, and the state reports significant positive balances in all categories of net assets. However, this measure must be used with care because large portions of the balances related to capital assets or restricted assets may be unavailable to meet the day-to-day payments of the state.

Capital assets, net of related debt, account for $14,296.3 million or 70.2 percent of the state's total net assets, which represents an increase of $535.6 million from the prior year. The current year increase indicates that capital asset purchases from current resources and borrowing combined with paying down capital related debt exceeded the reduction in carrying value of capital assets caused by recognizing depreciation of those capital assets. However, it should be noted that the value of the capital assets is not available to meet related debt service requirements, which must be paid from current receipts or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $3,668.5 million or 18.0 percent of net assets, which represents a decrease of $505.5 million over the prior year. In general, these restrictions dictate how the related assets must be used by the state, and therefore, the amount may not be available for the general use of the state's programs. The constitutionally mandated State Education Fund net assets, the Highway Users Tax Fund net assets, and resources pledged to debt service are examples of restrictions on the state's net assets. Governmental activities accounted for $135.7 million of the decrease and business-type activities accounted for the remaining $369.8 million. The largest individual restriction decreases were related to Highway Construction and Maintenance ($130.0 million) and Unemployment Insurance ($372.5 million).

The Unrestricted Net Assets of $2,392.5 million or 11.8 percent of total net assets represents the amount by which total assets exceed total liabilities after all restrictions are considered. This represents a decrease of $630.1 million from the prior fiscal year. The governmental activities unrestricted net assets account for approximately $499.4 million of this decrease with the balance of $130.8 million in business-type activities. The largest portion of unrestricted net assets is reported in Special Revenue Funds, and generally, legislative action is required to make the Special Revenue Fund resources available for state programs other than the program for which the revenue was collected.

Another important measure of the state's financial health is the change in net assets from the prior year. The following condensed statement of activities shows, without regard to prior period adjustments and accounting changes, that net assets of both the governmental and business-type activities decreased during the fiscal year. For the governmental activities, expenses and transfers-out exceeded revenues and transfers-in resulting in net assets decreasing by $418.5 million. On the governmental fund-level statements, where capital outlay is reported as an expenditure and depreciation is not reported, governmental fund balances decreased by $526.9 million. Program revenue of the governmental activities increased by $1,008.5 million (18.4 percent) primarily related to increasing grants, and general-purpose revenues decreased by $951.8 million (10.2 percent) primarily due to declining tax collections, while expenses increased by $933.2 million (6.6 percent) from the prior year due to appropriation increases. The following table was derived from the current and prior year government-wide Statement of Activities. Business-type activities are discussed on the following page.

(Amounts in Thousands)

Programs/Functions	Governmental Activities 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008	Total Primary Government 2009	Total Primary Government 2008
Program Revenues:						
Charges for Services	$ 945,338	$ 825,650	$ 3,886,908	$ 3,796,888	$ 4,832,246	$ 4,622,538
Operating Grants and Contributions	5,065,429	4,222,670	2,214,186	1,728,669	7,279,615	5,951,339
Capital Grants and Contributions	485,711	439,693	20,220	9,426	505,931	449,119
General Revenues:						
Taxes	7,346,588	8,179,028	-	36,963	7,346,588	8,215,991
Restricted Taxes	880,625	986,274	-	-	880,625	986,274
Unrestricted Investment Earnings	22,591	42,478	-	-	22,591	42,478
Other General Revenues	119,748	113,603	-	-	119,748	113,603
Total Revenues	14,866,030	14,809,396	6,121,314	5,571,946	20,987,344	20,381,342
Expenses:						
General Government	308,410	55,789	-	-	308,410	55,789
Business, Community, and Consumer Affairs	705,037	667,381	-	-	705,037	667,381
Education	5,208,705	5,017,551	-	-	5,208,705	5,017,551
Health and Rehabilitation	644,699	603,296	-	-	644,699	603,296
Justice	1,543,310	1,436,009	-	-	1,543,310	1,436,009
Natural Resources	137,159	131,658	-	-	137,159	131,658
Social Assistance	5,220,295	4,822,437	-	-	5,220,295	4,822,437
Transportation	1,376,215	1,459,295	-	-	1,376,215	1,459,295
Interest on Debt	20,393	37,567	-	-	20,393	37,567
Higher Education Institutions	-	-	4,153,282	3,865,244	4,153,282	3,865,244
Unemployment Insurance	-	-	1,138,621	354,967	1,138,621	354,967
CollegeInvest	-	-	78,647	116,286	78,647	116,286
Lottery	-	-	435,156	447,101	435,156	447,101
Wildlife	-	-	112,369	109,800	112,369	109,800
College Assist	-	-	399,576	326,080	399,576	326,080
Other Business-Type Activities	-	-	171,635	173,928	171,635	173,928
Total Expenses	15,164,223	14,230,983	6,489,286	5,393,406	21,653,509	19,624,389
Excess (Deficiency) Before Contributions, Transfers, and Other Items	(298,193)	578,413	(367,972)	178,540	(666,165)	756,953
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(114,685)	(77,732)	114,685	77,732	-	-
Special Item	(5,616)	(6,843)	-	-	(5,616)	(6,843)
Total Contributions, Transfers, and Other Items	(120,301)	(84,575)	114,685	77,732	(5,616)	(6,843)
Total Changes in Net Assets	(418,494)	493,838	(253,287)	256,272	(671,781)	750,110
Net Assets - Beginning	15,830,190	16,036,990	5,127,090	4,870,818	20,957,280	20,907,808
Prior Period Adjustment	(118,647)	(393,912)	6,309	-	(112,338)	(393,912)
Accounting Changes	184,156	(306,726)	-	-	184,156	(306,726)
Net Assets - Ending	$ 15,477,205	$ 15,830,190	$ 4,880,112	$ 5,127,090	$ 20,357,317	$ 20,957,280

Business-type activities' expenses exceeded revenues and net transfers-in by $253.3 million resulting in a decrease in net assets. From the prior year to the current year, program revenue of the business-type activities increased by $586.3 million while expenses increased by $1,095.9 million. Most of the program revenue increase occurred in Higher Education Institutions' Charges for Services ($100.9 million) and Operating Grants ($111.2 million) and in Unemployment Insurance's Operating Grants ($356.1 million). Net transfers from the governmental activities to the business-type activities increased from $77.7 million to $114.7 million. The increase in expenses is primarily attributable to a 221.0 percent increase in Unemployment Insurance benefits paid as a result of the economic downturn.

TABOR Revenue, Debt, and Tax-Increase Limits

Background and Current Condition

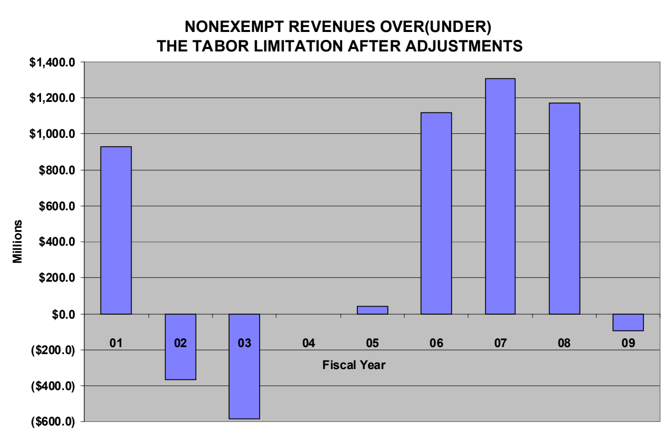
Fiscal Year 2008-09 is the sixteenth year of state operations under the TABOR revenue limitations (Article X, Section 20 of the State Constitution). With certain exceptions, the rate of growth of state revenues is limited to the combination of the percentage change in the state's population and inflation based on the Denver-Boulder CPI-Urban index. The exceptions include federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, and qualified enterprise fund revenues.

Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the state to retain the surplus. In November 2005 voters approved a measure, commonly known as Referendum C, which was referred to the ballot by the Legislature. Referendum C authorized the state to retain all revenues in excess of the TABOR limit for the five-year period from Fiscal Year 2005-06 through Fiscal Year 2009-10. Referendum C had additional provisions and effects that are discussed below.

TABOR also limits the General Assembly's ability to raise taxes, to borrow money, and to increase spending limits. With the exception of a declared emergency, taxes can only be raised by a vote of the people at the annual election. Multiple year borrowings can only be undertaken after approval by a similar vote.

The TABOR limits are calculated and applied at the statewide level without regard to fund type; however, the TABOR refunds have historically been paid from the General Fund. Therefore, the TABOR revenue, expenditure, debt, and tax-increase limitations are significant factors in the changing fiscal status of the state's General Fund. The original decision to pay TABOR refunds out of the General Fund continues to be important under Referendum C because revenues in excess of the limit that are recorded by cash funds remain in those funds (barring Legislative action) but are required to be budgeted and expended from the General Fund Exempt Account created in the General Fund by Referendum C. For Fiscal Year 2008-09, this requirement conflicts with the existing statutory six percent limit on General Fund expenditure growth unless General Fund appropriations are reduced by a matching amount.

In years when Referendum C is not in effect, the state's ability to retain revenues is also affected by a requirement in TABOR commonly referred to as the ratchet down effect. The ratchet down occurs because each year's revenue retention limit is calculated based on the lesser of the prior year's revenues or the prior year's limit. When revenues are below the limit, it results in a permanent loss of the state's ability to retain current and future revenues collected. Referendum C effectively suspended the ratchet down effect during the five-year refund hiatus by authorizing the state to retain and spend any amount in excess of the TABOR limit.



In the first three years of operations under TABOR, the state did not exceed the revenue limitation. In Fiscal Years 1996-97 through 2000-01, state revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million, and

$927.2 million, respectively. The economic downturn in Fiscal Years 2001-02 and 2002-03 and adjustments for inaccurate population estimates applied in Fiscal Year 2003-04 precluded TABOR refunds in those years. The state was required to refund $41.1 million in Fiscal Year 2004-05. At the end of Fiscal Year 2008-09, this amounted to total required refunds of $3,291.2 million since TABOR's inception. At June 30 of each fiscal year, the state recorded a liability on the General Fund Balance Sheet for these amounts, and the amounts were refunded in subsequent years.

In Fiscal Year 2008-09, state revenues subject to TABOR were $9,102.4 million, which was $101.5 million under the adjusted current year limit. During Fiscal Year 2008-09, Adams State and Fort Lewis Colleges were disqualified as TABOR enterprises due to receiving state capital construction support in excess of the allowable 10% limit and Western State College requalified as a TABOR enterprise. As required by TABOR, the State Controller makes disqualifications of enterprises neutral by adding the newly disqualified enterprise's nonexempt revenues to the limit after it has been adjusted for allowable growth. In Fiscal Year 2008-09, the TABOR limit was increased by $13.3 million related to enterprise qualifications and disqualifications.

Under the requirements of current law, the Governor's Office of State Planning and Budgeting (OSPB) estimates that the state will retain $3.6 billion during the five-year refund time-out authorized by Referendum C.

Referendum C

Referendum C, approved by the voters in the November 2005 election, contained the following provisions:

- The state shall be authorized to retain and spend all revenues in excess of the limit on fiscal year spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constitutes a voter approved revenue change.
- After July 1, 2010, the limit on fiscal year spending is effectively raised to the highest population and inflation adjusted nonexempt revenue amount in the period from July 1, 2005, and before July 1, 2010. This provision disables the ratchet down provision during the five-year period.
- A General Fund Exempt Account is created within the General Fund to consist of the retained revenues for each fiscal year. The Legislature shall appropriate the moneys in the account for health care, education (including related capital projects), firefighter and police pension funding, and strategic transportation projects. Spending from the General Fund Exempt Account is subject to the six percent limit on General Fund expenditure growth.
- The Director of Research of the Legislative Council shall report the amount of revenues retained with a description of how the retained revenues were expended.

The amount of revenues in excess of the limit cannot be known until the completion of the TABOR audit, which is generally not available until up to six months after fiscal year-end; however due to declining economic conditions the state's revenues did not exceed the TABOR limit during Fiscal Year 2008-09. Therefore no monies were retained under Referendum C during Fiscal Year 2008-09.

With Referendum C in place and TABOR refunds temporarily suspended, important statutory thresholds for the General Fund were met prior to Fiscal Year 2008-09 – including six percent growth in spending and maintaining a reserve equal to four percent (on the budgetary basis). However, due to the economic downturn, the state's revenues were not able to support the budgeted six percent growth in appropriations or the required statutory reserve during Fiscal Year 2008-09. Legislation passed during the 2009 legislative session reduced the reserve to two percent, eliminated the General Fund Surplus transfer to the Highway Users Tax Fund and the Capital Projects Fund, as well as the 10.355 percent diversion of sales and use tax from the General Fund to the Highway Users Tax Fund and modified the six percent spending limit. Neither the legislative nor the Governor's economic forecasts projects TABOR revenue in excess of the TABOR limit for the final year under Referendum C (Fiscal Year 2009-10).

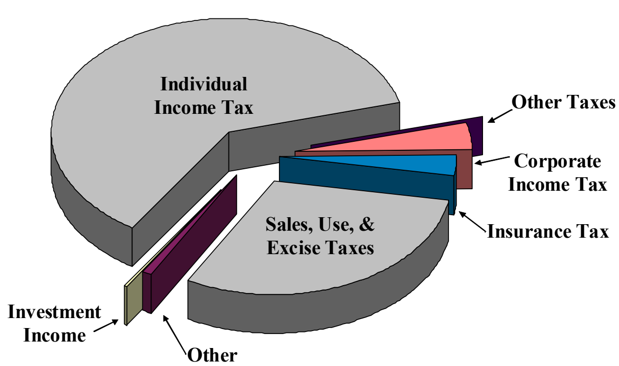
INDIVIDUAL FUND ANALYSIS

General Fund

The General Fund is the focal point in determining the state's ability to maintain or improve its financial position. This fund accounts for all revenues and expenditures that are not required by law to be accounted for in other funds. Revenues of the General Fund consist of two broad categories - general-purpose revenues and augmenting revenues. General-purpose revenues are taxes, fines, and other similar sources that are collected without regard to how they will be spent. Augmenting revenues include federal funds, transfers-in, fees and charges, or specific user taxes. Augmenting revenues are usually limited as to how they can be spent. Even though significant federal grant revenues are accounted for in the General Fund, they have little impact on the General Fund fund balance because Federal revenues are closely matched with federal expenditures.

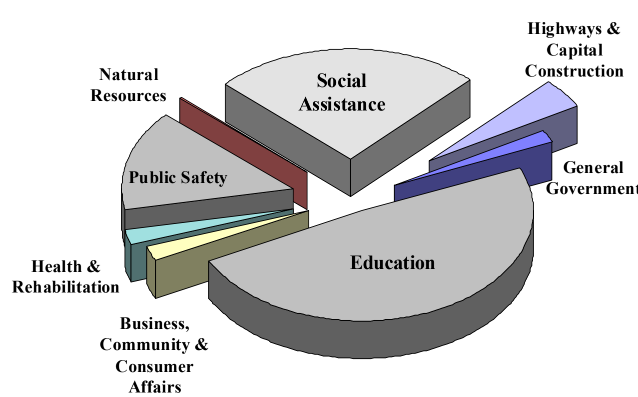
The ending fund balance of the General Fund, as measured by generally accepted accounting principles, was $335.4 million, an increase of $128.0 million from the prior year. The required General Fund Reserve for Statutory Purposes was $148.2 million, a decrease of $135.3 million from the prior year primarily due to legislation that reduced the statutorily required reserve from four percent to two percent. The primary reason for the increase in General Fund fund balance was due to $815.3 million in augmenting transfers-in from various cash funds in response to the state's budget crises. Without these augmenting transfers, the General Fund fund balance would have been a deficit which is prohibited by the state's constitution. The General Fund Surplus transfer to the Highway and Capital Constructions funds and the diversion of sales and use tax revenues into the Highway fund were statutorily repealed with those moneys remaining in the General Fund. The General Fund's $675.0 million cash balance increased from the prior year solely due to the above referenced augmenting cash transfers and the elimination of the statutorily-required diversions.

GENERAL-PURPOSE REVENUES BY SOURCE



General-purpose revenues for Fiscal Years 2008-09 and 2007-08 were $6,525.4 million (see page 157) and $7,504.8 million, respectively – a decrease of $979.4 million or 13.1 percent. Individual income tax revenue decreased by $579.4 million. The major categories of individual income tax, that contributed to the decrease, were payments received with returns (down 25.0 percent) and estimated payments (down 29.6 percent.) The change in income tax refunds (up 12.3 percent) also contributed to the revenue decreases. Corporate income tax receipts decreased by $208.4 million or 44.0 percent. Investment income of the General Fund decreased by $8.6 million or 47.8 percent; the decrease reflects the decline in the General Fund average cash balance as well as the declining interest rates throughout the fiscal year. The $815.3 million in augmenting cash transfers were not received by the General Fund until the final months of the year. Sales, use, and excise taxes decreased by $191.4 million or 8.8 percent, which is consistent with the 0.9 percent decrease in personal income in 2009. Other revenue increased by $4.5 million or 8.7 percent primarily related to a $5.4 million increase in court receipts.

EXPENDITURES BY FUNCTION FROM GENERAL PURPOSE REVENUES



On the budgetary basis, total expenditures and transfers-out (excluding transfers not appropriated by department) funded from general-purpose revenues during Fiscal Years 2008-09 and 2007-08 were $7,370.8 million (see page 157) and $7,353.7 million, respectively. For Fiscal Year 2008-09, the total annual increase in general-funded expenditures (including expenditures from the General Fund Exempt Account authorized by Referendum C) was limited to six percent over the previous year with certain adjustments. The primary adjustments are for changes in federal mandates, lawsuits against the state, and most transfers not appropriated by department. This limitation is controlled through the legislative budget process and legislation was enacted that changed the growth limitation to 5.0 percent of Colorado personal income beginning in Fiscal Year 2009-10. In Fiscal Year 2008-09, revenues were not sufficient to support the allowed appropriation growth and budget cuts were enacted that resulted in appropriations decreasing by 3.4 percent.

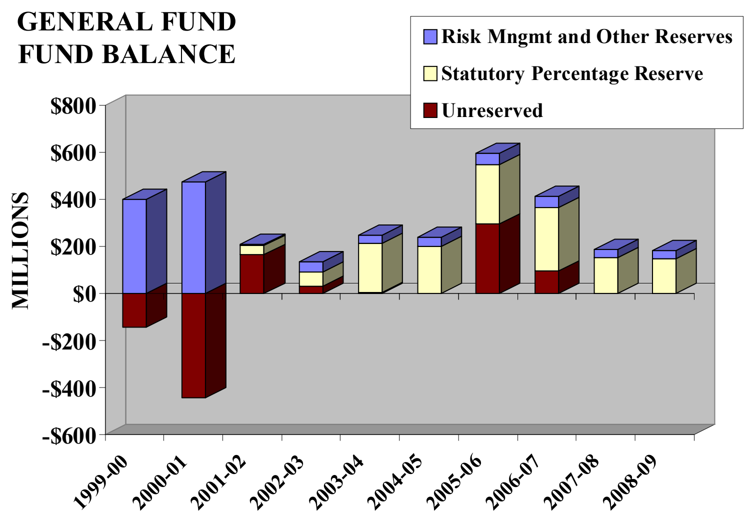
With expenditures measured using generally accepted accounting principles, the Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 80.5 percent of all Fiscal Year 2008-09 general-funded expenditures, which is an increase of 2.8 percent from the prior year. The Department of Education and the Department of Human Services' general-funded expenditures increased by 6.3 percent and 3.5 percent, respectively. The Department of Health Care Policy and Financing and the Department of Higher Education's general-funded expenditures both decreased by 11.5 percent. The percentage use of total general-funded resources by these four departments increased primarily because the transfers and distributions to the Capital Projects Fund (down from $183.4 million to $39.4 million) and the Highways Users Tax Fund (down from $166.2 million to $29.0 million) were significantly lower during Fiscal Year 2008-09 than Fiscal Year 2007-08. The decline from the prior year is primarily due to the $43.4 million General Fund Surplus from Fiscal Year 2007-08 (transferred in Fiscal Year 2008-09) being substantially less than the Fiscal Year 2006-07 General Fund Surplus of $249.3 million (transferred in Fiscal Year 2007-08). The General Fund Surplus transfer was not appropriated by department nor was it counted against the six percent General Fund spending limit. As noted previously, legislation eliminated the General Fund Surplus transfer for Fiscal Year 2008-09 and beyond and also changed the General Fund spending limit. Of the departments with substantial General Fund expenditures, the major expenditure increases were in the Department of Education ($191.7 million or 6.3 percent), the Department of Corrections ($11.0 million or 1.8 percent), the Judicial Branch ($27.4 million or 9.1 percent), and the Department of Human Services ($26.4 million or 3.5 percent.) Both the Department of Health Care Policy and Financing ($171.1 million or 11.5 percent) and the Department of Higher Education ($85.7 million or 11.5 percent) saw large general-funded expenditure decreases, part of which were offset by federal funding as detailed in the section on Analysis of Budget variances.

Amendment 23, passed by the voters in 2000, mandates increases in Department of Education spending primarily related to payments to local public school districts. The Department of Corrections increase was primarily for costs of the department's internal inmate housing program and for increased workers compensation and risk management costs. Each of these increases is affected by the general increase in the offender population. The largest increases in the Judicial Branch were related to probation services and trial court costs with smaller increases in the public defender, alternate defense counsel and child's representative programs. The largest increases in the Department of Human Services were an additional $9.7 million expended on the mental health institutes and $6.7 million in child welfare programs.

The decreases for two large departments (the Department of Higher Education – 11.5 percent and the Department of Health Care Policy and Financing – 7.4 percent) allowed for the other departmental increases in spite of declining revenue growth.

The chart at the right shows the changes in the major reserves in the General Fund on the basis of generally accepted accounting principles (GAAP). Statutes in effect for Fiscal Year 2008-09 require a two percent fund balance reserve ($148.2 million). In Fiscal Year 2007-08, the General Fund did not have adequate resources to meet the required four percent

GENERAL FUND FUND BALANCE



reserve on the GAAP basis. Compliance was achieved on a budgetary basis by deferring certain payroll and Medicaid costs; without this deferral the General Fund reserve would have a $131.8 million shortfall. In Fiscal Years 2006-07 and 2005-06 the General Fund had adequate resources to meet the required four percent reserve on the GAAP basis. In years prior to Fiscal Year 2005-06 compliance was achieved on the budgetary basis by deferring either expenditures or TABOR refunds. Declining economic conditions during Fiscal Year 2008-09 required a series of augmenting transfers from various cash funds to prevent General Fund from incurring a deficit fund balance. These transfers allowed the state to meet the required two percent reserve on both the budgetary basis and on a GAAP basis. (Note to the General Fund Fund Balance chart: Before Fiscal Year 2001-02, the reserves of a large number of funds were reported as part of the General Fund; from Fiscal Year 2001-02 forward they are reported as Special Revenue Funds, and therefore, are not included in the chart. The large deficit Unreserved Fund Balance in Fiscal Years 1999-00 and 2000-01 were the result of very large TABOR refund liabilities that were recognized on a GAAP basis but deferred on a budget basis. The statute that allowed the deferral of TABOR refund liabilities has been repealed.)

As required by Senate Bills 03-196 and 03-197, the state converted to cash basis accounting for certain expenditures in Fiscal Year 2002-03 and subsequent years. In prior years, this change resulted in an ongoing difference between the GAAP fund balance and budgetary basis fund balance of the General Fund. During Fiscal Year 2008-09, the state met the reserve on both a GAAP and budgetary basis primarily through the augmenting cash transfers and the change in reserve requirement referenced above. The amount of net General Fund revenues that are available for expenditure are titled General Fund Surplus on the budgetary basis statement. There is no equivalent amount for FY 2007-08 for the GAAP basis financial statements since the General Fund reserve was only met on a budgetary basis. Deferring payroll expenditures moved $89.6 million of expenditures into the following year, while deferring Medicaid related expenditures moved $144.5 million of expenditures into the following year. Revenues related to the deferral of the Medicaid expenditures were also deferred in the amount of $94.1 million. In total, the effect was to increase General Fund budgetary fund balance by $140.1 million, which was $35.1 million less than the effect of deferring Fiscal Year 2007-08 expenditures into Fiscal Year 2008-09.

Colorado statutes formerly required that early in each year the State Controller transfer the entire ending General Fund Surplus of the prior fiscal year two-thirds to the Highway Users Tax Fund and one-third to the Capital Projects Fund. The General Fund Surplus is calculated on the budgetary basis as the amount in excess of the required four percent reserve with certain payroll and Medicaid expenditures deferred into the following year as noted above. In Fiscal Year 2008-09, the transfer amount was $43.4 million of which $28.9 million went to the Highway Users Tax Fund and $14.5 million went to the Capital Projects Fund. As mentioned previously, these transfers were permanently eliminated during Fiscal Year 2008-09 in response to the state's budget crises. New statutory transfers have been set in legislation, the first of which is scheduled for Fiscal Year 2012-13. However, these transfers are dependent upon the state achieving a five percent growth rate in personal income. If this threshold is not met, the transfers will be delayed until the five percent growth occurs.

State Public School Fund

The State Public School Fund is a statutory fund whose primary revenue source is quarterly transfers from the General Fund. The fund distributes substantially all of the General Fund transfer to local school districts resulting in year-end fund balances that are not significant. The fund made distributions of $2,999.8 million and $2,859.9 million in Fiscal Year 2008-09 and 2007-08, respectively.

Highway Users Tax Fund

The Highway Users Tax Fund (HUTF) fund balance decreased by $213.4 million from the prior year primarily related to a reduction of transfers-in of $395.9 million due to the termination of statutorily mandated transfers-in from the General Fund. The General Fund Surplus transfer to the Highway Fund decreased from $166.2 million in Fiscal Year 2007-08 to $29.0 million in Fiscal Year 2008-09. Legislation in response to the economic crises permanently eliminated this transfer and also terminated the diversion of sales and use tax from the General Fund to the Highway Fund until at least Fiscal Year 2018-19.

The Highway Users Tax Fund shows an Unreserved Fund Balance Reported in Special Revenue Funds of $29.3 million. This amount is the residual after a $915.4 million reserve for encumbrances and a $320.6 million reserve for funds reported as restricted. The encumbrances are related to multiple year construction project contracts that are to be funded primarily from future gas tax and motor vehicle license fee revenues. The funds reported as restricted are primarily in the form of cash that is restricted by the State Constitution to be used only for highway construction and maintenance.

Capital Projects Fund

The Capital Projects Fund fund balance decreased by $272.1 million from the prior fiscal year primarily due to a reduction in net transfers-in of $162.2 million. The change was in part a result of the General Fund Surplus transfer to the Capital Projects Fund decreasing from $83.1 million in Fiscal Year 2007-08 to $14.5 million in Fiscal Year 2008-09. The state's budget crises also resulted in the decommissioning of existing capital construction projects and a transfer-out of $26.6 million to make the first two years of Higher Education Mineral Leasing Certificates of Participation payments. Investment income declined by $13.2 million. In addition, capital outlay expenditures increased by $66.6 million offset by a decrease in general government expenditures of $10.6 million. Historically, it has been the General Assembly's policy to appropriate the entire Capital Construction fund balance, and most of the amount shown as unreserved has already been committed to projects in the Fiscal Year 2008-09 budget cycle.

State Education Fund

The State Education Fund fund balance decreased by $14.8 million during Fiscal Year 2008-09. Except for investment income, revenues of the fund are fixed as a percentage of taxpayer income, and the fund's portion of those receipts decreased in Fiscal Year 2008-09 by $68.0 million from the prior year. Investment income decreased by $3.0 million from the prior year primarily due to a decrease in the fund's cash balance on deposit with the State Treasurer. Unrealized gains made up 19.6 percent of the investment income. Expenditures of the fund are limited by a constitutional amendment to certain education programs and to meeting growth requirements in other education programs. Transfers-in from the General Fund increased by $121.4 million which mitigated the decline in revenues and the increase in expenditures. Expenditures of the fund were $488.8 million and $297.6 million in Fiscal Year 2008-09 and 2007-08, respectively. This increase in expenditures resulted from refinancing appropriations from the General Fund to the State Education Fund in response to the state's budget crises.

Higher Education Institutions

Current period activity and prior period adjustments together increased the net assets of the Higher Education Institutions by $118.2 million. The fund has a wide variety of funding sources to which expenses are not specifically identifiable; therefore, it is not possible to cite the source of the net asset increase. However, it can be noted that tuition and fees of the institutions increased by $52.6 million, sales of goods and services increased by $46.4 million, federal revenues increased by $75.6 million, investment income decreased by $101.5 million, and other revenues increased by $25.8 million. Expenses of the fund increased by amounts consistent with the percentage change in revenues except for salaries and fringe benefits, which increased by 11.9 percent. The state made capital contributions of $113.8 million and $97.7 million in Fiscal Years 2008-09 and 2007-08, respectively, that were funded by the Capital Projects Fund and transferred $181.4 million ($157.4 million in Fiscal Year 2007-08) to Higher Education Institutions primarily from the General Fund for student financial aid and vocational training. In response to the state's budget crises, the Governor's Office provided $150.7 million of funding from ARRA monies in the State Fiscal Stabilization Fund to institutions of higher education. The money was used to fund normal operations and was used to prevent reductions that would otherwise have been made to the related general-funded appropriations.

Unemployment Insurance

The net assets of the Unemployment Insurance Fund decreased by $372.5 million primarily because unemployment benefits paid increased by 221.0 percent due to the economic downturn. The net asset decrease was lessened by $360.3 million in federal grants received (including American Recovery and Reinvestment Act funds – ARRA) to extend period of time during which unemployment benefits can be received. The change in net assets was also affected by a $3.4 million decrease in investment earnings, a $34.8 million decrease in the amount of unemployment insurance taxes received and an increase in unemployment benefits of $784.4 million which increased the expenses of the fund. Colorado statutes require management to adjust unemployment insurance premium tax rates when the fund's cash balance exceeds or is below established thresholds. The fund's cash balance decreased from Fiscal Year 2007-08 to 2008-09 by $360.6 million from $710.4 million to $349.8 million.

CollegeInvest

CollegeInvest's net assets decreased by $5.9 million or 3.2 percent. The fund experienced a $26.4 million decrease in Federal Grants and Contracts, a $10.8 million decrease in Investment Income, and a $5.2 million increase in Other Revenue. CollegeInvest's debt service decreased $47.6 million related to a decrease in interest rates on variable rate debt. Assets of the fund increased from $1,976.4 million to $2,064.6 million while liabilities increased from $1,791.2 million to $1,885.3 million. The amount Due to Other Governments increased by $114.0 million primarily related to a participation program with the Federal Department of Education for loan origination that the agency entered during Fiscal Year 2008-09. CollegeInvest uses bond proceeds to fund loans to students that are recorded on the *Statement of Net Assets* in the line items Student and Other Receivables and Restricted Receivables. The limited availability of credit is adversely affecting the CollegeInvest student lending program.

State Lottery

The Lottery produced operating income of $120.9 million ($120.3 million in Fiscal Year 2007-08) on sales of $500.5 million ($512.7 million in Fiscal Year 2007-08), which represents a 0.5 percent increase in operating income. The Lottery distributed $54.3 million ($53.1 million in Fiscal Year 2007-08) to the Great Outdoors Colorado program, a related organization, and transferred $65.9 million ($69.7 million in Fiscal Year 2007-08) to other state funds, of which, $5.5 million was distributed to local school districts through the State Public School Fund, $12.0 million was used to fund operations of the state Division of Parks and Recreation, and $47.8 million was expended to local governments through the Conservation Trust Fund. Because of the requirement to distribute most of its income, the Lottery net assets are minimal and change nominally from year to year.

ANALYSIS OF BUDGET VARIANCES

The following analysis is based on the General Fund Surplus Schedule included in Required Supplementary Information on page 157. That schedule isolates general-purpose revenues and expenditures funded from those revenues, and it is therefore the best source for identifying general-funded budget variances.

Differences Between Original and Final Budgets

The following list shows departments that had net changes in general-funded budgets greater than $5.5 million.

- Department of Corrections – The department's original budget exceeded the final budget by $34.3 million. The primary reason for the decrease was $24.6 million of federal funds received under the American Reinvestment and Recovery Act (ARRA), which allowed for a corresponding General Fund budget reduction. The general-funded budget also decreased by $6.3 million related to funding for private prisons due to lower than projected growth rates and by $1.8 million in related private prison provider rate decreases.

- Department of Education – The department's final budget exceeded the original budget by $40.0 million. The increase in the department's general-funded budget was primarily related to the state's receipt of federal funds under ARRA. The state funded the Department of Higher Education budget with ARRA monies allowing $121.0 million of general-funded dollars to be appropriated to the State Education Fund. This increase was partially offset by a $77.5 million decrease in general-funded appropriations achieved by funding categorical programs, public school finance, and other programs with cash from the State Education Fund rather than the General Fund.

- Department of Higher Education – The Department of Higher Education's original budget exceeded the final budget by $150.9 million. The decrease was primarily a result of $150.7 million of federal funds received under ARRA. The state used the State Fiscal Stabilization Funds (SFSF) provided by ARRA to replace the department's general-funded budget and allow those general funds to be used elsewhere.

- Department of Health Care Policy and Financing (HCPF) – The department's final budget exceeded the original budget by $36.7 million, a 2.4 percent increase. The increase was the result of the following:
  - $46.5 million net increase in the general-funded appropriations for Medical Service Premiums required for matching Medicaid grant funds. The appropriation was first increased by $53.5 million to address anticipated increases in Medicaid clients and costs, including an increase in the original estimate of Medicaid clients from 381,390 to 433,304. The appropriation was subsequently reduced by $7.0 million when caseload projections declined between the January and March estimates. As described in Note 8, the department overexpended the Medical Services Premiums line by $11.2 million.
  - $6.9 million decrease in the general-funded appropriations relating to Medicare primarily due to a lower than expected increase in caseload and cost estimates and by delaying the May 2009 payment until after fiscal year-end.
  - $3.0 million decrease in the general-funded appropriation for Medical Service Premiums by using monies in the Supplemental Old Age Pension Fund to pay certain Medicaid expenditures.
  - $3.7 million decrease in the general-funded appropriation for Medical Service Premiums due to a change in the methodology used to calculate nursing home provider rates.
- Department of Revenue – The department's final budget exceeded the original budget by $75.6 million. The increase was primarily due to a $86.9 million error in recording the original budget. The appropriation for Old Age Pension was incorrectly recorded as a cash rather than general-funded budget. (The department's final budget shown on the General Fund Surplus Schedule on page 157 is reduced by $10.9 million in transfers to various cash funds that are shown in the Transfers section for presentation purposes.)
- Department of Treasury – The department's original budget exceeded the final budget by $25.0 million. The decrease was primarily due to a $34.8 million reduction in the funding of the Fire and Police Pension Association pension in response to the state's budget crisis. The reduction was offset by a $5.8 million increase for debt service payments on the Tax Revenue Anticipation Notes that the State Treasurer issued to fund an interest free loan program for local school districts pending their receipt of property tax revenues. At the time of the original budget estimate the level of participation by local school districts was unknown, and therefore, the related debt service could not be accurately estimated. The department also received a $2.8 million increase to transfer monies into the Colorado State Veteran's Trust Fund to repay monies previously used to offset a General Fund revenue shortfall.

Differences Between Final Budget and Actual Expenditures

Overexpenditures for all funds totaled $18.3 million for Fiscal Year 2008-09. General-funded overexpenditures are discussed in detail in Note 8A on page 85 at the individual line item appropriation level. In total, state departments reported general-funded appropriation reversions of $229.5 million; the reversion would have been a positive $242.0 million if not for a $12.5 million negative reversion related to the Old Age Pension program at the Department of Revenue. The Department of Revenue negative reversion is not considered an overexpenditure because the Old Age Pension program is continuously appropriated in statute and the negative reversion is shown primarily to inform the General Assembly of the amount of Old Age Pension expenditures in excess of the estimate. In addition, departments reverted $7.6 million of revenue earned in excess of the amount that was needed to support specific cash-funded appropriations in the General Fund. The final budget is presented without reduction for restrictions in order to show the total reversion of appropriated budget. The following list shows those departments that had reversions of at least $1.0 million.

- Department of Corrections – The department reverted $7.6 million primarily due to lesser than anticipated increases in utilization and costs related to offenders' medical treatment and lesser than anticipated demand for offender placement in private prisons.
- Department of Health Care Policy and Financing – The department reverted $212.9 million net of the $12.2 million statutorily authorized overexpenditure in the Medicaid program detailed in Note 8A. The reversions were the result of an increase in the Federal Medical Assistance Percentage (FMAP) under ARRA. The FMAP percentage increased from 50 percent to 60.39 percent and the resulting increased federal funding allowed a decrease in general-funded appropriations. The state elected not to reduce the appropriation so that the department's reversion would be available to fund other general-funded programs.

- Department of Human Services – The department's $3.1 million reversion was made up of numerous smaller amounts, the most significant of which were:
  - $0.9 million of excess federal Medicaid revenue supplanting General Fund spending and related in part to the cost of facilities maintenance and depreciation included in patient billings,
  - $1.3 million in department administration, child support enforcement, and mental health institute costs related to budget restrictions resulting from overexpenditures and the state's revenue shortfalls. The restrictions were put in place to limit spending and cause the remaining appropriations to revert to the General Fund,
  - $0.4 million related to community programs where the amount of youth needing contract placement services was less than expected, certain judicial districts not spending their entire allotment of youth services funds, and less than anticipated need for youth parole services, and
  - $0.2 million related to lower than anticipated caseload increases in residential treatment for youth and shorter stays for youth in residential treatment facilities.
- Department of Public Safety – The department reverted $1.1 million related to community corrections programs. The department believes the appropriation reverted primarily due to legislative changes that decreased felony crimes subject to community corrections referral and due to certain jurisdictions limiting the number of offenders accepted into the program.
- Department of Revenue – The General Fund Surplus Schedule shows the department reverted $1.7 million, which would have been $14.2 million except for the $12.5 million negative reversion related to Old Age Pension expenditures discussed above. The department reverted $12.0 million of the Old Age Heat and Fuel refunds appropriation because the lawful presence verification requirement instituted during Fiscal Year 2006-07 resulted in fewer applications than estimated and because fewer taxpayers qualified for the rebate due to an increase in income qualifications. The department also reverted $1.2 million of the Cigarette Tax Rebate appropriation due to decreased tax collections during Fiscal Year 2008-09.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The state's investment in capital assets at June 30, 2009, was $17.4 billion ($16.6 billion in Fiscal Year 2007-08). Included in this amount were $6.0 billion of depreciable capital assets net of $3.9 billion of depreciation. Also included was $11.4 billion of land and nondepreciable infrastructure reported under the modified approach. The state added $1,157.3 million and $943.5 million of capital assets in Fiscal Year 2008-09 and 2007-08, respectively. Of the Fiscal Year 2008-09 additions, $405.1 million was recorded by governmental funds and $752.2 million was recorded by proprietary funds. General-purpose revenues funded $249.9 million of capital and controlled maintenance expenditures during Fiscal Year 2008-09 and the balance of capital asset additions was funded by federal funds, cash funds, or borrowing. The table below provides information on the state's capital assets by asset type for both governmental and business-type activities.

The state's major commitments for capital expenditures are reported in the attached financial statements as fund balances reserved for encumbrances. At June 30, 2009, the state had commitments of $128.0 million in the Capital Projects Fund ($255.1 million in Fiscal Year 2007-08) and $915.4 million in the Highway Users Tax Fund ($711.4 million in Fiscal Year 2007-08). Certain construction projects of the Higher Education Institutions are not reported in the Capital Projects Fund because they are not subject to appropriation; additionally, commitments for the related capital expenditures are not shown because the enterprise funds do not report a reserve for encumbrances.

The state's capital assets at June 30, 2009 and 2008, were (see Note 16 for additional detail):

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 151	$ 140	$ 315	$ 262	$ 467	$ 402
Collections	9	9	16	13	25	22
Construction in Progress	458	373	597	301	1,055	674
Infrastructure	9,862	9,770	-	-	9,862	9,770
Total Capital Assets Not Being Depreciated	10,480	10,292	928	576	11,409	10,868
Capital Assets Being Depreciated						
Buildings and Related Improvements	1,651	1,559	5,021	4,776	6,671	6,335
Vehicles and Equipment	754	701	846	783	1,599	1,484
Library Books, Collections, and Other Capital Assets	38	34	468	449	507	483
Infrastructure	1,104	1,094	21	19	1,125	1,113
Total Capital Assets Being Depreciated	3,547	3,388	6,356	6,027	9,902	9,415
Accumulated Depreciation	(1,187)	(1,106)	(2,761)	(2,562)	(3,948)	(3,668)
Total	$ 12,840	$ 12,574	$ 4,523	$ 4,041	$ 17,363	$ 16,615

The state is constitutionally prohibited from issuing general obligation debt except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies. Except for exempt enterprises, the TABOR amendment requires a vote of the people for the creation of any debt unless existing cash reserves are irrevocably pledged to service the debt. The amendment does allow debt issuance to refinance a borrowing at a lower interest rate. These requirements limit management's ability to address revenue shortfalls by borrowing for capital expenditures. However, the state has issued Certificates of Participation (COPs) secured by buildings and vehicles and has issued revenue bonds that are secured by pledges of future revenues. In some instances the debt-financed asset generates the pledged revenue stream; in other instances, such as the Transportation Revenue Anticipation Notes (TRANs), the pledged revenue stream is future federal revenues and state highway users taxes. The state has other forms of borrowing that are small in relation to the revenue bonds and COPs. The following schedule shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing for bonds and COPS (see Note 24).

Fiscal Year 2008-09
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 91.8	$ 32.7	$ 1,107.0	$ 245.4	$ 162.1	$ 65.8	$ 1,360.9	$ 343.9
Business-Type Activities	93.8	36.8	3,551.6	1,754.0	446.7	266.5	4,092.1	2,057.3
Total	$ 185.6	$ 69.5	$ 4,658.6	$ 1,999.4	$ 608.8	$ 332.3	$ 5,453.0	$ 2,401.2

Fiscal Year 2007-08
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 60.0	$ 23.3	$ 1,216.0	$ 305.6	$ 172.9	$ 73.4	$ 1,448.9	$ 402.3
Business-Type Activities	93.4	38.9	3,325.7	2,477.1	210.2	133.3	3,629.3	2,649.3
Total	$ 153.4	$ 62.2	$ 4,541.7	$ 2,782.7	$ 383.1	$ 206.7	$ 5,078.2	$ 3,051.6

In Fiscal Year 2007-08, the total principal amount of revenue bonds and COPs was 37.7 percent of net assets other than capital assets. In Fiscal Year 2008-09, that measure increased to 41.5 percent because noncapital net assets decreased 2.4 percent while the principal amount of revenue bonds and COPs increased by 7.4 percent. Total per capita borrowing including bonds, certificate of participation, mortgages, notes, and leases was $1,247, $1,168, $1,051, $982, and $932 per person in Fiscal Years 2008-09, 2007-08, 2006-07, 2005-06, and 2004-05, respectively.

INFRASTRUCTURE ASSETS REPORTED UNDER THE MODIFIED APPROACH

The state has elected to report infrastructure under the modified approach for certain assets owned and maintained by the state Department of Transportation. The main feature of the modified approach is that annual maintenance and preservation costs are reported rather than depreciation (see additional information regarding the roadway infrastructure in RSI-2 on page 160). In order to continue using the modified approach, the condition of the infrastructure must be maintained at a level set in advance by the state. The state must disclose how the amount actually spent on maintenance and preservation compares to the estimate of the amount needed to maintain the established condition level. The state's maintenance of the infrastructure is measured by condition assessments compared to the target condition level.

The Department of Transportation has established a process for reporting the estimated cost to maintain infrastructure assets at the established condition level. Prior to Fiscal Year 2006-07, the department did not report projections, but instead, reported budgeted amounts as a surrogate for the cost to maintain. Because of the multiple year nature of the infrastructure budgets, it was determined that the department's projections of costs are a better basis for the comparison of estimated and actual costs to maintain. Beginning in Fiscal Year 2006-07 and for future fiscal years, the department reports the estimated versus actual cost to maintain as follows :

(Amounts in Millions)

Fiscal Year	Projected Cost	Budgeted Cost	Actual Spending
2008-09	$ 400.0	NA	$ 358.4
2007-08	894.6	NA	332.7
2006-07	734.2	NA	380.4
2005-06	Not Available	$ 210.9	460.6
2004-05	Not Available	138.0	452.8
2003-04	Not Available	554.1	529.9
2002-03	Not Available	631.0	1,457.1
Total	$ 2,028.8	$ 1,534.0	$ 3,971.9

Bridges were taken off the modified accrual approach (as discussed below) in Fiscal Year 2007-08, therefore the above table does not reflect the associated projected costs and actual spending for bridges beginning in Fiscal Year 2008-09.

The established condition level set by the Colorado Transportation Commission for roadways is unchanged from the prior year and requires that 60 percent of roadways fall in the good or fair categories. The following table presents the roadway condition assessment for the preceding six years and shows that the most recent condition assessment fails to meet the established condition level.

	2008	2007	2006	2005	2004	2003	2002
Percent Rated Good/Fair	53	59	63	65	61	58	58
Percent Rated Poor	47	41	37	35	39	42	42

Each year the department provides the Colorado Transportation Commission with the estimates of the funding needed to alternatively maintain or improve existing infrastructure condition over the next 20 years. Beginning in Fiscal Year 2007-08, the Department of Transportation reported that available resources were no longer adequate to maintain the state's bridges at the established condition level as required by the modified approach. Therefore, the state began reporting depreciation of its bridges in Fiscal Year 2007-08. A prior period adjustment was reported in the Fiscal Year 2007-08 financial statements to correctly state the beginning balance of a portion of the bridges that were valued incorrectly at the state's implementation of GASB Statement No. 34 in Fiscal Year 2001-02. In addition, an accounting change was recorded for bridges that were below the state's capitalization threshold or were fully depreciated and therefore should not be included under the new deprecation method. Although the modified approach is no longer used for the bridges, the following information is included to show historical condition levels through the current fiscal year.

CDOT utilizes PONTIS and the National Bridge Inventory to monitor the condition of approximately 3,800 bridges under its jurisdiction. The following table defines the criteria used for the bridge ratings:

Rating	Criteria
Poor	Sufficiency rating less than 50 and status of structurally deficient or functionally obsolete. ♦ Bridges in Poor condition do not meet all safety and geometry standards and require reactive maintenance to ensure safe service. For the purpose of determining bridge-funding needs it is assumed that bridges in Poor condition have exceeded their economically viable service life and require replacement.
Fair	Sufficiency rating between 50 and 80 and status of structurally deficient or functionally obsolete. ♦ Bridges in Fair condition require preventative maintenance and either marginally satisfy safety and geometry standards or require rehabilitation.
Good	All remaining major bridges that do not meet the criteria for Poor or Fair classification. ♦ Bridges in Good condition typically adequately meet all safety and geometry standards and typically do not require maintenance.

The current percentage of bridges rated Poor is 5.62 percent, which sets the percent rated as Good or Fair at 94.38 percent. As shown in the following table, the condition assessment for those bridges rated as poor steadily increased between 2005 and 2008.

		Restated	Restated	Restated	Restated	Restated	Restated
	2009	2008	2007	2006	2005	2004	2003
Percent Rated Poor	5.62	6.21	5.81	5.61	3.39	3.84	4.37

Over the last year CDOT has removed structures that are not vehicular bridges from the good/fair/poor reporting. Removing these structures caused the restatement of the prior year percentages.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the state that were included in the Fiscal Year 2007-08 Management Discussion and Analysis continue to affect the state at the end of Fiscal Year 2008-09.

Prior to Fiscal Year 2008-09, statutes provided for the diversion of a portion of general-purpose sales and use tax revenue to the Highway Fund when other General Fund obligations have been met and that any General Fund Surplus be distributed to the Highway Fund and Capital Projects Fund in a two-thirds and one-third ratio, respectively. These statutes resulted in significant general-purpose revenues of the General Fund being made available to the Highway Fund and Capital Projects Fund. However, these statutes were changed in response to the state's budget crises, and both diversions were eliminated and replaced with specific but contingent transfers. The General Fund Surplus will remain in the General Fund and the renewal of the sales and use tax diversion is contingent on certain economic factors; the diversion cannot resume before Fiscal Year 2018-19.

Several conditions adversely affect the state's future operations:

- Referendum C Sunsets – Referendum C was passed by the voters in November 2005 and allowed the state to retain all revenues in excess of the TABOR limit for a five-year period from Fiscal Year 2005-06 through 2009-10. During that period, the state retained $3,593.6 million that it would otherwise had to refund to state citizens. Due to the shortfall in current year revenues, no amount was retained in Fiscal Year 2008-09, and none is projected to be retained in Fiscal Year 2009-10. Both Legislative Council and the Governor's Office of State Planning and Budgeting project that there will be no TABOR refunds within their forecasting periods. Although Referendum C placed a floor on the ratchet down provision of TABOR, it is possible that rapid growth in state revenue could result in future TABOR refunds for revenues in excess of the ratchet down floor.

- Pension Plan Contributions – Like most institutions that rely heavily on investments, the Public Employees Retirement Association (PERA) was severely affected by the global economic downturn beginning in 2008. A negative 26.0 percent return on investments in 2008 caused the funded ratio (actuarial value of assets, using a four-year smoothed-market value, divided by the actuarial accrued liability) of the State Division of PERA to decline from 73.3 percent to 67.9 percent. Because of the four-year smoothing, the full effect of the negative return is not reflected in the funding ratio. In 2000, when the State Division and the School Division were reported as a single division, the combined division had a funding ratio of 104.7 percent. At December 31, 2008, the amortization period for the plan was infinite, which means that at the existing contribution level and using the currently applicable actuarial assumptions the liability associated with existing benefits will never be fully paid. Although, certain future benefit changes are not considered in this analysis, PERA's actuary states the State Division Trust Fund will not reach a 30 year amortization period over the projected actuarial period without either additional gains or changes in benefits to be provided to retirees. The current contribution rate of 12.95 percent is 1.5 percentage points (or 13.1 percent) above the average during the 1990s. PERA's actuary estimated that the contribution rate would need to have been 17.91 percent and 18.45 percent, respectively in 2008 and 2007 to achieve the 30-year amortization period required by the Governmental Accounting Standards Board. In the 2006 session, the Legislature approved a Supplemental Amortization Equalization Disbursement that will add three percentage points to the annual contribution in addition to the three percentage points required by the Amortization Equalization Disbursement (approved in the 2004 session). These increases will be phased in through 2013. Barring further changes, these two legislative changes increase the annual contribution in Fiscal Year 2013-14 and subsequent years to 16.15 percent of salary. PERA management has stated it plans to introduce legislation during the 2010 legislative session to address the funding deficiency.

- Election 2000 Amendment 23 – This constitutional requirement was originally designed to exempt a portion of state revenues from the TABOR refund and dedicate those revenues to education programs. With the passage of Referendum C in 2000 and the deterioration of general-funded revenues during Fiscal Year 2008-09, revenues in excess of the TABOR limit are not currently being refunded. However, resources that were once general-purpose revenues continue to be diverted to the State Education Fund. The Governor's Office of State Planning and Budgeting currently estimates that $356.5 million will be diverted from general-purpose tax revenue in Fiscal Year 2009-10 under this requirement. The amendment requires the General Assembly to increase funding of education by specified percentages over inflation through Fiscal Year 2009-10 and by inflation thereafter. This requirement will have increasing impact if the inflation rate increases. The revenue diversion and mandated expenditure growth infringes on general funding for other programs when state revenues decline with the business cycle. Notwithstanding these expenditure increases, the state continues to face legal challenges that assert the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution.

- Cash Basis Accounting – For Fiscal Year 2002-03 and following years, the Legislature changed the budgetary accounting for June payroll and certain Medicaid expenditures to the cash basis and deferred June paydates until July (after fiscal year-end). During Fiscal Year 2007-08 similar treatment was extended to certain Old Age Pension, Medicare, and Children's' Basic Health Plan expenditures. In Fiscal Year 2008-09 this treatment was applied to an additional month of Medicare payments, and legislation was passed to extend the pay date shift in Fiscal Year 2010-11 to all information technology staff formerly paid by the General Fund. Additional Medicaid deferrals are under consideration. Each of these items causes the outflow of resources to be deferred into the following year for General Fund budget purposes. As a result, the state does not use full or modified accrual accounting to calculate budgetary compliance. Instead, potentially significant liabilities ($140.0 million net of related deferred revenue in Fiscal Year 2008-09) are delayed until the following year assuming that subsequent revenues will be adequate to pay those liabilities. Departures from generally accepted accounting principles (GAAP) such as this could adversely affect the state's credit rating. It will be difficult for the state to return to the GAAP basis of accounting for budgetary expenditures because of the significant one-time budgetary impact of recording payroll, Medicaid, and other expenditures that were previously deferred.

- General Fund Liquidity – The General Fund shows a cash balance of $675.0 million at June 30, 2009, providing apparent liquidity. However, as noted previously, this amount was augmented by $815.3 million of cash transfers from other funds. Additionally, $515.0 million of the cash balance was distributed immediately after fiscal year-end to pay short-term borrowing for the Education Tax Revenue Anticipation Note program, and at least $18.7 million of the cash belongs to the Risk Management Funds reported in the General Fund leaving approximately $141.3 million of disposable cash in the fund. When this cash is combined with nontax receivables it is still significantly less than the $502.6 million of accounts payable and accrued liabilities that it must service in the near term. These conditions indicate that the General Fund reserve and surplus increasingly comprises tax receivables ($1,006.2 million) net of tax refunds payable ($624.3 million) and deferred revenue ($172.8 million) related to the tax receivables that are not expected to be collected within the next year. The tax receivable and related refunds are based on the best economic data available at year-end; however, economic projections rarely identify inflection points in the economy. When a downturn occurs, tax receivables tend to decline (due to declining personal income) and tax refunds tend to increase (due to higher than required estimated tax and withholding payments). The current economic downturn has resulted in a significant decline in tax collections and an increase in refunds which have exacerbated the lack of General Fund liquidity. The General Fund cash position is also adversely affected by the past cash transfers of General Fund Surplus to the Highway Users Tax Fund and the Capital Projects Fund. Although these transfers were eliminated by legislation during Fiscal Year 2008-09, those transfers made in prior years have atrophied the General Fund's cash balance. The General Fund Surplus was $43.4 million, $249.3 million, $436.8 million, $98.0 million, $121.8 million, and $93.7 million in Fiscal Years 2007-08, 2006-07, 2005-06, 2004-05, 2003-04, and 2002-03, respectively. The General Fund legally has access to the cash balances of other funds; additional cash transfers are scheduled for Fiscal Year 2009-10 and future fiscal years.

- Debt Service – Principal and interest payments on the remaining $993.7 million of Transportation Revenue Anticipation Notes issued by the Department of Transportation average $168.0 million per year over the next five years. While a portion of the debt service will be funded by federal funds, a significant amount will be funded by state sources. When most of the notes were issued, the diversion of surplus general-purpose revenues was expected to accumulate to fund that debt service. Due to the economic recession of the early 2000's, those diversions did not occur for several years but resumed with the passage of Referendum C. However, the diversions were eliminated by legislation in response to the state's budget crises during Fiscal Year 2008-09. The Department of Transportation reports significant projected shortfalls in the funding needed to meet transportation infrastructure demand, which will only be exacerbated by the lack of the diversion. Legislation increasing fees to provide other sources of transportation funding was enacted for Fiscal Year 2009-10, but the amount of funding these will provide is uncertain.

- Intergovernmental Financial Dependency – The state expended $7,180.5 million in federal awards during Fiscal Year 2008-09 which represents 33.3 percent of the $21,653.5 million expended by the state in total. These amounts included grants for social, educational, and environmental purposes and fund both direct state expenditures and pass-through assistance to local governments. Current federal revenue projections show a one-year budget deficit of approximately $1.3 trillion for the 2010 Federal Fiscal Year. The increasing expenditures in both the Social Security and Medicare Part A programs, ARRA spending and the potential costs of health care reform along with the interest costs to finance U.S. government borrowing will take up an increasingly large amount of the federal revenue streams. Without significant revenue increases or federal borrowing, there may be large cuts in federal spending. In the absence of all or a significant portion of this funding, the state's operations and ability to provide services to its citizens would be adversely impacted as would local government services.

- American Reinvestment and Recovery Act – In response to the global economic downturn that occurred during 2008, the United States Congress passed the American Recovery and Reinvestment Act (ARRA) in February of 2009. ARRA is intended to stimulate the U. S. economy by providing $787 billion of funding to states for job creation and retention and to spur economic activity and long-term growth, as well as providing transparency and accountability in government spending. The Act as passed provided $288 billion in tax cuts, $224 billion for education, health care and entitlement programs, and $275 billion for various federal grants, contracts and loans. These funds are made available to the public through state and local governments.

The state expects to receive approximately $5.7 billion dollars in ARRA funds with approximately $3.5 billion overseen or distributed by state governments. The most recently available information reported by the Governor's Economic Recovery Team indicates the state has received $1,650.6 million in total grant awards and received $583.9 million in funding, of which $344.7 million has been spent. The state has also spent an additional $886.2 million, the most significant amounts of which were:

- $298.2 million in additional or extended Unemployment Benefits,
- $247.6 increased Medicaid funding,
- $174.3 million in one-time Social Security payments of $250 each (This amount does not flow through the state's financial statements.), and
- $72.4 million in increased Unemployment Benefits.

The U.S. Department of Education provided the state $760.0 million of State Fiscal Stabilization Fund (SFSF) monies under ARRA. These funds are intended to support vital state services in the face of declining revenue collections. Over 80 percent of the dollars must be allocated to K-12 and higher education projects with the remainder allowed to be spent at the state's discretion. As noted earlier, the state spent $150.7 million of the SFSF funds during Fiscal Year 2008-09 to maintain state support for institutions of higher education.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,217,711	$ 1,220,190	$ 3,437,901	$ 202,836
Investments	1,498	386,948	388,446	51,516
Taxes Receivable, net	920,086	73,326	993,412	3
Contributions Receivable, net	-	-	-	35,459
Other Receivables, net	182,540	245,768	428,308	167,711
Due From Other Governments	475,997	142,961	618,958	1,303
Internal Balances	14,617	(14,617)	-	-
Due From Component Units	66	12,630	12,696	-
Inventories	16,183	42,467	58,650	16,315
Prepaids, Advances, and Deferred Charges	33,244	20,091	53,335	7,979
Net Pension Asset	-	-	-	6,741
Total Current Assets	3,861,942	2,129,764	5,991,706	489,863
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,813,365	368,308	2,181,673	98,509
Restricted Investments	694,311	201,025	895,336	303,240
Restricted Receivables	184,120	1,916,974	2,101,094	17,005
Investments	98,815	1,154,901	1,253,716	1,686,913
Contributions Receivable, net	-	-	-	59,259
Other Long-Term Assets	600,020	123,599	723,619	1,164,931
Depreciable Capital Assets and Infrastructure, net	2,360,036	3,594,383	5,954,419	683,900
Land and Nondepreciable Infrastructure	10,480,438	928,243	11,408,681	23,718
Total Noncurrent Assets	16,231,105	8,287,433	24,518,538	4,037,475
TOTAL ASSETS	20,093,047	10,417,197	30,510,244	4,527,338
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	633,722	-	633,722	-
Accounts Payable and Accrued Liabilities	779,008	506,318	1,285,326	77,383
TABOR Refund Liability (Note 8B)	706	-	706	-
Due To Other Governments	223,415	182,922	406,337	3,152
Due To Component Units	-	930	930	-
Deferred Revenue	150,632	207,551	358,183	5,653
Accrued Compensated Absences	8,930	12,753	21,683	15,094
Claims and Judgments Payable	36,936	-	36,936	13,022
Leases Payable	8,227	6,282	14,509	507
Notes, Bonds, and COP's Payable	637,066	85,456	722,522	61,622
Other Current Liabilities	9,818	241,129	250,947	121,245
Total Current Liabilities	2,488,460	1,243,341	3,731,801	297,678
Noncurrent Liabilities:				
Deposits Held In Custody For Others	16	-	16	207,957
Accrued Compensated Absences	140,675	185,420	326,095	-
Claims and Judgments Payable	358,371	27,541	385,912	-
Capital Lease Payable	83,586	83,206	166,792	3,360
Capital Lease Payable To Component Units	-	4,285	4,285	-
Notes, Bonds, and COP's Payable	1,146,960	3,917,559	5,064,519	1,540,278
Due to Component Units	-	723	723	-
Other Postemployment Benefits	-	31,689	31,689	-
Other Long-Term Liabilities	397,774	43,321	441,095	79,450
Total Noncurrent Liabilities	2,127,382	4,293,744	6,421,126	1,831,045
TOTAL LIABILITIES	4,615,842	5,537,085	10,152,927	2,128,723
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	11,631,061	2,665,270	14,296,331	205,220
Restricted for:				
Highway Construction and Maintenance	1,220,524	-	1,220,524	-
State Education	338,365	-	338,365	-
Unemployment Insurance	-	392,984	392,984	-
Debt Service	558	111,778	112,336	-
Emergencies	93,550	21,282	114,832	9
Expendable	8,588	6,935	15,523	598,947
Nonexpendable	623,619	70,420	694,039	559,570
Court Awards and Other Purposes	197,918	582,006	779,924	491,487
Unrestricted	1,363,022	1,029,437	2,392,459	543,382
TOTAL NET ASSETS	$ 15,477,205	$ 4,880,112	$ 20,357,317	$ 2,398,615

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Expenses		Program Revenues		
(DOLLARS IN THOUSANDS)		Indirect		Operating	Capital
		Cost	Charges for	Grants and	Grants and
Functions/Programs	Expenses	Allocation	Services	Contributions	Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 327,146	$ (18,736)	$ 109,960	$ 376,488	$ 154
Business, Community, and					
Consumer Affairs	702,556	2,481	147,953	229,932	13
Education	5,207,854	851	12,842	564,476	103
Health and Rehabilitation	643,452	1,247	80,504	355,218	-
Justice	1,538,464	4,846	177,554	77,217	2,267
Natural Resources	135,562	1,597	120,036	82,310	65
Social Assistance	5,217,742	2,553	44,253	3,238,694	10
Transportation	1,374,895	1,320	252,236	141,094	483,099
Interest on Debt	20,393	-	-	-	-
Total Governmental Activities	15,168,064	(3,841)	945,338	5,065,429	485,711
Business-Type Activities:					
Higher Education	4,151,041	2,241	2,673,602	1,400,124	11,751
Unemployment Insurance	1,138,621	-	363,250	402,822	-
CollegeInvest	78,647	-	76,443	(3,845)	-
Lottery	434,635	521	501,419	1,534	-
Wildlife	111,730	639	97,964	23,028	8,469
College Assist	399,493	83	2,088	384,756	-
Other Business-Type Activities	171,278	357	172,142	5,767	-
Total Business-Type Activities	6,485,445	3,841	3,886,908	2,214,186	20,220
Total Primary Government	21,653,509	-	4,832,246	7,279,615	505,931
Component Units:					
University of Colorado Hospital Authority	639,796		737,581	1,313	3,253
Colorado Water Resources and					
Power Development Authority	61,036		46,613	19,202	-
University of Colorado Foundation	86,396		7,600	(10,557)	-
Colorado State University Foundation	31,804		-	2,014	-
Colorado School of Mines Foundation	15,132		-	17,420	-
University of Northern Colorado Foundation	10,891		-	(9,092)	-
Other Component Units	72,946		33,628	1,344	643
Total Component Units	$ 918,001	$ -	$ 825,422	$ 21,644	$ 3,896

General Revenues:
Taxes:
Sales and Use Taxes
Excise Taxes
Individual Income Tax
Corporate Income Tax
Other Taxes
Restricted for Education:
Individual Income Tax
Corporate and Fiduciary Income Tax
Restricted for Transportation:
Fuel Taxes
Other Taxes
Unrestricted Investment Earnings (Losses)
Other General Revenues
Payment from State of Colorado
Special and/or Extraordinary Items
(Transfers-Out) / Transfers-In
Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Beginning
Prior Period Adjustment (Note 28)
Accounting Changes (Note 28)
Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ 178,192	$ -	$ 178,192	
(327,139)	-	(327,139)	
(4,631,284)	-	(4,631,284)	
(208,977)	-	(208,977)	
(1,286,272)	-	(1,286,272)	
65,252	-	65,252	
(1,937,338)	-	(1,937,338)	
(499,786)	-	(499,786)	
(20,393)	-	(20,393)	
(8,667,745)	-	(8,667,745)	
-	(67,805)	(67,805)	
-	(372,549)	(372,549)	
-	(6,049)	(6,049)	
-	67,797	67,797	
-	17,092	17,092	
-	(12,732)	(12,732)	
-	6,274	6,274	
-	(367,972)	(367,972)	
(8,667,745)	(367,972)	(9,035,717)	
-	-	-	102,351
-	-	-	4,779
-	-	-	(89,353)
-	-	-	(29,790)
-	-	-	2,288
-	-	-	(19,983)
-	-	-	(37,331)
-	-	-	(67,039)
2,093,113	-	2,093,113	-
251,209	-	251,209	-
4,024,105	-	4,024,105	-
322,683	-	322,683	-
655,478	-	655,478	-
311,138	-	311,138	-
28,762	-	28,762	-
539,853	-	539,853	-
872	-	872	-
22,591	-	22,591	(13,724)
119,748	-	119,748	-
-	-	-	45,271
(5,616)	-	(5,616)	-
(114,685)	114,685	-	-
8,249,251	114,685	8,363,936	31,547
(418,494)	(253,287)	(671,781)	(35,491)
15,830,190	5,127,090	20,957,280	2,434,106
(118,647)	6,309	(112,338)	-
184,156	-	184,156	-
$ 15,477,205	$ 4,880,112	$ 20,357,317	$ 2,398,615

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	GENERAL	STATE PUBLIC SCHOOL	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 674,992	$ 17,425	$ 32,951
Taxes Receivable, net	1,006,153	-	-
Other Receivables, net	70,066	-	3,426
Due From Other Governments	457,803	5,762	15
Due From Other Funds	11,858	4,693	12,175
Due From Component Units	66	-	-
Inventories	7,003	-	7,798
Prepaids, Advances, and Deferred Charges	18,254	-	72
Restricted Cash and Pooled Cash	-	-	1,233,179
Restricted Investments	-	-	-
Restricted Receivables	-	-	171,528
Investments	4,369	-	-
Other Long-Term Assets	1	-	21,890
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 2,250,565	$ 27,880	$ 1,483,034
LIABILITIES:			
Tax Refunds Payable	$ 624,317	$ -	$ 691
Accounts Payable and Accrued Liabilities	502,647	-	99,279
TABOR Refund Liability (Note 8B)	706	-	-
Due To Other Governments	36,927	-	52,896
Due To Other Funds	27,890	-	1,580
Deferred Revenue	203,123	3,715	24,743
Compensated Absences Payable	27	-	-
Claims and Judgments Payable	1,118	-	-
Notes, Bonds, and COP's Payable	515,000	-	-
Other Current Liabilities	3,370	-	45
Deposits Held In Custody For Others	7	-	-
TOTAL LIABILITIES	1,915,132	3,715	179,234
FUND BALANCES:			
Reserved for:			
Encumbrances	2,195	-	915,357
Noncurrent Assets	1	-	21,890
Debt Service	-	-	-
Statutory Purposes	148,212	-	-
Risk Management	18,650	-	-
Emergencies	-	-	-
Funds Reported as Restricted	-	-	320,584
Unreserved Undesignated, Reported in:			
General Fund	155,436	-	-
Special Revenue Funds	-	24,165	29,333
Capital Projects Funds	-	-	-
Nonmajor Special Revenue Funds	-	-	-
Nonmajor Permanent Funds	-	-	-
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Major Funds	10,939	-	16,636
Reported in Nonmajor Special Revenue Funds	-	-	-
Reported in Nonmajor Permanent Funds	-	-	-
TOTAL FUND BALANCES	335,433	24,165	1,303,800
TOTAL LIABILITIES AND FUND BALANCES	$ 2,250,565	$ 27,880	$ 1,483,034

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 250,596	$ -	$ 1,217,911	$ 2,193,875
-	-	86,711	1,092,864
13,291	-	94,943	181,726
2,545	-	9,728	475,853
12,440	-	207,080	248,246
-	-	-	66
-	-	356	15,157
2,164	-	12,537	33,027
-	287,103	293,083	1,813,365
-	53,291	641,020	694,311
-	995	11,597	184,120
-	-	95,944	100,313
121	-	409,920	431,932
-	-	18,440	18,440
$ 281,157	$ 341,389	$ 3,099,270	$ 7,483,295
$ -	$ -	$ 8,714	$ 633,722
48,275	2,839	106,902	759,942
-	-	-	706
-	-	116,414	206,237
1,213	185	220,260	251,128
950	-	90,070	322,601
-	-	-	27
-	-	73	1,191
-	-	-	515,000
1,015	-	3,182	7,612
-	-	9	16
51,453	3,024	545,624	2,698,182
128,039	-	-	1,045,591
121	-	493,051	515,063
-	-	558	558
40,921	-	-	189,133
-	-	-	18,650
-	-	93,550	93,550
-	331,010	794,145	1,445,739
-	-	-	155,436
-	-	-	53,498
54,687	-	-	54,687
-	-	1,117,248	1,117,248
-	-	8,500	8,500
5,936	7,355	-	40,866
-	-	23,719	23,719
-	-	22,875	22,875
229,704	338,365	2,553,646	4,785,113
$ 281,157	$ 341,389	$ 3,099,270	$ 7,483,295

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET ASSETS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET ASSETS TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 2,193,875	$ 23,831	$ -	$ -	$ -	$ 5	$ -	$ 2,217,711
Investments	-	-	-	-	-	1,498	-	1,498
Taxes Receivable, net	1,092,864	-	-	-	-	(172,778)	-	920,086
Other Receivables, net	181,726	402	-	-	-	412	-	182,540
Due From Other Governments	475,853	144	-	-	-	-	-	475,997
Due From Other Funds	248,246	627	-	-	-	(148)	(234,108)	14,617
Due From Component Units	66	-	-	-	-	-	-	66
Inventories	15,157	1,026	-	-	-	-	-	16,183
Prepaids, Advances, and Deferred Charges	33,027	217	-	-	-	-	-	33,244
Total Current Assets	4,240,814	26,247	-	-	-	(171,011)	(234,108)	3,861,942
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,813,365	-	-	-	-	-	-	1,813,365
Restricted Investments	694,311	-	-	-	-	-	-	694,311
Restricted Receivables	184,120	-	-	-	-	-	-	184,120
Investments	100,313	-	-	-	-	(1,498)	-	98,815
Other Long-Term Assets	431,932	177	-	-	-	167,911	-	600,020
Depreciable Capital Assets and Infrastructure, net	-	115,608	2,244,428	-	-	-	-	2,360,036
Land and Nondepreciable Infrastructure	18,440	-	10,461,998	-	-	-	-	10,480,438
Total Noncurrent Assets	3,242,481	115,785	12,706,426	-	-	166,413	-	16,231,105
TOTAL ASSETS	7,483,295	142,032	12,706,426	-	-	(4,598)	(234,108)	20,093,047
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	633,722	-	-	-	-	-	-	633,722
Accounts Payable and Accrued Liabilities	759,942	10,687	-	8,379	-	-	-	779,008
TABOR Refund Liability (Note 8B)	706	-	-	-	-	-	-	706
Due To Other Governments	206,237	-	-	-	-	17,178	-	223,415
Due To Other Funds	251,128	158	-	-	-	(17,178)	(234,108)	-
Deferred Revenue	322,601	809	-	-	-	(172,778)	-	150,632
Compensated Absences Payable	27	60	-	-	-	8,843	-	8,930
Claims and Judgments Payable	1,191	-	-	-	26,041	9,704	-	36,936
Leases Payable	-	6,061	-	2,166	-	-	-	8,227
Notes, Bonds, and COP's Payable	515,000	4,555	-	117,511	-	-	-	637,066
Other Current Liabilities	7,612	-	-	-	-	2,206	-	9,818
Total Current Liabilities	2,698,166	22,330	-	128,056	26,041	(152,025)	(234,108)	2,488,460
Noncurrent Liabilities:								
Deposits Held In Custody For Others	16	-	-	-	-	-	-	16
Accrued Compensated Absences	-	2,499	-	-	-	138,176	-	140,675
Claims and Judgments Payable	-	-	-	-	-	358,371	-	358,371
Capital Lease Payable	-	53,518	-	30,068	-	-	-	83,586
Notes, Bonds, and COP's Payable	-	12,594	-	1,134,366	-	-	-	1,146,960
Other Long-Term Liabilities	-	-	-	-	75,810	321,964	-	397,774
Total Noncurrent Liabilities	16	68,611	-	1,164,434	75,810	818,511	-	2,127,382
TOTAL LIABILITIES	2,698,182	90,941	-	1,292,490	101,851	666,486	(234,108)	4,615,842
NET ASSETS:								
Invested in Capital Assets, Net of Related Debt	18,440	38,880	12,706,426	(1,132,685)	-	-	-	11,631,061
Restricted for:								
Highway Construction and Maintenance	1,252,273	-	-	(31,749)	-	-	-	1,220,524
State Education	338,365	-	-	-	-	-	-	338,365
Debt Service	558	-	-	-	-	-	-	558
Emergencies	93,550	-	-	-	-	-	-	93,550
Permanent Funds and Endowments:								
Expendable	8,588	-	-	-	-	-	-	8,588
Nonexpendable	623,619	-	-	-	-	-	-	623,619
Court Awards and Other Purposes	197,918	-	-	-	-	-	-	197,918
Unrestricted	2,218,415	12,211	-	(128,056)	(101,851)	(637,696)	-	1,363,023
TOTAL NET ASSETS	$ 4,751,726	$ 51,091	$ 12,706,426	$ (1,292,490)	$ (101,851)	$ (637,696)	$ -	$ 15,477,206

The notes to the financial statements are an integral part of this statement.

Differences Between the *Balance Sheet – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Net Assets*

(A) Management uses Internal Services Funds to report the charges for and the costs of goods and services sold by state agencies solely within the state. Because the sales are primarily to governmental funds, the assets and liabilities of the Internal Service Funds are included in the governmental activities on the government-wide *Statement of Net Assets.* Internal Service Funds are reported using proprietary fund-type accounting in the fund-level financial statements. In addition to minor internal sales within the Department of Transportation and the Department of Public Safety, the state's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management,
- Printing and mail services,
- Information management services,
- Telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative hearings services, and
- Debt collection.

(B) Capital assets used in governmental activities are not financial resources, and therefore, they are not included in the fund-level financial statements. However, capital assets are economic resources and are reported in the government-wide *Statement of Net Assets.*

(C) Long-term liabilities such as leases, bonds, notes, mortgages, and certificates of participation (including accrued interest) are not due and payable in the current period, and therefore, they are not included in the fund-level financial statements. However, from an economic perspective these liabilities reduce net assets and are reported in the *Statement of Net Assets.* The portion reported as current in the reconciliation is payable within the following fiscal year. The largest portion of the long-term balance is related to Transportation Revenue Anticipation Notes issued by the Department of Transportation.

(D) Risk management liabilities are actuarially determined claims and consist of a current and long-term portion. Generally accepted accounting principles (GAAP) list claims and judgments as an exception to the full accrual basis of accounting that constitutes the modified accrual basis of accounting. The current portion (payable within one year) is excluded from the fund-level statements because it is not payable with expendable available financial resources. In this instance, "payable with expendable available financial resources" means the amounts are not accrued as fund liabilities because they are not budgeted in the current year. The long-term portion of the risk management liability is excluded from the fund-level statements because it is not due and payable in the current period.

(E) Other measurement focus adjustments include:

- Interfund balances receivable from or payable to Fiduciary Funds are reported on the fund-level *Balance Sheet – Governmental Funds* as due from/to other funds. On the government-wide *Statement of Net Assets*, these amounts are considered external receivables and payables.
- Long-term assets and long-term taxes receivable are not available to pay for current period expenditures; therefore, the related revenue is reported as deferred revenue on the fund-level *Balance Sheet – Governmental Funds*. From an economic perspective, this revenue is earned and the related deferred revenue is removed from the government-wide *Statement of Net Assets* when the revenue is recognized on the government-wide *Statement of Activities*.
- Compensated absences are a GAAP modification of the full accrual basis of accounting similar to claims and judgments discussed above. Therefore, both the current and long-term portions of the liability are shown on the government-wide *Statement of Net Assets*, but they are not reported on the fund-level *Balance Sheet – Governmental Funds*.
- Other long-term liabilities are not reported on the fund-level *Balance Sheet – Governmental Funds* because the amounts are not due and payable from current financial resources. However, from an economic perspective, these liabilities reduce net assets, and they are therefore reported on the government-wide *Statement of Net Assets*.

(F) All interfund payable balances shown on the fund-level *Balance Sheet – Governmental Funds* are reported in the internal balances line on the government-wide *Statement of Net Assets* along with all governmental-activities interfund receivables.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	GENERAL	STATE PUBLIC SCHOOL	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 4,020,699	$ -	$ -
Corporate Income	265,214	-	-
Sales and Use	1,890,013	-	-
Excise	91,583	-	539,852
Other Taxes	193,688	-	872
Licenses, Permits, and Fines	44,721	-	272,913
Charges for Goods and Services	56,379	-	6,175
Rents	471	-	1,286
Investment Income (Loss)	27,230	25	49,989
Federal Grants and Contracts	4,565,329	-	509,625
Unclaimed Property Receipts	-	-	-
Other	88,968	7,052	62,919
TOTAL REVENUES	11,244,295	7,077	1,443,631
EXPENDITURES:			
Current:			
General Government	411,569	-	13,433
Business, Community, and Consumer Affairs	154,450	-	-
Education	777,596	-	-
Health and Rehabilitation	497,383	-	8,106
Justice	1,170,373	-	83,889
Natural Resources	61,694	-	-
Social Assistance	3,653,023	-	-
Transportation	-	-	1,072,704
Capital Outlay	27,759	-	35,395
Intergovernmental:			
Cities	26,608	-	107,629
Counties	1,729,519	-	155,881
School Districts	614,638	2,999,810	-
Special Districts	30,459	-	39,994
Federal	529	-	-
Other	30,176	-	706
Debt Service	13,643	-	-
TOTAL EXPENDITURES	9,199,419	2,999,810	1,517,737
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,044,876	(2,992,733)	(74,106)
OTHER FINANCING SOURCES (USES):			
Transfers-In	1,362,814	3,032,701	68,336
Transfers-Out	(3,291,830)	(38,519)	(208,636)
Capital Lease Proceeds	11,188	-	-
Insurance Recoveries	1,010	-	1,020
TOTAL OTHER FINANCING SOURCES (USES)	(1,916,818)	2,994,182	(139,280)
NET CHANGE IN FUND BALANCES	128,058	1,449	(213,386)
FUND BALANCE, FISCAL YEAR BEGINNING	207,413	22,716	1,517,186
Prior Period Adjustment (See Note 28)	(38)	-	-
Accounting Changes (See Note 28)	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 335,433	$ 24,165	$ 1,303,800

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 312,624	$ -	$ 4,333,323
-	27,276	-	292,490
-	-	248,011	2,138,024
-	-	159,637	791,072
-	-	480,768	675,328
5	-	383,504	701,143
-	-	87,815	150,369
-	-	84,054	85,811
16,621	17,878	145,829	257,572
8,962	-	396,448	5,480,364
-	-	58,158	58,158
4,429	30	31,841	195,239
30,017	357,808	2,076,065	15,158,893
10,809	-	74,694	510,505
1,648	-	175,778	331,876
39,667	33,837	28,186	879,286
232	-	102,181	607,902
6,847	-	23,525	1,284,634
789	-	58,594	121,077
2,070	-	180,176	3,835,269
-	-	1,365	1,074,069
235,448	-	9,754	308,356
623	307	158,857	294,024
193	-	157,707	2,043,300
197	454,686	75,033	4,144,364
150	-	37,621	108,224
240	-	2,733	3,502
95	-	41,865	72,842
-	-	174,877	188,520
299,008	488,830	1,302,946	15,807,750
(268,991)	(131,022)	773,119	(648,857)
67,449	121,411	526,051	5,178,762
(70,365)	(5,173)	(1,669,588)	(5,284,111)
-	-	214	11,402
349	-	75	2,454
(2,567)	116,238	(1,143,248)	(91,493)
(271,558)	(14,784)	(370,129)	(740,350)
501,852	353,149	2,709,701	5,312,017
(590)	-	(131)	(759)
-	-	214,205	214,205
$ 229,704	$ 338,365	$ 2,553,646	$ 4,785,113

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 4,333,323	$ -	$ -	$ -	$ 3,453	$ 4,336,776
Corporate Income	292,490	-	-	-	57,470	349,960
Sales and Use	2,138,024	-	-	-	(44,910)	2,093,114
Excise	791,072	-	-	-	(11)	791,061
Other Taxes	675,328	-	-	-	759	676,087
Licenses, Permits, and Fines	701,143	-	-	-	55	701,198
Charges for Goods and Services	150,369	-	-	-	-	150,369
Rents	85,811	-	-	-	-	85,811
Investment Income (Loss)	257,572	208	-	-	76	257,856
Federal Grants and Contracts	5,480,364	-	-	-	6,858	5,487,222
Unclaimed Property Receipts	58,158	-	-	-	-	58,158
Other	195,239	-	1,600	-	3	196,842
TOTAL REVENUES	15,158,893	208	1,600	-	23,753	15,184,454
EXPENDITURES:						
Current:						
General Government	510,505	(2,099)	5,376	-	7,296	521,078
Business, Community, and Consumer Affairs	331,876	(935)	4,723	-	21,928	357,592
Education	879,286	(184)	1,729	-	491	881,322
Health and Rehabilitation	607,902	(220)	12,444	-	1,622	621,748
Justice	1,284,634	(1,206)	30,326	-	6,267	1,320,021
Natural Resources	121,077	(550)	5,986	-	170	126,683
Social Assistance	3,835,269	(1,379)	6,764	-	457	3,841,111
Transportation	1,074,069	(361)	(86,587)	-	395	987,516
Capital Outlay	308,356	-	(229,602)	-	-	78,754
Intergovernmental:						
Cities	294,024	-	-	-	-	294,024
Counties	2,043,300	-	-	-	-	2,043,300
School Districts	4,144,364	-	-	-	-	4,144,364
Special Districts	108,224	-	-	-	-	108,224
Federal	3,502	-	(210)	-	-	3,292
Other	72,842	-	-	-	-	72,842
Debt Service	188,520	2,339	-	(111,362)	-	79,497
TOTAL EXPENDITURES	15,807,750	(4,595)	(249,051)	(111,362)	38,626	15,481,368
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(648,857)	4,803	250,651	111,362	(14,873)	(296,914)
OTHER FINANCING SOURCES (USES):						
Transfers-In	5,178,762	1,166	-	-	-	5,179,928
Transfers-Out	(5,284,111)	(8,413)	-	-	-	(5,292,524)
Capital Lease Proceeds	11,402	-	-	(11,402)	-	-
Sale of Capital Assets	-	-	(12,118)	-	-	(12,118)
Insurance Recoveries	2,454	-	-	-	-	2,454
TOTAL OTHER FINANCING SOURCES (USES)	(91,493)	(7,247)	(12,118)	(11,402)	-	(122,260)
Internal Service Fund Charges to BTAs	-	680	-	-	-	680
NET CHANGE FOR THE YEAR	$ (740,350)	$ (1,764)	$ 238,533	$ 99,960	$ (14,873)	$ (418,494)

The notes to the financial statements are an integral part of this statement.

Differences Between the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Activities*

(A) Management uses Internal Services Funds to report charges for and the costs of goods and services sold by state agencies solely within the state. Internal Service Funds are intended to operate on the cost reimbursement basis and should break even each period. If an Internal Service Fund makes a profit, the other funds of the state have been overcharged. If an Internal Service Fund has an operating loss, the other funds of the state have been undercharged. In order to show the true cost of services purchased from Internal Service Funds, an adjustment is made that allocates the net revenue/expense of each Internal Service Fund to the programs that purchased the service. Investment income, debt service, and transfers of the Internal Service Fund are not allocated. In addition to minor internal sales within the Department of Transportation and the Department of Public Safety, the state's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management,
- Printing and mail services,
- Information management services,
- Telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative hearings services, and
- Debt collection.

(B) The following adjustments relate to capital assets:

- Capital assets, received as donations, are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* because they are not current financial resources. However, such donations increase net assets and are reported on both the government-wide *Statement of Net Assets* and *Statement of Activities*.
- Depreciation is not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but it is reported for the economic perspective on which the government-wide *Statement of Activities* is presented.
- Expenditures reported for capital outlay on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* are generally reported as a conversion of cash to a capital asset on the government-wide *Statement of Net Assets*. They are not reported as expenses on the government-wide *Statement of Activities*.
- On the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* all cash received on disposal of capital assets is reported as a gain on sale of capital assets. On the government-wide *Statement of Activities* the reported gain or loss on sale is based on the carrying value of the asset as well as the cash received.

(C) The following adjustments relate to debt issuance and debt service including leases:

- Payments on principal and debt refunding payments are reported as expenditures and other financing uses, respectively, on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. These payments are reported as reductions of lease, bond, and other debt liability balances on the government-wide *Statement of Net Assets* and are not reported on the government-wide *Statement of Activities*.
- Amortization of issuance costs, debt premium/discount, and gain/loss on refunding are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but are reported on the government-wide *Statement of Activities*.
- Lease proceeds, issuance of debt, and debt refunding proceeds are all reported as other financing sources on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. From an economic perspective lease proceeds, debt issuances, and debt refunding proceeds are reported as liabilities on the government-wide *Statement of Net Assets* and are not reported on the government-wide *Statement of Activities*.

(D) Other measurement focus adjustments include:

- Long-term taxes receivable and certain other long-term assets are offset by deferred revenue and are not part of fund balance on the fund-level *Balance Sheet – Governmental Funds*; however, from a full accrual perspective, changes in the fund-level deferred revenue balances result in adjustments to revenue that are recognized and reported on the government-wide *Statement of Activities*.
- Compensated absences accruals and claims and judgments are not normally expected to be liquidated from expendable available financial resources; and therefore, they are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. However, from a full accrual perspective, these are expenses that are reported on the government-wide *Statement of Activities*.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 718,772	$ 349,759
Investments	367,362	-
Taxes Receivable, net	-	73,326
Student and Other Receivables, net	206,434	4,210
Due From Other Governments	118,756	19,063
Due From Other Funds	13,898	-
Due From Component Units	12,630	-
Inventories	29,424	-
Prepaids, Advances, and Deferred Charges	14,051	-
Total Current Assets	1,481,327	446,358
Noncurrent Assets:		
Restricted Cash and Pooled Cash	286,258	-
Restricted Investments	130,241	-
Restricted Receivables	-	-
Investments	1,075,648	-
Other Long-Term Assets	110,725	-
Depreciable Capital Assets and Infrastructure, net	3,478,294	-
Land and Nondepreciable Infrastructure	765,245	-
Total Noncurrent Assets	5,846,411	-
TOTAL ASSETS	7,327,738	446,358
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	468,180	2,152
Due To Other Governments	-	-
Due To Other Funds	12,473	294
Due To Component Units	930	-
Deferred Revenue	174,129	-
Compensated Absences Payable	11,922	-
Leases Payable	6,042	-
Notes, Bonds, and COP's Payable	60,741	-
Other Current Liabilities	150,841	50,928
Total Current Liabilities	885,258	53,374
Noncurrent Liabilities:		
Accrued Compensated Absences	175,223	-
Claims and Judgments Payable	27,541	-
Capital Lease Payable	80,076	-
Capital Lease Payable To Component Units	4,285	-
Notes, Bonds, and COP's Payable	2,229,449	-
Due to Component Units	723	-
Other Postemployment Benefits	31,689	-
Other Long-Term Liabilities	9,280	-
Total Noncurrent Liabilities	2,558,266	-
TOTAL LIABILITIES	3,443,524	53,374
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	2,401,088	-
Restricted for:		
Unemployment Insurance	-	392,984
Debt Service	5,342	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	6,935	-
Nonexpendable	70,420	-
Court Awards and Other Purposes	554,000	-
Unrestricted	846,429	-
TOTAL NET ASSETS	$ 3,884,214	$ 392,984

The notes to the financial statements are an integral part of this statement.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 9,465	$ 36,963	$ 105,231	$ 1,220,190	$ 23,831
19,586	-	-	386,948	-
-	-	-	73,326	-
2,686	20,729	11,694	245,753	402
-	-	5,142	142,961	144
-	-	10,079	23,977	627
-	-	-	12,630	-
-	1,508	11,535	42,467	1,026
472	4,069	1,499	20,091	217
32,209	63,269	145,180	2,168,343	26,247
-	-	82,050	368,308	-
70,784	-	-	201,025	-
1,871,494	-	45,480	1,916,974	-
79,253	-	-	1,154,901	-
10,693	-	2,181	123,599	177
196	2,760	113,133	3,594,383	115,608
-	-	162,998	928,243	-
2,032,420	2,760	405,842	8,287,433	115,785
2,064,629	66,029	551,022	10,455,776	142,032
7,479	4,555	23,952	506,318	10,687
131,514	29	37,897	169,440	-
10,839	28,090	365	52,061	158
-	-	-	930	-
-	328	33,094	207,551	809
-	9	822	12,753	60
-	-	240	6,282	6,061
24,000	-	715	85,456	4,555
4,260	27,109	7,991	241,129	-
178,092	60,120	105,076	1,281,920	22,330
185	912	9,100	185,420	2,499
-	-	-	27,541	-
-	-	3,130	83,206	53,518
-	-	-	4,285	-
1,677,330	-	10,780	3,917,559	12,594
-	-	-	723	-
-	-	-	31,689	-
29,684	83	4,274	43,321	-
1,707,199	995	27,284	4,293,744	68,611
1,885,291	61,115	132,360	5,575,664	90,941
196	2,760	261,226	2,665,270	38,880
-	-	-	392,984	-
106,436	-	-	111,778	-
-	-	21,282	21,282	-
-	-	-	6,935	-
-	-	-	70,420	-
-	-	28,006	582,006	-
72,706	2,154	108,148	1,029,437	12,211
$ 179,338	$ 4,914	$ 418,662	$ 4,880,112	$ 51,091

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
Unemployment Insurance Taxes	$ -	$ 363,241
License and Permits	-	-
Tuition and Fees	1,674,849	-
Scholarship Allowance for Tuition and Fees	(335,159)	-
Sales of Goods and Services	1,255,135	-
Scholarship Allowance for Sales of Goods & Services	(15,089)	-
Investment Income (Loss)	1,189	-
Rental Income	15,879	-
Gifts and Donations	18,086	-
Federal Grants and Contracts	1,001,621	375,841
Intergovernmental Revenue	19,423	-
Other	214,555	9
TOTAL OPERATING REVENUES	3,850,489	739,091
OPERATING EXPENSES:		
Salaries and Fringe Benefits	3,043,997	-
Operating and Travel	727,909	1,139,408
Cost of Goods Sold	148,327	-
Depreciation and Amortization	236,110	-
Intergovernmental Distributions	27,455	-
Debt Service	-	-
Prizes and Awards	181	-
TOTAL OPERATING EXPENSES	4,183,979	1,139,408
OPERATING INCOME (LOSS)	(333,490)	(400,317)
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	471	-
Investment Income (Loss)	(55,752)	27,768
Rental Income	11,802	-
Gifts and Donations	108,766	-
Intergovernmental Distributions	(21,107)	-
Federal Grants and Contracts	144,691	-
Gain/(Loss) on Sale or Impairment of Capital Assets	21,198	-
Insurance Recoveries from Prior Year Impairments	5	-
Debt Service	(80,975)	-
Other Expenses	(118)	-
Other Revenues	7,700	-
TOTAL NONOPERATING REVENUES (EXPENSES)	136,681	27,768
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(196,809)	(372,549)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	131,121	-
Transfers-In	181,412	-
Transfers-Out	(3,813)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	308,720	-
CHANGE IN NET ASSETS	111,911	(372,549)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	3,765,994	765,533
Prior Period Adjustments (See Note 28)	6,309	-
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 3,884,214	$ 392,984

The notes to the financial statements are an integral part of this statement.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ -	$ -	$ 363,241	$ -
-	67	83,917	83,984	-
-	-	306	1,675,155	-
-	-	-	(335,159)	-
116	500,486	118,332	1,874,069	110,825
-	-	-	(15,089)	-
(4,235)	-	3,290	244	-
-	-	1,322	17,201	11,169
-	-	-	18,086	-
390	-	413,949	1,791,801	-
-	-	18,329	37,752	-
76,327	867	3,286	295,044	296
72,598	501,420	642,731	5,806,329	122,290
2,082	8,956	174,066	3,229,101	36,654
23,880	51,235	430,748	2,373,180	59,149
1,412	11,358	36,964	198,061	8,089
160	137	8,351	244,758	18,771
4,693	-	3,964	36,112	3
46,420	-	27,400	73,820	-
-	308,796	864	309,841	-
78,647	380,482	682,357	6,464,873	122,666
(6,049)	120,938	(39,626)	(658,544)	(376)
-	-	35,627	35,627	-
-	-	647	1,118	-
-	1,534	3,746	(22,704)	208
-	-	905	12,707	-
-	-	2,236	111,002	-
-	(54,267)	-	(75,374)	-
-	-	-	144,691	33
-	(10)	(1,506)	19,682	372
-	-	15	20	-
-	-	(636)	(81,611)	(2,255)
-	-	(57)	(175)	(89)
-	-	-	7,700	-
-	(52,743)	40,977	152,683	(1,731)
(6,049)	68,195	1,351	(505,861)	(2,107)
-	-	9,930	141,051	7,591
222	-	7,593	189,227	1,165
(50)	(65,894)	(7,947)	(77,704)	(8,412)
172	(65,894)	9,576	252,574	344
(5,877)	2,301	10,927	(253,287)	(1,763)
185,215	2,613	407,735	5,127,090	22,950
-	-	-	6,309	29,904
$ 179,338	$ 4,914	$ 418,662	$ 4,880,112	$ 51,091

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 1,350,076	$ -
Fees for Service	1,246,155	-
Sales of Products	1,039	-
Gifts, Grants, and Contracts	1,201,382	358,276
Loan and Note Repayments	259,595	-
Unemployment Insurance Taxes	-	366,407
Income from Property	27,682	-
Other Sources	79,019	-
Cash Payments to or for:		
Employees	(2,864,476)	-
Suppliers	(914,253)	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(1,112,341)
Scholarships	(79,373)	-
Others for Student Loans and Loan Losses	(258,723)	-
Other Governments	(27,455)	-
Other	(54,788)	(787)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(34,120)	(388,445)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	181,411	-
Transfers-Out	(3,813)	-
Receipt of Deposits Held in Custody	525,215	-
Release of Deposits Held in Custody	(531,895)	-
Gifts and Grants for Other Than Capital Purposes	253,457	-
Intergovernmental Distributions	(21,107)	-
NonCapital Debt Service Payments	(6,286)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	396,982	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(648,301)	-
Capital Contributions	122,367	-
Capital Gifts, Grants, and Contracts	12,822	-
Proceeds from Sale of Capital Assets	45,720	-
Capital Debt Proceeds	554,565	-
Capital Debt Service Payments	(139,559)	-
Capital Lease Payments	(17,265)	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(69,651)	-

The notes to the financial statements are an integral part of this statement.

(Continued)

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ -	$ 368	$ 1,350,444	$ 7
23,839	-	166,193	1,436,187	109,109
116	498,421	56,873	556,449	1,657
5,067	-	416,719	1,981,444	49
539,782	-	-	799,377	-
-	-	-	366,407	-
-	-	2,227	29,909	11,194
2,129	67	30,686	111,901	688
(2,119)	(8,510)	(118,314)	(2,993,419)	(33,258)
(14,659)	(25,667)	(172,051)	(1,126,630)	(66,919)
-	(339,564)	(5,499)	(345,063)	(617)
-	-	-	(1,112,341)	-
-	-	-	(79,373)	-
(550,729)	-	(359,957)	(1,169,409)	-
(4,693)	-	(3,789)	(35,937)	(3)
(309)	(20)	(10,881)	(66,785)	(138)
(1,576)	124,727	2,575	(296,839)	21,769
222	-	7,593	189,226	1,165
(50)	(65,893)	(7,947)	(77,703)	(8,413)
-	-	142	525,357	-
-	-	(63)	(531,958)	-
-	-	1,487	254,944	-
-	(53,343)	-	(74,450)	-
(73,162)	-	(368)	(79,816)	(655)
(72,990)	(119,236)	844	205,600	(7,903)
(16)	(2,409)	(25,091)	(675,817)	(50,356)
-	-	-	122,367	-
-	-	-	12,822	-
-	-	99	45,819	43,059
-	-	60	554,625	2,595
-	-	(1,839)	(141,398)	(7,105)
-	-	(350)	(17,615)	(1,212)
(16)	(2,409)	(27,121)	(99,197)	(13,019)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009 **(Continued)**

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	52,889	27,768
Proceeds from Sale/Maturity of Investments	3,488,919	-
Purchases of Investments	(3,884,602)	-
Increase(Decrease) from Unrealized Gain(Loss) on Invesments	10,719	-
NET CASH FROM INVESTING ACTIVITIES	(332,075)	27,768
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(38,864)	(360,677)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,043,894	710,436
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,005,030	$ 349,759
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (333,490)	$ (400,317)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	236,111	-
Investment/Rental Income and Other Revenue in Operating Income	(18)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	20,966	-
Loss on Disposal of Capital Assets	2,191	-
Compensated Absences	18,548	-
Interest and Other Expense in Operating Income	(49,649)	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(2,129)	(8,627)
(Increase) Decrease in Inventories	(1,220)	-
(Increase) Decrease in Other Operating Assets	(4,362)	-
Increase (Decrease) in Accounts Payable	37,162	(6,291)
Increase (Decrease) in Other Operating Liabilities	41,770	26,790
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (34,120)	$ (388,445)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	113,815	-
Capital Assets Acquired by Grants or Donations and Payable Increases	4,483	-
Unrealized Gain/(Loss) on Investments and Interest Receivable Accruals	(114,541)	-
Gain/(Loss) on Disposal of Capital Assets	18,018	
Amortization of Debt Valuation Accounts and Interest Payable Accruals	608	-
Assumption of Capital Lease Obligation or Mortgage	15,876	-

The notes to the financial statements are an integral part of this statement.

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
	4,448	1,196	5,379	91,680	155
	92,711	-	-	3,581,630	-
	(25,008)	-	-	(3,909,610)	-
	57	337	1,658	12,771	53
	72,208	1,533	7,037	(223,529)	208
	(2,374)	4,615	(16,665)	(413,965)	1,055
	11,839	32,348	203,946	2,002,463	22,776
	$ 9,465	$ 36,963	$ 187,281	$ 1,588,498	$ 23,831
	$ (6,049)	$ 120,938	$ (39,626)	$ (658,544)	$ (376)
	160	137	8,351	244,759	18,771
	4,235	-	(3,290)	927	-
	-	-	37,954	58,920	52
	-	-	156	2,347	-
	3	95	392	19,038	748
	46,420	-	116	(3,113)	121
	(167,726)	(1,694)	(43,075)	(223,251)	(369)
	-	(612)	1,634	(198)	525
	520	(42)	(92)	(3,976)	160
	123,252	597	34,332	189,052	1,918
	(2,391)	5,308	5,723	77,200	219
	$ (1,576)	$ 124,727	$ 2,575	$ (296,839)	$ 21,769
	-	-	898	114,713	-
	-	-	151	4,634	838
	2,005	-	-	(112,536)	-
	-	(10)	(1,677)	16,331	1,007
	-	-	11	619	-
	-	-	214	16,090	20,886

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 28,565	$ 8,754	$ 505,527
Taxes Receivable, net	-	-	119,241
Other Receivables, net	8,181	4,706	628
Due From Other Governments	37	-	-
Due From Other Funds	18,334	3,816	8,509
Inventories	-	-	4
Prepaids, Advances, and Deferred Charges	13	-	-
Noncurrent Assets:			
Investments:			
Government Securities	-	10,617	-
Mutual Funds	367,898	2,766,678	-
Other Investments	-	28,975	-
Other Long-Term Assets	-	-	17,909
TOTAL ASSETS	423,028	2,823,546	651,818
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	2,729
Accounts Payable and Accrued Liabilities	11,524	4,873	1,116
Due To Other Governments	-	-	199,038
Due To Other Funds	148	-	15
Deferred Revenue	-	5,278	-
Claims and Judgments Payable	16,621	-	458
Other Current Liabilities	-	-	379,164
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	3,327	60,839
Accrued Compensated Absences	53	-	-
Other Long-Term Liabilities	-	-	8,459
TOTAL LIABILITIES	28,346	13,478	651,818
NET ASSETS:			
Held in Trust for:			
Pension/Benefit Plan Participants	394,282	-	-
Individuals, Organizations, and Other Entities	-	2,810,068	-
Unrestricted	400	-	-
TOTAL NET ASSETS	$ 394,682	$ 2,810,068	$ -

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 722,548
Member Contributions	121,361	-
Employer Contributions	182,895	-
Investment Income/(Loss)	(47,336)	(501,999)
Employee Deferral Fees	975	-
Other Additions	11,393	2,764
Transfers-In	1,347	-
TOTAL ADDITIONS	270,635	223,313
DEDUCTIONS:		
Distributions to Participants	-	263,109
Benefits and Withdrawals	20,811	-
Health Insurance Premiums Paid	89,533	-
Health Insurance Claims Paid	116,126	-
Other Benefits Plan Expense	19,593	-
Payments in Accordance with Trust Agreements	-	363,602
Administrative Expense	1,093	-
Other Deductions	22,238	-
Transfers-Out	210	64
TOTAL DEDUCTIONS	269,604	626,775
CHANGE IN NET ASSETS	1,031	(403,462)
NET ASSETS AVAILABLE:		
FISCAL YEAR BEGINNING	398,544	3,397,684
Prior Period Adjustments (Note 28)	(4,893)	-
Accounting Changes (See Note 28)	-	(184,154)
FISCAL YEAR ENDING	$ 394,682	$ 2,810,068

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 31,982	$ 116,507	$ 29,581
Investments	-	-	-
Taxes Receivable, net	-	-	-
Contributions Receivable, net	-	-	23,748
Other Receivables, net	90,126	72,661	576
Due From Other Governments	-	1,303	-
Inventories	16,315	-	-
Prepaids, Advances, and Deferred Charges	7,516	-	254
Net Pension Asset	6,741	-	-
Total Current Assets	152,680	190,471	54,159
Noncurrent Assets:			
Restricted Cash and Pooled Cash	-	98,057	-
Restricted Investments	21,605	281,635	-
Restricted Receivables	11,978	5,027	-
Investments	344,196	-	881,140
Contributions Receivable, net	-	-	24,689
Other Long-Term Assets	11,762	1,126,882	-
Depreciable Capital Assets and Infrastructure, net	548,435	15	3,875
Land and Nondepreciable Infrastructure	5,542	-	-
Total Noncurrent Assets	943,518	1,511,616	909,704
TOTAL ASSETS	1,096,198	1,702,087	963,863
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	51,047	17,207	4,702
Due To Other Governments	-	3,152	-
Deferred Revenue	-	767	508
Compensated Absences Payable	15,094	-	-
Claims and Judgments Payable	-	-	-
Leases Payable	-	-	507
Notes, Bonds, and COP's Payable	9,937	51,685	-
Other Current Liabilities	10,134	101,640	9,471
Total Current Liabilities	86,212	174,451	15,188
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	186,712
Capital Lease Payable	-	-	3,360
Notes, Bonds, and COP's Payable	518,875	1,017,118	-
Other Long-Term Liabilities	19,879	8,503	18,014
Total Noncurrent Liabilities	538,754	1,025,621	208,086
TOTAL LIABILITIES	624,966	1,200,072	223,274
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	55,445	15	8
Restricted for:			
Emergencies	-	-	-
Permanent Funds and Endowments:			
Expendable	-	-	421,026
Nonexpendable	-	-	281,401
Court Awards and Other Purposes	13,113	435,671	-
Unrestricted	402,674	66,329	38,154
TOTAL NET ASSETS	$ 471,232	$ 502,015	$ 740,589

The notes to the financial statements are an integral part of this statement.

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 1,742	$ 8,344	$ 6,674	$ 8,006	$ 202,836
-	-	-	51,516	51,516
-	-	-	3	3
3,438	2,939	996	4,338	35,459
-	3,083	440	825	167,711
-	-	-	-	1,303
-	-	-	-	16,315
205	-	-	4	7,979
-	-	-	-	6,741
5,385	14,366	8,110	64,692	489,863
-	452	-	-	98,509
-	-	-	-	303,240
-	-	-	-	17,005
210,974	161,685	73,188	15,730	1,686,913
18,293	14,958	1,319	-	59,259
486	4,495	114	21,192	1,164,931
285	304	1,082	129,904	683,900
-	-	-	18,176	23,718
230,038	181,894	75,703	185,002	4,037,475
235,423	196,260	83,813	249,694	4,527,338
1,596	777	1,581	473	77,383
-	-	-	-	3,152
-	-	-	4,378	5,653
-	-	-	-	15,094
-	-	-	13,022	13,022
-	-	-	-	507
-	-	-	-	61,622
-	-	-	-	121,245
1,596	777	1,581	17,873	297,678
10,041	10,507	697	-	207,957
-	-	-	-	3,360
-	4,285	-	-	1,540,278
867	11,088	256	20,843	79,450
10,908	25,880	953	20,843	1,831,045
12,504	26,657	2,534	38,716	2,128,723
285	304	1,082	148,081	205,220
-	-	-	9	9
103,034	45,565	29,322	-	598,947
115,574	110,682	51,913	-	559,570
-	-	-	42,703	491,487
4,026	13,052	(1,038)	20,185	543,382
$ 222,919	$ 169,603	$ 81,279	$ 210,978	$ 2,398,615

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
OPERATING REVENUES:			
Fees	$ -	$ 46,611	$ 7,600
Sales of Goods and Services	715,139	-	-
Investment Income (Loss)	-	19,615	-
Rental Income	-	-	-
Gifts and Donations	-	-	95,496
Federal Grants and Contracts	-	4,627	-
Other	22,442	3	817
TOTAL OPERATING REVENUES	737,581	70,856	103,913
OPERATING EXPENSES:			
Salaries and Fringe Benefits	285,703	1,259	-
Operating and Travel	145,859	7,629	23,207
Cost of Goods Sold	140,177	-	-
Depreciation and Amortization	38,904	11	-
Debt Service	-	52,138	-
Foundation Program Distributions	-	-	63,190
TOTAL OPERATING EXPENSES	610,643	61,037	86,397
OPERATING INCOME (LOSS)	126,938	9,819	17,516
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	(23,697)	-	(108,752)
Gifts and Donations	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(319)	-	-
Debt Service	(26,913)	-	-
Other Expenses	(1,921)	-	-
Other Revenues	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(52,850)	-	(108,752)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	74,088	9,819	(91,236)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	4,566	14,575	-
TOTAL CONTRIBUTIONS AND TRANSFERS	4,566	14,575	-
CHANGE IN NET ASSETS	78,654	24,394	(91,236)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	392,578	477,621	831,825
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 471,232	$ 502,015	$ 740,589

The notes to the financial statements are an integral part of this statement.

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ -	$ -	$ -	$ 32,934	$ 87,145
-	-	-	-	715,139
-	-	-	2,226	21,841
-	-	-	696	696
36,666	37,726	4,408	-	174,296
-	-	-	1,344	5,971
64	221	1,077	4,032	28,656
36,730	37,947	5,485	41,232	1,033,744
-	-	-	-	286,962
1,985	2,958	2,813	68,170	252,621
-	-	-	-	140,177
-	-	-	4,058	42,973
-	-	-	-	52,138
29,819	12,174	8,078	-	113,261
31,804	15,132	10,891	72,228	888,132
4,926	22,815	(5,406)	(30,996)	145,612
(37,783)	(26,766)	(18,311)	3,055	(212,254)
-	-	-	9,422	9,422
-	-	-	-	(319)
-	-	-	-	(26,913)
-	-	-	(719)	(2,640)
-	-	-	32,460	32,460
(37,783)	(26,766)	(18,311)	44,218	(200,244)
(32,857)	(3,951)	(23,717)	13,222	(54,632)
-	-	-	-	19,141
-	-	-	-	19,141
(32,857)	(3,951)	(23,717)	13,222	(35,491)
255,776	173,554	104,996	197,756	2,434,106
$ 222,919	$ 169,603	$ 81,279	$ 210,978	$ 2,398,615

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS RECAST TO THE STATEMENT OF ACTIVITIES FORMAT FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	*Statement of Revenues, Expenses, and Changes in Net Assets* Totals	*Statement of Activities* Treatment	*Statement of Activities* Amounts
OPERATING REVENUES:			
Unemployment Insurance Taxes			
Fees	$ 87,145	Charges for Services	$ 87,145
Sales of Goods and Services	715,139	Charges for Services	715,139
Investment Income (Loss)	21,841	Unrestricted Investment Earnings	21,841
Rental Income	696	Charges for Services	696
Gifts and Donations	174,296	Operating Grants & Contributions	174,296
Federal Grants and Contracts	5,971	Operating Grants & Contributions	5,971
Other	28,656	Charges for Services	22,445
		Operating Grants & Contributions	2,179
		Payment from State	4,032
TOTAL OPERATING REVENUES	1,033,744		
OPERATING EXPENSES:			
Salaries and Fringe Benefits	286,962	Expenses	286,962
Operating and Travel	252,621	Expenses	252,621
Cost of Goods Sold	140,177	Expenses	140,177
Depreciation and Amortization	42,973	Expenses	42,973
Debt Service	52,138	Expenses	52,138
Foundation Program Distributions	113,261	Expenses	113,261
TOTAL OPERATING EXPENSES	888,132		
OPERATING INCOME (LOSS)	145,612		
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	(212,254)	Unrestricted Investment Earnings	(35,565)
		Operating Grants & Contributions	(176,689)
Gifts and Donations	9,422	Payment from State	9,422
Gain/(Loss) on Sale or Impairment of Capital Assets	(319)	Expenses	(319)
Debt Service	(26,913)	Expenses	(26,913)
Other Expenses	(2,640)	Expenses	(2,640)
Other Revenues	32,460	Payment from State	31,817
		Capital Grants & Contributions	643
TOTAL NONOPERATING REVENUES (EXPENSES)	(200,244)		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(54,632)		
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	19,141	Operating Grants & Contributions	15,888
		Capital Grants & Contributions	3,253
TOTAL CONTRIBUTIONS AND TRANSFERS	19,141		
CHANGE IN NET ASSETS	(35,491)		(35,491)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	2,434,106		2,434,106
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 2,398,615		$ 2,398,615

The notes to the financial statements are an integral part of this schedule.

NOTES TO THE FINANCIAL STATEMENTS

NOTES 1 Through 7 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

During Fiscal Year 2008-09, the state implemented GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Liabilities and GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments.

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report all nonfiduciary activities of the primary government and its component units. Fiduciary activities of the primary government and its component units are excluded from the government-wide statements because those resources are not available to fund the programs of the government. The government-wide statements include the *Statement of Net Assets* and the *Statement of Activities*; these statements show the financial position and changes in financial position from the prior year. (See additional discussion in Note 3.)

NOTE 2 – REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds of the state, its departments, agencies, and state funded institutions of higher education that make up the state's legal entity. The state's reporting entity also includes those component units that are legally separate entities, for which the state's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity. The state is financially accountable for those entities for which the state appoints a voting majority of the governing board and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state.

For those entities that the state does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent. Entities that do not meet the specific criteria for inclusion may still be included if it would be misleading to exclude them. Under GASB Statement No. 39, individually significant legally separate tax-exempt organizations are included as component units if their resources are for the direct benefit of the state and the state can access those resources.

The following entities qualify as discretely presented component units:

- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- University of Colorado Foundation
- Colorado State University Foundation
- Colorado School of Mines Foundation
- University of Northern Colorado Foundation
- Other Component Units (Nonmajor)
  - Denver Metropolitan Major League Baseball Stadium District
  - CoverColorado
  - Colorado Venture Capital Authority
  - Colorado Renewable Energy Authority
  - Higher Education Competitive Research Authority

With the exception of the University of Colorado Hospital Authority and the four foundations, the majority of each governing board for these entities is appointed by the Governor and confirmed by the Senate. The Board of Regents of the University of Colorado appoints the board of the University of Colorado Hospital Authority.

The University of Colorado Hospital Authority, CoverColorado, the Higher Education Competitive Research Authority, and the Renewable Energy Authority are included because they present a financial burden on the state. The Colorado Water Resources and Power Development Authority is included because the state is able to impose its will upon the authority. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the state is able to impose its will upon the entity. The Venture Capital Authority's primary capitalization was insurance premium tax credits contributed by the state's General Fund, and therefore, it qualifies as a component unit because it would be misleading to exclude it.

The four foundations meet the GASB Statement No. 39 criteria discussed above and are included because they are deemed by management to be individually significant.

Detailed financial information may be obtained directly from these organizations at the following addresses:

University of Colorado Hospital Authority
Chief Financial Officer
Mail Stop F-417, P.O. Box 6510
Aurora, Colorado 80045

Colorado Water Resources and Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203

University of Colorado Foundation
4740 Walnut Street
Boulder, Colorado 80301

Colorado State University Foundation
P. O. Box 483
Fort Collins, Colorado 80522

Colorado School of Mines Foundation, Inc.
P. O. Box 4005
Golden, Colorado 80401-0005

University of Northern Colorado Foundation, Inc.
Judy Farr Alumni Center
Campus Box 20
Greeley, Colorado 80639

Denver Metropolitan Major League Baseball Stadium District
2195 Blake Street
Denver, Colorado 80205

CoverColorado
425 South Cherry Street, Suite 160
Glendale, Colorado 80246

Venture Capital Authority
1625 Broadway, Suite 2700
Denver, Colorado 80202

Renewable Energy Authority
410 17th Street, Suite 1400
Denver, CO 80202

Higher Education Competitive Research Authority
c/o Colorado Department of Higher Education
1560 Broadway, Suite 1600
Denver, CO 80202

The following related organizations, for which the state appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14 as amended by GASB Statement No. 39:

Pinnacol Assurance
Colorado Educational and Cultural Facilities Authority
Colorado Health Facilities Authority
Colorado Institute of Technology
Colorado Agricultural Development Authority
Colorado Housing and Finance Authority
Colorado Sheep and Wool Authority
Colorado Beef Council Authority
Fire and Police Pension Association
The State Board of the Great Outdoors
Colorado Trust Fund
Statewide Internet Portal Authority

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the state cannot impose its will, nor does it have a financial benefit or burden relationship with these entities. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related state higher education institutions, but they do not meet all of the GASB Statement No. 39 requirements for inclusion as component units. These entities are included in the various note disclosures if they qualify as related parties or if omitting them would be misleading.

The state has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state, but it is operated by the hospital district under a twenty-year contract that is renewable at the district's option for successive ten-year terms up to 99 years from the original commencement date in November 1993.

The state's contract with the Huerfano County Hospital District states that the district is responsible for funding the operating deficits of the nursing home; however, since the state owns the nursing home, it retains ultimate financial responsibility for the home. Only the state's share of assets, liabilities, revenues, and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the state's on-site contract administrator. The state's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

NOTE 3 – BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements focus on the government as a whole. The *Statement of Net Assets* and the *Statement of Activities* are presented using the economic resources measurement focus and the full accrual basis of accounting. Under this presentation, all revenues, expenses, and all current and long-term assets and liabilities of the government are reported including capital assets, depreciation, and long-term debt.

The government-wide statements show the segregation between the primary government and its component units. The primary government is further subdivided between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Assets* presents the financial position of the government. The net assets section of the statement focuses on whether assets, net of related liabilities, have been restricted as to the purpose for which they may be used. This differs from the concept of reservations of fund balance used in the governmental fund statements to show availability of assets for appropriation. When an external party or the State Constitution places a restriction on the use of certain assets, those assets, net of related liabilities, are reported in the Net Asset line items shown as Restricted. The nature of an asset may also result in a restriction on asset use. The line item Invested in Capital Assets, Net of Related Debt, comprises capital assets (net of depreciation) reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that were used to finance the acquisition, construction, or improvement of the capital asset. The state does not report restrictions of net assets related to enabling legislation because a settled court case determined that crediting money to a special fund does not mean that the General Assembly is prohibited from appropriating the money for another purpose. Internal Service Fund assets and liabilities are reported in the government-wide *Statement of Net Assets* as part of the governmental activities.

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities (BTAs) in state government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or BTA. Direct costs are those that can be specifically identified with a program. The state allocates indirect costs based on an approved Statewide Federal Indirect Cost Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants. Taxes, with the exception of unemployment insurance tax supporting a business-type activity, are presented as general revenues. General-purpose revenues are presented at the bottom of the statement and do not affect the calculation of net program cost.

The state reports only its Enterprise Funds as business-type activities. The business-type activities follow all current GASB pronouncements. The proprietary statements and government-wide statements also follow all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Interfund transactions, such as federal and state grants moving between state agencies, have been eliminated from the government-wide statements to the extent that they occur within either the governmental or business-type activities, except as follows. In order not to misstate the sales revenue and purchasing expenses of individual functions or BTAs, the effects of interfund services provided and used have not been eliminated. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Internal Service Fund activity has been eliminated by allocating the net revenue/expense of the Internal Service Fund to the function originally charged for the internal sale.

Some of the state's component units have fiscal year-ends that differ from the state's fiscal year-end. However, there were no significant receivable and payable balances between the primary government and those component units at the fiscal year-end reporting dates. The four foundations reported as component units have the same fiscal year-end as the state. Amounts shown as due from or due to the component units are primarily receivable from or payable to these foundations.

Interfund balances between the primary government's fiduciary activities and the primary government are presented on the government-wide statements as external receivables and payables.

NOTE 4 – BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

The fund-level statements provide additional detail about the primary government and its component units. The information is presented in four types – governmental funds, proprietary funds, fiduciary funds, and component units. With the exception of the Fiduciary Fund type, each type is presented with a major fund focus.

The Governmental Accounting Standards Board has defined major funds based on percentage thresholds; however, it allows presentation of any fund as a major fund when that fund is particularly important to financial statement users. The Capital Projects Fund, the State Education Fund, and the Lottery Fund do not meet the percentage threshold requirements, but they are presented as major funds under the discretion provided by the standard. All of the state's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, the Renewable Energy Authority, and the Higher Education Competitive Research Authority, which are presented as nonmajor component units.

The state's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

General Fund
Transactions related to resources obtained and used for those services traditionally provided by state government, which are not legally required to be accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

State Public School Fund
The State Public School Fund receives transfers from the General Fund on a quarterly basis and makes distributions to local school districts on a monthly basis. The fund also receives smaller transfers from other state programs, such as Lottery and State Lands, which are distributed to the local school districts as well.

Highway Users Tax Fund
Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver, and vehicle registration fees, and other related taxes. In prior years this fund has issued revenue bonds to finance construction and preservation of highway infrastructure. Most of the state's infrastructure is financed by this fund.

Capital Projects Fund
Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities and certain equipment are accounted for in the Capital Projects Fund unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund.

State Education Fund
The State Education Fund was created in the State Constitution by a vote of the people in November 2000. The fund's primary revenue source is a tax of one third of one percent on federal taxable income. The revenues are restricted for the purpose of improving Colorado students' primary education by funding specific programs and by guaranteeing appropriation growth of at least one percent greater than annual inflation through Fiscal Year 2010-11.

PROPRIETARY FUND TYPE:

Higher Education Institutions
This fund reports the activities of all state institutions of higher education. Fees for educational services, tuition payments, and research grants are the primary sources of funding for this activity. Higher Education Institutions have significant capital debt secured solely by pledged revenues.

Unemployment Insurance
This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

CollegeInvest
CollegeInvest issues revenue bonds to originate and purchase student loans in addition to operating a limited prepaid tuition program. CollegeInvest also operates an IRS Section 529 tax-advantaged College Savings Plan that is presented as a Private Purpose Trust Fund.

Lottery
The State Lottery encompasses the various lottery and lotto games run under state statute. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Fund. The funds are used primarily for open space purchases and recreational facilities throughout the state.

Nonmajor funds of each fund type are aggregated into a single column for presentation in the basic financial statements. In addition to the major funds discussed above, the state reports the following fund categories in supplementary information in the Comprehensive Annual Financial Report.

GOVERNMENTAL FUND TYPE (NONMAJOR):

Special Revenue Funds
Transactions related to resources obtained from specific sources, and dedicated to specific purposes are accounted for in the Special Revenue Funds. The individual nonmajor funds include Water Projects, Labor, Gaming, Tobacco Impact Mitigation, Resource Extraction, Resource Management, Environment and Health Protection, Public School Buildings, Unclaimed Property, and Other Special Revenue Funds.

Debt Service Fund
This fund accounts for the accumulation of resources, primarily transfers from other funds, for the payment of long-term debt principal and interest. It also accounts for the issuance of debt solely to refund debt of other funds. The primary debt serviced by this fund consists of certificates of participation issued by various departments and transportation revenue anticipation notes issued by the Department of Transportation to fund infrastructure.

Permanent Funds
This collection of funds reports resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the state's programs. The individual nonmajor funds included in this category are the State Lands Fund and an aggregation of several smaller funds. On the government-wide financial statements the net assets of these funds are presented as restricted with separate identification of the nonexpendable (principal) and expendable (earnings) amounts.

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds
The state uses Enterprise Funds to account for activities that charge fees, primarily to external users, to recover the costs of the activity. In some instances, the requirement to recover costs is a legal mandate, and in others it is due to management's pricing policy. The individual nonmajor funds reported in supplementary information include Wildlife, College Assist (formerly College Access Network), State Fair Authority, Correctional Industries, State Nursing Homes, Prison Canteens, Petroleum Storage Tank, and several smaller funds aggregated as Other Enterprise Funds.

Internal Service Funds
The state uses Internal Service Funds to account for sales of goods and services, primarily to internal customers, on a cost reimbursement basis. The major fund concept does not apply to Internal Service Funds. The state's Internal Service Funds reported in supplementary information included Central Services, General Government Computer Center, Telecommunications, Capitol Complex, Highways, Public Safety, Administrative Courts, and Debt Collection. In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Assets,* and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPE:

The resources reported in Fiduciary Fund types are not available for use in the state's programs; therefore, none of the Fiduciary Funds are included in the government-wide financial statements.

Pension and Benefit Trust Funds
In the basic financial statements, the state reports in a single column the activities related to resources being held in trust for members and beneficiaries of the Deferred Compensation Plan, the Defined Contribution Pension Plan, and Group Benefits Plan. Individual financial statements of these plans are presented in Note 20. Participation in the defined contribution plan was previously limited to select employees – primarily legislators and elected officials, however, beginning January 1, 2006, the defined contribution plan became an option for current and newly hired state employees. Most state employees continue to be covered by the defined benefit plan operated by the Public Employees Retirement Association (see Note 18).

Private Purpose Trust Funds
Private Purpose Trust Funds are used to report the resources held in trust for the benefit of other governments, private organizations, or individuals. A single column in the basic financial statements aggregates the Treasurer's Private Purpose Trusts, the College Savings Plan operated by CollegeInvest, the College Opportunity Fund, the Multistate Lottery Winners Trust Fund and several smaller funds.

Agency Funds
Agency funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Typically the time between receipt and disbursement of these resources is short and investment earnings are inconsequential.

PRESENTATION OF INTERNAL BALANCES

Intrafund transactions are those transactions that occur completely within a column in the financial statements, while interfund transactions involve more than one column. This definition applies at the level of combining financial statements in the supplementary information section of the Comprehensive Annual Financial Report. Substantially all intrafund transactions and balances of the primary government have been eliminated from the fund-level financial statements. Interfund sales and federal grant pass-throughs are not eliminated, but are shown as revenues and expenditures/expenses of the various funds. Substantially all other interfund transactions are classified as transfers-in or transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

FUNCTIONAL PRESENTATION OF EXPENDITURES

In the governmental fund types, expenditures are presented on a functional basis rather than an individual program basis because of the large number of programs operated by the state. The state's eight functional classifications include:

General Government
Legislative Branch, Department of Personnel & Administration, most of the Department of Military and Veterans Affairs, part of the Governor's Office, part of the Department of Revenue, and Department of Treasury

Business, Community, and Consumer Affairs
Department of Agriculture, part of the Governor's Office, Department of Labor and Employment, Department of Local Affairs, most of the Department of Regulatory Agencies, Gaming Division of the Department of Revenue, and Department of State

Education
Department of Education and the portion of the Department of Higher Education not reported as a business-type activity

Health and Rehabilitation
Department of Public Health and Environment part of the Department of Human Services

Justice
Department of Corrections, Division of Youth Corrections in the Department of Human Services, Judicial Branch, Department of Law, Department of Public Safety, and the Civil Rights Division of the Department of Regulatory Agencies

Natural Resources
Department of Natural Resources

Social Assistance
Department of Human Services, Veterans' Affairs, and the Department of Health Care Policy and Financing.

Transportation
Department of Transportation

Component Units

The University of Colorado Hospital Authority uses proprietary fund accounting for its operations. The financial statements for the authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting, but are not presented in the state's Comprehensive Annual Financial Report. The pension plan statements are available from the authority. Financial information for the authority is presented as of June 30, 2009.

The Colorado Water Resources and Power Development Authority is engaged only in business-type activities, and it uses proprietary fund accounting for its operations. The authority's financial information is presented as of December 31, 2008.

Three of the five nonmajor component units use proprietary fund accounting in preparation of their financial statements, while the Renewable Energy Authority and the Higher Education Competitive Research Authority use governmental fund accounting. In addition, CoverColorado and the Venture Capital Authority apply applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict GASB pronouncements. The financial information for these entities is presented as of December 31, 2008.

The four foundations presented as component units all follow Financial Accounting Standards Board statements applicable to not-for-profit entities. The foundation's audited not-for-profit financial statements have been recast into the governmental format as allowed by GASB Statement No. 39. Financial information for the four foundation component units is presented as of June 30, 2009.

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

The basis of accounting applied to a fund depends on both the type of fund and the financial statement on which the fund is presented.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

All transactions and balances on the government-wide financial statements are reported on the full accrual basis of accounting. Under full accrual, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange transactions are recognized when the exchange takes place and the earnings process is complete. Similar recognition occurs for nonexchange transactions depending on the type of transaction as follows:

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the state has an enforceable legal claim.
- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets may be recognized if received before eligibility requirements are met.

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds
All transactions and balances of governmental funds are presented on the modified accrual basis of accounting consistent with the flow of current financial resources measurement focus and the requirements of Governmental Accounting Standards Board Interpretation No. 6. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The state defines revenues as available if they are expected to be collected within one year. Historical data, adjusted for economic trends, are used to estimate the following revenue accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due at June 30.
- Income taxes, net of refunds, to be collected from individuals, corporations, and trusts are accrued based on current income earned by taxpayers before June 30. Quarterly filings, withholding statements, and other historical and economic data are used to estimate taxpayers' current income. The related revenue is accrued net of an allowance for uncollectible taxes.

Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met.

Expenditures are recognized in governmental funds when:

- The related liability is incurred and is due and payable in full (examples include professional services, supplies, utilities, and travel),
- The matured portion of general long-term indebtedness is due and payable (or resources have been designated in the Debt Service Fund and the debt service is payable within thirty days of fiscal year-end),
- The liability has matured and is normally expected to be liquidated with expendable available financial resources.

Under these recognition criteria, compensated absences, claims and judgments, termination benefits, and environmental postremediation liabilities are reported as fund liabilities only in the period that they become due and payable. Expenditures/liabilities not recognized in the fund-level statements are reported as expenses/liabilities on the government-wide statements.

Proprietary and Fiduciary Funds
All transactions and balances of the proprietary and fiduciary fund types are reported on the full accrual basis of accounting as described above for the government-wide statements.

Component Units

The University of Colorado Hospital Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. As a governmental entity, the hospital applies all GASB statements and has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The Colorado Water Resources and Power Development Authority uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liability is incurred. The authority has elected to not apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

NOTE 6 – ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET ASSETS

A. CASH AND POOLED CASH

For purposes of reporting cash flows, cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the State Treasurer, and warrants payable.

B. RECEIVABLES

Component Units

The University of Colorado Foundation, the Colorado State University Foundation, the Colorado School of Mines Foundation, and the University of Northern Colorado Foundation all record unconditional promises to give as revenue and receivable in the period that the pledge is made. The University of Colorado Foundation, the University of Northern Colorado Foundation, and the Colorado State University Foundation use the allowance method to determine the uncollectible portion of unconditional contributions receivable. The Colorado School of Mines Foundation recognizes conditional promises to give as revenue and receivable when the conditions on which the pledges are dependent are substantially met.

C. INVENTORY

Inventories of the various state agencies primarily comprise finished goods inventories held for resale and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The state uses various valuation methods (FIFO, average cost, etc.) depending upon the state agency. The method used in each agency is consistent from year to year.

Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.

D. INVESTMENTS

Primary Government

Investments, including those held by the State Treasurer and reported as pooled cash, include both short and long-term investments. They are stated at fair value except for certain money market investments (see Note 14). Investments that do not have an established market are reported at their estimated fair value. The State Treasurer records investment interest in individual funds based on book yield as adjusted for amortization of investment premiums and discounts.

Component Units

Marketable equity and debt investments of the University of Colorado Foundation are presented at fair value based on quoted market prices; alternative investment fair values are based on national security exchange closing prices, if marketable, and on prorata share of the net assets of the investment, if not marketable. Realized and unrealized gains and losses are included in the change in net assets.

The University of Colorado Foundation has concentrations of financial instruments in cash and investments that potentially subject it to credit risk. The foundation selects credit-worthy high-quality financial institutions, but significant portions of its deposits are not insured by the FDIC. The foundation's concentrations in stocks, bonds, and alternative investments also subject it to credit risk. These investments are selected by professional managers and are monitored by the Investment Committee of the foundation's Board of Directors. Certain investment managers employ techniques such as leverage, futures and forwards contracts, option agreements, and other derivative instruments that create special risks that could adversely affect the foundation's investment portfolio valuation.

The mission of the Venture Capital Authority, a nonmajor component unit, is to make seed and early-stage investments in companies that are not fully established. Because of the inherent uncertainty of investment valuation where a ready market does not exist, as is the case with Venture Capital Authority investments, estimated values may differ from the values that would have been reported had a ready market existed, and the differences could be material.

E. CAPITAL ASSETS

Primary Government

Depreciable capital assets are reported at historical cost net of accumulated depreciation on the government-wide *Statement of Net Assets*. Donated capital assets are carried at their fair market value at the date of donation (net of accumulated depreciation). Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

The following table lists the range of capitalization thresholds established by the state as well as lower thresholds adopted by some state agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado has adopted a $75,000 threshold for land and leasehold improvements as well as buildings.

(Amounts in Dollars)

Asset Class	Lower Capitalization Thresholds	Established State Thresholds
Land Improvements	$5,000	$50,000
Buildings	$5,000	$50,000
Leasehold Improvements	$5,000	$50,000
Equipment	NA	$5,000
Software	NA	$5,000
Library Books	NA	$0
Collections	NA	$5,000
Infrastructure	NA	$500,000

All depreciable capital assets are depreciated using the straight-line method. State agencies are required to use actual experience in setting useful lives for depreciating capital assets. The following table lists the range of lives that state agencies normally use in depreciating capital assets. Certain historical buildings are depreciated over longer lives, but they are excluded from the following table.

(Amounts in Years)

Asset Class	Shortest Period Used	Longest Period Used
Land Improvements	5	50
Buildings	5	127
Leasehold Improvements	3	50
Equipment	2	50
Software	1.5	23
Library Books	5	20
Other Capital Assets	3	22
Infrastructure	20	75

Certain infrastructure owned by the Colorado Department of Transportation (CDOT), including roadway infrastructure acquired prior to Fiscal Year 1980-81, is reported using the modified approach, under which maintenance and preservation costs are expenditures and depreciation is not recorded. (See Note RSI-2 to the Required Supplementary Information, page 160, for more information on the modified approach.) Bridges owned by CDOT and other infrastructure, which is primarily owned by the Department of Natural Resources, is capitalized and depreciated.

The state capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

Component Units

The University of Colorado Hospital Authority capitalizes interest during the construction of capital assets. The authority depreciates capital assets over the estimated useful life of the asset class using the straight-line method. The hospital's long-lived assets consist primarily of leasehold improvements, buildings and building improvements, and equipment.

F. DEFERRED REVENUE

Under reimbursement agreements, receipts from the federal government and other program sponsors are deferred until the related expenditures occur. On the fund-level financial statements, revenues related to taxes receivable that the state does not expect to collect until after the following fiscal year are deferred. However, taxes receivable are recognized as revenue on the government-wide financial statements.

G. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death.

Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving state service.

In accordance with GASB Interpretation No. 6, compensated absence liabilities related to the governmental funds are recognized as liabilities of the fund only to the extent that they are due and payable at June 30. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. On the government-wide *Statement of Net Assets,* all compensated absence liabilities are reported.

Component Units

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability, serious health conditions, or bereavement. Both PTO and EIP earnings are based on length of service and actual hours worked. The hospital records PTO expense as it is earned. Accrued EIP is based solely on amounts estimated to become payable to that portion of the employee base that will ultimately retire from the hospital.

The Colorado Water Resources and Power Development Authority recognizes unused vacation benefits as they are earned.

H. INSURANCE

The state has an agreement with Pinnacol Assurance, a related organization, to act as the third party administrator for the state's self-insured workers' compensation claims. The state reimburses Pinnacol for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The state insures its property through private carriers and is self-insured against general liability risks for both its officials and employees (see Note 21). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees because the state contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due.

I. NET ASSETS AND FUND BALANCES

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus used in reporting the fund.

On the government-wide *Statement of Net Assets,* the proprietary funds' *Statement of Net Assets,* and the fiduciary funds' *Statement of Fiduciary Net Assets,* net assets are segregated into restricted and unrestricted balances. Restrictions are limitations on how the net assets may be used. Restrictions may be placed on net assets by the external party that provided the resources, by the State Constitution, or by the nature of the asset (such as, in the case of capital assets).

On the *Balance Sheet – Governmental Funds,* assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved balances are generally available for appropriation. Management may also make designations of unreserved fund balance that signal its intent that certain fund balance amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

The following paragraphs describe the restrictions reported in the financial statements:

Invested in Capital Assets Net of Related Debt – This item comprises capital assets net of accumulated depreciation if applicable. The carrying value of capital assets are further reduced by the outstanding balances of leases, bonds, or other borrowings that were used to acquire, construct, or improve the related capital asset.

Restricted for Highway Construction and Maintenance – Article X Section 18 of the State Constitution restricts the motor fuels tax portion of the Highway Users Tax Fund. The unrestricted portion of the fund is appropriated for activities other than highway construction and maintenance.

Restricted for State Education – The entire net assets balance of the State Education Fund, a major governmental fund, is restricted based on Article IX, Section 17, of the State Constitution. Section 17 is commonly referred to as Amendment 23, which references the ballot number assigned to the issue in the general election of 2000.

Restricted for Unemployment Insurance – The entire net assets balance of the Unemployment Insurance Fund, a major Enterprise Fund, is reported as restricted because federal regulations limit its use to paying unemployment insurance claims.

Restricted for Debt Service – The net assets of the Debt Service Fund, a nonmajor governmental fund, are restricted to be used only for upcoming principal and interest payments. The payments are primarily related to the Transportation Revenue Anticipation Notes issued by the Department of Transportation, but also include payments on certificates of participation issued by the Department of Corrections. The Higher Education Institutions Enterprise Fund also reports certain balances restricted for principal and interest payments on revenue-bonded debt.

Restricted for Emergencies – The State Legislature designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve for emergencies three percent or more of fiscal year spending. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises (see Note 8B).

Restricted Permanent Funds and Endowments – This item is segregated into two components. The restricted balances reported as nonexpendable are related to the principal portion of governmental Permanent Funds, such as the State Lands Fund, and the endowment portion of the Higher Education Institutions Enterprise Fund that must be maintained in perpetuity. The restricted balances reported as expendable are the earnings on the related principal balances. In general these earnings can only be used for education program purposes.

Restricted for Court Awards and Other Purposes – The state operates certain funds that were established at the direction of federal courts, state courts, or other external parties. The net assets of these funds are limited as to use by the court or the external party. Included in this restriction is the remaining $14.7 million balance of the following. The state received $73.1 million and $73.2 million in Fiscal Years 2003-04 and 2002-03, respectively, from the federal government as a result of the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Act restricts the use of the funds to "the types of expenditures permitted under the most recently approved budget for the state." The Colorado Supreme Court opined that legislation could exclude these funds from the definition of custodial moneys that would qualify them as restricted. However, the related legislation only applied this authority to these types of funds prospectively. Therefore, the unexpended net assets of these funds are reported as restricted and their use is directed by the Governor.

The following paragraphs describe the reservations reported in the fund-level financial statements:

The fund balance of the General Fund is reserved as provided by statute and as provided by generally accepted accounting principles.

Reserved for Encumbrances - In the General Fund, this reserve represents the portion of the current fiscal year appropriation that was encumbered for goods and services that were not received before June 30 due to extenuating circumstances. The specific appropriation related to these items is rolled-forward to the following fiscal year. The reserve also includes earned augmenting revenue, such as insurance proceeds, that state agencies are not required to revert into General Fund fund balance.

In the Special Revenue Funds and Capital Projects Fund this reserve represents purchase orders, contracts, and long-term contracts that do not lapse at year-end and are related to construction of major capital projects and infrastructure. State agencies are required to record encumbrances for construction projects, and therefore, this reserve in the Special Revenue and Capital Projects fund represents the major construction commitments of the state.

Since the resources of these funds are often received after the long-term contracts are executed and recorded as encumbrances, the unreserved undesignated amount may reflect a deficit. When a deficit occurs it is funded by future proceeds of the fund.

Reserved for Noncurrent Assets – This item reserves the portion of fund balance that relates to long-term interfund receivables and other long-term assets that are not offset by deferred revenue. These assets are not currently available for appropriation.

Reserving the full amount of noncurrent assets in the Water Projects Fund, a nonmajor Special Revenue Fund, would have resulted in a deficit undesignated fund balance. Since the resources of the fund are not sufficient to support the entire reserve amount, fund balance is only reserved up to the amount available for Fiscal Year 2008-09.

Reserved for Debt Service – The fund balance of the Debt Service Fund, a nonmajor governmental fund, is not available for appropriation because it is restricted to use only for upcoming principal and interest payments. The payments are primarily related to the Transportation Revenue Anticipation Notes issued by the Department of Transportation, but also include payments on certificates of participation issued by the Department of Corrections.

Reserve for Statutory Purposes – The statutory reserve in the Capital Projects Fund is the fund balance of the Corrections Expansion Reserve and the balance of certain other projects that are allowed to maintain a fund balance in the Capital Projects Fund. These projects are not required to revert excess cash revenue to the Capital Projects Fund.

In the General Fund this reserve normally represents the requirement in Colorado Revised Statutes 24-75-201.1(d) to reserve four percent of General Fund appropriations, and it is only presented at the full four percent amount when the unreserved undesignated fund balance is greater than zero. During Fiscal Year 2008-09, the General Assembly passed legislation reducing the required reserve to two percent of General Fund appropriations for both GAAP and budget basis purposes as part of its plan to address a revenue shortfall. The reduction of the reserve along with the augmenting cash transfers to the General Fund described in Note 31 allowed the state to meet the statutorily required reserve amount, and show an unreserved, undesignated fund balance in the General Fund.

On June 30, 2009, the state transferred $458.1 million from various cash funds to the General Fund to prevent a constitutional violation related to expenditures in excess of available resources (beginning fund balance plus current year general-purpose revenues). Because the final amount could not be known at that date, the legislatively authorized Governor's executive order specified a year-end transfer amount large enough to ensure a positive fund balance. Without this year-end transfer, the General Fund statutory reserve on the GAAP basis would have been $0 and the unreserved General Fund fund balance would have been in deficit $154.4 million.

Reserved for Risk Management – The Reserve for Risk Management represents the fund equity of the state Risk Management Funds. Because there is no plan to fund the actuarial liabilities of the Risk Management Fund, it is accounted for in the General Fund as required by Governmental Accounting Standards Board Statement No. 10.

Reserved for Emergencies – The General Assembly designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve three percent or more of fiscal year spending for emergencies. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises. (See Note 8B for more information on the current year amount of the emergency reserve.)

Reserved for Funds Reported as Restricted – This reserve is the portion of fund balance that is restricted by the State Constitution or external parties. The balances are reserved because they are restricted; and therefore, are not available for appropriation for general governmental purposes.

Unreserved - Designated for Unrealized Investment Gains
In all fund types, this designation represents the amount by which the fair value of investments exceeds amortized cost. It is not equivalent to the net change in fair value of investments because the net change in fair value is adjusted for the amount by which the fair value was more or less than amortized costs in prior years. This reserve is only shown when a governmental fund category has net unrealized gains.

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/EXPENSES

A. PROGRAM REVENUES

The government-wide *Statement of Activities* presents two broad types of revenues – program revenues and general revenues. All taxes, with the exception of unemployment insurance tax used to support a business-type activity, are reported as general revenues. Unrestricted investment earnings and the court ordered awards of the Tobacco Litigation Settlement Fund, part of the nonmajor Tobacco Impact Mitigation Fund, are also reported as general revenues. Except for transfers, permanent fund additions, and special items, all other revenues are reported as program revenues. In general, program revenues include:

- Fees for services, tuition, licenses, certifications, and inspections,
- Fines and forfeitures,
- Sales of products,
- Rents and royalties,
- Donations and contributions, and
- Intergovernmental revenues (including capital and operating grants).

B. INDIRECT COST ALLOCATION

The state allocates indirect costs on the government-wide *Statement of Activities.* In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities (BTAs). The allocation is based on the Statewide Indirect Cost Allocation Plan Agreement with the federal government that was approved during Fiscal Year 2008-09.

The Plan uses cost from Fiscal Year 2006-07 that will be incorporated in state agency indirect cost rates and plans to be charged to federal grants in Fiscal Year 2010-11. The allocation of costs between the governmental activities and BTAs would normally result in an adjustment of internal balances on the government-wide *Statement of Net Assets.* However, since the amount allocated from the governmental activities to the BTAs is small, an offsetting adjustment is made to the Transfers line item at the bottom of the *Statement of Activities.*

C. OPERATING REVENUES AND EXPENSES

Primary Government

The state reports four major Enterprise Funds, multiple nonmajor Enterprise Funds, and multiple Internal Service Funds. Because these funds engage in a wide variety of activities, the state's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.

In general this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Assets* and cash from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

- Interest earnings and expenses of proprietary funds for which the core business activity is lending are reported as operating revenues and expenses on the *Statement of Revenues, Expenses, and Changes in Net Assets* but are reported as investing activities on the *Statement of Cash Flows.*
- Some rents, fines, donations, and certain grants and contracts are reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Assets* but are reported as cash from operations on the *Statement of Cash Flows.*

The state higher education institutions have defined operating revenues and expenses as generally resulting from providing goods and services for instruction, research, public service, or related support services to an individual or entity separate from the institution.

NOTE 8 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Agencies are not allowed to use general-purpose revenue to support an expenditure/expense that was appropriated from cash or federal funds. Budget-to-actual comparisons are presented in the Required Supplementary Information Section beginning on page 148. Differences noted between department overexpended amounts on the budgetary schedules and the overexpenditures discussed below are due to offsetting underexpended line item appropriations.

Within the limitations discussed below, the State Controller with the approval of the Governor may allow certain overexpenditures of the legal appropriation, as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The Department of Human Services is allowed $1.0 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to $1.0 million in total for the remainder of the Executive Branch. An additional $1.0 million of combined transfers and overexpenditures are allowed for the Judicial Branch.

The State Controller is required by statute to restrict the subsequent year appropriation whether or not he allows an overexpenditure. The restriction requires the agency to seek a supplemental appropriation from the General Assembly, earn adequate cash or federal revenue to cover the expenditure in the following year, and/or reduce their subsequent year's expenditures.

Total overexpenditures at June 30, 2009, were $18,324,409 as described in the following paragraphs.

Medicaid Overexpenditures:

- Mental Health Fee for Service – The Department of Health Care Policy and Financing overexpended this line item by $109,551 of general funds. This program is an entitlement program driven by the eligible population and the department reported unexpectedly large increases over budgeted caseload for the year.
- Medicaid Mental Health Capitation Payments – The Department of Health Care Policy and Financing overexpended this line item by $709,215 of general funds. This program is an entitlement program driven by the eligible population and the department reported unexpectedly large increases over budgeted caseload for the year.
- Medical Services Premiums – The Department of Health Care Policy and Financing overexpended this line item by $11,170,264 of general funds and by $228,644 of cash funds. This program is an entitlement program driven by the eligible population, and the program incurred unexpectedly large increases over budgeted caseload for the year. The department also reported an increase in the utilization of primary care services including physician and in-patient hospital services as well as home and community-based services.
- Residential Treatment for Youth – The Department of Health Care Policy and Financing overexpended this line item by $24,035 of general funds. The overexpenditure occurred due to an error recording the proper funding split between federal and general funds. Because of the error, more General Fund was expended than could be covered by the year-end transfers from the Department of Human Services.

Department of Human Services Overexpenditures Other Than Medicaid:

- Colorado Trails – The Department of Human Services overexpended this line by $300,538 of general funds. The line is charged expenditures based upon client case counts. The overexpenditure occurred because the Random Moment Sampling percentages of case counts used as a basis of cost allocation were higher than expected.

Statewide Overexpenditures Subject to the $1.0 Million Limit:

- Department of Personnel & Administration – Deferred Compensation Administration – The Department of Personnel & Administration overexpended this line item by $10,205 of cash funds. The line is used to pay third party administrator fees for the state's deferred compensation plan. These fees are based on the number of plan participants and the increase in participants was greater than the budgeted amount.
- Department of Revenue – Alternative Fuels Rebate – The Department of Revenue overexpended this line item by $18,432 of cash funds. The overexpenditure occurred because the department did not consider these expenditures in monitoring its budget.

- Department of Health Care Policy and Financing – Personal Services – The Department of Health Care Policy and Financing overexpended this line item by $147,605 of general funds. The department traditionally manages this line using amounts made available by vacant positions related to employee turnover. When employee turnover was less than expected, fewer funds were available, resulting in this overexpenditure.

- Department of Health Care Policy and Financing – CBMS SAS-70 Audit – The Department of Health Care Policy and Financing overexpended this line item by $2,788 of general funds. The overexpenditure occurred because the Random Moment Sampling percentages used as a basis of cost allocation were higher than expected.

- Department of Education – Legal Services – The Department of Education overexpended this line item by $9,067 of cash funds. The overexpenditure occurred due to an increase in the number of cases prosecuted as well as those requiring judiciary hearings because of appeals to the State Board of Education.

Overexpenditures Not Subject to Statutory Approval:

The following overexpenditures occurred in the Department of Human Services.

- Various Lines – The Department of Human Services overexpended seven lines totaling $347,994 of general funds including Personal Services, County Financial Management System, Office of Information Technology Personal Services, HIPPA Act of 1996, Office of Performance Improvement, Client Index Project, and Adult Assistance Program Administration. The overexpenditures occurred due to a shortage of revenue related to indirect costs required to be recovered from federal programs. Without adequate indirect cost recovery, the department could not cover all of its administrative expenditures in these lines.

The following overexpenditures occurred in the Department of Personnel & Administration.

- Workers' Compensation Premiums – The department overexpended this line by $4,306,071 of reappropriated funds. The overexpenditure occurred due to higher than expected Workers' Compensation claims. A delay in processing May and June claims led to the department missing the budget supplemental deadline.

- Mail Services – Personal Services – The department's Mail Services Division overexpended this line item by $373,890 of cash funds. The department historically covered these costs through its administrative expenditure allocation. However, the transfer of personnel due to the statewide information technology consolidation lessened the amount of available allocation and resulted in the overexpenditure.

- Vehicle Leases – The department overexpended this line by a total of $10,045 in cash funds. The overexpenditure occurred due to legislation implementing the statewide information technology consolidation. The legislation reduced the line by a greater amount than anticipated and a supplemental budget request was denied.

The following overexpenditures occurred in the Department of Military Affairs.

- Capital Construction – Englewood STARC Headquarters – The department overexpended this line by $118,978 in general funds. The overexpenditure occurred due to higher than expected federal participation in a capital construction project. Statute requires a reduction in state funds when more federal funds are received, and the department did not reduce their General Fund usage.

- Capital Construction – Newfield Maintenance Shop – The department overexpended this line by $437,087 in cash funds. The overexpenditure occurred due to higher than expected federal participation in a capital construction project. Statute requires a reduction in state funds when more federal funds are received, and the department did not reduce their General Fund usage.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the Office of the State Controller.

B. TAX, SPENDING, AND DEBT LIMITATIONS

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The TABOR section of the constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the state as a whole, not to individual funds, departments, or agencies of the state. Government run businesses accounted for as enterprise funds that have the authority to issue bonded debt and that receive less than ten percent of annual revenues from state and local governments are exempted from the TABOR revenue limits.

Since its passage in 1992, TABOR has required that annual revenues in excess of the constitutional limitation be refunded to the taxpayers unless voters approved otherwise. The state first exceeded the TABOR revenue growth limit in Fiscal Year 1996-97, and it continued to exceed the limit each year until Fiscal Year 2001-02 resulting in a cumulative required refund of $3,250.2 million for that period. State revenues did not exceed the TABOR limit in Fiscal Years 2001-02, 2002-03, or 2003-04, but again exceeded the limit resulting in a $41.1 million required refund for Fiscal Year 2004-05.

In the 2005 general election, voters approved Referendum C – a measure referred to the ballot by the Legislature that authorizes the state to retain revenues in excess of the limit for the five Fiscal Years 2005-06 through 2009-10. As a result, no TABOR refund would have been required for Fiscal Year 2008-09 if TABOR nonexempt revenues exceeded the TABOR limit. However, economic conditions resulted in a decline in the state's revenues and the TABOR nonexempt revenues were $101.5 million below the spending limit. The $0.7 million TABOR refund liability shown on the government wide *Statement of Net Assets* and the fund-level *Balance Sheet* is the unrefunded portion of the Fiscal Year 2004-05 TABOR refund liability.

Historically, unrefunded amounts continue to be distributed after the end of the fiscal year when returns with filing extensions and amended returns are processed. Any amount unrefunded through this process will be carried forward to the first year that a refund is paid after Fiscal Year 2009-10.

TABOR requires the state to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2008-09 that amount was $273,070,614.

At June 30, 2009, the financial net assets of the following funds were applied to the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund, part of the Labor Fund – a nonmajor Special Revenue Fund – $93,550,000. The $94,000,000 designation by the Legislature has been reduced by $450,000 because that amount was transferred out of the TABOR emergency reserve to the Disaster Emergency Fund per the Governor's Executive Orders. (See additional information at the end of this Note 8B.)
- Wildlife Cash Fund, a portion of the nonmajor Wildlife Enterprise Fund – $100,000,000. The Wildlife Cash Funds net assets not invested in capital assets (net of related debt) total $21,281,688, and that amount is shown as restricted for emergencies on the *Combining Statement of Revenues, Expenses, and Changes in Net Assets*. The remaining $78,718,312 of the Wildlife portion of the reserve comes from the capital assets recorded in the Wildlife Cash Fund. Without consideration of related current liabilities, the Wildlife Cash Fund held $62,054,592 of cash and receivables that are reported as restricted.

The 2008 legislative session Long Appropriations Act, as amended by additional legislation during the 2009 session, designated up to $114,500,000 of state properties as the remainder of the emergency reserve. The estimate of the needed reserve was based on the December 2008 revenue estimate prepared by Legislative Council. Because the revenues subject to the TABOR reserve requirement were significantly less than estimated, the amount designated for the reserve was $35,429,386 more than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

In Fiscal Year 2008-09, under the direction of the Governor's Executive Orders, the state transferred $450,000 from the Major Medical Fund portion of the TABOR emergency reserve to the Disaster Emergency Fund to pay the cost of fighting wildfires and to respond to emergency situations created by a severe blizzard. As a result the ending emergency reserve has been reduced by the $450,000. The Major Medical Fund is part of the Labor Fund – a nonmajor Special Revenue Fund.

NOTE 9 Through 17 – DETAILS OF ASSET ITEMS

NOTE 9 – CASH AND POOLED CASH

Primary Government

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund unless a specific statute directs otherwise. Most funds are required to invest in noninterest bearing warrants of the General Fund if the General Fund overdraws its rights in the pool. This means that under certain conditions participating funds would not receive the interest earnings to which they would otherwise be entitled. The detailed composition of the Treasury pooled cash and investment is shown in the annual Treasurer's Report. Where a major fund or fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Fund – the payer of last resort for the pool.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The state's cash management policy is to invest all significant financial resources as soon as the moneys are available within the banking system. To enhance availability of funds for investment purposes, the State Treasurer uses electronic funds transfers to move depository account balances into the treasurer's pooled cash.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the state's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, and repay the public deposits to the depositing government.

Including restricted amounts, the Cash and Pooled Cash line on the financial statements includes $5,742.1 million ($5,746.0 at amortized cost) of claims of the state's funds on moneys in the treasurer's pooled cash. At June 30, 2009, the treasurer had invested $5,620.3 million (fair value) and held $125.8 million of demand deposits and certificates of deposit.

At June 30, 2009, the state had a cash deposit balance of $751.6 million, which includes the $125.8 million held as demand deposits and certificates of deposit in the treasurer's pool.

Under the GASB Statement No. 40 definitions, $33.7 million of the state's total bank balance of $696.4 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the state's name.

Component Units

The University of Colorado Hospital Authority had cash deposits with a book balance of $32.0 million at June 30, 2009, and a related bank balance of $35.4 million. The balances are held in the authority's name and are insured or collateralized.

The Colorado Water Resources and Power Development Authority had cash deposits with a bank balance of $1.5 million at December 31, 2008, of which $250,000 was federally insured and $0.2 million was collateralized with the securities held by the pledging institution in a collateral pool, but not in the authority's name. An additional $1.1 million was collateralized with the securities held by the pledging institution's trust, but not in the authority's name. The authority also reported as cash and cash equivalents $70.0 million held by the State Treasurer in a Treasurer's Agency Fund and $143.4 million held in the COLOTRUST, a local government investment pool that qualifies as a 2a7-like investment pool where each share is maintained at $1.00. These amounts are not evidenced by securities, and therefore, they are not subject to custodial risk classification. The COLOTRUST investment has a credit quality rating of AAA, and the investment held by the State Treasurer is not rated for credit quality.

At December 31, 2008 the Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, had cash deposits of $2.4 million held by a major bank paying interest of 0.23 and 0.05 percent at year-end. All of the district's cash and cash equivalents are maintained with a single major Denver bank resulting in a concentration of credit risk. However, the collateralized amounts were in compliance with the Public Deposit Protection Act discussed above.

The Venture Capital Authority, a nonmajor component unit, had bank deposits of $5.3 million at December 31, 2008 – of that amount $5.1 was not covered by federal deposit insurance.

NOTE 10 – NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

In the proprietary fund types, noncash transactions occur that do not affect the fund-level *Statement of Cash Flows – All Proprietary Funds*. These transactions are summarized at the bottom of the fund-level statement and the related combining statements. In order for a transaction to be reported as noncash, it must affect real accounts (that is, accounts shown on the *Statement of Net Assets*) and be reported outside of the Cash From Operation section of the *Statement of Cash Flows.* The following general types of transaction are reported as noncash:

- Capital Assets Funded by the Capital Projects Fund – Most capital construction projects funded by general revenues are accounted for in the Capital Projects Fund. Several of the state's Enterprise and Internal Service Funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Certain state agencies are authorized to move general revenue cash to the Enterprise or Internal Service Fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*

- Donation of Capital Assets – Capital assets received as donations or directly as grants are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows.* Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Assets;* therefore, they are reported as noncash transactions.

- Unrealized Gain/Loss on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the treasurer's pooled cash in which they participate. The unrealized gains or losses on the treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the treasurer's pooled cash are shown as increases or decreases in investment balances, and therefore, are reported as noncash transactions. Note 14 shows the combined effect of these two sources of unrealized gains or losses.

- Loss on Disposal of Capital Assets – When the cash received at disposal of a capital asset is less than the carrying value of the asset, a loss is recorded. This loss results in a reduction of the amount reported for capital assets on the *Statement of Net Assets,* but since no cash is exchanged for the loss amount, this portion of the transaction is reported as noncash.

- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, issuance costs, and gain/loss on refunding adjusts future debt service amounts shown for both capital and noncapital financing activities. These transactions change the amount of capital or noncapital debt reported on the *Statement of Net Assets.* Since no cash is received or disbursed in these transactions, they are reported as noncash.

- Assumption of Capital Lease Obligation – Although no cash is exchanged, entering a capital lease changes both the capital asset and related lease liability balances reported on the *Statement of Net Assets.* Therefore, these transactions are reported as noncash.

NOTE 11 – RECEIVABLES

Primary Government

The Taxes Receivable of $993.4 million shown on the government-wide *Statement of Net Assets* primarily comprises:

- $833.4 million, mainly of self-assessed income, estate, and sales tax recorded in the General Fund. In addition, $172.8 million of taxes receivable is expected to be collected after one year and is reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Assets.* These long-term receivables are offset by deferred revenue on the *Balance Sheet – Governmental Funds*,

- $86.7 million recorded in nonmajor Special Revenue Funds, of which, approximately $10.1 million is from gaming tax, $49.1 million is severance tax, and $24.7 million is insurance premium tax, and

- $73.3 million of unemployment insurance tax recorded in the Unemployment Insurance Fund, a major Enterprise Fund.

In addition, $55.1 million of Taxes Receivable, $21.1 million of Other Receivables, and $95.3 million of intergovernmental receivables were recorded in the Highway Users Tax Fund, a major Special Revenue Fund. All three items were reported as restricted receivables because the State Constitution restricts that portion of the Highway Users Tax Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

Taxes Receivable of $11.6 million in the Tobacco Tax Fund, a portion of the nonmajor Tobacco Impact Mitigation Fund, are reported as restricted because they are authorized and their use is limited by the State Constitution.

The Other Receivables of $428.3 million shown on the government-wide *Statement of Net Assets* are net of $134.5 million in allowance for doubtful accounts and primarily comprise the following:

- $206.4 million of student and other receivables of Higher Education Institutions, a major Enterprise Fund.
- $70.1 million of receivables recorded in the General Fund, of which $24.6 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $26.1 million related primarily to rebates from drug companies and overpayments to healthcare providers. The Colorado Mental Health Hospitals recorded $7.0 million of patient receivables.
- $94.9 million of receivables recorded by Other Governmental Funds including $50.1 million of tobacco settlement revenues expected within the following year, $13.4 million recorded by the Water Projects Fund, $3.0 million receivable from the Great Outdoors Colorado program by the Resource Management Fund, and $10.0 million of rent and royalty receivables recorded by the State Lands Funds.

In addition, $1,871.5 million of student loan receivables of CollegeInvest, a major Enterprise Fund, are reported as restricted receivables that would otherwise be reported primarily as Other Long-Term Assets. These receivables are restricted to paying the debt service of bonds issued by CollegeInvest. There are also $24.6 million of other receivables reported as restricted by the Department of Transportation.

Component Units

The University of Colorado Hospital Authority's primary revenue source is patient service revenue of $715.1 million, which it recorded net of third-party contractual allowances ($1,405.1 million), indigent and charity care ($155.9 million), provision for bad debt ($37.9 million), and self-pay discounts ($40.5 million). The hospital participates in the Colorado Disproportionate Share Hospital Program, and it received reimbursements from the state of $35.6 million for Fiscal Year 2008-09. The hospital maintains a self-pay discount program to reduce uninsured patients' liabilities by up to 50 percent to a level more comparable to insured patients.

The University of Colorado Hospital Authority has historically adjusted patient service revenue for settlements related to billings contested by third-party payers including Medicare and Medicaid.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (22 percent), Medicaid (11 percent), managed care (44 percent), other commercial insurance (2 percent), and self-pay and medically indigent (14 percent). However, the authority's management does not believe there are credit risks associated with these payors other than the self-pay and medically indigent category. The authority continually monitors and adjusts its reserves and allowances associated with these receivables.

Net patient-service revenue under the Medicare and Medicaid programs in Fiscal Year 2008-09 was approximately $166.4 million. Medicaid, Medicare, and other third-party payer programs reimburse providers at rates generally less than the hospital's billing rates. Net patient-service revenue is adjusted for these differences and is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital reports pledges at their net present value. During 2008, the hospital received a $5.0 million pledge for a future cancer center expansion project. The pledge is discounted at 4.0 percent resulting in a current discount of $548,000. As of June 30, 2009, the authority reported $5.0 million in restricted receivables related to contributions.

The Colorado Water Resources and Power Development Authority had loans receivable of $1.2 billion at December 31, 2008. During 2008, the authority made new loans of $52.8 million and canceled or received repayments for existing loans of $61.2 million.

The University of Colorado Foundation contributions receivable of $23.7 million and $24.7 million are reported as Contributions Receivable current and noncurrent, respectively, in the *Statement of Net Assets – Component Units*. At June 30, 2009, the amount reported as contributions receivable includes $58.8 million of unconditional promises to give which were offset by a $8.3 million allowance for uncollectible contributions and a $2.0 million unamortized pledge discount using discount rates ranging from .19 percent to 6.31 percent.

At June 30, 2009, the Contributions Receivables amount shown for the Colorado State University Foundation included contributions of $26.0 million, which were offset by $3.8 million of unamortized pledge discounts calculated using the five-year U.S. Treasury bond rate. At June 30, 2009, contributions from one donor represented approximately 40 percent of total contributions receivable for the foundation.

At June 30, 2009, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $17.9 million was offset by $1.5 million of allowance for uncollectible pledges and unamortized pledge discounts.

Approximately 53 percent of the foundation's contributions receivable at June 30, 2009, consists of pledges from one donor in 2009, and approximately $2.9 million is due from irrevocable remainder trusts.

The Colorado School of Mines Foundation entered into two direct financing leases with the School of Mines during Fiscal Year 2007-08. The leases were related to the purchase of property adjacent to the campus with notes payable by the foundation during the year. The minimum lease payments under the agreement total $4.3 million plus the interest due on the notes issued by the foundation to purchase the property. The School is responsible for any executory costs related to the property.

The Venture Capital Authority, a nonmajor component unit, has receivables derived from sales to insurance companies of premium tax credits that were donated by the State of Colorado, which are being recognized over a 10-year period. The VCA's management determined that no allowance was necessary related to the $25.1 million of accounts receivable from insurance companies that are reported as Contributions Receivable ($4.3 million) and Other Long-Term Assets ($20.8 million) on the *Statement of Net Assets.* However, the authority tracks collection of the receivables on an ongoing basis and establishes an allowance as deemed necessary.

NOTE 12 – INVENTORY

Inventories of $58.7 million shown on the government-wide *Statement of Net Assets* at June 30, 2009, primarily comprise:

- $9.5 million of manufacturing inventories recorded by Correctional Industries, a nonmajor Enterprise Fund,
- $22.9 million of resale inventories, of which, Higher Education Institutions, a major Enterprise Fund, recorded $20.0 million, and
- $20.8 million of consumable supplies inventories, of which, $9.5 million was recorded by the Higher Education Institutions, a major Enterprise Fund, $7.6 million was recorded by the Highway Users Tax Fund, a major Special Revenue Fund, $2.1 by the General Fund, and $1.0 million by Wildlife, a nonmajor Enterprise Fund.

NOTE 13 – PREPAIDS, ADVANCES, AND DEFERRED CHARGES

Prepaids, Advances, and Deferred Charges of $53.3 million shown on the government-wide *Statement of Net Assets* are primarily general prepaid expenses except for the following individually significant items:

- $14.2 million advanced to Colorado counties and special districts by the General Fund related to social assistance programs,
- $7.8 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a nonmajor Special Revenue Fund,
- $5.1 million advanced to federal projects by the Division of Parks and Recreation from the Capital Projects Fund and the Resource Management Fund, a nonmajor Special Revenue Fund,
- $4.1 million of prize expense paid by the Colorado Lottery, a major Enterprise Fund, to a multistate organization related to participation in the Powerball lottery game, and
- $3.7 million primarily related to cash payments for library subscriptions at Colorado State University.

NOTE 14 – INVESTMENTS

Primary Government

The state holds investments both for its own benefit and as an agent for certain entities as provided by statute. The state does not invest its funds with any external investment pool. Funds not required for immediate payment of expenditures are administered by the authorized custodian of the funds or pooled and invested by the State Treasurer. The fair value of most of the state's investments are determined from quoted market prices except for money market investments that are reported at amortized cost which approximates market.

Colorado Revised Statutes 24-75-601.1 authorizes the types of securities in which public funds of governmental entities, including state agencies, may be invested. Investments of the Public Employees Retirement Association discussed in Note 18 and other pension funds are not considered public funds. In general, the statute allows investment in Certificates of Participation related to a lease or lease purchase commitment, local government investment pools, repurchase and reverse repurchase agreements (with certain limitations), securities lending agreements, domestic corporate or bank debt securities, guaranteed investment or interest contracts including annuities and funding agreements, securities issued by or fully guaranteed by the United States Treasury or certain federal entities and the World Bank, inflation indexed securities issued by the United States Treasury, general obligation and revenue debt of other states in the United States and their political subdivisions (including authorities), or registered money market funds with policies that meet specific criteria.

The statute establishes minimum credit quality ratings at the highest rating by at least two national rating agencies for most investment types. That statute also sets maximum time to maturity limits, but allows the governing body of the public entity to extend those limits. Public entities may also enter securities lending agreements that meet certain collateralization and other requirements. The statute prohibits investment in securities that do not have fixed coupon rates unless the variable reference rate is a United States Treasury security with maturity less than one year, the London Interbank Offer Rate, or the Federal Reserve cost of funds rate. The above statutory provisions do not apply to the University of Colorado.

Colorado Revised Statutes 24-36-113 authorizes securities in which the State Treasurer may invest and requires prudence and care in maintaining investment principal and maximizing interest earnings. In addition to the investments authorized for all public funds, the State Treasurer may invest in securities of the federal government and its agencies and corporations without limitation, asset-backed securities, certain international banks, and certain loans and collateralized mortgage obligations. The Treasurer's statute also establishes credit quality rating minimums specific to the Treasurer's investments. The Treasurer's statute is the basis for a formal investment policy published on the State Treasurer's website. In addition to the risk restrictions discussed throughout this Note 14, the Treasurer's investment policy precludes the purchase of derivative securities.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. In Fiscal Year 2008-09, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $21,447, for the Major Medical Fund of $394,393, and for the treasurer's pooled cash of $441,545.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2009 and 2008, the treasurer had $39.4 million and $48.0 million at fair value, respectively, of GOCO's funds on deposit and invested.

The investment earnings of the Unclaimed Property Tourism Trust Fund, a nonmajor Special Revenue Fund, are assigned by law to the Colorado Travel and Tourism Promotion Fund, a part of the nonmajor Other Special Revenue Funds. A portion of these earnings are transferred from the Tourism Promotion Fund to the State Fair, a nonmajor Enterprise Fund and to the Agriculture Management Fund, a nonmajor Special Revenue Fund.

As provided by state statute, the State Treasurer held $4.4 million of investment in residential mortgages by paying the property taxes of certain elderly state citizen homeowners that qualify for the program. The investment is valued based on the outstanding principal and interest currently owed to the state as there is no quoted market price for these investments.

Colorado State University, which is reported in the Higher Education Institutions Enterprise Fund, held $3.3 million of hedge funds that were valued based on the net asset value reported by the hedge fund manager. The net asset value is computed based on dealer quotations on the fair market value of the underlying securities – the majority of which are traded on national exchanges.

Excluding fiduciary funds, the state recognized $12,476,955 of net realized losses from the sale of investments held by state agencies other than the State Treasurer during Fiscal Year 2008-09.

The following schedule reconciles deposits and investments to the financial statements for the primary government including fiduciary funds:

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note 9)	$ 751,586
Investments:	
Governmental Activities	6,414,888
Business-Type Activities	1,742,666
Fiduciary Activities	3,174,170
Total	$ 12,083,310
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 3,980,747
Add: Warrants Payable Included in Cash	209,224
Total Cash and Pooled Cash	4,189,971
Add: Restricted Cash	2,181,673
Add: Restricted Investments	895,336
Add: Investments	4,816,330
Total	$ 12,083,310

Custodial Credit Risk

The State Treasurer's investment policy requires all securities to be held by the State Treasurer or a third party custodian designated by the Treasurer with each security evidenced by a safekeeping receipt. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the state's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the state's name.

Open-end mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. The following table lists the investments of the State Treasurer's pooled cash, major governmental funds, and nonmajor governmental funds in the aggregate, by investment type at fair value. None of the securities listed in the table below are subject to custodial credit risk:

(Amounts in Thousands)

	GOVERNMENTAL ACTIVITIES				
INVESTMENT TYPE	TREASURER'S POOL	GENERAL FUND	STATE EDUCATION	OTHER GOVERNMENTAL	TOTAL
U.S. Government Securities	$ 3,779,568	$ -	$ 21,708	$ 153,582	$ 3,954,858
Commercial Paper	99,982	-	-	-	99,982
Corporate Bonds	403,758	-	31,583	122,332	557,673
Asset Backed Securities	629,331	-	-	134,341	763,672
Mortgages Securities	310,625	4,369	-	326,709	641,703
Mutual Funds	397,000	-	-	-	397,000
TOTAL INVESTMENTS	$ 5,620,264	$ 4,369	$ 53,291	$ 736,964	$ 6,414,888

The following table lists the investments of the major enterprise funds and fiduciary funds by investment type at fair value. Investment types included in the *Other* category for Higher Education Institutions primarily consist of: Private Equities ($36.6 million), Hedge Funds ($30.8 million), Absolute Return Funds ($23.3 million), and Real Estate ($10.0 million). The largest balance in the Higher Education Institutions *Other* category ($202.6 million) is related to the trustee for the most recent issuance of Certificates of Participation (COPs). The trustee has selected the State Treasurer's pool as its investment vehicle.

The *Other* category of the Fiduciary funds primarily consists of a funding agreement with MetLife ($29.0 million) held by CollegeInvest in its College Savings Plan, a Private Purpose Trust Fund.

The table below also shows the fair value of securities held by these funds that are subject to custodial credit risk.

(Amounts in Thousands)

	BUSINESS-TYPE ACTIVITIES			FIDUCIARY
	HIGHER EDUCATION INSTITUTIONS	COLLEGE INVEST	TOTAL	FIDUCIARY
INVESTMENT TYPE				
U.S. Government Securities	$ 152,492	$ 5,918	$ 158,410	$ 10,618
Commercial Paper	16,400	-	16,400	-
Corporate Bonds	167,597	23,022	190,619	-
Corporate Securities	38,793	-	38,793	-
Repurchase Agreements	112,834	-	112,834	-
Asset Backed Securities	57,792	-	57,792	-
Mortgages Securities	55,158	-	55,158	-
Mutual Funds	639,089	112,953	752,042	3,134,577
Guaranteed Investment Contracts	11,348	27,730	39,078	-
Other	321,540	-	321,540	28,975
TOTAL INVESTMENTS	$ 1,573,043	$ 169,623	$ 1,742,666	$ 3,174,170
INVESTMENTS SUBJECT TO CUSTODIAL RISK				
U.S. Government Securities	$ 306	$ -	$ 306	$ -
Corporate Bonds	1,625	-	1,625	-
Corporate Securities	11,333	-	11,333	-
Repurchase Agreements	-	-	-	-
Mortgages Securities	20	-	20	-
TOTAL SUBJECT TO CUSTODIAL RISK	$ 13,284	$ -	$ 13,284	$ -

Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the state. This risk is assessed by national rating agencies, which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not reported. However, credit quality ratings are reported for obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government.

The State Treasurer's formal investment policy requires that eligible securities have a minimum of two acceptable credit quality ratings – one of which must be from either Moody's or Standard & Poor's rating agency and the other which may be from the Fitch rating agency or another nationally recognized rating agency. The policy sets acceptable credit quality ratings by investment portfolio and investment type.

The fair value amount of rated and unrated debt securities is detailed in the following table, which shows the Treasurer's Pooled Cash Investments, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate.

In addition, to the amounts shown in the following table:

- CollegeInvest held a funding agreement valued at $29.0 million in its College Savings Plan, a Private Purpose Trust Fund that was unrated as to credit quality risk.
- The trustee for the Higher Education Institutions' Lease Purchase Financing Program issued Certificates of Participation and selected the State Treasurer's pool as its investment vehicle. The Pool has not been separately rated. (see interest rate risk disclosure for additional information on the pool).

(Amounts In Thousands)

	U.S. Govt. Agencies	Commercial Paper	Corporate Bonds	Repurchase Agreements	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Guaranteed Investment Contract	Municipal Bonds	Total
Treasurer's Pool:										
Long-term Ratings										
Gilt Edge	$ 1,482,538	$ -	$ 9,275	$ -	$ 939,956	$ 397,000	$ -	$ -	$ -	$ 2,828,769
High Grade	-	-	146,473	-	-	-	-	-	-	146,473
Upper Medium	-	-	157,808	-	-	-	-	-	-	157,808
Lower Medium	-	-	46,976	-	-	-	-	-	-	46,976
Speculative	-	-	38,237	-	-	-	-	-	-	38,237
Short-term Ratings										
Highest	1,879,212	99,982	-	-	-	-	-	-	-	1,979,194
Unrated	-	-	4,988	-	-	-	-	-	-	4,988
Higher Education Institutions:										
Long-term Ratings										
Gilt Edge	$ 26,614	$ -	$ 19,139	$ 14,526	$ 41,505	$ 309,533	$ 764	$ 11,348	$ -	$ 423,429
High Grade	688	-	79,150	-	4,600	-	2,307	-	339	87,084
Upper Medium	-	-	103,029	-	2,829	-	170	-	205	106,233
Lower Medium	-	-	31,359	-	2,422	-	61	-	-	33,842
Speculative	-	-	3,703	-	2,573	-	12	-	-	6,288
Very Speculative	-	-	906	-	5,156	-	24	-	-	6,086
High Default Risk	-	-	1,572	-	3,225	-	-	-	-	4,797
Default	-	-	694	-	89	-	-	-	-	783
Short-term Ratings										
Highest	-	16,400	-	22,257	-	-	-	-	-	38,657
Unrated	14,825	-	5,601	-	110,435	59,332	32,748	-	99	223,040
Fiduciary Funds:										
Long-term Ratings										
Gilt Edge	$ 2,586	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,586
High Grade	-	-	-	-	-	-	-	-	-	-
Upper Medium	-	-	-	-	-	-	-	-	-	-
Lower Medium	-	-	-	-	-	-	-	-	-	-
Speculative	-	-	-	-	-	-	-	-	-	-
Short-term Ratings										
Unrated	-	-	-	-	-	2,766,090	192,839	-	-	2,958,929
All Other Funds:										
Long-term Ratings										
Gilt Edge	$ 114,087	$ -	$ 10,405	$ -	$ 445,511	$ -	$ -	$ -	$ -	$ 570,003
High Grade	-	-	62,155	-	-	-	-	-	-	62,155
Upper Medium	-	-	86,420	-	-	-	-	-	-	86,420
Lower Medium	-	-	17,379	-	-	-	-	-	-	17,379
Speculative	-	-	577	-	-	-	-	-	-	577
Short-term Ratings										
Unrated	-	-	-	-	19,908	112,174	-	27,730	-	159,812

Interest Rate Risk

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. The state manages interest rate risk using either weighted average maturity or duration. Weighted average maturity is a measure of the time to maturity, measured in years, that has been weighted to reflect the dollar size of individual investments within an investment type. Various methods are used to measure duration; in its simplest form duration is a measure, in years, of the time-weighted present value of individual cash flows from an investment divided by the price of the investment.

The University of Colorado operates a treasury function separate from the State Treasurer and uses duration to measure and manage interest rate risk for most of its investments. However, University Physicians Incorporated (UPI), a blended component unit of the University of Colorado, manages interest rate risk using weighted average maturity and limits the time to maturity of individual investments to no greater than five years.

State statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy requires a portion of the investment pool to have a maximum maturity of one year and the balance of the pool to have maximum maturity of five years with the average maturity of the pool not to exceed two and one-half years. The policy also sets maximum maturity limits for certain individual funds for which the Treasurer manages investments including the Public School Permanent Fund (4 - 6 years), the Labor Fund (5 - 8 years), and the Unclaimed Property Tourism Trust Fund (5 - 10 years).

The CollegeInvest program has investments reported in the CollegeInvest major Enterprise Fund and in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest manages interest rate risk using weighted average maturity for the Enterprise Fund; it also uses laddering to ensure cash flow and liquidity are matched to debt service and operating requirements. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds in the amount of $24.8 million that have duration of 4.2 years. These securities are excluded from the duration table that follows because interest rate risk is effectively mitigated by the inflation protection attribute of the securities.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure:

(Dollar Amounts in Thousands, Weighted Average Maturity in Years)

	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
Investment Type	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity
U.S. Government Securities	$ 3,779,568	1.137	$ 32,728	1.820	$ 9,893	15.926	$ 181,208	4.846
Bank Acceptances	-	-	-	-	-	-	-	-
Commercial Paper	99,982	0.080	2,000	0.250	-	-	-	-
Corporate Bonds	403,758	2.007	78,828	2.348	-	-	176,936	3.747
Asset Backed Securities	939,956	1.553	-	-	-	-	461,050	3.523
Money Market Mutual Funds	397,000	0.010	3,946	0.036	-	-	-	-
Total Investments	$ 5,620,264		$ 117,502		$ 9,893		$ 819,194	

The University of Colorado manages interest rate risk in its treasurer's pool using a measure of duration. The University's Investment Advisory Committee recommends limits on the duration of fixed income securities using Callan Associates Incorporated data.

The University of Colorado participated in tri-party repurchase agreements of $112,834,466 to provide temporary investment of funds restricted for capital construction projects. The counterparty to the agreements is required to provide additional collateral when the fair value of U.S. Government securities and U.S. Government agencies securities provided as collateral declines below 104 percent or 105 percent, respectively. As a result, the university does not have interest rate risk associated with these agreements. However, the duration associated with the repurchase agreements is 0.5 years. The $112.8 million is not shown in the following duration table.

The University of Colorado has invested $4,288,445 in U.S. Treasury Inflation Protected Securities with duration of 14.58 years. The interest rate risk of this investment is effectively mitigated by the inflation protection attribute of the investment, and therefore, it is excluded from the weighted average maturity table above and the following duration table.

The trustee for the Higher Education Institutions' Lease Purchase Financing Program issued Certificates of Participation and selected the State Treasurer's pool as its investment vehicle. The trustee's investment in the pool is not segregated, but is a share in the overall pool. See above for interest rate risk affecting the pool.

Some state agencies invest in mutual funds or are the fiduciary in offering mutual fund investments to participants where the mutual fund manages investment risk using a duration measure. The state, acting as fiduciary for the deferred compensation and defined contribution plan, employs a policy that limits the average duration of the portfolio to between two and five years. The table below presents the duration measure and fair value amount for state agencies that manage investments using the duration measure.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
University of Colorado:		
U.S. Treasury Bonds and Notes	$ 64,901	6.590
U.S. Treasury Strips	1,970	16.420
U.S. Government Agency Notes	39,633	2.650
U.S. Government Agency Strips	514	0.140
Municipal Bonds	643	11.240
Commercial Paper	14,400	0.010
Corporate Bonds	89,384	4.650
Asset Backed Securities	172,834	2.580
Bond Mutual Funds	32,748	2.640
Colorado State University:		
Bond Mutual Funds	$ 1,213	2.590
Colorado School of Mines:		
Bond Mutual Funds	$ 2,125	5.000
Fiduciary Funds:		
Pension Funds:		
Department of Personnel & Administration		
Bond Mutual Funds - Deferred Compensation Plan	$ 187,786	4.300
Bond Mutual Funds - Defined Contribution Plan	5,053	4.350
Private Purpose Trust:		
CollegeInvest:		
Money Market Mutual Fund-1	$ 62,223	3.600
Money Market Mutual Fund-2	208,151	2.000
Money Market Mutual Fund-3	261,482	4.300
Money Market Mutual Fund-4	19,895	4.300
Money Market Mutual Fund-5	444,423	5.000

Foreign Currency Risk

Some of the University of Colorado Treasury's investments are exposed to certain foreign currency risks. The University's investment policy allows but does not require hedging of this risk. The university held the following assets denominated in various foreign currencies where the individual currency amounts were not material; currency - $8,647 and equities - $569,501. The university also held investments in mutual funds denominated in the following currencies (U.S. dollar amounts in millions); Australian Dollar - $1.4, Canadian Dollar - $1.0, Swiss Franc - $4.1, Euro Dollar - $15.2, British Pound - $10.3, Japanese Yen – $6.7, Swedish Krona - $1.4, Hong Kong Dollar - $2.3, Brazilian Real - $2.7, China Yuan - $3.2, and various other currencies totaling $9.5 most of which are unidentifiable within the investment.

State statute requires the State Treasurer to invest in domestic fixed income securities and does not allow foreign currency investments.

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for certain of the individual funds for which the State Treasurer manages investments. The pool and each of the individual funds may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 75 percent) set for the other allowed investment types. For the pool and the other funds for which the Treasurer manages investments, the policy sets maximum concentrations in an individual issuer for certain investment types.

The State Treasurer purchases investments separate of the Treasurer's Pool for the State Education Fund, a major Special Revenue Fund, and the Major Medical Insurance Fund, a nonmajor Special Revenue Fund.

The State Education Fund has a concentration of credit risk because the following corporate bond holdings each exceed 5 percent of the total investment in the fund; Eli Lilly – 17.4 percent, Colgate Palmolive – 17.2 percent, Verizon – 16.6 percent, General Electric – 16.5 percent, Bank of America – 16.3 percent, and Citigroup – 16.1 percent. The concentration occurred because the initial purchase of the bonds was expected to be a small portion of a growing investment balance, which has failed to materialize. The Treasurer is gradually liquidating the investments to mitigate the credit risk concentration, and new resources of the State Education Fund are being invested through the Treasurer's pooled cash.

The Major Medical Insurance Fund has a concentration of credit risk because the following corporate bond and asset backed security holdings exceeded 5 percent of the total investment in the fund; General Electric – 14.7 percent. The concentration occurred because cash transfers were made from this fund to augment the General Fund in Fiscal Year 2008-09. In addition, future revenues to the fund were restricted with legislation passed in Fiscal Year 2008-09. As a result of the changing nature of the fund, the Treasurer is gradually liquidating the investments to mitigate the credit risk concentration.

CollegeInvest has a concentration of credit risk in a Private Purpose Trust Fund because the following holdings each exceed 5 percent of the total investment in the fund; Goldman Sachs – 12.2 percent, Morgan Stanley – 11.6 percent, Merrill Lynch – 11.2 percent, Bank of America – 10.9 percent, JP Morgan Chase – 9.3 percent, Wells Fargo – 7.2 percent, Citigroup – 6.8 percent, and Verizon Pennsylvania – 5.2 percent. CollegeInvest's policy for this fund prohibits holdings in excess of between 5 and 10 percent with any one issuer contingent on the individual investment.

Unrealized Gains and Losses

Unrealized gains and losses are a measure of the change in fair value of investments (including investments underlying pooled cash) from the end of the prior fiscal year to the end of the current fiscal year. The following schedule shows the state's net unrealized gains and (losses) for all funds by fund category.

(Amounts in Thousands)

	Fiscal Year 2008-09	Restated Fiscal Year 2007-08
Governmental Activities:		
Major Funds		
General Fund	$ 7,301	$ 9,156
Highway Users Tax	9,927	13,672
Capital Projects	3,107	5,011
State Education	3,509	3,964
NonMajor Funds:		
State Lands	21,233	13,552
Other Permanent Trusts	71	81
Water Projects	(8)	1,355
Labor	3,404	4,243
Gaming	1,064	1,398
Tobacco Impact Mitigation	1,476	2,379
Resource Extraction	2,815	5,047
Resource Management	333	289
Environment Health Protection	713	904
Public School Buildings	682	213
Unclaimed Property [1]	1,560	3,641
Other Special Revenue	1,584	2,535
General Govt Computer Center	41	-
Business-Type Activities:		
Major Funds		
Highways (Internal Service)	12	28
Higher Education Institutions	(103,822)	(71,798)
CollegeInvest	2,062	(4,789)
NonMajor Funds:		
Lottery	337	347
Wildlife	604	1,022
College Assist	649	981
State Fair Authority	12	5
Correctional Industries	74	41
State Nursing Homes	55	63
Prison Canteens	59	60
Petroleum Storage Tank	129	114
Fiduciary:		
Other Enterprise Activities	76	126
Pension/Benefits Trust	527	175
Private Purpose Trust	(137,296)	(746,198)
	$ (177,710)	$ (752,383)

[1] – Unclaimed Property was included in the Private Purpose Trust line prior to Fiscal Year 2008-09.

Component Units

Component units that are identified as foundations apply neither GASB Statement No. 3 nor GASB Statement No. 40 because they prepare financial statements under standards set by the Financial Accounting Standards Board. Therefore, the foundation investment disclosures are presented separately from the other component units.

Component Units – Non-Foundations

Investments of the University of Colorado Hospital Authority are reported at fair values which are based on quoted market prices, if available, or estimated using market prices for similar securities. Interest, dividends, and realized and unrealized gains and losses are based on the specific identification method and are included in nonoperating income when earned. Restricted investments of the authority include assets held by trustees under bond indenture and insurance agreements. The following table shows the authority's investments at June 30, 2009:

(Amounts in Thousands)

	TOTAL
INVESTMENT TYPE	
Cash Equivalents	$ 44,473
U.S. Government Securities	96,745
Corporate Bonds	47,522
Corporate Securities	151,816
Asset Backed Securities	10,413
Guaranteed Investment Contracts	19,046
Other	2,650
TOTAL INVESTMENTS	$ 372,665

Except for guaranteed investment contracts which are excluded, the Colorado Water Resources and Power Development Authority's investment policy allows investments consistent with those authorized for governmental entities by state statute as described at the beginning of this Note 14. The authority's repurchase agreements were all subject to custodial credit risk because its trustee is considered both the purchaser and the custodian of the investments, which are not held in the authority's name.

The Colorado Water Resources and Power Development Authority's investments at December 31, 2008, were:

(Amounts in Thousands)

	TOTAL
INVESTMENT TYPE	
U.S. Government Securities	$ 43,880
Repurchase Agreements	237,754
TOTAL INVESTMENTS	$ 281,634

The Venture Capital Authority, a nonmajor component unit, through its limited partnership with High Country Venture LLC (General Partner), makes equity investments solely in seed and early stage Colorado companies. Because the Authority does not invest in foreign or fixed income securities, credit quality, interest rate, and foreign currency risks are not applicable to the Authority's investments.

Credit Quality Risk

The University of Colorado Hospital Authority's investment policy is based on the prudent-person rule, and it limits credit ratings to AAA or AA for U.S. agency and mortgage-backed securities and Baa or BBB rated or better for other investment types. The table below presents the credit quality ratings by investment type for the authority at June 30, 2009:

(Amounts In Thousands)

	U.S. Govt. Agencies	Corporate Bonds	Asset Backed Securities	Guaranteed Investment Contract	Total
Long-term Ratings					
Gilt Edge	$ 12,750	$ -	$ 10,413	$ 12,846	$ 36,009
High Grade	-	9,529	-	6,200	15,729
Upper Medium	-	35,102	-	-	35,102
Lower Medium	-	2,891	-	-	2,891

The Colorado Water Resources and Power Development Authority's repurchase agreements are collateralized with securities having fair value between 103 and 105 percent, and all of the underlying securities were rated AAA.

CoverColorado, a nonmajor component unit, holds only bonds of U.S. Government Agencies, and the Renewable Energy Authority, also a nonmajor component unit, held a money market fund. Both authorities' investments were rated AAA at December 31, 2008.

Interest Rate Risk

The University of Colorado Hospital Authority manages its exposure to interest rate risk by limits set on the duration of its investment portfolio. The following table presents the dollar-weighted modified duration of the major classes of authority investments at June 30, 2009:

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
U.S. Government Securities	$ 20,662	3.245
Corporate Bonds	47,522	4.379
Asset Backed Securities	10,413	2.740

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cashflow needs of its future bond debt service and holding those investments to maturity. The authority had $281.6 million of investments subject to interest rate risk with the following maturities; one year or less – 18 percent, two to five years – 25 percent, six to ten years – 26 percent, eleven to fifteen years – 19 percent, and 16 years or more – 12 percent. The authority has entered put agreements that allow it to sell U.S. Treasury bonds at fixed amounts that will provide the authority with funds to make debt service payments in the event that a borrower fails to make loan payments to the authority.

CoverColorado, a nonmajor component unit, manages interest rate risk by matching investment maturities with the cashflow needs of its operations. The authority had $51.5 million of investments subject to interest rate risk with the following maturities; one year or less – 33 percent, one to two years – 39 percent, and two to three years – 28 percent.

Foreign Currency Risk

The University of Colorado Hospital Authority's investment policy manages foreign currency risk by limiting the allocation percentage of international mutual funds to less than 15 percent of total investments. At June 30, 2009, the authority had the following foreign currency exposures in United States dollars: Euro Dollar - $12,118,000, British Pound - $5,211,000, Hong Kong Dollar - $1,640,000, Swiss Franc - $1,415,000, Indian Rupee - $1,248,000, Japanese Yen - $875,000, South Korean Won - $875,000, Taiwan New Dollar - $873,000, and Singapore Dollar - $872,000. An additional $1,318,000 was held in various international currencies, none of which exceeded $500,000.

Concentration of Credit Risk

At June 30, 2009, no single investment of the University of Colorado Hospital Authority exceeded five percent of total investments. This was consistent with the authority's policy that limits non-U.S. Government investments to no more than ten percent in any one issuer at the time of purchase.

CoverColorado, a nonmajor component unit, does not limit the amount invested in a single issuer. At December 31, 2008, all of its investments were held by a single issuer and were therefore subject to concentration of credit risk.

Investments Highly Sensitive to Interest Rate Risk

The University of Colorado Hospital Authority uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates.

At June 30, 2009, the hospital was party to a floating-to-fixed rate swap having a notional value of $72.0 million, a floating-to-fixed rate swap having a notional value of $103.6 million, and a fixed-to-floating rate swap having a notional value of $50.0 million. At June 30, 2009, the agreements had fair values of ($6,632,000), ($11,138,000), and $1,688,000, respectively, and are scheduled to terminate in 2031, 2033, and 2010, respectively. Realized and unrealized gains and losses on the swap agreements are reported as investment income, as the agreements do not qualify for hedge accounting. The authority early implemented GASB Statement No. 53, and as a result, $17.8 million of derivative instruments are reported at fair value as a liability on the *Statement of Net Assets – Component Units*.

Component Units – Foundations

The four Higher Education Institution foundations reported as component units on the *Statement of Net Assets – Component Units* do not classify investments according to risk because they prepare their financial statements under standards set by the Financial Accounting Standards Board.

At June 30, 2009, the University of Colorado Foundation held $131.5 million of domestic equity securities, $138.3 million of international equity securities, $165.9 million of fixed income securities, $375.5 million of alternative investments including real estate, private equities, hedge funds, venture capital, and oil and gas assets, and other investments of $1.5 million. The fair value of the alternative investments has been estimated in the absence of readily available market information, and those values may vary significantly from actual liquidation values. The foundation's spending policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment loss of $110.6 million is net of $3.9 million of investment fees and comprises $14.4 million of interest and dividends, $2.7 million of realized losses, and $118.3 million of unrealized losses. At June 30, 2009, the foundation could be obligated to fund an additional $113.8 million of alternative investment commitments.

At June 30, 2009, the Colorado State University Foundation held international and large and micro capitalization equity securities totaling $70.2 million, fixed income investments of $25.5 million, and alternative and other investment types of $109.1 million.

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 6.0 percent (net of investment and administrative fees and expenses) of the three-year average of investment fair value to be distributed. The foundation holds alternative investments that are not readily marketable but are carried at the fair value reported by the investment managers. At June 30, 2009, the CSMF held bonds and bond mutual funds totaling $29.3 million, stocks and stock mutual funds totaling $50.6 million, and investments in limited partnerships and real estate totaling $55.8 million in its long term investments pool.

Of the foundation's $161.7 million of investments, $16.0 million, or 9.9 percent, was related to split interest agreements. CSMF is also the beneficiary of an endowment valued at $5.9 million and several long-term trusts valued at $1.4 million which are reported as Investments on the *Statement of Net Assets – Component Units.* Forty percent of the foundation's investment portfolio is invested in limited partnerships and venture capital organizations, some of which are offshore entities and some of which include derivative investments. Since there is no ready market available for these investments, the estimated value may vary significantly from a valuation at a subsequent date.

At June 30, 2009, the University of Northern Colorado Foundation held $18.0 million of fixed income securities (including $11.0 million of corporate notes), $45.7 million of equity securities, and $9.5 million of other investments. These amounts include $3.2 million of assets held in a separate trust for the benefit of the foundation. The foundation's investment loss of $18.3 million is net of $0.5 million of management fees and comprises $10.3 million of net unrealized losses, $10.0 million of realized losses, and $2.5 million of interest and dividends.

NOTE 15 – TREASURER'S INVESTMENT POOL

Participation in the State Treasurer's cash/investment pool is mandatory for all state agencies with the exception of the University of Colorado and its blended component units. The treasurer determines the fair value of the pool's investments at each month-end for performance tracking purposes. Short-term realized gains, losses, and interest earnings, adjusted for amortization of investment premiums and discounts, are distributed monthly. If the statutes authorize the participant to receive interest and investment earnings, these gains or losses are prorated according to the average of the participant's daily balance during the month.

NOTE 16 – CAPITAL ASSETS

Primary Government

During Fiscal Year 2008-09 the state capitalized $16.9 million of interest incurred during the construction of capital assets. The entire amount was capitalized by Higher Education Institutions, a major Enterprise Fund.

The state recorded $11.4 million of insurance recoveries during Fiscal Year 2008-09. Of that amount approximately $1.8 million was related to asset impairments that occurred in prior years primarily at the departments of Corrections and Transportation, in the General Fund and Highway Users Tax Fund, respectively. The remaining $9.6 million relates to the current year and was primarily recorded by Group Benefits Plans ($7.9 million), a Pension and Other Employee Benefits Fund, and by Higher Education ($1.0 million) in the Higher Education Institutions Enterprise Fund.

During Fiscal Year 2008-09, the Department of Revenue determined that its CSTARS motor vehicle titling and registration system was inoperable. The department has declared the asset impaired and incurred a loss on impairment of $5.6 million.

During Fiscal Year 2008-09, the Department of Public Safety determined that equipment related to the Colorado Integrated Criminal Justice System (CICJIS) was obsolete. The department incurred a loss of $1.2 million on disposal of the CICJIS equipment.

The schedule below shows the capital asset activity for Fiscal Year 2008-09.

(Amounts in Thousands)

	Beginning Balance	Increases	CIP Transfers	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	$ 130,618	$ 16,050	$ -	$ (4,797)	$ 141,871
Land Improvements	9,507	-	-	-	9,507
Collections	8,895	60	-	-	8,955
Construction in Progress (CIP)	372,524	286,816	(194,570)	(6,870)	457,900
Infrastructure	9,769,706	988	91,757	(246)	9,862,205
Total Capital Assets Not Being Depreciated	10,291,250	303,914	(102,813)	(11,913)	10,480,438
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	95,630	1,253	428	-	97,311
Buildings	1,463,815	20,368	69,528	(498)	1,553,213
Vehicles and Equipment	700,988	74,005	11,208	(32,316)	753,885
Library Materials and Collections	5,461	526	-	(181)	5,806
Other Capital Assets	28,767	3,847	-	-	32,614
Infrastructure	1,093,935	1,156	21,649	(12,817)	1,103,923
Total Capital Assets Being Depreciated	3,388,596	101,155	102,813	(45,812)	3,546,752
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(46,795)	(4,167)	-	-	(50,962)
Buildings	(577,899)	(37,670)	-	314	(615,255)
Vehicles and Equipment	(382,995)	(54,395)	-	28,135	(409,255)
Library Materials and Collections	(3,636)	(337)	-	181	(3,792)
Other Capital Assets	(17,764)	(698)	-	-	(18,462)
Infrastructure	(76,862)	(22,473)	-	10,345	(88,990)
Total Accumulated Depreciation	(1,105,951)	(119,740)	-	38,975	(1,186,716)
Total Capital Assets Being Depreciated, net	2,282,645	(18,585)	102,813	(6,837)	2,360,036
TOTAL GOVERNMENTAL ACTIVITIES	12,573,895	285,329	-	(18,750)	12,840,474
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	248,758	49,903	2,884	(1,835)	299,710
Land Improvements	13,549	628	1,275	-	15,452
Collections	13,244	2,468	-	(19)	15,693
Construction in Progress (CIP)	301,204	574,503	(273,533)	(4,786)	597,388
Total Capital Assets Not Being Depreciated	576,755	627,502	(269,374)	(6,640)	928,243
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	367,439	7,243	14,728	(791)	388,619
Buildings	4,407,460	19,887	227,103	(22,472)	4,631,978
Vehicles and Equipment	783,232	75,377	25,216	(38,321)	845,504
Library Materials and Collections	440,184	21,785	-	(3,711)	458,258
Other Capital Assets	9,057	444	600	-	10,101
Infrastructure	19,184	-	1,727	-	20,911
Total Capital Assets Being Depreciated	6,026,556	124,736	269,374	(65,295)	6,355,371
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(160,689)	(17,907)	-	613	(177,983)
Buildings	(1,526,849)	(138,470)	-	7,499	(1,657,820)
Vehicles and Equipment	(560,793)	(66,881)	-	33,550	(594,124)
Library Materials and Collections	(303,487)	(21,008)	-	3,685	(320,810)
Infrastructure	(9,759)	(492)	-	-	(10,251)
Total Accumulated Depreciation	(2,561,577)	(244,758)	-	45,347	(2,760,988)
Total Capital Assets Being Depreciated, net	3,464,979	(120,022)	269,374	(19,948)	3,594,383
TOTAL BUSINESS-TYPE ACTIVITIES	4,041,734	507,480	-	(26,588)	4,522,626
TOTAL CAPITAL ASSETS, NET	$ 16,615,629	$ 792,809	$ -	$ (45,338)	$ 17,363,100

On the government-wide *Statement of Activities,* depreciation was charged to the functional programs and business-type activities as follows:

(Amounts in Thousands)

	Depreciation Amount
GOVERNMENTAL ACTIVITIES:	
General Government	$ 8,469
Business, Community, and Consumer Affairs	4,664
Education	1,729
Health and Rehabilitation	6,214
Justice	30,041
Natural Resources	5,944
Social Assistance	8,774
Transportation	35,134
Internal Service Funds (Charged to programs and BTAs based on useage)	18,771
Total Depreciation Expense Governmental Activities	119,740
BUSINESS-TYPE ACTIVITIES	
Higher Education Institutions	236,111
CollegeInvest	160
State Lottery	137
Other Enterprise Funds	8,350
Total Depreciation Expense Business-Type Activities	244,758
Total Depreciation Expense Primary Government	$ 364,498

Component Units

At June 30, 2009, the University of Colorado Hospital Authority reported $5.5 million of nondepreciable assets, including land and construction in progress. Depreciable assets included buildings and improvements of $656.5 million and equipment of $228.0 million. Accumulated depreciation related to these capital assets was $336.1 million resulting in net depreciable capital assets of $548.4 million.

As of June 30, 2009, the hospital had converted its 21 bed inpatient psychiatric unit to an 18 bed medical/surgical unit, approved three bed expansion projects to add 12 beds, and moved the Sports Medicine program to a new location. Costs incurred at June 30, 2009, for these projects approximated $5.6 million while estimated costs to complete are $2.1 million.

The Colorado Water Resources and Power Development Authority reported capital assets of $14,842 net of accumulated depreciation of $85,324 at December 31, 2008.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment, of $148.1 million, net of accumulated depreciation of $58.9 million, at December 31, 2008. The district depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from 3 to 50 years.

The University of Colorado Foundation reported land, land improvements, buildings, and other property and equipment of $3.9 million, net of accumulated depreciation of $7.8 million, at June 30, 2009.

NOTE 17 – OTHER LONG-TERM ASSETS

The $723.6 million shown as Other Long-Term Assets on the government-wide *Statement of Net Assets* is primarily long-term taxes receivable, long-term loans, and deferred debt issuance costs. Long-term taxes receivable of $172.8 million, held in the General Fund and the Highway Users Tax Fund, are not segregated on the *Balance Sheet – Governmental Fund,* but are shown in Taxes Receivable and are offset by Deferred Revenue.

The $431.9 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($21.9 million), a major Special Revenue Fund, and the Water Projects Fund ($372.8 million), a nonmajor Special Revenue Fund. The Water Conservation Board makes the water loans to local entities for the purpose of constructing water projects in the state.

The loans are made for periods ranging from 10 to 30 years at interest rates of 2 to 7 percent, and they require the local entities or districts to make a yearly payment of principal and interest.

In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable not offset by deferred revenue.

The $123.6 million shown as Other Long-term Assets on the *Statement of Net Assets – Proprietary Funds* is primarily student loans issued by Higher Education Institutions and CollegeInvest, but also includes deferred debt issuance costs. Most of the CollegeInvest student loans are not reported in this line but rather are reported as restricted receivables.

NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

Most State of Colorado employees, excluding four-year college and university employees, participate in a defined benefit (DB) pension plan, however all employees, with the exception of higher education employees, have the option of participating in the state's defined contribution (DC) plans instead (see Note 20). The DB plan's purpose is to provide income to members and their families during retirement or in case of death or disability. The state plan and the other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, CO 80217-5800 or by calling the PERA Infoline at 1-800-759-7372, or by visiting http://www.copera.org.

<u>Administration of the Plan</u>

The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). In 1931, state statute established PERA and the State Division Trust Fund; subsequently statutes created the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, and the Health Care Trust Fund. The State and School Division Trust Funds were combined in 1997. However, the State and School Division of PERA was separated into a State Division and a School Division effective January 1, 2006. Changes to the plan require an actuarial assessment and legislation by the General Assembly as specified in Title 24, Article 51 of the Colorado Revised Statutes.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

Non-higher education employees hired by the state after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state's Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Beginning on July 1, 2009, the administration of the state's defined contribution retirement plan will be transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available (see Note 20C), unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan.

PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same amount as the contributions to the PERA defined benefit plan.

Defined Retirement Benefits

Plan members (except state troopers) are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20 and 65 – 5. Reduced service benefits are calculated similarly to a service retirement benefit; however, the benefit is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement. Members are also eligible for retirement benefits without a reduction for early retirement based on the original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

Monthly benefits are calculated as 2.5 percent times the number of years of services times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest annual salaries on which contributions were paid that are associated with three periods (one period for judges) of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

For retirements after January 1, 2009, the HAS is calculated based on original hire date as follows:

- Hired before January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to a 15 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 15 percent increase.
- Hired on or after January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to an 8 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 8 percent increase.

The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

PERA retirement and survivor benefits are increased annually based on original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, compounded annually.
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percent of the employer contributions for this population.)

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and accrued interest at the time of retirement. For members who have less than five years of service, a money purchase benefit is payable beginning at age 65.

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who withdraw their accounts before reaching retirement eligibility or before reaching age 65 receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limits the rate to a maximum of 5 percent. Effective July 1, 2004, the PERA Board set the rate at 5 percent compounded annually. The rate remained at 5 percent for calendar year 2008; however, effective January 1, 2009 the rate adjusted to 3 percent.

Disability and Survivor Benefits

PERA provides a two-tiered disability program. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits through a third party insurance carrier. If the member is not totally and permanently disabled, they are provided reasonable income replacement (maximum 60 percent of PERA includable salary for 22 months). If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit.

If a member has at least one year of earned service and dies before retirement, their qualified survivors are entitled to a single payment or monthly benefits depending on their status as defined in statute. The member's spouse may be eligible to receive the higher of the money purchase benefit or the defined benefit, but not less than 25 percent of HAS. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate.

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8 percent of their gross covered wages, except for state troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The state, as employer, made the following percentage contributions of gross covered wages in the current and previous two fiscal years:

Time	Contribution Percentage			Percent of
Period	Judges	Troopers	Other	ARC
Fiscal Year 2008-09				
1-1-09 to 6-30-09	16.46	15.65	12.95	100
7-1-08 to 12-31-08	15.56	14.75	12.05	100
Fiscal Year 2007-08				
1-1-08 to 6-30-08	15.56	14.75	12.05	100
7-1-07 to 12-31-07	14.66	13.85	11.15	100
Fiscal Year 2006-07				
1-1-07 to 6-30-07	14.66	13.85	11.15	100
7-1-06 to 12-31-06	14.16	13.35	10.65	100

In the 2004 legislative session, the general assembly established the Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary beginning January 1, 2006, another 0.5 percent of salary in 2007, and subsequent year increases of 0.4 percent of salary until the additional payment reaches 3.0 percent in 2012. The contribution table above reflects the increase required by the AED legislation.

The Fiscal Year 2008-09 contribution was allocated by PERA according to statute as follows:

- 1.02 percent was allocated to the Health Care Trust Fund throughout the fiscal year,
- From July 1, 2008, to December 31, 2008, 11.03 percent was allocated to the defined benefit plan, and
- From January 1, 2009, to June 30, 2009, 11.93 percent was allocated to the defined benefit plan.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2008, the State Division of PERA had a funded ratio of 67.9 percent and an infinite amortization period, which means that the unfunded actuarial liability would never be funded at the current contribution rates. The funded ratio on the market value of assets is lower at 52 percent. In the 2006 legislative session, along with other provisions affecting the plan, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one-half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. The SAED will be terminated when each division's trust fund reaches 100 percent funding. For state employers, each year's one-half percentage point increase in the SAED will be deducted from the amount available for increases in state employees' salaries, and used by the employer to pay the SAED.

The state made the following retirement contributions:

- Fiscal Year 2008-09 - $277.2 million
- Fiscal Year 2007-08 - $239.9 million
- Fiscal Year 2006-07 - $236.8 million (*restated*)
- Fiscal Year 2005-06 - $189.2 million
- Fiscal Year 2004-05 - $189.4 million
- Fiscal Year 2003-04 - $167.7 million
- Fiscal Year 2002-03 - $155.7 million
- Fiscal Year 2001-02 - $135.8 million
- Fiscal Year 2000-01 - $156.0 million
- Fiscal Year 1999-00 - $174.2 million

These amounts do not include the Health Care Fund contribution. For each year, the retirement contribution was equal to the statutory requirement.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

As a result of investment losses during the global financial crises in late 2008, PERA suffered a $4.3 billion decrease in net assets in the State Division and a $12.3 billion decrease in total net assets across all funds. The 2008 independent actuarial report indicated that if additional gains in excess of current funding did not materialize in the future, increases in contributions or decreases in benefits may be necessary to fund both the State and School Divisions. The PERA board is required to report to the General Assembly during Fiscal Year 2009-10 regarding methods to respond to the investment losses, to reduce the amortization periods, and to ensure each Division becomes and remains fully funded.

The Fire and Police Pension Association (FPPA), a related organization, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2008-09 and 2007-08, the Department of Local Affairs transferred $4.0 million and $4.1 million, respectively, to the association for the premiums of the accidental death and disability insurance policy the association provides to volunteer firefighters. The State Treasurer transferred $34.8 million in Fiscal Year 2007-08 to the pension plan. However, during Fiscal Year 2009, transfers to ensure the actuarial soundness of the pension plan were suspended to address state budget shortfalls. The transfers are not scheduled to resume until Fiscal Year 2011-12.

Component Units

The University of Colorado Hospital Authority participates in two pension plans, which cover substantially all of its employees. One plan is the Public Employees Retirement Association defined benefit plan for state employees. The hospital made contributions of $143,000 to this plan in Fiscal Year 2008-09. The other plan is a single employer noncontributory defined benefit plan for which the authority establishes the benefit and contribution rates. The hospital made contributions of $23.6 million in Fiscal Year 2008-09 to this plan. This amount was in excess of the actuarially computed net periodic pension cost of $15.9 million which resulted in a net pension asset of $6.7 million net of related payroll accruals. The net pension asset is reported on the *Statement of Net Assets – Component Units*. At July 1, 2008, the latest actuarial valuation date, the plan's unaudited funded ratio was 100 percent; the funded ratio has been at 100 percent since at least July 1, 2003. The authority also provides three other retirement plans, as discussed in Note 20.

Employees of the Colorado Water Resources and Power Development Authority and CoverColorado are covered under the State Division of PERA discussed above.

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see Note RSI-3) following the notes to the financial statements, presents multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Primary Government

PERA Health Care Trust Fund

The PERA Health Care Program is a cost-sharing multiple employer plan. It began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit.

Effective July 1, 2000, the maximum monthly subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

An additional implicit subsidy exists for participating retirees not eligible for Medicare Part A. This occurs because state statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding that the premium is calculated assuming that the participants have Medicare Part A coverage. At December 31, 2008, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.11 billion, a funded ratio of 18.7 percent, and a 39-year amortization period.

Beginning July 1, 2004, the state contribution to the Health Care Trust Fund was 1.02 percent of gross covered wages. The state paid contributions of $24.6 million, $23.1 million, $24.4 million, $20.6 million, and $21.2 million in Fiscal Years 2008-09, 2007-08, 2006-07, 2005-06, and 2004-05, respectively. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. The Health Care Trust Fund offers two general types of plans – fully insured plans offered through healthcare organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered high deductible health care plans in 2008. As of December 31, 2008, there were 45,888 participants, including spouses and dependents, from all contributors to the plan.

The Health Care Trust Fund began providing dental and vision plans to its participants in 2001. The participants pay the premiums for the coverage, and there is no subsidy provided for the dental and vision plans.

University of Colorado – Other Postemployment Benefits Plan

The University Post-Retirement Health Care & Life Insurance Benefits Plan is a single-employer defined benefit healthcare plan administered by the University of Colorado. The University's plan provides medical, dental and life insurance benefits for employees who retire from the University, as well as their spouses and dependents. The University's Board of Regents has the authority to establish and amend benefits provisions. The University of Colorado issues a publicly available financial report that includes financial statements and required supplementary information for the University Post-Retirement Health Care & Life Insurance Benefits Plan. That report may be obtained by writing to 1800 Grant Street, Suite 600, 436 UCA, Denver, CO 80203.

The contribution requirements of plan members and the university are established by the university's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2008-09, the University contributed $10.9 million to the plan. Plan members contributed 0.27 percent of covered payroll (defined as the annual payroll of active employees covered by the plan).

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation for the University Post-Retirement Health Care & Life Insurance Benefits Plan:

(Amounts In Thousands)

Annual required contribution	$ 21,853
Interest on net OPEB obligation	573
Adjustment to annual required contribution	(738)
Annual OPEB cost (expense)	21,688
Contributions made	(10,901)
Increase in net OPEB obligation	10,787
Net OPEB obligation -- beginning of year	11,456
Net OPEB obligation -- end of year	$ 22,243

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Year 2008-09 were as follows:

(Amounts In Thousands)

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008-09	$ 21,688	50.3%	$ 22,243

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was $196.7 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $196.7 million. The covered payroll was $898.9 million, and the ratio of UAAL to covered payroll was 21.9 percent.

In the July 1, 2008, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return, a two percent annual increase in medical claims, and an annual healthcare cost trend rate declining from ten percent to five percent over seven years. Both rates include a two percent inflation assumption. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2009, was thirty years.

Colorado State University – Other Postemployment Benefits Plans

Colorado State University administers four single employer defined benefit healthcare plans. The Retiree Medical Premium Refund Plan (RMPR) provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the university and are participants in its defined contribution plan. The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) provides a monthly subsidy for medical premiums of up to $317 for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) supplements prescription benefits provided through PERA for employees with ten or more years of PERA service and their spouses and dependents. The Long-Term Disability Insurance Plan (LTD) provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or between 65 or 70 years of age, dependent upon when the employee becomes disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans. Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by writing to 202 Administration Annex, Johnson Hall, Fort Collins, CO 80523.

The contribution requirements of all plan members and the university are established by the university's Board of Governors. The required contribution for the RMPR, URX and LTD plans is set by the university in consultation with outside benefit consultants, underwriters, and actuaries. The subsidy amount under the RMPS is determined on a pay-as-you-go basis. For Fiscal Year 2008-09, the university contributed $523,800 to the RMPR, $1,201,980 to the RMPS, $121,961 to the URX and $913,551 to the LTD. Plan members are not required to contribute to any of the four plans.

The university's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC*)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following tables show the components of the university's annual OPEB cost for the year, the amount actually contributed to the plans, and changes in the university's net OPEB obligations for all four plans:

(Amounts In Thousands)

	RMPR	RMPS
Annual required contribution	$ 2,377	$ 4,049
Interest on net OPEB obligation	66	107
Adjustment to annual required contribution	(55)	(152)
Annual OPEB cost (expense)	2,388	4,004
Contributions made	(524)	(1,202)
Increase in net OPEB obligation	1,864	2,803
Net OPEB obligation -- beginning of year	1,512	2,677
Net OPEB obligation -- end of year	$ 3,376	$ 5,480

(Amounts In Thousands)

	URX	LTD
Annual required contribution	$ 190	$ 1,080
Interest on net OPEB obligation	5	7
Adjustment to annual required contribution	(7)	(6)
Annual OPEB cost (expense)	188	1,081
Contributions made	(122)	(914)
Increase in net OPEB obligation	66	167
Net OPEB obligation -- beginning of year	130	192
Net OPEB obligation -- end of year	$ 196	$ 359

The university's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation of the four plans for Fiscal Year 2008-09 were as follows:

(Amounts In Thousands)

	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
RMPR	2008-09	$2,388	21.9%	$3,376
RMPS	2008-09	$4,004	30.0%	$5,480
URX	2008-09	$188	64.9%	$196
LTD	2008-09	$1,081	84.5%	$359

As of the most recent actuarial valuation date of January 1, 2009, all four plans were 0 percent funded and had no plan assets. The actuarial accrued liability for benefits for the RMPR, RMPS, URX and LTD was $25.2 million, $54.3 million, $2.9 million, and $12.2 million respectively, resulting in unfunded actuarial accrued liabilities of $25.2 million, $54.3 million, $2.9 million and $12.2 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was $238.8 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was 10.6 percent. Neither the RMPS, the URX, nor the LTD plan contribution is based on salaries or covered payroll.

The RMPR plan used the entry age normal actuarial cost method, while the RMPS, URX and LTD plans used the unit credit actuarial cost method. All four plans used a four percent investment rate of return and a three percent inflation adjustment. The RMPR and LTD plans also used a four percent salary increase assumption, while the RMPS, and URX plans did not incorporate that assumption into their analysis because benefits are not based on salary. The RMPR and RMPS plans assumed an annual healthcare cost trend initial rate of eight percent declining to an ultimate rate of five percent; the URX did not use a healthcare trend rate because the plan assumes fixed dollar deductibles and co-pays combined with increases in employee co-pays will curb any inflationary increases. The LTD does not use a healthcare trend rate because it provides income replacement, not healthcare. The RMPR and LTD plans used a level percentage of projected payroll to amortize the UAAL and both the RMPS and URX plans used a level dollar amount. All four plans originally amortized the UAAL over 30 years; the amortization period for the RMPR is a thirty-year open period, while twenty-nine years remain on the closed period for the RMPS and URX and 30 years remains for the LTD.

Other Programs

The state provides employees with a limited amount of Basic Life and Accidental Death and Dismemberment coverage underwritten by Minnesota Life at no cost to the employee. Through the same company, the state also provides access to group Optional Life and Accidental Death and Dismemberment coverage with premiums paid by the employee.

Component Units

Employees of both the Colorado Water Resources and Power Development Authority and CoverColorado are covered under the PERA Health Care Trust Fund discussed above.

NOTE 20 – OTHER EMPLOYEE BENEFITS

Primary Government

A. MEDICAL AND DISABILITY BENEFITS

The Group Benefit Plans Fund is a Pension and Other Employee Benefits Trust Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care.

Before January 1, 2000, the state offered a variety of medical plans; some of the plans were fully insured while others were self-funded using Anthem Blue Cross Blue Shield as the plan administrator. Between January 1, 2000, and June 30, 2005, self-funded plans were no longer offered, and the state and its employees paid premiums for insurance purchased to cover medical claims. After June 30, 2005, the state returned to a self-funded approach for certain employee and state official medical claims. The state’s contribution to the premium is subject to appropriation by the legislature each year, and state employees pay the difference between the state’s contribution and the premium required to meet actuarial estimates. Since the amount of the state contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans.

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (e.g., COBRA and case management.) Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the state’s flexible spending account benefits plan.

Effective July 1, 2005, the state terminated the Anthem Blue Cross Blue Shield plans and began offering five self-funded plan options administered by Great West Healthcare, in addition to the fully insured Kaiser HMO plan and the San Luis Valley HMO plan, as well as, three self-funded dental options administered by Delta Dental Plan of Colorado. On July 1, 2006 the state discontinued one of the self-funded medical plan options due to low enrollment.

Before January 1, 1999, the Group Benefit Plans Fund provided an employer paid short-term disability plan for all employees. On January 1, 1999, the Public Employees Retirement Association (PERA) began covering short-term disability claims for state employees eligible under its retirement plan (see Note 18A). The Group Benefit Plans Fund continues to provide short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability. Although fully insured, the Group Benefit Plans disability program includes a risk-sharing feature that provides experience rating refunds calculated as earned premiums less the aggregate of incurred claims, claim reserve, retention charge, and refunds paid previously over the term of the contract. Refunds, when applicable, are paid annually.

B. EMPLOYEE DEFERRED COMPENSATION PLAN

The state initiated a deferred compensation (457) plan for state and local government employees in 1981. Participants in the plan are mostly state employees except for 2,450 school district employee participants. The nine-member Deferred Compensation Committee establishes rules and regulations for implementing the plan. The Committee comprises the State Controller, the State Treasurer (or their designees), four plan participants elected by plan members, a participant of the Public Officials' and Employees' Defined Contribution Plan appointed by the Governor, and two members of the General Assembly – one each appointed by the President of the Senate and Speaker of the House. The plan uses a third party administrator, and all costs of administration and funding are borne by the plan participants. The assets of the plan are not assets of the state, but are held in trust for the exclusive benefit of plan participants and their beneficiaries. Fund equity of the plan was $352.9 million and $377.5 million at June 30, 2009, and June 30, 2008, respectively. The state has no liability for losses under the plan but does have the duty of due care that is required of a fiduciary agent.

Beginning on July 1, 2009, the state's Deferred Compensation Committee was dissolved and the administration of the state's 457 plan will be transferred to PERA. PERA is currently retaining Great West as the plan's third party administrator, and existing plan members will become participants in the PERA plan.

C. OTHER RETIREMENT PLANS

PERA 401k Plan

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the defined benefit plan. In calendar years 2008 and 2009, PERA members were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of $15,500 and $16,500, respectively. Participants who are age 50 and older, and contributing the maximum amount allowable, can make an additional $5,000 catch-up contribution in 2008 and an additional $5,500 in 2009, for total contributions of $20,500 in 2008 and $22,000 in 2009. Contributions and earnings are tax deferred. On December 31, 2008, the plan had net assets of $1,303.8 million and 72,353 accounts.

PERA Defined Contribution Retirement Plan

Effective January 1, 2006, legislation added a defined contribution plan to PERA's 401(k) Voluntary Investment Program. The plan is available to certain new state employees hired after January 1, 2006; these employees have the option of joining the PERA defined benefit plan, the PERA defined contribution plan, or a defined contribution plan administered by the Deferred Compensation Committee of the state. At December 31, 2008, the plan had net assets of $5.0 million and 864 accounts.

Beginning on July 1, 2009, the administration of the state's defined contribution retirement plan will be transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing state plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contributions.

State Defined Contribution Retirement Plan

On January 1, 1999, the state began providing a defined contribution retirement plan for certain eligible employees identified in statute. The plan is authorized by Colorado Revised Statutes 24-52-201 through 24-52-209 and is governed by the rules and regulations established for the plan by the nine-member Deferred Compensation Committee. The state is the sole contributing employer of the plan.

Prior to January 1, 2006, the following state employees were eligible to participate in the plan: a member of the general assembly, the Governor, the Lieutenant Governor, the Attorney General, the chief deputy attorney general, the solicitor general, the Secretary of State, the deputy secretary of state, the State Treasurer, the deputy state treasurer, a district attorney, an assistant district attorney, a chief deputy district attorney, a deputy district attorney, or other employee of a district attorney, a member of the public utilities commission, an executive director of a department of the state appointed by the Governor, an employee of the senate or the house of representatives, and a nonclassified employee of the Governor's Office.

After December 31, 2005, in addition to the individuals listed above, any new employee hired in the state personnel system is eligible to participate in the defined contribution plan unless the employee is:

- an employee of a Higher Education Institution,
- commencing employment as an elected official, or
- has been a member of the Public Employees Retirement Association (PERA) within the prior twelve months.

Notwithstanding these limitations, an employee is eligible to participate in the defined contribution plan if they are a PERA retiree serving as a state elected official. Participation in the plan by eligible employees is voluntary; however, if the election to participate is not made within 60 days the employee automatically becomes a member of the Public Employees Retirement Association (PERA).

At June 30, 2009, and June 30, 2008, the plan's three investment providers reported a total of 2,309 and 1,865 accounts, respectively. At the same dates there were 1,884 and 908 individuals actively contributing to the plan.

Contributions to the plan are set in statute as a percent of salary and are required to be the same as the contributions to the defined benefit plan and defined contribution plans administered by PERA. From July 1, 2008, to December 31, 2008, the state contribution rate was 12.05 percent and from January 1, 2009, to June 30, 2009 the rate was 12.95 percent. The employee was required to contribute 8 percent of gross covered wages throughout the year.

The financial statements of the Defined Contribution Plan are prepared on the accrual basis of accounting in accordance with NCGA Statement 1 and Governmental Accounting Standards Board Statement 25. The Plan recognizes member and employer contributions as additions in the period in which the employee provides services. Investments are reported at fair value based on quoted market prices.

Beginning on July 1, 2009, the administration of the state's defined contribution retirement plan was transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing state plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contributions.

Higher Education Optional Retirement Plans

Legislation in 1992 authorized state institutions of higher education the option of offering other retirement plans to their employees. At that time, certain employees had the choice of retaining their membership in PERA. As a result of the legislation, some employees of various institutions may be covered under defined contribution plans such as the Teachers Insurance and Annuity Association (TIAA-CREF), the Variable Annuity Life Insurance Corporation (VALIC), or other similar plans. Generally these plans are available to faculty or other staff members who are not part of the state's classified employee system. Faculty members at the University of Colorado are also covered under Social Security.

Other State Retirement Plans

The state made contributions to other retirement plans of $90.5 million and $81.2 million during Fiscal Years 2008-09 and 2007-08, respectively. In addition, the state paid $76.3 million and $69.4 million in FICA and Medicare taxes on employee wages during Fiscal Years 2008-09 and 2007-08, respectively.

Of the benefit plans discussed in this note, financial statements for the Deferred Compensation Plan, the state's Defined Contribution Plan, and the Group Benefit Plans are presented on the following page.

STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ -	$ 39	$ 28,526	$ 28,565
Other Receivables, net	4,355	-	3,826	8,181
Due From Other Governments	-	-	37	37
Due From Other Funds	-	-	18,334	18,334
Prepaids, Advances, and Deferred Charges	-	-	13	13
Total Current Assets	4,355	39	50,736	55,130
Noncurrent Assets:				
Investments:				
Mutual Funds	349,249	18,649	-	367,898
Total Noncurrent Assets	349,249	18,649	-	367,898
TOTAL ASSETS	353,604	18,688	50,736	423,028
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	589	5	10,930	11,524
Due To Other Funds	148	-	-	148
Claims and Judgments Payable	-	-	16,621	16,621
Total Current Liabilities	737	5	27,551	28,293
Noncurrent Liabilities:				
Accrued Compensated Absences	9	1	43	53
Total Noncurrent Liabilities	9	1	43	53
TOTAL LIABILITIES	746	6	27,594	28,346
NET ASSETS:				
Held in Trust for:				
Pension/Benefit Plan Participants	352,858	18,682	22,742	394,282
Unrestricted	-	-	400	400
TOTAL NET ASSETS	$ 352,858	$ 18,682	$ 23,142	$ 394,682

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ADDITIONS:				
Member Contributions	$ 46,537	$ 3,872	$ 70,952	$ 121,361
Employer Contributions	-	4,618	178,277	182,895
Investment Income/(Loss)	(46,027)	(2,576)	1,267	(47,336)
Employee Deferral Fees	-	81	894	975
Other Additions	1	-	11,392	11,393
Transfers-In	-	-	1,347	1,347
TOTAL ADDITIONS	511	5,995	264,129	270,635
DEDUCTIONS:				
Benefits and Withdrawals	18,899	1,912	-	20,811
Health Insurance Premiums Paid	-	-	89,533	89,533
Health Insurance Claims Paid	-	-	116,126	116,126
Other Benefits Plan Expense	-	-	19,593	19,593
Administrative Expense	1,009	84	-	1,093
Other Deductions	300	10	21,928	22,238
Transfers-Out	29	11	170	210
TOTAL DEDUCTIONS	20,237	2,017	247,350	269,604
CHANGE IN NET ASSETS	(19,726)	3,978	16,779	1,031
NET ASSETS AVAILABLE:				
FISCAL YEAR BEGINNING	377,477	14,704	6,363	398,544
Prior Period Adjustment (Note 28)	(4,893)	-	-	(4,893)
FISCAL YEAR ENDING	$ 352,858	$ 18,682	$ 23,142	$ 394,682

Component Units

Employees of the Colorado Water Resources and Power Development Authority are covered under the PERA 401K Defined Contribution Pension Plan discussed above.

The University of Colorado Hospital Authority provides a single employer defined contribution plan (401a) and a single employer tax-deferred annuity plan (403b) that required the authority to make matching contributions of $5.5 million in Fiscal Year 2008-09. The hospital also provides a single employer tax deferred plan (457b) that did not require authority contributions. All three plans are administered by third-party investment companies. The financial statements of these pension plans are available from the authority.

NOTE 21 – RISK MANAGEMENT

Primary Government

The state currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. The Risk Management Fund is reported as part of the General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state. Property claims are not self-insured; the state has purchased property insurance, which includes flood and terrorism coverage. Settlements have not exceeded insurance coverage in any of the three prior years.

All funds and agencies of the state with the exception of the component units, the University of Colorado, Colorado State University (not including CSU-Pueblo), and the University of Northern Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical claims experience.

Claims are reported in the General Fund in accordance with GASB Interpretation No. 6, and therefore, related liabilities are only reported to the extent that they are due and payable at June 30. On the government-wide statements, risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Those liabilities include an amount for claims that have been incurred but not reported and an adjustment for nonincremental claims expense that is based on current administrative costs as a percentage of current claims and projected to the total actuarial claims estimate.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the short and long-term liabilities of the Risk Management Fund.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state uses the services of Pinnacol Assurance, a related organization, to administer its plan. The state reimburses Pinnacol for the current cost of claims paid and related administrative expenses.

Before January 1, 2000, the state and its employees were self-funded for medical claims of employees and state officials under the State Employee and Officials Group Insurance Internal Service Fund. From January 1, 2000 through June 30, 2005, the state and its employees purchased insurance for those claims. Beginning July 1, 2005, the state returned to a self-funding approach for medical claims except for stop-loss insurance purchased for claims over $150,000 per individual. In Fiscal Year 2008-09, the state recovered approximately $7.9 million related to the stop-loss insurance claims. The state's contribution to the premium is subject to appropriation by the legislature each year, and state employees pay the difference between the state's contribution and the premium required to meet actuarial estimates. Since the amount of the state contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund (see Note 20).

For claims related to events occurring before October 1, 1996, the Regents of the University of Colorado participate in the University of Colorado Insurance Pool (UCIP) – a public-entity self-insurance pool. After that date, the university became self-insured for workers' compensation, auto, and general and property liability. As of March 31, 2009, the Colorado Division of Insurance approved the dissolution of UCIP, and all remaining claim liabilities were transferred to the university's self-insurance program. An actuary projects the self-insured plan's undiscounted liabilities. The university purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $750,000 per worker's compensation claim, and $1,000,000 per general liability claim.

Tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $150,000 per person and $600,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2008-09, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Denver. The university manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $200,000 per person and $9.8 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2008-09 for this program. There have been no collections against the aggregate stop-loss insurance in the previous three years; however, the university collected $1,228,601 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2007 through 2009. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased insurance to cover claims greater than $1.0 million per occurrence and in the aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2008-09, and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $200,000. The related liability is based on underwriting review of claims history and current data. A liability is recorded for the university's employee long-term disability plan based on expected claims payout as determined by the third party administrator. The university is self-insured for worker's compensation up to $500,000, and has purchased re-insurance for individual claims up to $1.0 million. For general liability claims, the university is self-insured up to $500,000 per occurrence and has purchased excess insurance for claims over that amount.

Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $5.0 million and additional insurance purchased for claims up to $10.0 million per occurrence. The university is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. There were no significant reductions in insurance coverage in Fiscal Year 2008-09, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, auto, and worker's compensation risks primarily through the purchase of insurance. The university has purchased $3.0 million of general liability insurance ($5,000 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($50,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $500,000 of employee fraud insurance ($1,000 deductible), and $500.0 million of commercial property insurance ($25,000 deductible). Prior to Fiscal Year 2005-06, the university was covered under the state risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2008-09, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2008-09	$ 17,703	$ 6,435	$ 6,435	$ 17,703
2007-08	23,959	(1,305)	4,951	17,703
2006-07	25,167	3,333	4,541	23,959
Workers' Compensation				
2008-09	83,203	37,147	36,203	84,147
2007-08	76,095	41,206	34,098	83,203
2006-07	82,123	24,659	30,687	76,095
Group Benefit Plans:				
2008-09	17,254	135,837	136,470	16,621
2007-08	17,547	132,422	132,715	17,254
2006-07	15,175	134,363	131,991	17,547
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2008-09	14,080	4,040	6,457	11,663
2007-08	13,349	7,004	6,273	14,080
2006-07	15,720	4,701	7,072	13,349
University of Colorado Denver:				
Medical Malpractice				
2008-09	4,175	2,830	1,940	5,065
2007-08	5,246	349	1,420	4,175
2006-07	6,561	(767)	548	5,246
Graduate Medical Education Health Benefits Program				
2008-09	1,257	8,693	8,347	1,603
2007-08	1,138	6,403	6,284	1,257
2006-07	1,024	6,196	6,082	1,138
Colorado State University:				
Medical, Dental, and Disability Benefits				
2008-09	17,798	28,919	28,179	18,538
2007-08	13,953	29,104	25,259	17,798
2006-07	11,742	22,664	20,453	13,953
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2008-09	75	15	66	24
2007-08	358	(51)	232	75
2006-07	1,725	(889)	478	358

Component Units

In order to manage malpractice claims risk, the University of Colorado Hospital Authority participates in a self-insurance trust called the University of Colorado Self-Insurance and Risk Management Trust. The trust provides coverage up to the governmental immunity limits ($150,000 per individual and $600,000 per occurrence) and contracts with a commercial insurance company for coverage to $6.0 million per occurrence or in aggregate per year when governmental immunity does not apply. For Fiscal Year 2008-09, the hospital recorded premium and administrative expenses of $390,000. The trust had a fund balance of $760,000, which was in excess of $5,065,000 in reserves for losses and loss adjustment expense. The hospital purchases insurance coverage for theft, property damage, injuries and accidents, business interruption, automobile, nonowned aircraft, errors and omissions, fiduciary responsibility, and employee health and dental through commercial insurance companies.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss.

NOTE 22 – LEASE COMMITMENTS

Primary Government

State management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. They are therefore treated as noncancellable for financial reporting purposes.

At June 30, 2009, the state had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease

	Land	Buildings	Equipment and Other
Governmental Activities	$ 735	$ 50,349	$ 52,357
Business-Type Activities	3,799	95,088	22,728
Total	$ 4,534	$ 145,437	$ 75,085

At June 30, 2009, the state expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 333	$ 742	$ 1,075
Business-Type Activities	-	1,988	1,988
Total	$ 333	$ 2,730	$ 3,063

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three institutions governed by the Colorado State University System Board of Governors in their research and educational efforts. The support provided by the foundation to the institutions includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development, and management. Colorado State University subleases space, vehicles, and equipment from the foundation. At June 30, 2009, the total obligation for the space was $12,388, and the total obligation for the vehicles and equipment was $4,048,483.

The Community College of Aurora made operating lease payments of approximately $1.0 million to the Community College of Aurora Foundation, which is the landlord for the college's main campus.

Morgan Community College made lease payments of $58,306 to the Morgan Community College Foundation for classroom facilities.

Trinidad State Junior College made operating lease payments of $103,928 to the Trinidad State Junior College Educational Foundation.

The Colorado Community College System made lease payments of $479,794 to the Colorado Community College System Foundation.

The state is obligated under certain leases that it accounts for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the lease agreements are not reflected in the assets or liabilities of the funds.

For Fiscal Year 2008-09, the state recorded building and land rent of $43.8 million and $19.4 million in governmental and business-type activities, respectively. The state also recorded equipment and vehicle rental expenditures of $7.2 million and $27.2 million in governmental and business-type activities, respectively. The above amounts were payable to entities outside the state and do not include transactions with the state fleet management program.

The state recorded $1.9 million of lease interest costs in the governmental activities and $1.6 million in the business-type activities. The $11.4 million of capital lease proceeds shown on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance* is primarily related to the Department of Human Services entering a lease for approximately $9.9 million of energy improvements to its various buildings.

Future minimum payments at June 30, 2009, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
2010	$ 40,749	$ 15,194	$ 12,178	$ 11,054
2011	35,959	11,909	13,267	15,183
2012	28,967	9,247	13,003	10,117
2013	24,844	7,577	11,007	9,727
2014	21,172	6,387	9,608	9,258
2015 to 2019	65,492	22,958	34,992	40,672
2020 to 2024	1,285	2,100	19,455	25,939
2025 to 2029	45	1,425	7,531	6,574
2030 to 2034	53	3	3,480	2,058
2035 to 2039	61	-	-	-
2040 to 2044	71	-	-	-
2045 to 2049	31	-	-	-
Total Minimum Lease Payments	218,729	76,800	124,521	130,582
Less: Imputed Interest Costs			32,708	36,809
Present Value of Minimum Lease Payments	$ 218,729	$ 76,800	$ 91,813	$ 93,773

Component Units

The University of Colorado Hospital Authority leases certain equipment under noncancellable operating leases. Rental expense for operating leases approximated $4.9 million for Fiscal Years 2008-09. Future minimum lease payments for these leases at June 30, 2009, are:

(Amounts in Thousands)

Fiscal Year	Amount
2010	$ 6,664
2011	3,846
2012	2,880
2013	1,810
2014	1,705
Thereafter	4,239
Total Minimum Obligations	$ 21,144

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2012. Total rental expense for the year ended December 31, 2008 was $119,951. The total minimum rental commitment under this lease is $420,153 as of 2008.

Effective October 1, 1999, the University of Colorado Foundation entered an agreement to lease the building in which it operates. The foundation recorded a lease liability equal to the present value of the future minimum lease payments under the lease, which was $3.9 million at June 30, 2009. Total minimum lease payments including interest at June 30, 2009, were $5.2 million. The lessor of the building has promised to make a nonreciprocal transfer of the building or its cash equivalent to the foundation on or before September 2014. The net book value of the property and equipment under the capital lease totaled $2.3 million, net of accumulated depreciation of $3.4 million, as of June 30, 2009.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2016. The total rental expense for the year ended June 30, 2009 was $255,225. The total minimum rental commitment under the leases was $1.2 million at June 30, 2009.

NOTE 23 – SHORT-TERM DEBT

On July 8, 2008, the State Treasurer issued $350.0 million of General Fund Tax Revenue Anticipation Notes, Series 2008A. The notes were due and payable on June 26, 2009, at a coupon rate of 3.0 percent. The notes were issued to meet short-term cashflow needs of the General Fund and were repaid before June 30, 2009, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes for local school districts in anticipation of local school district revenues to be collected at a later time. On July 23, 2008, the State Treasurer issued $215.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2008A. The notes had a coupon rate of 1.75 percent and matured on August 7, 2009.

On December 18, 2008, the State Treasurer issued $300.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2008B. The notes had a coupon rate of 1.0 percent and matured on August 7, 2009. For each issuance, the State Treasurer established a Note Repayment Account that was funded before June 30, 2009, in an amount adequate to fully defease the outstanding notes. School districts were required to repay the loans prior to the state's fiscal year-end, and the State Treasurer placed the loan repayments in the Note Repayment Account that was restricted to paying off the notes on the August 7, 2009, due date.

The following schedule shows the changes in short-term financing for the period ended June 30, 2009:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 350,000	$ (350,000)	$ -
Education Loan Anticipation Notes	$ 460,000	515,000	$ (460,000)	515,000
Total Governmental Activities Short-Term Financing	460,000	865,000	(810,000)	515,000
Total Short-Term Financing	$ 460,000	$ 865,000	$ (810,000)	$ 515,000

NOTE 24 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Primary Government

Various Higher Education Institutions, the Department of Corrections, the Highway Users Tax Fund, the State Nursing Homes, and CollegeInvest have issued notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment, to construct facilities or infrastructure, or to finance student loans. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. The state is not allowed by its Constitution to issue general obligation debt except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies; additional restrictive limitations related to the valuation of taxable property apply.

During Fiscal Year 2008-09 the state's governmental activities had $168.0 million of federal and state revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. Collectively, the state's business-type activities had $563.0 million of available net revenue after operating expenses to meet the $151.3 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 34.)

The state recorded $234.2 million of interest costs, of which, $80.8 million was recorded by governmental activities and $153.5 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $11.7 million of General Fund interest on Tax Revenue Anticipation Notes issued by the Department of Treasury, $61.2 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, and $5.7 million of interest primarily on Certificates of Participation issued by the Department of Corrections. The business-type activities interest cost primarily comprises $79.2 million of interest on revenue bonds issued by Higher Education Institutions, $46.4 million of interest on revenue bonds issued by CollegeInvest, and $27.4 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program. College Assist is a nonmajor enterprise fund.

During Fiscal Year 2008-09, the State Treasurer entered a lease purchase agreement under which a Trustee issued $230,845,000 of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation (COPs) Series 2008. The COPs were issued at a net premium of $180,940 and were a combination of serial and term maturities with the final maturity in November 2027. The COPs carried coupon rates ranging from 3.0 percent to 5.5 percent with a total interest cost of 5.38 percent. The Certificates of Participation and the related leased assets are recorded in the Higher Education Institutions Enterprise Fund.

The COPs proceeds will be used to fund renovations, additions, and new construction at twelve state institutions of Higher Education and were collateralized with existing properties at eleven of the twelve institutions. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to average $16.2 million for the first ten years and $16.8 million for the second ten years. The legislation envisions annual appropriations of Federal Mineral Lease (FML) Program revenues to fund the semi-annual lease payments required. Total lease payments anticipated from the FML source are $325.5 million, and three institutions will make $42.8 million of lease payments over the life of the COPs to fund the portion of their required project match that they elected to finance through the COPs. Due to a shortfall in federal mineral lease revenues the legislature appropriated $26.6 million from the Capital Projects Fund to pay the Fiscal Year 2008-09 and 2009-10 lease payments.

Annual maturities of notes, bonds, and COPs payable at June 30, 2009, are as follows:

(Amounts in Thousands)
Governmental Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2010	$ 113,300	$ 54,691	$ 515,000	$ 5,587	$ 8,766	$ 11,348	$ 637,066	$ 71,626
2011	119,385	48,605	-	-	12,570	7,025	131,955	55,630
2012	125,265	42,725	-	-	12,325	6,461	137,590	49,186
2013	132,105	35,889	-	-	11,220	6,016	143,325	41,905
2014	140,545	27,446	-	-	11,325	5,194	151,870	32,640
2015 to 2019	430,325	36,023	-	-	57,336	19,471	487,661	55,494
2020 to 2024	-	-	-	-	29,175	5,948	29,175	5,948
2025 to 2029	-	-	-	-	5,435	2,970	5,435	2,970
2030 to 2034	-	-	-	-	8,415	1,332	8,415	1,332
Subtotals	1,060,925	245,379	515,000	5,587	156,567	65,765	1,732,492	316,731
Unamortized Prem/Discount	46,048	-	-	-	5,486	-	51,534	-
Totals	$1,106,973	$ 245,379	$ 515,000	$ 5,587	$ 162,053	$ 65,765	$1,784,026	$ 316,731

(Amounts in Thousands)
Business-Type Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2010	$ 71,210	$ 101,438	$ 851	$ 197	$ 13,395	$ 21,880	$ 85,456	$ 123,515
2011	75,615	99,757	464	163	14,005	21,273	90,084	121,193
2012	79,025	97,740	473	147	14,654	20,627	94,152	118,514
2013	99,215	95,449	438	129	15,359	19,940	115,012	115,518
2014	58,605	93,035	453	102	16,089	19,221	75,147	112,358
2015 to 2019	310,060	426,710	2,048	223	93,065	83,755	405,173	510,688
2020 to 2024	452,940	351,384	62	14	119,615	56,655	572,617	408,053
2025 to 2029	440,925	247,447	22	1	129,416	21,922	570,363	269,370
2030 to 2034	412,765	160,481	-	-	25,025	1,267	437,790	161,748
2035 to 2039	849,225	69,965	-	-	-	-	849,225	69,965
2040 to 2044	698,995	10,596	-	-	-	-	698,995	10,596
Subtotals	3,548,580	1,754,002	4,811	976	440,623	266,540	3,994,014	2,021,518
Unamortized Prem/Discount	20,073	-	(40)	-	6,033	-	26,066	-
Unaccreted Interest	(17,065)	-	-	-	-	-	(17,065)	-
Totals	$ 3,551,588	$ 1,754,002	$ 4,771	$ 976	$ 446,656	$ 266,540	$4,003,015	$2,021,518

The revenue bond column in the table above includes $1.7 billion of principal issued by CollegeInvest, a portion of which is variable rate debt. CollegeInvest calculates the expected interest payments at each year-end based on the current interest rates. Changes in market rates caused a significant decline in the interest to maturity as compared to the prior year.

The original principal amount of the state's debt disclosed in the above tables is as follows:

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ 1,487,565	$ 515,000	$ 185,436	$ 2,188,001
Business Type Activities	4,031,087	11,069	473,518	$ 4,515,674
Total	$ 5,518,652	$ 526,069	$ 658,954	$ 6,703,675

Component Units

The debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2008, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2009	$ 51,685	$ 50,769	$ 102,454
2010	55,150	48,483	103,633
2011	58,965	45,867	104,832
2012	59,265	43,094	102,359
2013	57,180	40,309	97,489
2014 to 2018	273,660	161,400	435,060
2019 to 2023	233,735	98,348	332,083
2024 to 2028	123,465	52,489	175,954
2029 to 2033	69,115	32,052	101,167
2034 to 2038	59,070	13,255	72,325
2039 to 2043	27,070	4,409	31,479
Total Future Payments	$ 1,068,360	$ 590,475	$ 1,658,835

The original principal amount for the outstanding bonds was $1.6 billion. Total interest paid during 2008 amounted to $52.1 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation.

The Water Resources Revenue Bonds, Series 2003A and 2003B, Series 2004A, 2004B, 2004C, 2004D, and 2004E, and Series 2005A, 2005E, and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B and Series 2005C are insured as to payment of principal and interest by Assured Guaranty Corp. The Water Resources Revenue Bond Series 2005D are insured as to payment of principal and interest by Financial Security Assurance, Inc. The authority can issue up to $150 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds and as of December 31, 2008, had $82.7 million of these bonds outstanding.

During Fiscal Year 2008-09, the hospital met all the financial ratio requirements of its indentures. The hospital's interest payments in Fiscal Year 2008-09 were $25.5 million.

The aggregate maturities of long-term debt for the University of Colorado Hospital Authority at June 30, 2009, are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2010	$ 9,937	$ 23,490	$ 33,427
2011	10,182	23,260	33,442
2012	9,660	22,807	32,467
2013	10,075	22,548	32,623
2014	10,510	21,900	32,410
2015 to 2019	59,090	102,190	161,280
2020 to 2024	73,720	87,252	160,972
2025 to 2029	91,205	68,568	159,773
2030 to 2034	115,770	46,549	162,319
2035 to 2039	108,800	25,661	134,461
2040 to 2044	44,200	4,431	48,631
Total Long-Term Debt Payments	543,149	448,656	991,805
Less: Unamortized Discount	(1,896)		
Deferred Amount on Refunding of			
Series 1997 A Bonds	(4,072)		
Series 2008 B Bonds	(8,369)		
Total Carrying Amount of Long-Term Debt	$ 528,812		

In July 2007, the University of Colorado Foundation established a $20.0 million, three-year committed, unsecured line of credit with a bank. The credit line carried variable interest based on the lending bank's floating prime rate less 125 basis points. No amounts were outstanding at June 30, 2009.

In April 2009, the Denver Metropolitan Major League Baseball Stadium District entered into a five-year noninterest bearing Promissory Note for $2.4 million to acquire certain real and personal property relating to maintaining a view plane to preserve mountain views from Coors Field.

NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2008-09:

(Amount in Thousands)

	Restated Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 3,033	$ 1	$ (32)	$ 3,002	$ 2,985
Accrued Compensated Absences	138,537	37,625	(26,557)	149,605	8,930
Claims and Judgments Payable	373,411	22,735	(839)	395,307	36,936
Capital Lease Obligations	60,031	33,990	(2,208)	91,813	8,227
Bonds Payable	1,216,006	5,505	(114,538)	1,106,973	113,300
Certificates of Participation	172,865	275	(11,088)	162,052	8,766
Other Long-Term Liabilities	364,117	48,406	(14,749)	397,774	-
Total Governmental Activities Long-Term Liabilities	2,328,000	148,537	(170,011)	2,306,526	179,144
Business-Type Activities					
Accrued Compensated Absences	179,147	33,041	(14,015)	198,173	12,753
Claims and Judgments Payable	35,880	19,903	(28,242)	27,541	-
Capital Lease Obligations	93,374	16,090	(15,691)	93,773	6,283
Bonds Payable	3,325,690	321,111	(95,213)	3,551,588	71,210
Certificates of Participation	210,151	242,061	(5,555)	446,657	13,395
Notes, Anticipation Warrants, Mortgages	6,210	5	(1,445)	4,770	851
Other Postemployment Benefits	15,775	15,949	(35)	31,689	-
Other Long-Term Liabilities	47,021	5,090	(3,806)	48,305	4,260
Total Business-Type Activities Long-Term Liabilities	3,913,248	653,250	(164,002)	4,402,496	108,752
Fiduciary Activities					
Deposits Held In Custody For Others	275,550	180,424	(14,013)	441,961	377,795
Accrued Compensated Absences	59	-	(6)	53	-
Other Long-Term Liabilities	31	8,429	(1)	8,459	-
Total Fiduciary Activities Long-Term Liabilities	275,640	188,853	(14,020)	450,473	377,795
Total Primary Government Long-Term Liabilities	$ 6,516,888	$ 990,640	$ (348,033)	$ 7,159,495	$ 665,691

Accrued compensated absences liabilities of both the governmental activities and the business-type activities are normally liquidated using resources of the fund that is responsible for paying the employee's salary. As a result, the resources of nearly all of the state's funds are used to liquidate the compensated absence liability.

The amount shown in the schedule above for notes, bonds, and certificates of participation do not include the short-term borrowing disclosed in Note 23. A current portion is not normally identifiable for Other Long-Term Liabilities, or Other Postemployment Benefits except for CollegeInvest's prepaid tuition costs in the business-type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See notes 19 and 21 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

Governmental Activities include Internal Service Funds and as a result, additions to capital lease obligations include amounts that are not shown as capital lease proceeds on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*.

At June 30, 2009, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Assets*:

The $397.8 million shown for governmental activities primarily comprises:

- $237.2 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Fund and Highway Users Tax Fund. Payment is not expected within one year.

- $122.4 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $33.4 million of unclaimed property liabilities to claimants.

The $48.3 million (including $0.7 million Due to Component Units) shown for business-type activities primarily comprises:

- $29.7 million of commitments to pay future tuition costs related to the prepaid tuition program of CollegeInvest. An additional $4.3 million will be paid within one year and is reported as an Other Current Liability.
- $9.3 million of deferred revenue that the state does not expect to recognize within the following year. The most significant balances relate to unearned rent at the University of Colorado ($6.3 million) and a ground lease at the University of Northern Colorado ($2.2 million).

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
University of Colorado Hospital Authority					
Bonds Payable	$ 537,367	$ 1,103	$ 9,658	$ 528,812	$ 9,937
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 1,038,580	$ 32,410	$ 53,872	$ 1,017,118	$ 51,685
Other Long-Term Liabilities	$ 145,031	$ 52,881	$ 86,844	$ 111,068	$ 101,640

The Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority are primarily related to water and pollution control construction project costs that it will pay on loans made to local governments.

The University of Colorado Foundation has beneficial interest in various split-interest agreements including charitable gift annuities, charitable remainder trusts (annuity and unitrust), a minor pooled income fund, and charitable remainder trusts held by others. The charitable gift annuity assets are immediately available to the foundation. After termination of the charitable remainder trust agreements, the related assets revert to the foundation to create an endowment to support university activities. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Assets – Component Units.* Actuarially determined life expectancies and risk-free rates of return are used to estimate the obligation to named beneficiaries. The fair value of assets in excess of the estimated liability is recorded as Gifts and Donations revenue at the date of the gift.

Changes in value of the investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Assets – Component Units*. At June 30, 2009, the foundation held $51.4 million of split interest agreement investments with $21.3 million of related liabilities and reported $3.6 million of net beneficial interest in charitable trusts held by others.

At June 30, 2009, the University of Colorado Foundation held $192.9 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Assets – Component Units,* this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

The Colorado State University Foundation (CSUF) administers life income agreements as gift annuities where an income beneficiary is the lifetime recipient of income and the foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest.

CSUF has also been named remainder beneficiary for trusts administered by third party corporate trustees. For this arrangement, a receivable and contribution are recorded at the estimated present value of the remainder interest. These life income arrangements are revalued annually to reflect changes in the remainder interest estimates.

At June 30, 2009, total life income agreement assets of CSUF were $637,304. Life income agreements payable at the same date totaled $867,013. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Assets – Component Units.*

At June 30, 2009, the foundation held $10.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Assets – Component Units,* this liability is reported as Deposits Held in Custody.

At June 30, 2009, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust and pooled income assets of $16.0 million; related liabilities of $10.9 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Assets – Component Units.*

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $10.9 million shown above and total $5.1 million. At June 30, 2009, CSMF reported $10.5 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Assets – Component Units* as Deposits Held in Custody.

NOTE 26 – DEFEASED DEBT

Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2008-09, debt was defeased in the business-type activities.

At June 30, 2009, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Transportation	$ 666,485
Business-Type Activities:	
University of Colorado	150,255
Auraria Higher Education Center	7,282
Western State College	11,915
Colorado School of Mines	33,835
Colorado State University	11,290
Total	$ 881,062

The Board of Trustees of the Colorado School of Mines issued $28,720,000 of its Enterprise Refunding and Improvement Revenue Bonds Series 2009A to current refund its Variable Rate Demand Bonds, Series 2005 and its Variable Rate Demand Enterprise Improvement Revenue Bonds, Series 2009A. The defeased debt had variable interest rates and the new debt had interest rates ranging from 3 to 5 percent. The remaining term of the debt was changed from a range of 19 to 30 years to a full 30 years and the estimated debt service cash flows increased by $941,884. The defeasance resulted in an economic gain of $402,657 and a book loss of $371,031 that will be amortized as an adjustment of interest expense over the remaining lives of the old debt (19 and 30 years, respectively.)

Component Units

In November 1997, the University of Colorado Hospital Authority issued $123.9 million in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. The refunding resulted in legal defeasance and a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 2009, the unamortized deferred loss on refunding is $4.1 million. The hospital completed the advance refunding to reduce its total debt service payments over the subsequent 25 years by $6.0 million and to achieve an economic gain of $3.2 million.

In January 2007, the University of Colorado Hospital Authority issued $72.8 million in Refunding Revenue Bonds Series 2007A to partially refund Series 2001A bonds. The hospital completed the advance refunding in order to convert the 2001A fixed rate to a variable rate issuance. The remaining unamortized deferred loss and issuance costs of $8.8 million related to the 2001A defeasance is being charged to operations through Fiscal Year 2031-32.

In June 2008, the University of Colorado Hospital Authority issued $73.5 million in 2008B Revenue Bonds to fully refund the Series 2007A bonds. The proceeds from the bonds, which are variable rate bonds and have an initial interest rate of 1.5 percent, have been deposited in an escrow account. The bonds bear interest weekly and pay principal according to a sinking fund redemption schedule. The hospital advance refunded the 2007A bonds due to variable interest rate fluctuations driven by credit market instability and bond insurer rating downgrades.

NOTE 27 – POLLUTION REMEDIATION OBLIGATIONS

Primary Government

Various state agencies and institutions of higher education have pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Other Current Liabilities or Other Long-Term Liabilities on the government-wide and proprietary fund *Statement of Net Assets*, or the fund-level *Balance Sheet*, as required. The state reduced beginning net assets by $117.4 million related to pollution remediation obligations that existed prior to July 1, 2008. Additional information on these prior-period adjustments may be found in Note 28.

The state has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. A hazardous waste site becomes a Superfund site when it is placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the state's Department of Public Health and Environment (CDPHE).

The state's total amount of pollution remediation obligations as of June 30, 2009 is $130.0 million ($5.8 million of which is a current liability). Superfund sites account for approximately $124.6 million of this total. Other pollution obligations of the state include remediation activities related to asbestos abatement and removal, ground water contamination, and underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- CDPHE recorded a liability for remediation activities at the Summitville Mine of approximately $51.9 million related to the operation of a water treatment plant. Currently the department shares the cost of operating the water treatment plant, construction of a new treatment plant over the next three to four years, and the operating and maintenance costs of the new plant with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent state, 90 percent EPA. Beginning in calendar year 2023, the state will assume 100 percent of the operating costs of the new plant. Estimated construction costs are based on engineering designs and construction bids received by the state. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs. As of June 30, 2009, the state has received $11.5 million in recoveries from other responsible parties.
- CDPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $62.0 million related to a number of inactive precious metal mines that have caused contamination in surface water and soil in the basin. The liability includes remediation/site clean-up activities, projected post-remediation operating and monitoring costs, and the state operation of a water treatment plant beginning in Fiscal Year 2009-10. Currently the department shares these costs with the EPA in a cost-sharing ratio of 10 percent state, 90 percent EPA for 10 years, after which time the state assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.
- CDPHE recorded a liability for remediation activities at the Captain Jack Mill of approximately $5.4 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the state have agreed upon a remediation plan from a recently completed engineering study. The state will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-sharing ratio of 10 percent state, 90 percent EPA for the first 10 years, after which time the state assumes 100 percent of the costs. Plant construction cost estimates were based upon engineering designs and construction bids received by the state. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs. The state is currently investigating an experimental alternative that, if successful, would eliminate the need to construct the treatment plant.

NOTES 28 Through 29 – DETAILS OF NET ASSETS AND FUND EQUITY

NOTE 28 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

Primary Government

A. PRIOR PERIOD ADJUSTMENTS

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* decreased by $118,646,873 due to the following categories of adjustments:

- $117,380,228 due to the implementation of GASB Statement No. 49. The Department of Public Health and Environment recorded adjustments of $115,028,670 related to pollution remediation obligations existing prior to July 1, 2008. The Department of Corrections and the Department of Transportation also recorded adjustments of $590,258 and $1,761,300, respectively, related to pollution remediation obligations existing prior to July 1, 2008.
- $1,266,645 due to the Department of Military Affairs recording adjustments related to improper capitalization of expenses in prior years. The Department did not remove amounts from Construction in Progress when it recorded capital assets for certain projects between Fiscal Years 2004-05 and 2007-08. This adjustment did not affect any of the fund-level financial statements.

The beginning net assets of the Business-Type Activities on the government-wide *Statement of Activities* increased by $6,309,185 due to the following adjustments:

- $2,341,332 due to the capitalization of leasehold improvements at Metro State College. The leasehold improvements had been charged to expense in previous years and should have been capitalized instead. This adjustment also resulted in an increase of $2,341,332 in the Higher Education Institutions column on the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.
- $3,967,853 due to the reclassification of a long-term disability plan under GASB Statement No. 45 at Colorado State University. The plan had not been accounted for as an other postemployment benefits plan in prior years. This adjustment also resulted in an increase of $3,967,853 in the Higher Education Institutions column on the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.

The beginning fund balance of the General Fund in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances* decreased by $39,501 due to the movement of information technology net assets between the General Fund and an internal service fund. The adjustment resulted in an increase of $39,501 in the Telecommunications Fund on the *Combining Statement of Revenue, Expense, and Changes in Net Assets – Internal Service Funds.* The beginning fund balance of the General Fund increased by $1,502 due to the closure of a special revenue fund at the Department of Regulatory Agencies and the subsequent transfer into the General Fund.

The beginning fund balance of the Capital Projects Fund in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* decreased by $590,258 due to the implementation of GASB Statement No. 49 at the Department of Corrections.

The beginning fund balance of the Other Governmental Funds in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* decreased by $129,302 due to the implementation of GASB Statement No. 49 at the Department of Public Health and Environment. The beginning fund balance also decreased by $1,502 due to the closure of a special revenue fund at the Department of Regulatory Agencies and the subsequent transfer into the General Fund.

The beginning net assets of the Internal Service Fund column on the fund-level *Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds* increased by $29,903,318 due to the statewide consolidation of the Governor's Office of Information Technology. Information technology capital assets and digital trunk radio capital assets were transferred to the internal service fund from the General Fund in the amount of $39,501 and $29,863,817 that was previously only reported on the *Statement of Net Assets*.

The beginning net assets of the Pension and Benefit Trust column on the fund-level *Statement of Revenues, Expenses, and Changes in Fiduciary Net Assets – Fiduciary Funds* decreased by $4,893,152 due to the removal of annuity balances from the state's deferred compensation plan assets. The annuities had been purchased by plan members but were not plan assets and should not have been reflected on the plan's financial statements.

B. ACCOUNTING CHANGES

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* increased by $184,156,159 to reflect the reclassification of several Private Purpose Trust funds related to the holding of unclaimed property. The state may only report unclaimed and escheated property in a trust fund if the amounts represented are held in trust solely for potential claimants. However, the monies in these funds in excess of an amount reserved for payment of claims has been committed by the General Assembly to eventually fund other programs or used currently to prevent General Fund deficits. Therefore, while the funds are legally considered trust funds under statute, for financial statement purposes they have been reclassified as nonmajor Special Revenue funds. This change also resulted in an increase of $214,204,563 on the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* and a decrease of $184,156,159 on the *Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.*

NOTE 29 – FUND EQUITY

On the *Balance Sheet – Governmental Funds,* the Capital Projects Fund Reserve for Statutory Purposes includes the fund equity of the Corrections Expansion Reserve, a Special Capital Construction Fund used to account for Department of Corrections Certificates of Participation, and other minor funds that are allowed to retain fund balances in the Capital Projects Fund. The $128.0 million reserve for encumbrances represents construction commitments related to projects appropriated by the Legislature in the state's capital construction fund. Those appropriations are multi-year budgets (see Note RSI-1B) that are funded by various sources including general-purpose revenue, cash earnings by state agencies, and federal revenue. In most instances, the cash and federally funded resources that will support these appropriations have not yet been earned in the Capital Projects Fund. In years when the general-purpose revenue transferred into the fund is low the unreserved undesignated fund balance is reported as a deficit because of the unearned cash sources related to the encumbrances.

NOTE 30 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2009, were:

SELLER'S/LENDER'S RECEIVABLE	General Fund	Highway Users Tax	Capital Projects	State Education Fund
MAJOR FUNDS:				
General Fund	$ -	$ 311	$ -	$ 185
Public School	-	-	-	-
Highway Users	2,048	-	-	-
Capital Projects	-	135	-	-
Higher Education Institutions	5,901	573	476	-
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
Water Projects	-	-	130	-
Labor	417	-	-	-
Resource Extraction	97	-	-	-
Resource Management	-	9	-	-
Environment and Health Protection	-	34	-	-
Public School Capital Construction	-	-	-	-
Other Special Revenue	461	4	30	-
PERMANENT FUNDS:				
State Lands Trust Expendable	-	-	-	-
ENTERPRISE FUNDS:				
College Assist	-	-	-	-
Correctional Industries	7	-	577	-
Nursing Homes	1,748	-	-	-
INTERNAL SERVICE FUNDS:				
Central Services	-	-	-	-
General Government Computer Center	-	514	-	-
Capitol Complex	33	-	-	-
FIDUCIARY FUNDS:				
Group Benefit Plans	17,178	-	-	-
College Savings Plan	-	-	-	-
Other Fiduciary	-	-	-	-
TOTAL	$ 27,890	$ 1,580	$ 1,213	$ 185

Except for the Resource Extraction Fund receivable discussed below, all of the material receivables and related payables shown in the above schedule are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the state's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The Group Benefits Plan Fund receivable of $17.2 million from the General Fund primarily represents the health insurance benefits premium portion of payroll for services provided in the fiscal year that is required by statute to be paid in the next fiscal year.

(Amounts in Thousands)

BUYER'S/BORROWER'S PAYABLE

Higher Education Institutions	CollegeInvest	State Lottery	All Other Funds	Total
$ 419	$ 11	$ -	$ 10,932	$ 11,858
-	-	-	4,693	4,693
-	-	-	10,127	12,175
10,237	-	-	2,068	12,440
-	-	-	6,948	13,898
-	-	-	1,303	1,433
-	-	-	209	626
-	-	-	164,519	164,616
-	-	2,809	192	3,010
-	-	-	-	34
-	-	5,535	-	5,535
-	-	11,236	16,824	28,555
-	-	-	3,271	3,271
-	7,012	-	79	7,091
656	-	-	-	1,240
-	-	-	-	1,748
5	-	-	75	80
-	-	-	-	514
-	-	-	-	33
1,156	-	-	-	18,334
-	3,816	-	-	3,816
-	-	8,510	-	8,510
$ 12,473	$ 10,839	$ 28,090	$ 221,240	$ 303,510

The Resource Extraction Fund receivable of $164.5 million from All Other Funds was recorded by the Severance Tax Trust Fund. The Water Projects Fund, a nonmajor Special Revenue Fund, has statutory authority to make loans to local governments and special districts using the assets of the Severance Tax Trust Fund, a portion of the nonmajor Resource Extraction Fund. The loans have terms ranging from 10 to 30 years. However, the borrowing from the Severance Tax Trust Fund is on a revolving basis and will remain in place unless the statutory authority is changed.

The Other Special Revenue Fund receivable of $16.8 million from All Other Funds is primarily related to a $15.6 million receivable that the Travel and Tourism Promotion Fund has from the Limited Gaming Fund.

NOTE 31 – TRANSFERS BETWEEN FUNDS

Primary Government

Transfers between funds for the fiscal year ended June 30, 2009, were as follows:

TRANSFER-OUT FUND	General Fund	State Public School	Highway Users Tax	Capital Projects
MAJOR FUNDS:				
General Fund	$ -	$ 2,930,074	$ 29,003	$ 39,416
Public School	4,762	-	-	-
Highway Users	39,393	-	-	-
Capital Projects	-	-	28,904	-
State Education	602	-	-	-
Higher Education Institutions	3,568	-	-	245
CollegeInvest	42	-	-	-
Lottery	557	-	-	-
NONMAJOR FUNDS				
SPECIAL REVENUE FUNDS:				
Water Projects	71,728	-	-	-
Labor	173,025	-	-	1,033
Gaming	4,976	-	10,127	4,051
Tobacco Impact Mitigation	223,323	-	-	8,000
Resource Extraction	302,646	65,000	-	-
Resource Management	23,359	-	-	983
Environment and Health Protection	74,267	-	-	-
Public School Buildings	13	-	-	-
Unclaimed Property	120,178	-	-	-
Other Special Revenue	304,712	-	-	13,670
PERMANENT FUNDS:				
State Lands Trust Expendable	34	37,627	-	-
State Lands Trust Nonexpendable	-	-	-	-
Other Permanent Trust Nonexpendable	-	-	-	-
ENTERPRISE FUNDS:				
Wildlife	4,672	-	-	-
College Assist	100	-	-	-
Correctional Industries	373	-	-	-
Nursing Homes	896	-	-	-
Prison Canteens	68	-	-	51
Petroleum Storage	945	-	-	-
Other Enterprise	244	-	302	-
INTERNAL SERVICE FUNDS:				
Central Services	1,899	-	-	-
General Government Computer Center	2,103	-	-	-
Telecommunications	677	-	-	-
Capitol Complex	2,878	-	-	-
Administrative Hearings	239	-	-	-
Debt Collection	261	-	-	-
FIDUCIARY FUNDS:				
Deferred Compensation	29	-	-	-
Defined Contribution	11	-	-	-
Group Benefit Plans	170	-	-	-
Other Fiduciary	64	-	-	-
TOTAL	$ 1,362,814	$ 3,032,701	$ 68,336	$ 67,449

(Amounts in Thousands)

TRANSFER-IN FUND

State Education	Higher Education Institutions	CollegeInvest	All Other Funds	TOTAL
$ 121,411	$ 135,227	$ 162	$ 36,537	$ 3,291,830
-	-	-	33,757	38,519
-	-	-	169,243	208,636
-	8,751	-	32,710	70,365
-	3,880	-	691	5,173
-	-	-	-	3,813
-	8	-	-	50
-	-	-	65,337	65,894
-	-	-	365	72,093
-	-	-	200	174,258
-	-	-	16,579	35,733
-	17,997	60	66,673	316,053
-	14,747	-	68,378	450,771
-	-	-	75	24,417
-	-	-	-	74,267
-	-	-	-	13
-	-	-	172	120,350
-	-	-	3,540	321,922
-	98	-	36,164	73,923
-	704	-	5,062	5,766
-	-	-	22	22
-	-	-	296	4,968
-	-	-	-	100
-	-	-	-	373
-	-	-	-	896
-	-	-	-	119
-	-	-	-	945
-	-	-	-	546
-	-	-	-	1,899
-	-	-	-	2,103
-	-	-	-	677
-	-	-	355	3,233
-	-	-	-	239
-	-	-	-	261
-	-	-	-	29
-	-	-	-	11
-	-	-	-	170
-	-	-	-	64
$ 121,411	$ 181,412	$ 222	$ 536,156	$ 5,370,501

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the state's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund and into the State Public School Fund, the Highway Users Tax Fund, the Capital Projects Fund, and the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

However, in Fiscal Year 2008-09, the state experienced a significant shortfall in projected general revenues during the year. If legislative action had not been taken, the shortfall would have resulted in a deficit General Fund fund balance at June 30, 2009. Such a deficit would have been a constitutional violation.

On June 30, 2009, the state transferred $458.1 million from various cash funds to the General Fund to avoid such a deficit. This amount is included in nonroutine transfers discussed below.

In response to the fiscal stress caused by the shortfall, the Governor and the Legislature authorized significant nonroutine transfers totaling $815.3 million from various funds to augment the General Fund, including:

From various nonmajor Special Revenue funds –

- $118.3 million from the Unclaimed Property Fund
- $117.1 million from the Severance Tax Fund
- $110.0 million from the Base Account of the Severance Tax Trust Fund
- $99.8 million from the Tobacco Litigation Settlement Fund
- $70.3 million from the Water Conservation Construction Fund
- $69.5 million from the Major Medical Fund
- $31.2 million from the Higher Education Federal Mineral Lease Fund
- $30.0 million from the Employment Support Fund
- $30.0 million from the Hazardous Substances Response Fund
- $26.5 million from the Subsequent Injury Fund
- $21.3 million from the Operational Account of the Severance Tax Trust Fund
- $15.7 million from the Worker's Compensation Fund
- $15.2 million from the Mineral Leasing Fund
- $4.6 million from the Health Care Expansion Fund
- $4.4 million from the Short-Term Innovative Health Program Fund
- $26.5 million from 41 other nonmajor Special Revenue funds, where individual transfer amounts did not exceed $4.0 million

From various Internal Service funds –

- $1.0 million from Fleet Management
- $2.3 million from Capitol Complex

There was also $21.6 million of transfers from Risk Management funds to the General Fund that are not reported in the financial statements because both Risk Management and the state's General Fund are reported as part of the General Fund column in the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.*

In a separate appropriation refinancing, the legislature transferred $121.4 million out of the General Fund to the State Education Fund. Part of the transfer was then used by the State Education Fund to provide cash resources in the General Fund which reduced the use of general-purpose revenue.

In addition to the augmenting General Fund transfers, other individually significant routine transfers include the following:

The Highway Users Tax Fund transfer-out to the General Fund includes $26.2 million transferred to the Department of Revenue to support programs that generate Highway Users Tax Fund revenue.

The Highway Users Tax Fund transfer-out to All Other Funds includes $169.1 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation.

The Tobacco Impact Mitigation Fund transfers-out to the General Fund and All Other Funds includes $80.7 million and $47.3 million, respectively, in transfers to the Department of Health Care Policy and Financing for the purchase of medical services.

The Resource Extraction transfer-out to the State Public School Fund includes a $65.0 million transfer from the Mineral Leasing Fund.

The Resource Extraction transfer-out to All Other Funds includes $29.5 million in transfers from the Severance Tax Trust Fund to the Department of Natural Resources.

The Environment and Health Protection transfer-out to the General Fund includes $35.0 million in transfers to the Department of Health Care Policy and Financing primarily from the Health Care Services Fund ($12.9 million) and the Nurse Home Visitor Program ($16.4 million).

The Other Special Revenue transfer-out to the General Fund is comprised primarily of $219.2 million from the Sales and Use Tax Holding Fund (SUTHF). In fiscal years where the General Fund is unable to meet its statutory reserve requirements, transfers from the SUTHF, which previously funded the Highway Users Tax Fund, are diverted into the General Fund. Legislation passed in Fiscal Year 2008-09 diverts all future SUTHF transfers to the General Fund until at least Fiscal Year 2018-19.

Transfers from the Other Special Revenue to the General Fund funds also include approximately $61.6 million of legislatively mandated transfers to fund programs in agencies that operate primarily in the General Fund.

NOTE 32 – UNUSUAL OR INFREQUENT TRANSACTIONS

Primary Government

The government-wide *Statement of Activities* shows Special and/or Extraordinary Items that comprise the following.

The Department of Revenue determined that its CSTARS motor vehicle titling and registration system was inoperable. The department has declared the asset impaired and incurred a loss on impairment of $5.6 million. The event was an infrequent occurrence that was under the control of management (see Note 16).

NOTE 33 – DONOR RESTRICTED ENDOWMENTS

The state's donor restricted endowments exist solely in Higher Education Institutions. The policies of individual boards govern the spending of net appreciation on investments; there is no state law that governs endowment spending.

The University of Colorado reported net appreciation on endowment investments of $6.2 million that was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may be expended.

Colorado State University reported $77,397 of net appreciation on its donor-restricted endowments, and the full amount was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The President of the university authorizes the expenditure of investment income from endowment earnings, and the university's Board of Governors is notified of those expenditures.

Colorado State University reported ($3,084,269) of net negative appreciation on its donor-restricted endowments held by its foundation . The university reported a portion of the related net assets in Restricted for Permanent Funds and Endowments – Nonexpendable and a portion of the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds*. The pay out policy of the Colorado State University Foundation governs expenditure of these funds. The policy assumes a 10 percent return on investment, a 4 to 5 percent pay out, a management fee of 1 to 2 percent, and a return to principal sufficient to preserve the purchasing power of the endowment.

The University of Northern Colorado reported $311,240 of net appreciation on its donor-restricted endowments, and the full amount was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.*

NOTE 34 – PLEDGED REVENUE

Various Higher Education Institutions, the Highway Users Tax Fund, and CollegeInvest have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, construction of facilities and infrastructure, and to finance student loans. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2008-09, the following pledges were in place.

The Department of Transportation pledged $168.0 million of federal grants under agreement with the Federal Highway Administration and sales and use tax revenues that were diverted from the General Fund to the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes originally issued in Fiscal Year 1999-00 and having a final maturity date of Fiscal Year 2016-17. The debt was issued to finance the reconstruction of a portion of a major interstate highway through Denver and various other infrastructure projects in the state. The pledged revenue represents approximately 17.1 percent of the total revenue stream, and $1.31 billion of the pledge commitment remains outstanding.

CollegeInvest pledged $200.8 million of interest income, federal grant funds, other earned revenues, and student loan repayments to meet the current $41.1 million of debt service commitment on the agency's Student Loan Revenue Bonds, which are outstanding through December 2042. The purpose of the debt is to originate and purchase student loans. Annual principal and interest payments on the debt are expected to require 100 percent of the total revenue stream and a varying portion of the student loan repayments. There is $2.2 billion remaining of the pledge commitment on the debt.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1987-88 and highest maturity date of Fiscal Year 2039-40. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $506.5 million. Individually significant Higher Education Institution pledges include:

- $238.5 million pledged by the University of Colorado to secure $61.2 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was originally issued in Fiscal Year 1995-96 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 49.6 percent of the revenue stream, and $1.43 billion of the pledge commitment remains outstanding.
- $171.6 million pledged by Colorado State University to secure $22.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents approximately 100 percent of the total revenue stream, and $649.4 million of the pledge remains outstanding.
- $22.5 million pledged by the Colorado School of Mines to secure $5.0 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 78 percent of the total revenue stream, and $175.5 million of the pledge remains outstanding.
- $14.5 million pledged by the University of Northern Colorado to secure $8.6 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The related debt was originally issued in Fiscal Year 2000-01 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents 14.0 percent of the total gross tuition and auxiliary revenue streams; $253.6 million of the pledge remains outstanding.
- $9.4 million pledged by the Auraria Higher Education Center to secure $5.3 million of current principal and interest on debt issued to renovate the Student Union and to build parking structures. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2028-29. The pledged revenue represents approximately 64.8 percent of the total revenue stream, and $101.7 million of the pledge remains outstanding.
- $9.7 million pledged by Mesa State College to secure $3.5 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 46.9 percent of the total revenue stream, and $146.6 million of the pledge remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

(Amounts In Thousands)

AGENCY NAME	GROSS REVENUE	DIRECT OPERATING EXPENSE	AVAILABLE NET REVENUE	DEBT SERVICE REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
Department of Transportation	$ 980,992	$ 813,000	$ 167,992	$ 107,795	$ 60,197	$ 167,992
Higher Education Institutions	846,390	450,057	396,332	40,965	69,195	110,160
CollegeInvest	200,753	34,107	166,646	24,000	17,126	41,126
	$ 2,028,135	$ 1,297,164	$ 730,970	$ 172,760	$ 146,518	$ 319,278

NOTE 35 – SEGMENT INFORMATION

Primary Government

Segments are identifiable activities reported as or within an Enterprise Fund for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the following condensed financial information meet these requirements. The purpose of each of the state's segments aligns with the primary mission of the enterprise in which it is reported; therefore, none of the state's segments are separately reported on the government-wide *Statement of Activities.* The following paragraphs describe the state's segments.

CollegeInvest issues revenue bonds to originate and purchase student loans. The authority also operates a prepaid tuition program designed to keep pace with average tuition inflation in Colorado. Condensed financial information for CollegeInvest is not presented on the following page because it is a major Enterprise Fund, and full financial statements are included in the Basic Financial Statements.

Other Enterprise Funds' Segments:

The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo, Colorado.

Higher Education Institutions' Segments:

University Physicians Incorporated (UPI) is a not-for-profit entity that performs the billing, collection, and disbursement function for professional services provided by the University of Colorado Denver. UPI is also a component unit of the state that is blended into the Higher Education Institutions Enterprise Fund. In addition, UPI provides its services under contracts with the University of Colorado Hospital Authority (UCHA), a discretely presented component unit of the state.

The Auraria Higher Education Center's parking segment charges students, faculty, and staff fees for the use of parking lots and structures. The center's student facilities segment charges fees to students for use of its facilities.

The following page presents condensed financial information for the state's segments that are not presented as major funds.

CONDENSED STATEMENT OF NET ASSETS
JUNE 30, 2009

		UNIVERSITY OF COLORADO	AURARIA HIGHER EDUCATION CENTER	
(DOLLARS IN THOUSANDS)	STATE FAIR AUTHORITY	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
ASSETS:				
Current Assets	$ 1,656	$ 104,002	$ 5,154	$ 9,253
Other Assets	-	104,064	8,100	1,081
Capital Assets	11,305	9,274	38,372	34,835
Total Assets	12,961	217,340	51,626	45,169
LIABILITIES:				
Current Liabilities	706	26,250	4,140	4,636
Noncurrent Liabilities	126	18,151	31,664	31,485
Total Liabilities	832	44,401	35,804	36,121
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	11,305	5,760	3,832	4,158
Restricted for Permanent Endowments:				
Expendable	-	-	7,446	619
Other Restricted Net Assets	-	736	-	-
Unrestricted	824	166,443	4,544	4,271
Total Net Assets	$ 12,129	$ 172,939	$ 15,822	$ 9,048

CONDENSED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES :				
Tuition and Fees	$ -	$ -	$ -	$ 5,019
Sales of Goods and Services	6,833	340,165	8,828	23,042
Other	538	-	-	76
Total Operating Revenues	7,371	340,165	8,828	28,137
OPERATING EXPENSES:				
Depreciation	652	648	1,844	2,101
Other	9,425	327,104	5,134	22,627
Total Operating Expenses	10,077	327,752	6,978	24,728
OPERATING INCOME (LOSS)	(2,706)	12,413	1,850	3,409
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income	350	5,903	351	272
Gifts and Donations	545	-	-	-
Other Nonoperating Revenues	-	23,657	-	227
Debt Service	(76)	(407)	(1,588)	(1,409)
Other Nonoperating Expenses	-	(1,020)	(14)	-
Total Nonoperating Revenues(Expenses)	819	28,133	(1,251)	(910)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions and Additions to Endowments	890	-	-	168
Transfers-In	2,452	-	-	-
Transfers-Out	(107)	-	-	(2,943)
Total Contributions, Transfers, and Other	3,235	-	-	(2,775)
CHANGE IN NET ASSETS	1,348	40,546	599	(276)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING (Restated)	10,781	132,393	15,223	9,324
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 12,129	$ 172,939	$ 15,822	$ 9,048

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

NET CASH PROVIDED (USED) BY:				
Operating Activities	$ (1,862)	$ 21,889	$ 3,864	$ 4,547
Noncapital Financing Activities	2,345	(1,020)	-	-
Capital and Related Financing Activities	(1,056)	29,450	(2,531)	(2,490)
Investing Activities	351	(41,847)	79	165
NET INCREASE (DECR.) IN CASH AND POOLED CASH	(222)	8,472	1,412	2,222
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	1,585	37,693	3,542	6,079
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 1,363	$ 46,165	$ 4,954	$ 8,301

NOTE 36 – COMPONENT UNITS

The state reports eleven component units under the requirements of Governmental Accounting Standards Board (GASB) Statements No. 14 – The Financial Reporting Entity and No. 39 – Determining Whether Certain Organizations Are Component Units. All of the component units and foundations are considered major, except the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, the Renewable Energy Authority, and the Higher Education Competitive Research Authority. Financial statements for the major component units are presented in the Basic Financial Statements.

A. MAJOR COMPONENT UNITS

University Hospital is a nonsectarian, general acute care regional hospital, licensed for 410 beds with five outpatient primary care clinics, six specialty care clinics, and a home therapy unit operated by the University of Colorado Hospital Authority (UCHA). It includes the Anschutz Centers for Advanced Medicine, and is the teaching hospital of the University of Colorado Denver (UCD), a state institution of higher education. The hospital's mission is to advance healthcare for patients and their families through healing, discovery, and education. UCHA is exempt from federal income tax under Internal Revenue Code Section 115 (as a governmental entity) and under Section 501(a) as a not-for-profit entity.

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the state. The authority is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. The authority's primary revenue sources are investment income on bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and federal capitalization grants. The authority paid the state $6.1 million during 2008 for services provided by two state departments.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to solicit, receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income. In Fiscal Year 2008-09, it received $7.6 million of fund raising fee revenue from the University of Colorado under an annually renewable Agreement for Development Services. For the fiscal year ended June 30, 2009, the foundation distributed $63.2 million of gifts and income to or for the benefit of the University of Colorado.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. During Fiscal Year 2008-09, the foundation transferred $29.0 million to the university.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to promote the general welfare, development, growth, and well being of the University of Northern Colorado. The foundation accomplishes this mission through solicitation and acquisition of gifts, investing in and managing property, and furnishing funds, facilities, equipment, and services. During Fiscal Year 2008-09, the foundation granted $3.7 million to the university.

B. NONMAJOR COMPONENT UNITS

The Denver Metropolitan Major League Baseball Stadium District currently includes all or part of the seven counties in the Denver metro area. The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium. To accomplish this purpose, the state legislature authorized the district to levy a sales tax of one-tenth of one percent throughout the district for a period not to exceed 20 years. However, the district discontinued the sales tax levy on January 1, 2001, after it defeased all outstanding debt.

CoverColorado is a not-for-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Legislation enacted in 2001 authorized the CoverColorado board of directors to assess a special fee against insurers for the financial solvency of the program.

The Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the state and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority $50.0 million in insurance premium tax credits, which it subsequently sold to insurance companies. The VCA deferred the revenue related to sale and recognizes it as the insurance companies apply the credits over a ten-year period. The related revenue is reported as Gifts and Donations on the *Statement of Revenues, Expenses, and Changes in Net Assets - Component Units* to reflect the contribution of capital by the state.

In 2005, the authority created Colorado Fund 1, LP with a portion of the proceeds from the sale of premium tax credits. The VCA has committed to providing up to $21.8 million to Colorado Fund 1, LP thru June 2015 (unless otherwise terminated) for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agritechnology and medical device industries, and retail. The VCA anticipates the establishment of a second fund of approximately $25 million in 2010. As of December 31, 2008, the VCA has contributed approximately $13.0 million or 60 percent of its total funding commitment to Colorado Fund 1, LP.

The Renewable Energy Authority was created during the 2006 legislative session to direct the allocation of state matching funds for energy-related research funding from federal agencies and other public and private entities. The allocation of monies is directed by the Renewable Energy Collaboratory which comprises the U.S. Department of Energy's National Renewable Energy Laboratory, the Colorado School of Mines, Colorado State University, and the University of Colorado.

The enabling legislation allocated the authority $2.0 million in each of Fiscal Years 2005-06 through 2007-08 for this purpose. The authority has made commitments to provide matching funds to two collaboratory research centers totaling up to $5.3 million over three years; $1.3 million in matching funds had been disbursed as of December 31, 2008.

The Higher Education Competitive Research Authority was created during the 2007 legislative session to provide matching funds for inclusion in grant proposals made by higher education institutions for federally sponsored research projects. The authority received all of its funding for Fiscal Year 2008-09 through the Colorado Department of Higher Education. As of June 30, 2009, the authority has made commitments to provide matching funds for seven research proposals, four of which, totaling $5.2 million, are currently funded.

NOTE 37 – RELATED PARTIES AND ORGANIZATIONS

Primary Government

The Colorado State University - Pueblo Foundation was established to benefit the Colorado State University - Pueblo. The foundation transferred $2.1 million to the university during Fiscal Year 2008-09, owed the university $161,156, and was due $153,125 from the university at June 30, 2009.

The Adams State College Foundation provides scholarships and work-study grants to students, as well as providing program development grants to Adams State College. The foundation provided $1.2 million in scholarships and grants during Fiscal Year 2008-09.

The Mesa State College Foundation provides financial assistance to Mesa State College students and assists the college in serving educational needs. In Fiscal Year 2008-09, the foundation awarded $487,324 of scholarships directly to Mesa State College students, provided approximately $1.3 million in capital and operating support. In Fiscal Year 2008-09, the college entered into a lease-purchase agreement with the foundation for the acquisition of property. The term of the lease is 10 years at 3 percent, and the college owes the foundation $3.6 million under this agreement.

Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of Metropolitan State College of Denver. The foundation provided $1.9 million of funding to the college in Fiscal Year 2008-09. The foundation also reimbursed the college $230,161 for services provided by college employees in Fiscal Year 2008-09. At June 30, 2009, the foundation owed the college $266,423.

Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred $2.4 million to the college in Fiscal Years 2008-09.

Most of the state's community colleges have established foundations to assist in their educational missions. With the exception of Pueblo Community College and Pikes Peak Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000. The Pueblo Community College Foundation provided support to Pueblo Community College in the amount of $826,343 for scholarships, rental properties, construction, and discretionary funds. The Pikes Peak Community College Foundation provided support to Pikes Peak Community College in the amount of $664,953 for administrative, program and fund raising expenses.

The University of Colorado Foundation is the sole member of University Summit I, LLC (the LLC). The LLC was formed in October 2007 for the purpose of purchasing property adjacent to the University of Colorado at Colorado Springs campus. At June 30, 2009, the LLC no longer held property for the foundation.

The University of Northern Colorado Foundation is the sole member of the University of Northern Colorado Student Housing LLC I (the LLC). The LLC was formed in 2001 to construct and operate a student housing facility and pays rent to the university equal to its net available cash flow as defined in a ground lease with the university that terminates in 2047. Title to the student housing facility transfers to the university at the end of the ground lease or upon earlier retirement of the bond issue. The foundation is not obligated under the bonds issued to finance the LLC's student housing facility, however the university has guaranteed payment on these bonds. The bonds include provisions whereby the guarantee can be terminated. Management of the university believes provisions for termination of the guarantee have been met. At June 30, 2009, the LLC had capital assets of $14.0 million, other assets of $7.3 million, long-term debt of $23.5 million, and current liabilities of $1.0 million. The total liabilities of the foundation exceeded its total assets by $3.3 million. The LLC owed the university of Northern Colorado $449,062 for a working capital loan at June 30, 2009.

The Colorado School of Mines Building Corporation was established in 1976 to build a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation were $2.2 million at June 30, 2009.

The Colorado School of Mines Development Corporation was established in September 2001 as a separate corporation for the purpose of financing and building a general research building on the School of Mines campus. The net assets of the Development Corporation were $1.1 million June 30, 2009.

The Auraria Foundation was established to receive gifts, legacies, and grants of money and property for the purpose of benefiting the Auraria Higher Education Center (AHEC). The foundation provided support in the amount of $671,601 primarily for a new science building, and night/safety lighting. AHEC owed the foundation approximately $1.7 million as of June 30, 2009.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the state using funds it receives from the Colorado Lottery. During Fiscal Year 2008-09, the board funded $23.2 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2009, GOCO owed the Department of Natural Resources $6.2 million in unreimbursed expenditures.

Component Units

The University of Colorado Hospital Authority and the University of Colorado Denver (UCD) have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education approved the transfer of 186 acres of land (plus 41 additional acres) and buildings at the Anschutz Medical Campus to the University of Colorado. Various quitclaim deeds convey the property in an "as is" condition, without warranty, and include conditions subsequent that, if not met, provide for reverting the property to the U.S. Department of Education. In July 2004, the authority entered into a 98-year Amended and Restated Ground Lease agreement with a one-dollar annual fee. The original lease, entered into in 1998 for a period of 30 years, provided for approximately 18.4 acres of the property. The amended agreement increases the leased property to 45.5 acres, with an option for the authority to include an additional 7.0 acres, and provides for two renewals, up to 99 years each, for $100 per year. With certain exceptions, the Ground Lease states that the authority shall own all buildings or improvements, which it constructs on the property.

On January 14, 2005, the authority exercised its option to include the additional 7.0 acres and amended the lease to include the additional acreage on April 29, 2005. The authority used the 7.0 additional acres for the expansion of Anschutz Inpatient Pavilion and associated surface parking. During 2006, the authority began the design and development of an office building and parking structure on 4.2 acres of land adjacent to the Anschutz Inpatient Pavilion. In May 2006, the lease was again amended to add the additional 4.2 acres to the land currently leased to the authority.

Under an Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1991, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the hospital. The hospital paid approximately $30.3 million for these services in Fiscal Year 2008-09. Other contracts with the Regents for services that include clinic services, research projects, infrastructure expense, and other items resulted in payments by the University of Colorado Denver (UCD) to the hospital of approximately $2.1 million in Fiscal Year 2008-09. In total, the UCD paid the hospital $10.1 million in Fiscal Year 2008-09.

The hospital has contracted with University Physicians, Inc., a blended component unit of the state's Higher Education Institutions enterprise fund, to provide support for clinical services, patient services, and recruitment for expanded clinical access. The hospital passed through $6.7 million of government external funds and paid UPI an additional $45.4 million for services in Fiscal Year 2008-09.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately $3.3 million were billed to CRC for the cost of these services during Fiscal Year 2008-09. The amount due from University of Colorado Denver, including CRC, was $0.5 million at June 30, 2009.

The hospital entered certain provider and network management agreements with TriWest. TriWest was formed to deliver health care services to eligible beneficiaries of TriCare, formerly known as CHAMPUS – the Civilian Health and Medical Program of the Uniformed Services. On June 27, 1996, the U.S. Department of Defense awarded TriWest the TriCare contract for a five-year period that began April 1997. The contract was renewed and includes a transition period plus five one-year option periods for healthcare delivery beginning April 1, 2010. As part of the agreements, the hospital originally purchased a minority interest in TriWest for approximately $3.3 million.

In October 2007, the hospital sold 1,656.55 shares for approximately $18.1 million to TriWest, but retains an option to repurchase the shares at the exercise market value through October 2010, unless the option is terminated before that date. This investment is accounted for under the cost method, and the hospital received dividends of approximately $0.4 million in July 2009.

The hospital created University Hospital Home Therapies (UHHT) in February 1996. Chartwell Rocky Mountain LLP is a Colorado limited liability partnership between UHHT and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain LLP was formed to provide home infusion and respiratory services to alternate-site patients. UHHT and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain LLP.

The hospital and two other entities participate in Colorado Access, a Colorado nonprofit corporation that owns and operates a statewide HMO to provide services to medically underserved Coloradoans. There are no earning distribution agreements between Colorado Access and the hospital. In August 2001 the hospital entered into an agreement to loan Colorado Access $625,000. The principal and interest was originally due on or before August 24, 2004, but the hospital wrote down all of the accrued interest and $600,000 of the principal in 2006 due to uncertainty of repayment. Colorado Access is unable to specify a repayment timeline due to ongoing negotiations with the Colorado Division of Insurance regarding required levels of risk-based capital.

The Venture Capital Authority (VCA) has a Limited Partnership Agreement with Colorado Fund 1, LP and has selected High Country Venture, LLC, to serve as manager and general partner of the Fund. The partnership agreement allocates income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2008, VCA's investment in the fund totaled $12.5 million.

NOTE 38 – CONTINGENCIES

Primary Government

The Colorado Governmental Immunity Act sets upper limits on state liability at $150,000 per individual and $600,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. 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.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their constitutional rights, civil rights, inadequately compensated them for their property, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the state often files counterclaims. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners, mental health patients, nursing home patients, or the developmentally disabled. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services costs that are not subject to reasonable estimation.

The state is the defendant in lawsuits by employees accusing the state of various infractions of law or contract. These may include claims related to age and sex discrimination, sexual harassment, wrongful termination, contractual agreements for paying salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.71 billion, of the $10.85 billion outstanding balance of loans in repayment status. However, the probability of a material loss is remote, and the state's liability is capped at the net assets of the College Assist program of approximately $70.9 million.

At June 30, 2009, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $451.6 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the state to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds up to $15.0 million individually.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The state shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over $7.93 billion are outstanding. Of this amount, $6.23 billion is covered by private insurance.

The State of Kansas will likely seek injunctive relief against Colorado in relation to a potential suit against Colorado and Nebraska claiming violations of the Republican River Compact. Although the state hopes to reach a resolution with the State of Kansas prior to any suit being filed, the estimated potential damages range from $1.0 million to $10.0 million.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditure.

The Department of Health Care Policy and Financing may be responsible for between $6.0 million and $10.0 million of attorney's fees incurred by a class of Aid to Needy Disabled (AND) program clients. The state advanced the AND benefits to clients expected to win appeals to the federal government for Social Security benefits. The state was reimbursed for the AND benefits from the Social Security benefits awarded; however, the state did not reimburse the AND clients for the attorney's fees the clients incurred in pursuing the Social Security benefits. State statutes were subsequently changed to clarify that the state will not reimburse such attorney's fees. The state has prevailed in district court and the plaintiffs have appealed the decision.

The Department of Health Care Policy and Financing may be responsible for repaying the Centers for Medicare and Medicaid Services (CMS) between $2.8 million and $3.3 million for Mental Health Child Placement Agency services. The disallowed costs are due to the department inappropriately claiming federal financial participation for supplemental payments to Prepaid Inpatient Health Plans for mental health services provided to children in Child Placement Agencies. The department is appealing the amount of disallowed costs.

The Department of Health Care Policy and Financing may be responsible for repaying CMS approximately $75.2 million in federal matching funds paid to Rocky Mountain Health Plan HMO (RMHP) for benefits paid to Medicaid clients during Fiscal Years 05-06 through 08-09. The payments were made to RMHP without the federally required pre-payment claims review of each claim for which payment was made. The state is currently working with CMS to reach agreement on the encounter claim data process to be used to accomplish a review of the claims in question. If an acceptable process is not agreed upon and the actual review completed, CMS has stated that potential disallowance of these expenditures may occur. The department is working with CMS towards a resolution and assesses the probability of disallowance at 10 percent.

School districts, students, and parents in the state's San Luis Valley have filed suit against the state asserting that the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution. The plaintiffs seek to overturn the current funding system and ensure that additional capital facilities funding of $5.7 billion to $10.0 billion is provided. All claims were dismissed by the district court and the Colorado Court of Appeals. After the Colorado Court of Appeals decision, both the plaintiffs and the state petitioned the Colorado Supreme Court. The Supreme Court reversed the lower courts' ruling and remanded the case to district court for trial. Estimates of plaintiff attorney fees and costs currently exceed $1.0 million.

The state believes it has a good chance of prevailing in the actions discussed in this Note 38, but the ultimate outcome cannot presently be determined. No provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 39 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 14 and 15, 2009, the State of Colorado entered a lease purchase agreement under which a Trustee issued $39,030,000 of State of Colorado Tax Exempt Certificates of Participation Series 2009A (COPs) and $299,760,000 of State of Colorado Taxable Certificates of Participation Series 2009B. The COPs were issued at a net discount of $59,694 with the Series 2009A maturing in 2018 and the Series 2009B maturing in 2045. The COPs carried coupon rates ranging from 3.00 percent to 6.12 percent with a net interest cost of 4.24 percent.

The COPs proceeds will be used to fund the construction of a new Colorado History Center and a new Colorado Justice Center. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to a maximum of $23,998,000 per year. The legislation envisions the lease payments being made for the new history center out of State Historical Fund monies that are not reserved for preservation. Payments related to the Justice Center will be made out of the Justice Center Cash Fund, which will consist of certain dedicated civil court fees together with any rental payments received by the Justice Department from other state agencies occupying the new building. Finally, other monies may be appropriated by the General Assembly to make the lease payments.

On July 20, 2009, the State Treasurer issued $650.0 million of General Fund Tax Revenue Anticipation Notes Series 2009A. The notes are due and payable on June 25, 2010, at a coupon rate of 2.0 percent. The total interest related to this issuance will be $12.1 million. The notes are issued for cash management purposes.

On July 22, 2009, the State Treasurer issued $255.0 million of Education Loan Program Tax and Revenue Anticipation Notes (ETRAN) Series 2009A. The notes have coupon rates ranging from 1.5 to 2.0 percent, which will result in approximately $4.7 million of interest due at maturity. The notes mature on August 12, 2010, but the State Treasurer has established a Series 2009A Note Repayment Account that will be funded by June 28, 2010, in an amount adequate to fully defease the outstanding notes.

On August 12, 2009, the State of Colorado entered a lease purchase agreement under which a Trustee issued $87,145,000 of Build Excellent Schools Today (BEST) Series 2009A COPs. The COPs were issued as qualified school construction bonds and do not bear interest. The 2009A certificates include tax credit coupons that the investor may redeem or sell separately from the principal portion. Base rents under the lease are for principal only and are due annually beginning on March 15, 2010 with a final maturity of March 15, 2024.

The COPs proceeds will be used to build new elementary and high schools in the San Luis Valley. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to a maximum of $80,000,000 during Fiscal Year 2011-12 and future years. The state will contribute up to 50% of the specified limit with the remaining match paid by the school districts or by local Boards of Cooperative Educational Services.

On September 24, 2009, Mesa State College issued two series of bonds totaling $61.7 million. Proceeds from the $30.0 million of Series 2009B Build America Bonds will be used to finance the completion of work on the College Center and related facilities. The college's net interest rate after the U.S. Treasury rebate on the bonds is 3.77 percent with principal payments beginning in Fiscal Year 2032-33 and final maturity in Fiscal Year 2039-40. The college also issued $31.7 million of tax exempt refunding Series 2009A bonds to refinance the Series 2008 bonds issued in December 2008. The coupon rates on the refunding bonds range from 4.6 to 5.0 percent with principal payments beginning in Fiscal Year 2018-19 and final maturity in Fiscal Year 2032-33.

On November 5, 2009, the School of Mines issued three series of bonds totaling $68,415,000. Proceeds from Series 2009B, Taxable Institutional Enterprise Revenue Bonds, will be used to finance certain capital projects such as new student housing, a new student health center, and renovations to Weaver Towers. The proceeds from Series 2009C, Institutional Enterprise Revenue Refunding Bonds, will be used to current refund $14.4 million of Series 2008B bonds and pay for the termination payment to remove the swap on the entire series. The proceeds from Series 2009D, Institutional Enterprise Revenue Bonds, will be used to finance a portion of the construction for Marquez Hall, which will be the new home of Petroleum Engineering. The blended interest rate is anticipated to be 3.6 percent with the principal repayments of $1,245,000 beginning in Fiscal Year 2010-11 with final maturity in Fiscal Year 2038-39.

On November 17, 2009, Metro State College issued $55.2 million in Series 2009 bonds using taxable Recovery Zone Economic Development bonds. The college will use the bond proceeds to finance a student success building. The interest rate on the bonds ranges from 1.96 to 6.24 percent with the principal repayments beginning in Fiscal Year 2011-12 and final maturity in Fiscal Year 2039-40.

On December 17, 2009, the University of Colorado issued a series of University Enterprise Revenue Bonds. $76.7 million of tax-exempt Series 2009B1 bonds were issued at coupon rates ranging from 2.0 percent to 5.0 percent. Principle repayments of $1,800,000 begin in Fiscal Year

2009-10 with final maturity during Fiscal Year 2017-18. $138.1 million of Series 2009B2 Build America Bonds were issued at coupon rates ranging from 1.82 percent to 6.26 percent. Principle repayments of $7,220,000 begin in Fiscal Year 2018-19 with final maturity during Fiscal Year 2035-36. Both issuances will be used to fund capital improvements on the university's Denver and Boulder campuses.

On December 17, 2009, the state partially refunded its 2008 Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation (COPs). The state issued $35,905,000 in non-callable COPs with an average coupon rate of 4.71 percent and a true interest cost of 3.73 percent. The partial refunding created savings of $680,697 on a cash-basis and $601,468 on a present value basis when discounted at a yield of 3.81 percent. The purpose of the refunding was to move scheduled interest and principal payments from Fiscal Year 2009-10 and Fiscal Year 2010-11 into later fiscal years and to move one payment due in Fiscal Year 2027-28 to its earliest allowed call date of Fiscal Year 2018-19.

On December 17, 2009, the state refunded its University of Colorado at Denver Health Sciences Center Fitzsimmons Academic Projects COPs. The state acting by and through the University of Colorado Regents issued $23,110,000 in callable COPs with an average coupon rate of 4.37 percent and a true interest cost of 3.39 percent. The partial refunding created savings of $575,749 on a cash-basis and $235,939 on a present value basis when discounted at a yield of 3.55 percent. The purpose of the refunding was to move scheduled interest and principal payments from Fiscal Year 2009-10 and Fiscal Year 2010-11 into later fiscal years and to move one payment due in Fiscal Year 2025-26 to its earliest allowed call date of Fiscal Year 2015-16.

B. OTHER

Beginning on July 1, 2009, the administration of both the state’s defined contribution retirement plan and the deferred compensation plan (457) was transferred to the Public Employees Retirement Association (PERA). Existing plan members will become participants in the PERA administered plans. PERA is retaining Great West as the third-party administrator of the 457 plan. (See Note 20 for additional information regarding these retirement plans.)

During December 2008, CollegeInvest entered into a Master Loan Sale Agreement (MLSA) with the U.S. Department of Education (USDE). The MSLA allows CollegeInvest, at its discretion, to sell, or put, eligible loans to the USDE, whether or not those loans are currently collateral for borrowing from USDE. During August 2009, CollegeInvest notified the federal USDE of its intent to sell $267.9 million of student loans to the USDE under its Master Loan Sale Agreement. A portion of the sales proceeds will be used to pay off a debt to the USDE, while the remainder will be used to redeem bonds in the agency’s bond trusts. CollegeInvest has redeemed $127.0 million of its 2008 Series IA as of December 14, 2009. Between July 1, 2009 and December 14, 2009, CollegeInvest redeemed $62.3 million of outstanding bonds in its bond funds. $21.7 million of these bonds were redeemed below par, and as a result, CollegeInvest recognized a gain of $2.3 million. On December 17, 2009, CollegeInvest redeemed another $7.5 million in bonds under the indenture agreement.

On December 18, 2008, CollegeInvest and College Assist entered into a Revolving Financing Agreement (RFA). Under the RFA, CollegeInvest was allowed to borrow up to $30.0 million from College Assist. CollegeInvest agreed to pay interest on the unpaid average daily principal balance outstanding based on the interest rate calculated monthly and published by the State Treasurer. In June 2009, CollegeInvest and College Assist replaced the original RFA with a new RFA for the next school year. CollegeInvest can borrow up to $20 million under the new RFA through September 30, 2010. CollegeInvest drew $7.0 million in June 2009 and an additional $10.3 million in July 2009 under the new RFA.

Component Units

Subsequent to June 30, 2009, the University of Colorado Hospital Authority entered into a contract with EPIC Systems, Inc. for the purchase and installation of a comprehensive electronic medical record and billing system. The implementation of this system is expected to take five years and cost approximately $64.0 million.

On August 6, 2009, the Hospital legally refunded the 2006B Index Put bonds. The new issuance has a par amount of $51.8 million and a 20 year term which will expire on November 15, 2029. The principal payments will be based on a redemption schedule as defined in the bond document through November 2029 and interest rates range from 3.0 to 5.3 percent.

On September 8, 2009, the Hospital sold its fixed to floating swap agreement for $1.8 million. The Hospital had entered into this agreement to convert a portion of the Hospital’s fixed rate debt to floating rate obligations and elected to complete the sale based on advantageous market conditions.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 1,981,596	
Income Taxes			4,285,911	
Other Taxes			193,635	
Federal Grants and Contracts			19	
Sales and Services			269	
Interest Earnings			19,320	
Other Revenues			45,766	
Transfers-In			1,090,685	
TOTAL REVENUES AND TRANSFERS-IN			7,617,201	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 7,696	$ 7,223	6,783	$ 440
Corrections	676,821	641,848	637,628	4,220
Education	3,175,367	3,215,361	3,214,907	454
Governor	14,861	13,443	13,410	33
Health Care Policy and Financing	1,526,880	1,346,474	1,354,714	(8,240)
Higher Education	812,937	662,255	661,932	323
Human Services	691,578	685,419	686,402	(983)
Judicial Branch	327,716	326,961	326,959	2
Law	9,645	8,968	8,791	177
Legislative Branch	34,889	35,032	35,027	5
Local Affairs	12,778	12,321	12,229	92
Military and Veterans Affairs	5,854	5,685	5,531	154
Natural Resources	32,096	31,065	30,561	504
Personnel & Administration	7,522	5,836	5,658	178
Public Health and Environment	26,834	26,446	26,359	87
Public Safety	82,378	79,801	78,638	1,163
Regulatory Agencies	1,578	1,465	1,436	29
Revenue	198,158	196,507	194,368	2,139
Treasury	125,957	96,984	96,230	754
SUB-TOTAL OPERATING BUDGETS	7,771,545	7,399,094	7,397,563	1,531
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	710	1,962	733	1,229
Corrections	11,595	52,501	25,422	27,079
Education	-	1,581	385	1,196
Higher Education	17,619	164,852	114,751	50,101
Human Services	3,066	34,182	25,252	8,930
Military and Veterans Affairs	6,391	9,115	3,214	5,901
Personnel & Administration	3,530	19,657	11,482	8,175
Public Health and Environment	184	1,400	1,399	1
Public Safety	-	8,788	3,554	5,234
Revenue	7,445	25,247	8,138	17,109
Transportation	-	28,950	28,904	46
Treasury	-	26,649	26,649	-
Budgets/Transfers Not Booked by Department	74,216	74,216	74,222	(6)
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	124,756	449,100	324,105	124,995
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 7,896,301	$ 7,848,194	7,721,668	$ 126,526
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (104,467)	

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSETS - BUDGETARY BASIS BUDGET AND ACTUAL - CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 947,501	
Income Taxes			339,900	
Other Taxes			927,729	
Tuition and Fees			1,759,440	
Sales and Services			1,167,215	
Interest Earnings			(203,615)	
Other Revenues			2,545,598	
Transfers-In			5,575,306	
TOTAL REVENUES AND TRANSFERS-IN			13,059,074	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 28,880	$ 29,171	25,287	$ 3,884
Corrections	90,135	91,053	77,355	13,698
Education	3,718,884	3,716,835	3,652,896	63,939
Governor	102,927	154,326	98,472	55,854
Health Care Policy and Financing	549,550	547,859	521,548	26,311
Higher Education	3,149,845	3,004,166	2,670,945	333,221
Human Services	731,492	361,192	339,297	21,895
Judicial Branch	171,800	169,909	162,708	7,201
Labor and Employment	1,264,065	1,093,823	1,048,856	44,967
Law	38,174	41,450	36,050	5,400
Legislative Branch	3,397	3,427	2,439	988
Local Affairs	665,303	660,787	421,439	239,348
Military and Veterans Affairs	4,503	3,508	1,534	1,974
Natural Resources	806,314	721,878	504,469	217,409
Personnel & Administration	792,474	752,546	482,997	269,549
Public Health and Environment	271,177	313,821	243,711	70,110
Public Safety	140,266	137,744	124,583	13,161
Regulatory Agencies	78,373	77,637	74,552	3,085
Revenue	750,904	816,850	663,850	153,000
State	32,165	31,381	20,550	10,831
Transportation	288,311	288,006	250,727	37,279
Treasury	2,338,424	2,332,955	1,966,015	366,940
SUB-TOTAL OPERATING BUDGETS	16,017,363	15,350,324	13,390,280	1,960,044
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	801	280	521
Corrections	111,600	103,332	80,533	22,799
Governor	3,034	7,021	1,979	5,042
Higher Education	133,860	517,407	185,270	332,137
Human Services	294	544	127	417
Labor and Employment	36,383	39,423	28,656	10,767
Military and Veterans Affairs	(437)	1	32	(31)
Natural Resources	58,359	83,293	20,447	62,846
Personnel & Administration	4,513	4,513	4,005	508
Public Health and Environment	16,846	12,423	3,144	9,279
Public Safety	1,218	1,218	-	1,218
Revenue	2,940	10,476	2,336	8,140
Transportation	2,208,691	1,869,482	913,005	956,477
Treasury	16,653	-	-	-
Budgets/Transfers Not Booked by Department	8,258	8,258	7,061	1,197
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,602,212	2,658,192	1,246,875	1,411,317
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 18,619,575	$ 18,008,516	14,637,155	$ 3,371,361
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (1,578,081)	

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSET - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 6,340,390	
TOTAL REVENUES AND TRANSFERS-IN			6,340,390	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,992	$ 13,233	6,956	$ 6,277
Corrections	8,523	33,169	31,693	1,476
Education	497,653	842,129	534,539	307,590
Governor	32,861	666,331	232,955	433,376
Health Care Policy and Financing	1,828,066	2,162,837	2,176,102	(13,265)
Higher Education	20,993	735,090	658,770	76,320
Human Services	668,526	1,419,453	1,190,518	228,935
Judicial Branch	2,290	7,127	4,681	2,446
Labor and Employment	429,901	753,145	476,004	277,141
Law	1,157	1,242	1,102	140
Local Affairs	54,891	154,261	59,285	94,976
Military and Veterans Affairs	205,626	21,893	12,146	9,747
Natural Resources	22,608	61,983	34,658	27,325
Personnel & Administration	121	167	53	114
Public Health and Environment	234,142	339,166	233,843	105,323
Public Safety	26,499	72,375	28,225	44,150
Regulatory Agencies	1,318	2,743	1,670	1,073
Revenue	1,472	10,389	2,459	7,930
State	-	6,911	6,551	360
Transportation	849,457	1,218,421	509,881	708,540
Treasury	-	244,843	244,716	127
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	4,890,096	8,766,908	6,446,807	2,320,101
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 4,890,096	$ 8,766,908	6,446,807	$ 2,320,101
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (106,417)	

The notes to the required supplementary information are an integral part of this schedule.

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES					
	GENERAL	PUBLIC SCHOOL	HIGHWAY USERS TAX	CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:						
Revenues and Transfers-In:						
General	$ 7,559,823	$ -	$ -	$ 57,378	$ -	$ -
Cash	923,260	3,039,777	1,590,814	192,758	475,709	2,835,574
Federal	4,616,353	-	509,625	9,813	-	397,079
Sub-Total Revenues and Transfers-In	13,099,436	3,039,777	2,100,439	259,949	475,709	3,232,653
Expenditures/Expenses and Transfers-Out						
General Funded	7,465,925	-	-	255,743	-	-
Cash Funded	929,416	3,038,328	1,902,851	268,622	494,003	3,370,503
Federally Funded	4,617,271	-	509,625	9,824	-	407,850
Expenditures/Expenses and Transfers-Out	13,012,612	3,038,328	2,412,476	534,189	494,003	3,778,353
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	86,824	1,449	(312,037)	(274,240)	(18,294)	(545,700)
BUDGETARY BASIS ADJUSTMENTS:						
Increase/(Decrease) for Unrealized Gains/Losses	7,301	-	9,926	3,107	3,510	34,926
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-	-	137,813
Increase/(Decrease) for GAAP Expenditures Not Budgeted	363,820	-	88,725	158,895	-	72,820
Increase/(Decrease) for GAAP Revenue Adjustments	(329,887)	-	-	(159,320)	-	(69,988)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	128,058	1,449	(213,386)	(271,558)	(14,784)	(370,129)
GAAP BASIS FUND BALANCES/NET ASSETS:						
FUND BALANCE/NET ASSETS, JULY 1	207,413	22,716	1,517,186	501,852	353,149	2,709,701
Prior Period Adjustments (See Note 28)	(38)	-	-	(590)	-	(131)
Accounting Changes (See Note 28)	-	-	-	-	-	214,205
FUND BALANCE/NET ASSETS, JUNE 30	$ 335,433	$ 24,165	$ 1,303,800	$ 229,704	$ 338,365	$ 2,553,646

The notes to the required supplementary information are an integral part of this schedule.

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,617,201
1,918,686	391,018	70,385	502,605	304,313	132,818	681,357	13,059,074
16,958	375,858	390	-	413,950	33	331	6,340,390
1,935,644	766,876	70,775	502,605	718,263	132,851	681,688	27,016,665
-	-	-	-	-	-	-	7,721,668
1,901,723	766,104	79,345	502,818	309,409	126,677	947,356	14,637,155
121,471	367,540	-	-	413,193	33	-	6,446,807
2,023,194	1,133,644	79,345	502,818	722,602	126,710	947,356	28,805,630
(87,550)	(366,768)	(8,570)	(213)	(4,339)	6,141	(265,668)	(1,788,965)
2,851	-	2,062	337	1,658	53	(136,769)	(71,038)
-	-	-	2,408	24,199	1,319	-	165,739
92,072	(5,781)	631	(231)	(10,437)	(9,276)	6	751,244
-	-	-	-	(154)	-	-	(559,349)
104,538	-	-	-	-	-	-	104,538
111,911	(372,549)	(5,877)	2,301	10,927	(1,763)	(402,431)	(1,397,831)
3,765,994	765,533	185,215	2,613	407,735	22,950	3,796,228	14,258,285
6,309	-	-	-	-	29,904	(4,893)	30,561
-	-	-	-	-	-	(184,154)	30,051
$ 3,884,214	$ 392,984	$ 179,338	$ 4,914	$ 418,662	$ 51,091	$ 3,204,750	$ 12,921,066

GENERAL FUND

The General Fund is the principal operating fund of the state. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The General Fund Surplus is a statutorily defined amount that varies from the Unreserved – Undesignated Fund Balance on the *Balance Sheet – Governmental Funds* by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A). The schedule on the following page is presented to document compliance with the constitutional requirement for a positive General Fund Surplus on the budgetary basis. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* in several ways as discussed below.

For the purpose of reporting in accordance with Generally Accepted Accounting Principles (GAAP), risk management activities are reported as part of the General Fund and represented on the *Balance Sheet – Governmental Funds* as "Reserved for Risk Management". For budgetary reporting purposes (including the following schedule), risk management activities are considered a cash fund (see Note RSI-1) and are not included in the General Fund.

After all legal and GAAP reserves are taken into consideration, the balance of net assets in the General Fund is represented on the *Balance Sheet – Governmental Funds* as "Fund Balances: Unreserved, Reported in: General Fund". When it is positive, the unreserved undesignated fund balance represents cumulative general-purpose and augmenting revenues in excess of expenditures. General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent earned revenues that were greater than the related appropriation for specific cash-funded expenditures in the General Fund. These revenues in excess of the related expenditures become part of unreserved undesignated fund balance.

In order to identify the General Fund Surplus, encumbrances of the prior year are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year are considered expenditures and are added to the actual expenditures column.

In order to properly state the amounts reverted, restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule.

On June 30, 2009, the state transferred $458.1 million from various cash funds to the General Fund to prevent a constitutional violation related to expenditures in excess of available resources (beginning fund balance plus current year general-purpose revenues). Because the ending General Fund Surplus could not be known at that date, the legislatively authorized Governor's Executive Order specified a year-end transfer amount large enough to ensure a positive fund balance. Without this year-end transfer, the ending General Fund Surplus would have been a deficit of $14.3 million.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 2,169,900	$ 2,112,600	$ 1,890,013		
Other Excise Taxes	99,300	92,900	91,583		
Individual Income Tax, net	4,840,400	3,984,100	4,020,696		
Corporate Income Tax, net	455,000	253,800	265,214		
Estate Tax	500	-	24		
Insurance Tax	196,200	191,700	192,413		
Parimutuel, Courts, and Other	43,800	41,900	56,107		
Investment Income	29,800	7,900	9,364		
Gaming	-	4,100	-		
TOTAL GENERAL PURPOSE REVENUES	7,834,900	6,689,000	6,525,414		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	7,696	7,223	6,783	$ 440	$ 133
Corrections	676,603	642,348	634,781	7,567	(111)
Education	3,175,366	3,215,361	3,214,929	432	894
Governor	14,852	13,443	13,410	33	15
Health Care Policy and Financing	1,528,108	1,564,828	1,351,963	212,865	3,985
Higher Education	812,837	661,974	661,974	-	122
Human Services	684,028	678,788	675,662	3,126	977
Judicial Branch	327,682	327,080	326,960	120	56
Labor and Employment	-	-	-	-	7
Law	9,564	8,855	8,678	177	43
Legislative Branch	35,857	34,889	34,884	5	223
Local Affairs	12,678	12,353	12,229	124	95
Military and Veterans Affairs	5,854	5,686	5,542	144	-
Natural Resources	32,096	31,057	30,565	492	13
Personnel & Administration	7,522	5,785	5,609	176	415
Public Health and Environment	26,804	26,586	26,358	228	94
Public Safety	81,912	79,735	78,621	1,114	454
Regulatory Agencies	1,429	1,466	1,436	30	43
Revenue	110,232	185,830	184,139	1,691	59
State	-	-	-	-	53
Treasury	122,009	96,984	96,230	754	31
TOTAL ACTUAL BUDGET AND EXPENDITURES	7,673,129	7,600,271	7,370,753	$ 229,518	$ 7,601
Variance Between Actual and Estimated Budgets	(138,591)	(210,183)	-		
TOTAL ESTIMATED BUDGET	7,534,538	7,390,088	7,370,753		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	300,362	(701,088)	(845,339)		
EXCESS AUGMENTING REVENUES			7,601		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	-	601,600	815,254		
Transfer-In From the Sales and Use Tax Holding Fund	-	-	219,155		
Other Net Transfers To/(From) the General Fund	-	(10,900)	(10,281)		
Transfer-Out to Capital Projects - General Fund	(25,800)	(15,900)	(15,914)		
Transfer-Out to Capital Projects - General Fund-Exempt Account	-	(9,000)	(9,000)		
Excess Beginning Reserve Transferred to the Highway and Capital Projects Funds	(99,900)	(43,500)	(43,447)		
TOTAL TRANSFERS	(125,700)	522,300	955,767		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES			118,029		
BEGINNING GENERAL FUND SURPLUS	99,900	43,500	43,447		
GAAP Revenues/(Expenditures) Not Budgeted			(1,188)		
(Increase)/Decrease in Long-Term Asset Reserve			6		
Budgeted Decrease (Increase) in Statutory 4 Percent Reserve Requirement	(17,300)	135,288	135,300		
Prior Period Adjustment			(38)		
ENDING GENERAL FUND SURPLUS	257,262	(0)	295,556		
RECONCILIATION TO GAAP UNRESERVED FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2008-09 for Budget			(144,547)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2008-09 for Budget			(89,623)		
GAAP Revenues Related to Deferred Payroll and Medicaid Expenditures			94,050		
GAAP Basis - Shortfall in Statutory Reserve			-		
ENDING GAAP UNRESERVED FUND BALANCE			$ 155,436		

The notes to the required supplementary information are an integral part of this schedule.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1. BUDGETARY INFORMATION

A. BUDGETARY BASIS

The three budget-to-actual schedules show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (see pages 150 to 152). These schedules are presented in the budgetary fund structure discussed below. Higher Education Institution funds, with the exception of the amounts included in the Long Appropriations Act as limitations on the earning of certain cash revenues, are excluded from these schedules.

The budgetary fund types used by the state differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all financial resources received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in significant duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Act, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year-end unless executive action is taken to rollforward all or part of the remaining unspent budget authority. General-funded appropriations that meet the strict criteria for rollforward are reported in the *Balance Sheet – Governmental Funds* as "Reserved for Encumbrances". Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the state agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures of like purpose. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and estimates of statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded if no General Fund matching funds are required, supplemental appropriations of the Legislature, statutorily authorized appropriations, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. If earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 8A.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the Office of the State Controller.

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (see page 154) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 150 to 152) relate to the change in fund balances/net assets for the funds presented in the fund level statements (see pages 50 to 67).

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense and depreciation, are not budgeted by the General Assembly. In addition, General Fund payroll disbursements for employee time worked in June, Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30, are excluded from the budget and from budget basis expenditures. These expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted”. Some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments”.

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The state uses encumbrance accounting as an extension of formal budget implementation in most funds except certain Fiduciary Funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2. ROADWAY INFRASTRUCTURE REPORTED UNDER THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, the state has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the modified approach, the state expenses most maintenance and preservation costs and does not report depreciation expense for infrastructure.

The state capitalizes costs related to new construction and major replacements or improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach. Colorado applies the modified approach only to roadway infrastructure owned and/or maintained by the Colorado Department of Transportation, including infrastructure acquired prior to Fiscal Year 1980-81. Assets accounted for under the modified approach include approximately 22,520 lane miles of roads for which the state has maintenance responsibilities. Lane mile statistics are developed and reported annually in June for the previous calendar year.

To use the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount necessary to maintain and preserve the assets at the condition level established and disclosed by the state.
- Document that the assets are being preserved approximately at or above the established condition level.

Measurement Scale

The Colorado Department of Transportation (CDOT) uses Remaining Service Life (RSL) to determine the condition of roadway pavements. In use since 1998, the RSL is a representation, in years, of functional and structural performance of the roadway pavement. CDOT has defined RSL into three conditions as follows:

Condition	Bituminous Surface	Concrete Surface
11 or more years = Good	No distress or some indication of initial distress, but no appreciable maintenance is required. Distress items include low or a small amount of moderate severity cracking such as transverse, longitudinal, or fatigue. Slight rutting in the wheel paths.	No distress or some indication of initial distress, but no appreciable maintenance is required. Distress items include low or a small amount of moderate severity cracking such as transverse or longitudinal or slight corner breaks.
6 to 10 years = Fair	Initial distresses are apparent requiring maintenance. Distress items include moderate and some high severity cracking such as transverse, longitudinal, or fatigue. Moderate rutting in the wheel paths.	Initial distresses are apparent requiring sealing. Distress items include moderate and some high severity cracking such as transverse or longitudinal or moderate corner breaks.
0 to 5 years = Poor	Excessive distresses requiring high maintenance, major rehabilitation, or reconstruction treatments. Distress items include a large amount of moderate to high severity cracking such as transverse, longitudinal, or fatigue. Moderate to severe rutting in the wheel paths.	Excessive distresses requiring high maintenance, major rehabilitation, or reconstruction. Distress items include a large amount of moderate to high severity transverse or longitudinal cracking or moderate to severe corner breaks.

Established Condition Level

The expected condition level for roadway is that 60 percent of roadways will be in the good and fair categories.

Assessed Conditions

Condition levels are assessed on a fiscal year basis. The following table reports the percentage of pavements meeting the "Good/Fair" condition for the past seven years.

Rating	2008	2007	2006	2005	2004	2003
Good/Fair	53%	59%	63%	65%	61%	58%
Poor	47%	41%	37%	35%	39%	42%

Budgeted and Estimated Costs to Maintain

The Department of Transportation has an established process for reporting the estimated cost to maintain infrastructure assets at the established condition level that includes annually updated twenty-year projections. Prior to Fiscal Year 2006-07, the department did not report the projections in the Required Supplementary Information (RSI). Instead, the department reported budgeted amounts as a surrogate for the cost to maintain. Because of the multiple year nature of the infrastructure budgets, it was determined that the department's projections of costs are a better basis for the comparison of estimated and actual costs to maintain. Beginning in Fiscal Year 2006-07 and for future fiscal years, the department reports the estimated versus actual cost to maintain as follows:

	(Amounts in Millions)		
Fiscal Year	Projected Cost	Budgeted Cost	Actual Spending
2008-09	$400.0	N/A	$358.4
2007-08	$894.6	N/A	$332.7
2006-07	$734.2	N/A	$380.4
2005-06	Not Available	$210.9	$460.6
2004-05	Not Available	$138.0	$274.6
2003-04	Not Available	$554.1	$529.9
2002-03	Not Available	$631.0	$1,457.1

The Department reported $128.9 million of construction in progress additions in Fiscal Year 2008-09, a portion of which will be capitalized as infrastructure in future years.

NOTE RSI-3. SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

As required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the state's Schedule of Funding Progress for its other postemployment benefit plans. Under the standard, the state must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations.

Since the state has elected to implement Statement No. 45 prospectively beginning in Fiscal Year 2008, only two years of data is available and disclosed. When future year information becomes available, it will be added to the schedule below. See Note 19 on page 109 for additional information regarding the plans listed in the schedule.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] ((b-a)/c)
University of Colorado:							
2008-09	7/1/2008	-	$ 196,714,735	$ 196,714,735	0.0%	$ 898,898,961	21.9%
2007-08	7/1/2007	-	$ 195,972,332	$ 195,972,332	0.0%	$ 831,242,265	23.6%
Colorado State University:							
RMPR							
2008-09	1/1/2009	-	$ 25,187,719	$ 25,187,719	0.0%	$ 238,826,606	10.5%
2007-08	1/1/2007	-	$ 22,079,791	$ 22,079,791	0.0%	$ 199,793,625	11.1%
RMPS							
2008-09	1/1/2009	-	$ 54,271,314	$ 54,271,314	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 54,012,423	$ 54,012,423	0.0%	N/A	N/A
URX							
2008-09	1/1/2009	-	$ 2,899,120	$ 2,899,120	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 4,267,306	$ 4,267,306	0.0%	N/A	N/A
LTD							
2008-09	1/1/2009	-	$ 12,218,851	$ 12,218,851	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 10,209,899	$ 10,209,899	0.0%	N/A	N/A

[1] – Neither the CSU-RMPS, CSU-URX, nor the CSU-LTD plans' contributions are based on salaries or covered payroll.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 1,217,911	$ -	$ -	$ 1,217,911
Taxes Receivable, net	86,711	-	-	86,711
Other Receivables, net	84,945	-	9,998	94,943
Due From Other Governments	9,388	340	-	9,728
Due From Other Funds	203,809	-	3,271	207,080
Inventories	356	-	-	356
Prepaids, Advances, and Deferred Charges	12,537	-	-	12,537
Restricted Cash and Pooled Cash	234,592	218	58,273	293,083
Restricted Investments	71,371	-	569,649	641,020
Restricted Receivables	11,597	-	-	11,597
Investments	95,944	-	-	95,944
Other Long-Term Assets	405,995	-	3,925	409,920
Land and Nondepreciable Infrastructure	81	-	18,359	18,440
TOTAL ASSETS	$ 2,435,237	$ 558	$ 663,475	$ 3,099,270
LIABILITIES:				
Tax Refunds Payable	$ 8,714	$ -	$ -	$ 8,714
Accounts Payable and Accrued Liabilities	106,901	-	1	106,902
Due To Other Governments	116,409	-	5	116,414
Due To Other Funds	212,264	-	7,996	220,260
Deferred Revenue	85,163	-	4,907	90,070
Claims and Judgments Payable	73	-	-	73
Other Current Liabilities	3,182	-	-	3,182
Deposits Held In Custody For Others	9	-	-	9
TOTAL LIABILITIES	532,715	-	12,909	545,624
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	470,767	-	22,284	493,051
Debt Service	-	558	-	558
Emergencies	93,550	-	-	93,550
Funds Reported as Restricted	197,238	-	596,907	794,145
Unreserved Undesignated, Reported in:				
Nonmajor Special Revenue Funds	1,117,248	-	-	1,117,248
Nonmajor Permanent Funds	-	-	8,500	8,500
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Nonmajor Special Revenue Funds	23,719	-	-	23,719
Reported in Nonmajor Permanent Funds	-	-	22,875	22,875
TOTAL FUND BALANCES	1,902,522	558	650,566	2,553,646
TOTAL LIABILITIES AND FUND BALANCES	$ 2,435,237	$ 558	$ 663,475	$ 3,099,270

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 248,011	$ -	$ -	$ 248,011
Excise	159,637	-	-	159,637
Other Taxes	480,768	-	-	480,768
Licenses, Permits, and Fines	383,504	-	-	383,504
Charges for Goods and Services	87,743	-	72	87,815
Rents	6,951	-	77,103	84,054
Investment Income (Loss)	93,352	-	52,477	145,829
Federal Grants and Contracts	396,448	-	-	396,448
Unclaimed Property Receipts	58,158	-	-	58,158
Other	31,819	-	22	31,841
TOTAL REVENUES	1,946,391	-	129,674	2,076,065
EXPENDITURES:				
Current:				
General Government	74,693	-	1	74,694
Business, Community, and Consumer Affairs	175,778	-	-	175,778
Education	28,186	-	-	28,186
Health and Rehabilitation	102,181	-	-	102,181
Justice	23,525	-	-	23,525
Natural Resources	58,486	-	108	58,594
Social Assistance	180,176	-	-	180,176
Transportation	1,365	-	-	1,365
Capital Outlay	9,754	-	-	9,754
Intergovernmental:				
Cities	158,857	-	-	158,857
Counties	157,689	-	18	157,707
School Districts	75,033	-	-	75,033
Special Districts	37,621	-	-	37,621
Federal	2,733	-	-	2,733
Other	41,865	-	-	41,865
Debt Service	75	174,802	-	174,877
TOTAL EXPENDITURES	1,128,017	174,802	127	1,302,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	818,374	(174,802)	129,547	773,119
OTHER FINANCING SOURCES (USES):				
Transfers-In	351,077	174,802	172	526,051
Transfers-Out	(1,589,877)	-	(79,711)	(1,669,588)
Capital Lease Proceeds	214	-	-	214
Insurance Recoveries	75	-	-	75
TOTAL OTHER FINANCING SOURCES (USES)	(1,238,511)	174,802	(79,539)	(1,143,248)
NET CHANGE IN FUND BALANCES	(420,137)	-	50,008	(370,129)
FUND BALANCE, FISCAL YEAR BEGINNING	2,108,585	558	600,558	2,709,701
Prior Period Adjustment (See Note 28)	(131)	-	-	(131)
Accounting Changes (See Note 28)	214,205	-	-	214,205
FUND BALANCE, FISCAL YEAR END	$ 1,902,522	$ 558	$ 650,566	$ 2,553,646

SPECIAL REVENUE FUNDS

WATER PROJECTS	This fund accounts for construction loans made to local governments and special districts to enhance the water resources of the state.
LABOR	This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the state. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
TOBACCO IMPACT MITIGATION	This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional state tax on cigarettes and tobacco products approved by state voters in the 2004 general election and the expenditure of those tax revenues.
RESOURCE EXTRACTION	This fund accounts for receipts from severance taxes, mineral leasing, and fees associated with regulation of mining activities. Expenditures include distributions to local governments and regulatory costs. Prior to Fiscal Year 2006-07, these activities were primarily reported as Other Special Revenue Funds.
RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas, parks, and outdoor recreation resources of the state. Most of the related programs are managed by the Colorado Department of Natural Resources. Prior to Fiscal Year 2006-07, these activities were primarily reported as Other Special Revenue Funds.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado. Prior to Fiscal Year 2006-07, these activities were primarily reported as Other Special Revenue Funds.

PUBLIC SCHOOL BUILDINGS	This fund category represents a collection of funds created to support improvements or additions to public school buildings. Prior to Fiscal year 2007-08, these activities were primarily reported as Other Special Revenue Funds.
UNCLAIMED PROPERTY	This fund primarily comprises the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the state when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity, and the fund records a liability to claimants for the amount ultimately expected to be claimed and paid. Prior to Fiscal Year 2008-09, these activities were reported as a Private Purpose Trust Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of 278 individual active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types. (See page 212 for a detail listing of these funds that have net assets in excess of $150,000.)

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR	GAMING	TOBACCO IMPACT MITIGATION
ASSETS:				
Cash and Pooled Cash	$ 52,451	$ 23,502	$ 136,017	$ 28,663
Taxes Receivable, net	-	24,735	10,116	-
Other Receivables, net	13,388	1,230	25	50,101
Due From Other Governments	548	-	-	28
Due From Other Funds	1,433	626	-	-
Inventories	-	-	-	-
Prepaids, Advances, and Deferred Charges	57	-	25	-
Restricted Cash and Pooled Cash	-	22,179	-	167,690
Restricted Investments	-	71,371	-	-
Restricted Receivables	-	-	-	11,579
Investments	-	40,804	-	-
Other Long-Term Assets	372,840	-	-	-
Land and Nondepreciable Infrastructure	-	-	-	-
TOTAL ASSETS	$ 440,717	$ 184,447	$ 146,183	$ 258,061
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	2,141	1,267	2,981	20,006
Due To Other Governments	-	-	18,901	199
Due To Other Funds	164,833	200	30,893	9,882
Deferred Revenue	-	-	545	-
Claims and Judgments Payable	-	57	-	-
Other Current Liabilities	-	248	25	-
Deposits Held In Custody For Others	-	-	8	-
TOTAL LIABILITIES	166,974	1,772	53,353	30,087
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	273,102	-	-	-
Emergencies	-	93,550	-	-
Funds Reported as Restricted	-	-	2,148	152,099
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Nonmajor Special Revenue Funds	641	5,314	1,719	2,668
Undesignated	-	83,811	88,963	73,207
TOTAL FUND BALANCES	273,743	182,675	92,830	227,974
TOTAL LIABILITIES AND FUND BALANCES	$ 440,717	$ 184,447	$ 146,183	$ 258,061

RESOURCE EXTRACTION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	PUBLIC SCHOOL BUILDINGS	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 400,692	$ 37,296	$ 84,110	$ 60,212	$ 73,521	$ 321,447	$ 1,217,911
49,149	-	-	-	-	2,711	86,711
2,004	4,263	5,014	-	394	8,526	84,945
508	388	6,449	-	-	1,467	9,388
164,616	3,010	34	5,535	-	28,555	203,809
-	333	-	-	-	23	356
11	2,993	-	-	-	9,451	12,537
-	-	13,137	-	-	31,586	234,592
-	-	-	-	-	-	71,371
-	-	-	-	-	18	11,597
-	-	-	-	55,140	-	95,944
16,491	-	-	-	-	16,664	405,995
-	-	-	-	-	81	81
$ 633,471	$ 48,283	$ 108,744	$ 65,747	$ 129,055	$ 420,529	$ 2,435,237
$ 8,595	$ -	$ -	$ -	$ -	$ 119	$ 8,714
6,375	2,870	12,321	3,947	30,712	24,281	106,901
84,610	257	70	-	-	12,372	116,409
170	1,376	954	-	-	3,956	212,264
3,375	1,639	1,746	-	-	77,858	85,163
-	-	-	-	-	16	73
-	6	404	-	-	2,499	3,182
-	-	-	-	-	1	9
103,125	6,148	15,495	3,947	30,712	121,102	532,715
181,001	-	-	-	-	16,664	470,767
-	-	-	-	-	-	93,550
-	-	12,635	-	-	30,356	197,238
5,313	477	1,122	768	2,907	2,790	23,719
344,032	41,658	79,492	61,032	95,436	249,617	1,117,248
530,346	42,135	93,249	61,800	98,343	299,427	1,902,522
$ 633,471	$ 48,283	$ 108,744	$ 65,747	$ 129,055	$ 420,529	$ 2,435,237

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR	GAMING	TOBACCO IMPACT MITIGATION
REVENUES:				
Taxes:				
Sales and Use	$ -	$ -	$ -	$ -
Excise	-	-	-	157,508
Other Taxes	-	61,060	94,906	-
Licenses, Permits, and Fines	11	2,369	647	109,833
Charges for Goods and Services	259	200	615	-
Rents	-	1	360	-
Investment Income (Loss)	10,695	14,327	3,961	9,396
Federal Grants and Contracts	1,914	-	732	2,862
Unclaimed Property Receipts	-	-	-	-
Other	386	210	4	1,277
TOTAL REVENUES	13,265	78,167	101,225	280,876
EXPENDITURES:				
Current:				
General Government	-	-	-	475
Business, Community, and Consumer Affairs	-	19,675	15,510	-
Education	-	-	16,764	110
Health and Rehabilitation	-	-	18	47,441
Justice	-	-	-	-
Natural Resources	14,550	-	-	-
Social Assistance	-	-	-	38,909
Transportation	-	-	-	-
Capital Outlay	77	10	137	12
Intergovernmental:				
Cities	1,116	-	16,969	1,215
Counties	545	-	15,461	20,100
School Districts	112	-	427	5,919
Special Districts	3,712	-	613	-
Federal	628	-	-	-
Other	382	-	-	13,075
Debt Service	-	-	-	-
TOTAL EXPENDITURES	21,122	19,685	65,899	127,256
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,857)	58,482	35,326	153,620
OTHER FINANCING SOURCES (USES):				
Transfers-In	27,483	-	-	20,756
Transfers-Out	(72,093)	(174,258)	(35,733)	(316,053)
Capital Lease Proceeds	-	-	-	-
Insurance Recoveries	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(44,610)	(174,258)	(35,733)	(295,297)
NET CHANGE IN FUND BALANCES	(52,467)	(115,776)	(407)	(141,677)
FUND BALANCE, FISCAL YEAR BEGINNING	326,210	298,451	93,237	369,651
Prior Period Adjustment (See Note 28)	-	-	-	-
Accounting Changes (See Note 28)	-	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 273,743	$ 182,675	$ 92,830	$ 227,974

RESOURCE EXTRACTION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	PUBLIC SCHOOL BUILDINGS	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 248,011	$ 248,011
-	-	-	-	-	2,129	159,637
319,057	-	-	-	-	5,745	480,768
1,185	19,170	53,677	-	-	196,612	383,504
12	10,256	34,162	-	-	42,239	87,743
-	6,550	-	-	-	40	6,951
25,067	1,150	5,678	2,009	6,474	14,595	93,352
232,475	2,539	87,413	-	-	68,513	396,448
-	-	-	-	58,158	-	58,158
196	7,384	268	-	-	22,094	31,819
577,992	47,049	181,198	2,009	64,632	599,978	1,946,391
-	-	4	-	60,144	14,070	74,693
894	105	-	-	-	139,594	175,778
-	-	-	4,954	-	6,358	28,186
-	-	34,503	-	-	20,219	102,181
-	-	-	-	-	23,525	23,525
14,291	25,054	-	-	-	4,591	58,486
-	-	135,871	-	-	5,396	180,176
-	-	-	-	-	1,365	1,365
57	7,103	100	-	-	2,258	9,754
89,046	144	1,204	-	-	49,163	158,857
68,510	335	1,452	-	-	51,286	157,689
8,742	-	23	20,052	-	39,758	75,033
17,704	4	112	-	-	15,476	37,621
40	16	540	-	-	1,509	2,733
829	698	208	-	-	26,673	41,865
-	-	-	-	-	75	75
200,113	33,459	174,017	25,006	60,144	401,316	1,128,017
377,879	13,590	7,181	(22,997)	4,488	198,662	818,374
31,561	18,833	62,298	40,730	-	149,416	351,077
(450,771)	(24,417)	(74,267)	(13)	(120,350)	(321,922)	(1,589,877)
-	-	-	-	-	214	214
-	75	-	-	-	-	75
(419,210)	(5,509)	(11,969)	40,717	(120,350)	(172,292)	(1,238,511)
(41,331)	8,081	(4,788)	17,720	(115,862)	26,370	(420,137)
571,677	34,054	98,168	44,080	-	273,057	2,108,585
-	-	(131)	-	-	-	(131)
-	-	-	-	214,205	-	214,205
$ 530,346	$ 42,135	$ 93,249	$ 61,800	$ 98,343	$ 299,427	$ 1,902,522

PERMANENT FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and operations related to lands granted to the state by the federal government for educational purposes.
OTHER PERMANENT TRUST	This fund category represents several minor permanent funds including the Land and Water Management Fund, the Hall Historical Marker Fund, the Wildlife for Future Generations Fund, and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 9,998	$ -	$ 9,998
Due From Other Funds	3,271	-	3,271
Restricted Cash and Pooled Cash	50,119	8,154	58,273
Restricted Investments	569,649	-	569,649
Other Long-Term Assets	3,925	-	3,925
Capital Assets Held as Investments	18,359	-	18,359
TOTAL ASSETS	$ 655,321	$ 8,154	$ 663,475
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ -	$ 1	$ 1
Due To Other Governments	5	-	5
Due To Other Funds	7,996	-	7,996
Deferred Revenue	4,903	4	4,907
TOTAL LIABILITIES	12,904	5	12,909
FUND BALANCES:			
Reserved for:			
Noncurrent Assets	22,284	-	22,284
Funds Reported as Restricted	590,082	6,825	596,907
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Nonmajor Permanent Funds	22,767	108	22,875
Undesignated	7,284	1,216	8,500
TOTAL FUND BALANCES	642,417	8,149	650,566
TOTAL LIABILITIES AND FUND BALANCES	$ 655,321	$ 8,154	$ 663,475

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Charges for Goods and Services	$ 72	$ -	$ 72
Rents	77,103	-	77,103
Investment Income (Loss)	52,168	309	52,477
Other	19	3	22
TOTAL REVENUES	129,362	312	129,674
EXPENDITURES:			
Current:			
General Government	-	1	1
Natural Resources	-	108	108
Intergovernmental:			
Counties	18	-	18
TOTAL EXPENDITURES	18	109	127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	129,344	203	129,547
OTHER FINANCING SOURCES (USES):			
Transfers-In	172	-	172
Transfers-Out	(79,689)	(22)	(79,711)
TOTAL OTHER FINANCING SOURCES (USES)	(79,517)	(22)	(79,539)
NET CHANGE IN FUND BALANCES	49,827	181	50,008
FUND BALANCE, FISCAL YEAR BEGINNING	592,590	7,968	600,558
FUND BALANCE, FISCAL YEAR END	$ 642,417	$ 8,149	$ 650,566

OTHER ENTERPRISE FUNDS

These funds account for operations of state agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

WILDLIFE	Expenses of this fund are to preserve the state's wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the state prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the state facilities at Aurora, Homelake, Walsenburg, Florence, Rifle, and Trinidad.
PRISON CANTEENS	This activity accounts for the various canteen operations in the state's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the state include the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in state buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at state museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 10,604	$ 47,349	$ 1,363
Student and Other Receivables, net	3,593	325	46
Due From Other Governments	-	2,260	89
Due From Other Funds	-	7,091	-
Inventories	1,038	-	36
Prepaids, Advances, and Deferred Charges	403	330	122
Total Current Assets	15,638	57,355	1,656
Noncurrent Assets:			
Restricted Cash and Pooled Cash	58,369	23,681	-
Restricted Receivables	3,686	41,794	-
Other Long-Term Assets	-	-	-
Depreciable Capital Assets and Infrastructure, net	57,171	10	9,669
Land and Nondepreciable Infrastructure	151,808	-	1,636
Total Noncurrent Assets	271,034	65,485	11,305
TOTAL ASSETS	286,672	122,840	12,961
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	9,424	361	299
Due To Other Governments	-	37,547	-
Due To Other Funds	287	78	-
Deferred Revenue	28,788	-	397
Compensated Absences Payable	330	-	-
Leases Payable	-	-	-
Notes, Bonds, and COP's Payable	-	-	-
Other Current Liabilities	-	7,872	10
Total Current Liabilities	38,829	45,858	706
Noncurrent Liabilities:			
Accrued Compensated Absences	5,299	132	126
Capital Lease Payable	-	-	-
Notes, Bonds, and COP's Payable	-	-	-
Other Long-Term Liabilities	-	4,274	-
Total Noncurrent Liabilities	5,299	4,406	126
TOTAL LIABILITIES	44,128	50,264	832
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	208,979	10	11,305
Restricted for:			
Emergencies	21,282	-	-
Court Awards and Other Purposes	-	28,006	-
Unrestricted	12,283	44,560	824
TOTAL NET ASSETS	$ 242,544	$ 72,576	$ 12,129

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 6,049	$ 4,791	$ 7,100	$ 13,451	$ 14,524	$ 105,231
995	972	319	3,981	1,463	11,694
252	2,250	-	170	121	5,142
1,240	1,748	-	-	-	10,079
9,616	203	529	-	113	11,535
-	28	-	-	616	1,499
18,152	9,992	7,948	17,602	16,837	145,180
-	-	-	-	-	82,050
-	-	-	-	-	45,480
1,650	359	-	-	172	2,181
3,851	29,440	2,232	508	10,252	113,133
980	4,617	-	-	3,957	162,998
6,481	34,416	2,232	508	14,381	405,842
24,633	44,408	10,180	18,110	31,218	551,022
2,220	4,852	498	3,896	2,402	23,952
-	350	-	-	-	37,897
-	-	-	-	-	365
-	-	-	-	3,909	33,094
60	200	-	-	232	822
-	240	-	-	-	240
-	380	-	-	335	715
6	-	-	-	103	7,991
2,286	6,022	498	3,896	6,981	105,076
1,000	1,822	172	227	322	9,100
-	3,130	-	-	-	3,130
-	3,640	-	-	7,140	10,780
-	-	-	-	-	4,274
1,000	8,592	172	227	7,462	27,284
3,286	14,614	670	4,123	14,443	132,360
4,831	26,627	2,232	508	6,734	261,226
-	-	-	-	-	21,282
-	-	-	-	-	28,006
16,516	3,167	7,278	13,479	10,041	108,148
$ 21,347	$ 29,794	$ 9,510	$ 13,987	$ 16,775	$ 418,662

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
OPERATING REVENUES:			
License and Permits	$ 76,834	$ -	$ -
Tuition and Fees	16	-	-
Sales of Goods and Services	1,995	-	6,833
Investment Income (Loss)	-	3,290	-
Rental Income	-	-	538
Federal Grants and Contracts	19,150	381,467	-
Intergovernmental Revenue	18,093	-	-
Other	745	2,088	-
TOTAL OPERATING REVENUES	116,833	386,845	7,371
OPERATING EXPENSES:			
Salaries and Fringe Benefits	60,321	39,405	4,410
Operating and Travel	45,947	332,341	4,176
Cost of Goods Sold	-	-	-
Depreciation and Amortization	3,961	117	652
Intergovernmental Distributions	1,964	-	-
Debt Service	-	27,400	-
Prizes and Awards	24	-	839
TOTAL OPERATING EXPENSES	112,217	399,263	10,077
OPERATING INCOME (LOSS)	4,616	(12,418)	(2,706)
NONOPERATING REVENUES AND (EXPENSES):			
Taxes	-	-	-
Fines and Settlements	359	-	-
Investment Income (Loss)	2,121	-	350
Rental Income	638	-	-
Gifts and Donations	1,183	-	545
Gain/(Loss) on Sale or Impairment of Capital Assets	(29)	(241)	-
Insurance Recoveries from Prior Year Impairments	15	-	-
Debt Service	(2)	-	(76)
Other Expenses	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	4,285	(241)	819
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	8,901	(12,659)	(1,887)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	8,455	-	890
Transfers-In	3,959	-	2,452
Transfers-Out	(4,968)	(100)	(107)
TOTAL CONTRIBUTIONS AND TRANSFERS	7,446	(100)	3,235
CHANGE IN NET ASSETS	16,347	(12,759)	1,348
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	226,197	85,335	10,781
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 242,544	$ 72,576	$ 12,129

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 414	$ 6,669	$ 83,917
-	-	-	-	290	306
46,282	39,948	17,075	-	6,199	118,332
-	-	-	-	-	3,290
-	-	-	-	784	1,322
-	11,724	-	1,042	566	413,949
-	236	-	-	-	18,329
322	26	22	20	63	3,286
46,604	51,934	17,097	1,476	14,571	642,731
10,757	39,425	4,298	9,364	6,086	174,066
8,280	9,143	1,740	22,122	6,999	430,748
26,344	-	10,462	-	158	36,964
953	1,665	104	18	881	8,351
-	2,000	-	-	-	3,964
-	-	-	-	-	27,400
-	1	-	-	-	864
46,334	52,234	16,604	31,504	14,124	682,357
270	(300)	493	(30,028)	447	(39,626)
-	-	-	35,627	-	35,627
-	-	-	14	274	647
120	58	286	412	399	3,746
260	7	-	-	-	905
-	124	-	-	384	2,236
10	(690)	-	-	(556)	(1,506)
-	-	-	-	-	15
-	(317)	-	-	(241)	(636)
-	(46)	-	-	(11)	(57)
390	(864)	286	36,053	249	40,977
660	(1,164)	779	6,025	696	1,351
-	13	-	-	572	9,930
-	1,182	-	-	-	7,593
(373)	(896)	(119)	(945)	(439)	(7,947)
(373)	299	(119)	(945)	133	9,576
287	(865)	660	5,080	829	10,927
21,060	30,659	8,850	8,907	15,946	407,735
$ 21,347	$ 29,794	$ 9,510	$ 13,987	$ 16,775	$ 418,662

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 16	$ -	$ -
Fees for Service	71,810	-	4,623
Sales of Products	618	-	141
Gifts, Grants, and Contracts	19,838	383,846	-
Income from Property	638	-	538
Other Sources	21,876	-	2,237
Cash Payments to or for:			
Employees	(55,337)	(2,242)	(2,234)
Suppliers	(35,787)	(33,669)	(6,228)
Sales Commissions and Lottery Prizes	(5,499)	-	-
Others for Student Loans and Loan Losses	-	(359,957)	-
Other Governments	(1,963)	-	-
Other	(9,697)	-	(939)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,513	(12,022)	(1,862)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	3,959	-	2,452
Transfers-Out	(4,968)	(100)	(107)
Receipt of Deposits Held in Custody	-	23	1
Release of Deposits Held in Custody	(39)	(4)	(1)
Gifts and Grants for Other Than Capital Purposes	1,103	-	-
NonCapital Debt Proceeds	-	-	-
NonCapital Debt Service Payments	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	55	(81)	2,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(21,520)	-	(26)
Proceeds from Sale of Capital Assets	-	-	-
Capital Debt Proceeds	-	-	22
Capital Debt Service Payments	(2)	-	(1,052)
Capital Lease Payments	-	-	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(21,522)	-	(1,056)

(Continued)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ 62	$ -	$ -	$ 290	$ 368
9,804	39,436	-	35,645	4,875	166,193
38,225	44	17,292	-	553	56,873
-	10,734	-	1,806	495	416,719
260	7	-	-	784	2,227
189	122	-	428	5,834	30,686
(9,695)	(36,349)	(4,263)	(3,298)	(4,896)	(118,314)
(34,561)	(11,424)	(12,608)	(30,191)	(7,583)	(172,051)
-	-	-	-	-	(5,499)
-	-	-	-	-	(359,957)
-	(1,826)	-	-	-	(3,789)
(90)	(7)	(1)	-	(147)	(10,881)
4,132	799	420	4,390	205	2,575
-	1,182	-	-	-	7,593
(373)	(896)	(119)	(945)	(439)	(7,947)
19	-	-	-	99	142
(19)		-	-	-	(63)
-	-	-	-	384	1,487
-	-	-	-	-	-
-	(368)	-	-	-	(368)
(373)	(82)	(119)	(945)	44	844
(1,327)	(1,291)	(160)	(497)	(270)	(25,091)
22	-	-	53	24	99
-	38	-	-	-	60
-	(224)	-	-	(561)	(1,839)
-	(350)	-	-	-	(350)
(1,305)	(1,827)	(160)	(444)	(807)	(27,121)

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(Continued)

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	1,517	2,640	339
Increase(Decrease) from Unrealized Gain(Loss) on Invesments	604	649	12
NET CASH FROM INVESTING ACTIVITIES	2,121	3,289	351
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(12,833)	(8,814)	(222)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	81,806	79,844	1,585
CASH AND POOLED CASH, FISCAL YEAR END	$ 68,973	$ 71,030	$ 1,363
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 4,616	$ (12,418)	$ (2,706)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	3,961	117	652
Investment/Rental Income and Other Revenue in Operating Income	-	(3,290)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	1,092	-	545
Loss on Disposal of Capital Assets	156	-	-
Compensated Absences	287	-	(6)
Interest and Other Expense in Operating Income	1	4	7
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(1,648)	(42,195)	(114)
(Increase) Decrease in Inventories	(69)	-	5
(Increase) Decrease in Other Operating Assets	9	(117)	49
Increase (Decrease) in Accounts Payable	(426)	37,038	(31)
Increase (Decrease) in Other Operating Liabilities	(1,466)	8,839	(263)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 6,513	$ (12,022)	$ (1,862)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	-	-	890
Capital Assets Acquired by Grants or Donations and Payable Increases	151	-	-
Gain/(Loss) on Disposal of Capital Assets	(186)	(241)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-
Assumption of Capital Lease Obligation or Mortgage	-	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
47	3	228	282	323	5,379
74	55	59	129	76	1,658
121	58	287	411	399	7,037
2,575	(1,052)	428	3,412	(159)	(16,665)
3,474	5,843	6,672	10,039	14,683	203,946
$ 6,049	$ 4,791	$ 7,100	$ 13,451	$ 14,524	$ 187,281
$ 270	$ (300)	$ 493	$ (30,028)	$ 447	$ (39,626)
953	1,665	104	18	881	8,351
-	-	-	-	-	(3,290)
260	129	-	35,641	287	37,954
-	-	-	-	-	156
46	161	5	(91)	(10)	392
-	7	-	-	97	116
2,008	(1,319)	219	761	(787)	(43,075)
1,865	(78)	(89)	-	-	1,634
249	95	-	-	(377)	(92)
(1,260)	441	(312)	(1,911)	793	34,332
(259)	(2)	-	-	(1,126)	5,723
$ 4,132	$ 799	$ 420	$ 4,390	$ 205	$ 2,575
-	-	-	-	8	898
-	-	-	-	-	151
10	(690)	-	-	(570)	(1,677)
-	-	-	-	11	11
-	214	-	-	-	214

INTERNAL SERVICE FUNDS

These funds account for operations of state agencies that provide a majority of their services to other state agencies on a user charge basis. The major activities in these funds are:

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other state agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming, fleet, and motor pool.
GENERAL GOVERNMENT COMPUTER CENTER	This fund accounts for computer services sold to other state agencies.
TELECOMMUNICATIONS	This fund accounts for telecommunications services sold primarily to other state agencies.
CAPITOL COMPLEX	This fund accounts for the cost and income related to maintaining state office space in the complex surrounding the State Capitol. Only certain capitol complex capital assets are reported in this fund, and other capitol complex capital assets are reported on the government-wide financial statements.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to state agencies by the Department of Public Safety.
OFFICE OF ADMINISTRATIVE COURTS	This fund accounts for the operations of the Office of Administrative Courts in the Department of Personnel & Administration.
DEBT COLLECTION	This fund accounts for the activities of the Central Collections Unit within the Department of Personnel & Administration. The unit collects receivables due to state agencies on a straight commission basis.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 10,493	$ 3,686	$ 3,037
Other Receivables, net	309	29	17
Due From Other Governments	-	-	144
Due From Other Funds	80	514	-
Inventories	411	-	50
Prepaids, Advances, and Deferred Charges	1	156	25
Total Current Assets	11,294	4,385	3,273
Noncurrent Assets:			
Other Long-Term Assets	177	-	-
Depreciable Capital Assets and Infrastructure, net	58,840	789	34,160
Total Noncurrent Assets	59,017	789	34,160
TOTAL ASSETS	70,311	5,174	37,433
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	6,184	1,983	885
Due To Other Funds	75	80	3
Deferred Revenue	300	506	-
Compensated Absences Payable	14	24	11
Leases Payable	5,430	-	-
Notes, Bonds, and COP's Payable	4,555	-	-
Total Current Liabilities	16,558	2,593	899
Noncurrent Liabilities:			
Accrued Compensated Absences	466	1,038	451
Capital Lease Payable	32,466	-	-
Notes, Bonds, and COP's Payable	12,594	-	-
Total Noncurrent Liabilities	45,526	1,038	451
TOTAL LIABILITIES	62,084	3,631	1,350
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	3,795	789	34,160
Unrestricted	4,432	754	1,923
TOTAL NET ASSETS	$ 8,227	$ 1,543	$ 36,083

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ 3,363	$ 1,721	$ 377	$ 895	$ 259	$ 23,831
36	-	6	1	4	402
-	-	-	-	-	144
33	-	-	-	-	627
241	324	-	-	-	1,026
-	-	-	35	-	217
3,673	2,045	383	931	263	26,247
-	-	-	-	-	177
19,795	114	1,855	30	25	115,608
19,795	114	1,855	30	25	115,785
23,468	2,159	2,238	961	288	142,032
1,065	108	15	293	154	10,687
-	-	-	-	-	158
3	-	-	-	-	809
11	-	-	-	-	60
631	-	-	-	-	6,061
-	-	-	-	-	4,555
1,710	108	15	293	154	22,330
270	-	-	240	34	2,499
21,052	-	-	-	-	53,518
-	-	-	-	-	12,594
21,322	-	-	240	34	68,611
23,032	108	15	533	188	90,941
(1,888)	114	1,855	30	25	38,880
2,324	1,937	368	398	75	12,211
$ 436	$ 2,051	$ 2,223	$ 428	$ 100	$ 51,091

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
OPERATING REVENUES:			
Sales of Goods and Services	$ 55,241	$ 22,231	$ 24,592
Rental Income	-	-	-
Other	280	-	-
TOTAL OPERATING REVENUES	55,521	22,231	24,592
OPERATING EXPENSES:			
Salaries and Fringe Benefits	8,543	13,021	6,058
Operating and Travel	25,754	7,666	16,887
Cost of Goods Sold	8,089	-	-
Depreciation and Amortization	12,208	353	4,714
Intergovernmental Distributions	-	-	-
TOTAL OPERATING EXPENSES	54,594	21,040	27,659
OPERATING INCOME (LOSS)	927	1,191	(3,067)
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	154	42	-
Federal Grants and Contracts	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	354	-	2
Debt Service	(1,676)	-	(2)
Other Expenses	(89)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,257)	42	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(330)	1,233	(3,067)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	838	-	6,753
Transfers-In	355	-	416
Transfers-Out	(1,899)	(2,103)	(677)
TOTAL CONTRIBUTIONS AND TRANSFERS	(706)	(2,103)	6,492
CHANGE IN NET ASSETS	(1,036)	(870)	3,425
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	9,263	2,322	2,845
Prior Period Adjustments (See Note 28)	-	91	29,813
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 8,227	$ 1,543	$ 36,083

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ 2	$ 2,211	$ 122	$ 4,050	$ 2,376	$ 110,825
11,169	-	-	-	-	11,169
15	-	1	-	-	296
11,186	2,211	123	4,050	2,376	122,290
3,191	1,196	150	3,392	1,103	36,654
5,196	1,377	367	696	1,206	59,149
-	-	-	-	-	8,089
1,025	23	433	7	8	18,771
3	-	-	-	-	3
9,415	2,596	950	4,095	2,317	122,666
1,771	(385)	(827)	(45)	59	(376)
-	12	-	-	-	208
33	-	-	-	-	33
16	-	-	-	-	372
(574)	-	-	-	(3)	(2,255)
-	-	-	-	-	(89)
(525)	12	-	-	(3)	(1,731)
1,246	(373)	(827)	(45)	56	(2,107)
-	-	-	-	-	7,591
-	-	394	-	-	1,165
(3,233)	-	-	(239)	(261)	(8,412)
(3,233)	-	394	(239)	(261)	344
(1,987)	(373)	(433)	(284)	(205)	(1,763)
2,423	2,424	2,656	712	305	22,950
-	-	-	-	-	29,904
$ 436	$ 2,051	$ 2,223	$ 428	$ 100	$ 51,091

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 7	$ -	$ -
Fees for Service	54,773	22,203	24,677
Sales of Products	342	-	-
Gifts, Grants, and Contracts	-	-	16
Income from Property	-	-	-
Other Sources	145	506	2
Cash Payments to or for:			
Employees	(7,175)	(11,495)	(5,788)
Suppliers	(32,399)	(7,579)	(18,481)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	-
Other	(10)	(1)	(18)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,683	3,634	408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	355	-	416
Transfers-Out	(1,899)	(2,103)	(677)
NonCapital Debt Service Payments	(81)	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,625)	(2,103)	(261)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(18,239)	(520)	(488)
Proceeds from Sale of Capital Assets	12,593	-	-
Capital Debt Proceeds	89	-	-
Capital Debt Service Payments	(7,103)	-	(2)
Capital Lease Payments	(1,212)	-	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(13,872)	(520)	(490)

(Continued)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 7
1	898	129	4,057	2,371	109,109
1	1,314	-	-	-	1,657
33	-	-	-	-	49
11,194	-	-	-	-	11,194
34	-	1	-	-	688
(3,103)	(1,113)	(189)	(3,324)	(1,071)	(33,258)
(5,432)	(1,352)	(357)	(803)	(516)	(66,919)
-	-	-	-	(617)	(617)
(3)	-	-	-	-	(3)
(16)	(3)	-	-	(90)	(138)
2,709	(256)	(416)	(70)	77	21,769
-	-	394	-	-	1,165
(3,234)	-	-	(239)	(261)	(8,413)
(574)	-	-	-	-	(655)
(3,808)	-	394	(239)	(261)	(7,903)
(579)	(151)	-	-	-	(19,977)
-	87	-	-	-	12,680
2,506	-	-	-	-	2,595
-	-	-	-	-	(7,105)
-	-	-	-	-	(1,212)
1,927	(64)	-	-	-	(13,019)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(Continued)

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	154	1	-
Increase(Decrease) from Unrealized Gain(Loss) on Invesments	-	41	-
NET CASH FROM INVESTING ACTIVITIES	154	42	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	340	1,053	(343)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	10,153	2,633	3,380
CASH AND POOLED CASH, FISCAL YEAR END	$ 10,493	$ 3,686	$ 3,037
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 927	$ 1,191	$ (3,067)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	12,208	353	4,714
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	-	2
Compensated Absences	6	685	7
Interest and Other Expense in Operating Income	-	-	-
(Increase) Decrease in Operating Receivables	37	(542)	101
(Increase) Decrease in Inventories	388	-	(50)
(Increase) Decrease in Other Operating Assets	2	181	12
Increase (Decrease) in Accounts Payable	2,404	1,260	(1,311)
Increase (Decrease) in Other Operating Liabilities	(289)	506	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 15,683	$ 3,634	$ 408
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Acquired by Grants or Donations and Payable Increases	838	-	-
Gain/(Loss) on Disposal of Capital Assets	1,007	-	-
Assumption of Capital Lease Obligation or Mortgage	12,281	-	-

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
-	-	-	-	-	155
-	12	-	-	-	53
-	12	-	-	-	208
828	(308)	(22)	(309)	(184)	1,055
2,535	2,029	399	1,204	443	22,776
$ 3,363	$ 1,721	$ 377	$ 895	$ 259	$ 23,831
$ 1,771	$ (385)	$ (827)	$ (45)	$ 59	$ (376)
1,025	23	433	7	8	18,771
50	-	-	-	-	52
33	-	-	10	7	748
121	-	-	-	-	121
24	-	5	6	-	(369)
(14)	201	-	-	-	525
-	-	-	(35)	-	160
(303)	(95)	(27)	(13)	3	1,918
2	-	-	-	-	219
$ 2,709	$ (256)	$ (416)	$ (70)	$ 77	$ 21,769
-	-	-	-	-	838
-	-	-	-	-	1,007
8,605	-	-	-	-	20,886

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the state in a fiduciary capacity. Pension and Other Employee Benefits Trust Funds are included in this category. However, financial statements for the state's Pension and Other Employee Benefits Trust Funds are presented in the notes to the financial statements and are not repeated in this supplementary information. The major components of the remaining fiduciary funds are:

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S	This fund primarily includes monies managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the monies in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.
COLLEGE SAVINGS PLAN	The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the state.
COLLEGE OPPORTUNITY FUND	The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the state. The appropriated amounts are held in trust in the COF until students apply for the stipend. The COF administrator only distributes the stipend to the higher education institution as directed by the student. Any unused stipends remain in the COF and do not revert to the state.
MULTI-STATE LOTTERY WINNERS	The Multistate Lottery Winners Fund was created in Fiscal Year 2007-08 to account for the Colorado Lottery's investments held by the Multi-State Lottery Association (MUSL) for the benefit of Colorado's Powerball annuity prize winners. The winnings are invested by MUSL in bond funds with staggered maturities that correspond with the annual payments required under the terms of the annuity. Under an agreement with MUSL, the Colorado Lottery is responsible for making payments to the Colorado winners.
OTHER	This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts, contractor's performance escrow accounts, sales taxes collected for cities and counties, deposits held to ensure land restoration by mining and oil exploration companies, amounts held for the trustee related to the most recent issuance of Certificates of Participation for Higher Education Institutions, and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
ASSETS:						
Current Assets:						
Cash and Pooled Cash	$ 2,687	$ 1,581	$ 123	$ -	$ 4,363	$ 8,754
Other Receivables, net	-	2,930	-	-	1,776	4,706
Due From Other Funds	-	3,816	-	-	-	3,816
Noncurrent Assets:						
Investments:						
Government Securities	-	-		9,893	724	10,617
Mutual Funds	-	2,766,678	-	-	-	2,766,678
Other Investments	-	28,975	-	-	-	28,975
TOTAL ASSETS	2,687	2,803,980	123	9,893	6,863	2,823,546
LIABILITIES:						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	-	3,619	123	-	1,131	4,873
Deferred Revenue	-	778	-	-	4,500	5,278
Noncurrent Liabilities:						
Deposits Held In Custody For Others	-	3,327	-	-	-	3,327
TOTAL LIABILITIES	-	7,724	123	-	5,631	13,478
NET ASSETS:						
Held in Trust for:						
Individuals, Organizations, and Other Entities	2,687	2,796,256	-	9,893	1,232	2,810,068
TOTAL NET ASSETS	$ 2,687	$ 2,796,256	$ -	$ 9,893	$ 1,232	$ 2,810,068

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
ADDITIONS:						
Additions By Participants	$ -	$ 456,195	$ 262,450	$ -	$ 3,903	$ 722,548
Investment Income/(Loss)	66	(502,716)	-	514	137	(501,999)
Unclaimed Property Receipts	-	-	-	-	-	-
Other Additions	522	627	288	-	1,327	2,764
TOTAL ADDITIONS	588	(45,894)	262,738	514	5,367	223,313
DEDUCTIONS:						
Distributions to Participants	-	-	262,738	371	-	263,109
Payments in Accordance with Trust Agreements	257	358,200	-	-	5,145	363,602
Transfers-Out	-	-	-	-	64	64
TOTAL DEDUCTIONS	257	358,200	262,738	371	5,209	626,775
CHANGE IN NET ASSETS	331	(404,094)	-	143	158	(403,462)
NET ASSETS AVAILABLE:						
FISCAL YEAR BEGINNING	186,510	3,200,350	-	9,750	1,074	3,397,684
Accounting Changes (See Note 28)	(184,154)	-	-	-	-	(184,154)
FISCAL YEAR ENDING	$ 2,687	$ 2,796,256	$ -	$ 9,893	$ 1,232	$ 2,810,068

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 96,968	$ 2,321,121	$ 2,330,150	$ 87,939
Taxes Receivable, net	124,173	6,974	16,289	114,858
TOTAL ASSETS	$ 221,141	$ 2,328,095	$ 2,346,439	$ 202,797
LIABILITIES:				
Tax Refunds Payable	$ 812	$ 1,669	$ 16	$ 2,465
Due To Other Governments	220,067	3,443,795	3,471,294	192,568
Claims and Judgments Payable	231	3,968	4,115	84
Other Long-Term Liabilities	31	7,769	120	7,680
TOTAL LIABILITIES	$ 221,141	$ 3,457,201	$ 3,475,545	$ 202,797

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 126,479	$ 189,187	$ 217,725	$ 97,941
Taxes Receivable, net	4,969	212	798	4,383
Other Receivables, net	557	640	569	628
Due From Other Funds	240	1	241	-
Inventories	1	37	34	4
Prepaids, Advances, and Deferred Charges	-	5	5	-
Other Long-Term Assets	22,058	5,824	9,973	17,909
TOTAL ASSETS	$ 154,304	$ 195,906	$ 229,345	$ 120,865
LIABILITIES:				
Tax Refunds Payable	$ 51	$ 213	$ -	$ 264
Accounts Payable and Accrued Liabilities	539	15,128	14,551	1,116
Due To Other Governments	8,543	123,462	125,535	6,470
Due To Other Funds	37	14,128	14,150	15
Deferred Revenue	-	438	438	-
Claims and Judgments Payable	336	78	40	374
Other Current Liabilities	136,853	94,584	123,481	107,956
Deposits Held In Custody For Others	7,945	1,323	5,377	3,891
Other Long-Term Liabilities	-	779	-	779
TOTAL LIABILITIES	$ 154,304	$ 250,133	$ 283,572	$ 120,865

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 126,876	$ 364,624	$ 171,854	$ 319,646
Due From Other Funds	5,532	8,510	5,532	8,510
TOTAL ASSETS	$ 132,408	$ 373,134	$ 177,386	$ 328,156
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ -	$ 166	$ 166	$ -
Other Current Liabilities	67,602	373,755	170,149	271,208
Deposits Held In Custody For Others	64,806	10,193	18,051	56,948
TOTAL LIABILITIES	$ 132,408	$ 384,114	$ 188,366	$ 328,156

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 350,323	$ 2,874,932	$ 2,719,729	$ 505,526
Taxes Receivable, net	129,142	7,186	17,087	119,241
Other Receivables, net	557	640	569	628
Due From Other Funds	5,772	8,511	5,773	8,510
Inventories	1	37	34	4
Prepaids, Advances, and Deferred Charges	-	5	5	-
Other Long-Term Assets	22,058	5,824	9,973	17,909
TOTAL ASSETS	$ 507,853	$ 2,897,135	$ 2,753,170	$ 651,818
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	$ 863	$ 1,882	$ 16	$ 2,729
Accounts Payable and Accrued Liabilities	539	15,294	14,717	1,116
Due To Other Governments	228,610	3,567,257	3,596,829	199,038
Due To Other Funds	37	14,128	14,150	15
Deferred Revenue	-	438	438	-
Claims and Judgments Payable	567	4,046	4,155	458
Other Current Liabilities	204,455	468,339	293,630	379,164
Deposits Held In Custody For Others	72,751	11,516	23,428	60,839
Other Long-Term Liabilities	31	8,548	120	8,459
TOTAL LIABILITIES	$ 507,853	$ 4,091,448	$ 3,947,483	$ 651,818

COMPONENT UNITS

The following statements present the nonmajor component units aggregated in the combining component unit statements beginning on page 68. Descriptions of each of the nonmajor component units can be found in Note 36 on page 141.

COMBINING STATEMENT OF NET ASSETS
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY	RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	TOTAL
ASSETS:						
Current Assets:						
Cash and Pooled Cash	$ 2,392	$ 234	$ 5,342	$ 6	$ 32	$ 8,006
Investments	-	51,516	-	-	-	51,516
Taxes Receivable, net	3	-	-	-	-	3
Contributions Receivable, net	-	-	4,338	-	-	4,338
Other Receivables, net	93	715	17	-	-	825
Prepaids, Advances, and Deferred Charges	4	-	-	-	-	4
Total Current Assets	2,492	52,465	9,697	6	32	64,692
Noncurrent Assets:						
Investments	-	-	12,524	3,206	-	15,730
Other Long-Term Assets	349	-	20,843	-	-	21,192
Depreciable Capital Assets and Infrastructure, net	129,880	24	-	-	-	129,904
Land and Nondepreciable Infrastructure	18,176	-	-	-	-	18,176
Total Noncurrent Assets	148,405	24	33,367	3,206	-	185,002
TOTAL ASSETS	150,897	52,489	43,064	3,212	32	249,694
LIABILITIES:						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	38	435	-	-	-	473
Deferred Revenue	-	40	4,338	-	-	4,378
Claims and Judgments Payable	-	13,022	-	-	-	13,022
Total Current Liabilities	38	13,497	4,338	-	-	17,873
Noncurrent Liabilities:						
Other Long-Term Liabilities	-	-	20,843	-	-	20,843
Total Noncurrent Liabilities	-	-	20,843	-	-	20,843
TOTAL LIABILITIES	38	13,497	25,181	-	-	38,716
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	148,057	24	-	-	-	148,081
Emergencies	9	-	-	-	-	9
Court Awards and Other Purposes	491	38,968	-	3,212	32	42,703
Unrestricted	2,302	-	17,883	-	-	20,185
TOTAL NET ASSETS	$ 150,859	$ 38,992	$ 17,883	$ 3,212	$ 32	$ 210,978

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
OTHER COMPONENT UNITS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2009**

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY	RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	TOTAL
OPERATING REVENUES:						
Fees	$ -	$ 32,934	$ -	$ -	$ -	$ 32,934
Investment Income (Loss)	-	-	2,156	69	1	2,226
Rental Income	696	-	-	-	-	696
Federal Grants and Contracts	-	1,344	-	-	-	1,344
Other	-	-	-	2,800	1,232	4,032
TOTAL OPERATING REVENUES	696	34,278	2,156	2,869	1,233	41,232
OPERATING EXPENSES:						
Operating and Travel	78	65,142	54	1,695	1,201	68,170
Depreciation and Amortization	4,049	9	-	-	-	4,058
TOTAL OPERATING EXPENSES	4,127	65,151	54	1,695	1,201	72,228
OPERATING INCOME (LOSS)	(3,431)	(30,873)	2,102	1,174	32	(30,996)
NONOPERATING REVENUES AND (EXPENSES):						
Investment Income (Loss)	37	2,841	177	-	-	3,055
Gifts and Donations	-	5,022	4,400	-	-	9,422
Other Expenses	(719)	-	-	-	-	(719)
Other Revenues	643	31,817	-	-	-	32,460
TOTAL NONOPERATING REVENUES (EXPENSES)	(39)	39,680	4,577	-	-	44,218
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(3,470)	8,807	6,679	1,174	32	13,222
CHANGE IN NET ASSETS	(3,470)	8,807	6,679	1,174	32	13,222
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	154,329	30,185	11,204	2,038	-	197,756
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 150,859	$ 38,992	$ 17,883	$ 3,212	$ 32	$ 210,978

CAPITAL ASSETS

The following schedule presents the capital assets net of accumulated depreciation used in governmental activities by function and by department. The schedule includes the capital assets of the Internal Service Funds because those funds primarily sell to governmental activities. This treatment matches the presentation of the capital assets on the government-wide *Statement of Net Assets.* Except for the Internal Service Fund capital assets, the assets on this schedule are generally not reported on the fund-level financial statements.

SCHEDULE OF CAPITAL ASSETS
USED IN GOVERNMENTAL ACTIVITIES
INCLUDING INTERNAL SERVICE FUNDS
BY FUNCTION AND DEPARTMENT
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	LAND	LAND AND LEASEHOLD IMPROVEMENTS	BUILDINGS	LIBRARY BOOKS AND COLLECTIONS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ 119	$ -	$ -
Legislature	-	21	-	-
Military Affairs	1,655	137	29,500	-
Personnel & Administration	5,739	2,474	79,642	-
Revenue	-	2,025	1,261	-
Subtotal	7,394	4,776	110,403	-
BUSINESS, COMMUNITY & CONSUMER AFFAIRS				
Agriculture	102	-	1,834	-
[1]GOV, GEO, OED	-	-	-	27
Labor and Employment	543	222	7,465	-
Local Affairs	-	100	1,322	-
Regulatory Agencies	-	-	-	-
Revenue	421	-	336	-
State	-	-	-	-
Subtotal	1,066	322	10,957	27
EDUCATION				
Education	152	79	7,399	1,403
Higher Education	1,842	1,226	6,771	8,927
Subtotal	1,994	1,305	14,170	10,330
HEALTH AND REHABILITATION				
Public Health and Environment	188	65	6,555	-
Human Services	3,068	3,942	28,782	-
Subtotal	3,256	4,007	35,337	-
JUSTICE				
Corrections	3,872	3,597	508,290	-
DHS, Division of Youth Services	1,675	1,401	97,558	-
Judicial	1,605	501	2,190	612
Law	-	-	-	-
Public Safety	1,399	30	19,777	-
Subtotal	8,551	5,529	627,815	612
NATURAL RESOURCES				
Natural Resources	104,488	37,574	32,717	-
SOCIAL ASSISTANCE				
Human Services	-	256	11,243	-
Military Affairs	36	2,087	2,265	-
Health Care Policy and Finance	-	-	-	-
Subtotal	36	2,343	13,508	-
TRANSPORTATION				
Transportation	15,086	-	93,051	-
TOTAL CAPITAL ASSETS	$ 141,871	$ 55,856	$ 937,958	$ 10,969

[1]Governor's Office, Governor's Energy Office, and the Office of Economic Development and International Trade

VEHICLES AND EQUIPMENT	OTHER CAPITAL ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 35,959	$ 456	$ -	$ -	$ 36,534
782	-	-	-	803
486	-	7,153	-	38,931
59,061	13	191	-	147,120
10,374	-	6,282	-	19,942
106,662	469	13,626	-	243,330
1,414	-	76	-	3,426
91	-	-	-	118
2,049	4,845	1,346	-	16,470
226	-	-	-	1,648
394	-	-	-	394
79	-	9	-	845
4,537	-	-	-	4,537
8,790	4,845	1,431	-	27,438
2,187	-	-	-	11,220
827	-	13,414	-	33,007
3,014	-	13,414	-	44,227
3,238	2,613	1,009	-	13,668
2,459	61	10,199	-	48,511
5,697	2,674	11,208	-	62,179
9,062	680	124,406	-	649,907
324	-	185	-	101,143
4,612	835	914	-	11,269
150	-	-	-	150
8,914	162	940	-	31,222
23,062	1,677	126,445	-	793,691
5,785	4,487	6,161	34,759	225,971
77,157	-	72,121	-	160,777
9	-	12	-	4,409
30	-	-	-	30
77,196	-	72,133	-	165,216
114,424	-	213,482	10,842,379	11,278,422
$ 344,630	$ 14,152	$ 457,900	$ 10,877,138	$ 12,840,474

OTHER FUNDS DETAIL

In the combined and combining statements several fund categories show a column titled “Other”. The schedule on the following pages provides a summary of assets, liabilities, and net assets of the individually significant funds that comprise the columns titled “Other”. Most of the funds shown in the schedule are Special Revenue Funds that are statutorily authorized.

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2009

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
OTHER PERMANENT FUNDS				
Wildlife for Future Generations (Nonexpendable)	33-1-112(7)	$ 6,098	$ -	$ 6,098
Wildlife for Future Generations (Expendable)	33-1-112	1,233	1	1,232
Other Permanent-Nonexpendable	Various	754	-	754
Veterans Monument Preservation	24-80-1401	60	4	56
Hall Historical Marker-Nonexpendable	24-80-209	9	-	9
Total Other Permanent Funds		$ 8,154	$ 5	$ 8,149
OTHER PRIVATE PURPOSE TRUST FUNDS				
Supplemental Purse & Breeders Awards	12-60-704	723	-	723
Brand Estray Fund	35-41-102	203	-	203
Americans with Disabilities Act Contractor Settlement	24-34-301	147	-	147
Early Intervention Services	27-10.5-706	5,716	5,576	140
Colorado Combined Campaign Administration	Restricted	74	55	19
Total Other Private Purpose Funds		$ 6,863	$ 5,631	$ 1,232
OTHER ENTERPRISE FUNDS				
Capitol Parking Fund	None	15,955	8,364	7,591
Transportation Enterprise Special Revenue Fund	43-4-806(3)	3,387	136	3,251
Transportation Enterprise Operating Fund	43-4-806(4)	1,897	5	1,892
Brand Inspection Fund	35-41-102	6,169	4,593	1,576
Grounds Cash Fund	26-1-133.5(2)	1,445	76	1,369
Business Enterprise Program	None	823	206	617
Enterprise Services	24-80-209	248	86	162
Clean Screen Authority	42-3-304(19)	870	728	142
Work Therapy	None	142	36	106
Statewide Tolling Special Revenue Fund	43-4-804(1)	43	-	43
Other Enterprise Funds	Various	14	-	14
Conference & Training	None	12	-	12
Statewide Bridge Enterprise Special Revenue Fund	43-4-805(3)	213	213	-
Total Other Enterprise Funds		$ 31,218	$ 14,443	$ 16,775
OTHER SPECIAL REVENUE FUNDS				
Aviation Fund	43-10-109	28,647	2,351	26,296
Travel and Tourism Promotion	24-49.7-106	21,994	1,852	20,142
Species Conservation-Capital Account	24-33-111(2)	15,985	-	15,985
Colorado High Cost Administration	40-15-208	15,232	8	15,224
Federal Tax Relief Act - 2003	Restricted	14,823	94	14,729
Gear Up Scholarship Trust Fund	Restricted	14,445	-	14,445
Supreme Court Committee	Court Rule 227	16,724	3,798	12,926
Victims Assistance	24-4.2-104	12,150	51	12,099
Species Conservation-Operating & Maintance Account	24-33-111(2)	12,086	113	11,973
Clean Energy Fund	24-75-1201(1)	13,011	1,125	11,886
Offender Services	16-11-214	9,492	24	9,468
Help America Vote Fund	HAVA 2002	8,554	251	8,303
Victims Compensation	24-4.1-124	6,953	13	6,940
Economic Development Fund	None	7,032	95	6,937
Disaster Emergency Fund	24-32-2106	5,951	50	5,901
Consumer Protection-Custodial Funds	6-1-103	5,179	2	5,177
Old Age Pension Stabilization	26-2-116	5,000	-	5,000
Operating Vouchers	None	4,744	291	4,453
Ballot Information Publication & Distribution Fund	1-40-124.5	3,254	34	3,220
Other Expendable Trusts	Various	30,108	27,009	3,099
Cumulative Surplus-HUD Section 8 Voucher	29-4-708(K)	3,276	205	3,071

(continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2009

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Traumatic Brain Injury Fund	26-1-210(1)	2,997	253	2,744
Conveyance Safety Fund	9-5.5-111(2)	2,633	-	2,633
Court Security Cash Fund	13-1-204(1)	3,011	527	2,484
Auto Theft Prevention Cash Fnd	42-5-112(4A)	2,402	13	2,389
Secretary of State Fees	24-21-104	5,483	3,103	2,380
Drug Offender Surcharge Fund	18-19-103(4)	2,703	359	2,344
Housing Rehabilitation Revolving Loans	29-4-728	2,606	411	2,195
Sales and Use Tax Holding Fund	39-26-123(2)	3,772	1,644	2,128
Collaborative Management Incentive	24-1.9-104(1)	2,198	117	2,081
Patient Benefit	None	2,026	2	2,024
Alternative Fuels Rebate	39-33-105	1,867	-	1,867
Real Estate Proceeds	28-3-106	1,861	1	1,860
Judicial Stabilization Cash Fund	13-32-101	1,854	-	1,854
Victims Assistance	24-33.5-506	1,970	191	1,779
Transportation Renovation	43-1-210 6(B)	1,664	-	1,664
Texaco Oil Overcharge Fund	None	1,703	66	1,637
Law Examiner Board Fund	Court Rule 201	1,586	29	1,557
Parks Aquatic Nuisance Species	33-10.5-108	1,963	462	1,501
Inspection & Consumer Services Cash Fund	35-1-106.5	2,247	786	1,461
Advance Technology Fund	25-16.5-105	1,517	164	1,353
Public Safety Inspection	8-1-151	1,297	-	1,297
Travel and Tourism Additional	24-49.7-106	1,525	239	1,286
Section 8 Pre-Federal Fiscal Year 2004	None	1,137	-	1,137
Library Trust Fund	24-90-105	1,135	5	1,130
Uniform Consumer Credit Code Custodial Funds	Restricted	1,107	3	1,104
Innovative Higher Education Research Fund	23-19.7-104	1,054	-	1,054
Controlled Maintenance Trust-Nonexpendable	24-75-302.5	1,030	-	1,030
Persistent Drunk Driver	42-3-130.5	1,507	481	1,026
Waste Tire Cleanup Fund	24-32-114(1)	1,594	577	1,017
Colorado Bureau of Investigation Identification Unit	24-33.5-426	1,264	261	1,003
State Supplemental Security Income Stabilizaton	26-2-210(1)	904	-	904
Criminal Alien Assistance Cash	17-1-107.5	889	-	889
Continuing Legal Education Fund	Court Rule 260	905	21	884
Abandoned Mine Reclamation	34-34-102(1)	871	12	859
Donations	25-1-107(U)	10,284	9,427	857
Agriculture Value-Added Fund	35-75-205	905	49	856
Motor Carrier	40-2-110.5	1,837	987	850
State Patrol Contraband	24-33.5-225	792	14	778
Fixed Utilities	40-2-114	1,440	666	774
Howard Fund	None	759	1	758
Division of Registrations Cash Fund	24-34-105	14,633	13,908	725
Board of Land Commissioners Investment & Develop.	Restricted	781	58	723
Alcohol/Drug Driving Safety	42-4-1301.3	694	-	694
Liquor Law Enforcement	24-35-401	830	137	693
Judicial Performance Cash Fund	13-5.5-107	686	23	663
Public School Transportation	22-51-103(1)	947	301	646
Public Deposit Administration	11-10.5-112	921	290	631
Public School Energy Efficiciency	39-29-109.5	742	154	588
Educator Licensure Cash Fund	22-60.5-112	750	167	583
Foreclosure Prevention Grants	24-32-719	613	31	582
Historical Society Unrestricted	24-80-209	558	-	558
Conservation District Grants	Ex. Order 56-87	496	-	496
Home Grant Revolving Loan Fund	None	7,617	7,129	488
Violent Offender Identification Fund	24-33.5-415	479	-	479
Older Coloradans Cash Fund	26-11-205.5	1,800	1,326	474
Drug Offender Treatment Fund	18-19-103	447	-	447
Attorney's Fees and Costs	24-31-108(2)	441	-	441

(continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2009

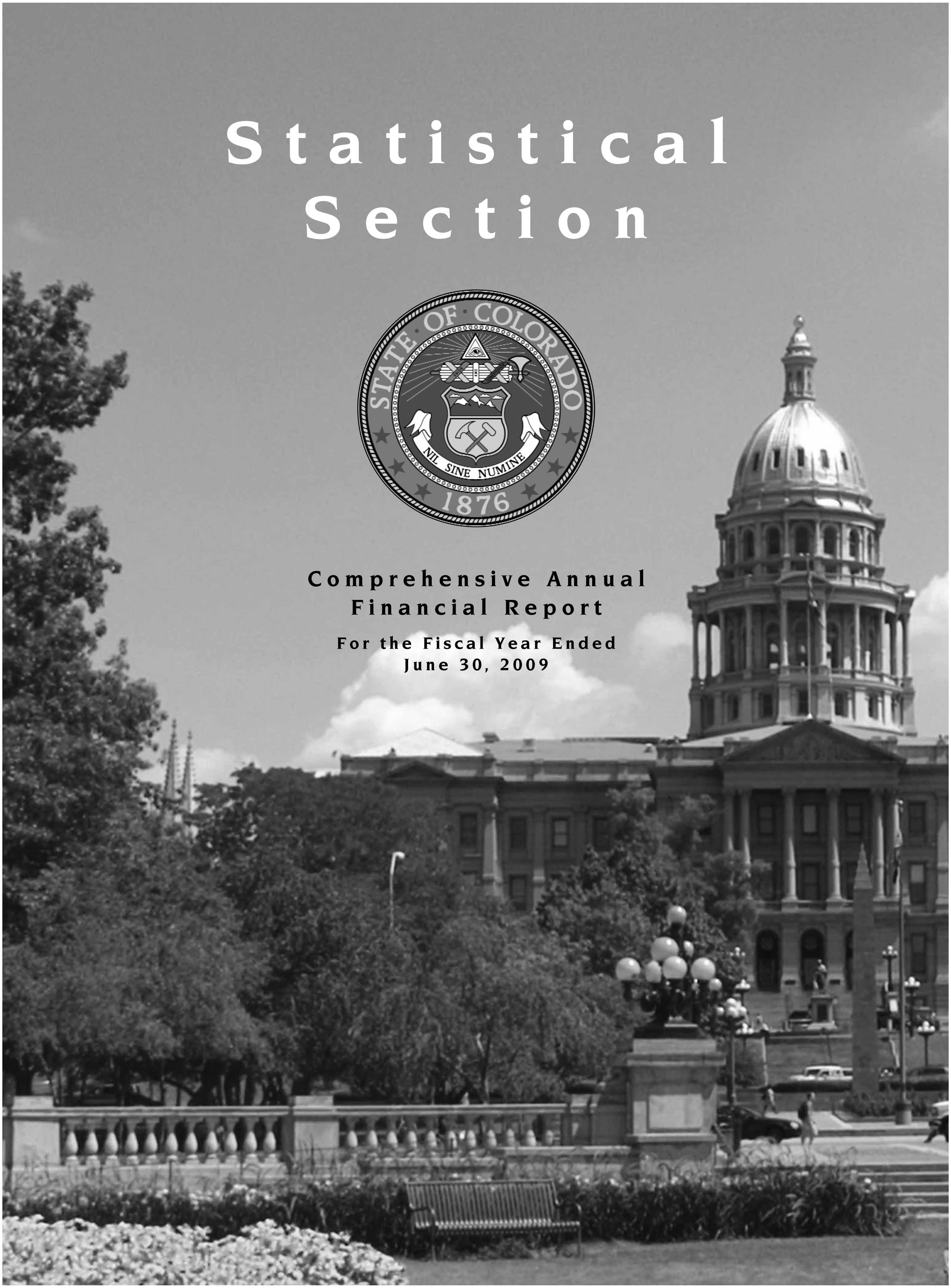
(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Colorado Family Support Loan	27-10.5-502	416	-	416
Exxon Oil Overcharge Funds	None	723	316	407
Mortgage Broker Registration	12-61-908(2)	445	38	407
Legislative Expenses Fund	2-3-1002(1)	394	-	394
EPA - Settlement Projects	Restricted	481	104	377
Western Slope Military Veteran's Cemetary	28-5-708	375	8	367
Identity Theft Financial Fraud	24-33.5-1707	381	33	348
Charter School Institute Fund	22-30.5-506	1,246	904	342
Building Regulation Fund	24-32-3309	399	66	333
Conservation Trust Fund	24-35-210(10	11,679	11,353	326
Colorado Heritage Communities Fund	24-32-3207	324	-	324
Organ & Tissue Donation Awareness	42-2-107(4)	316	-	316
Stripper Well Settlement	None	343	53	290
Division of Securities Cash Fund	11-51-707	1,701	1,413	288
Online Education Cash Fund	22-30.7-107	309	21	288
Diseased Livestock Fund	35-50-140.5	282	-	282
Prescription Drug Monitoring	12-22-706(1)	279	4	275
Judicial Information Technology Cash	13-32-114	267	-	267
Start Smart Nutrition Program	22-82.7-105	252	12	240
Mandatory Fruit & Vegetable Inspection Fund	35-23-114	565	326	239
Colorado Comprehensive Health Education Fund	22-25-109	258	22	236
Diamond Shamrock Settlement	None	235	-	235
Colorado Dealer License Board	12-6-123	355	126	229
Waste Tire Recycling Fund	25-17-202(3)	429	202	227
Colorado Bureau of Investigations Contraband	24-33.5-415	226	1	225
Vickers Oil Overcharge Funds	Executive Order 56-8	213	-	213
Child Welfare Action Committee	26-1-135(2)A	205	5	200
Racing Cash Fund	12-60-205	309	112	197
Cervidae Disease Fund	35-50-114.5	190	-	190
Highway Crossing	43-4-201	165	-	165
Uniform Consumer Credit Code	5-6-204	248	85	163
Collection Agency Board	12-14-136	185	28	157
Domestic Abuse Program	39-22-802	171	14	157
Property Tax Exemption Fund	39-2-117(3)	217	61	156
140 Funds with Net Assets Below $150,000		27,572	24,034	3,538
Total Other Special Revenue Funds		$ 420,529	$ 121,102	$ 299,427

Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2009



GOVERNMENT-WIDE
SCHEDULE OF NET ASSETS
PRIMARY GOVERNMENT
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,217,711	$ 2,632,601	$ 2,455,425
Investments	1,498	565	998
Taxes Receivable, net	920,086	946,077	956,149
Other Receivables, net	182,540	188,347	153,218
Due From Other Governments	475,997	355,519	280,637
Internal Balances	14,617	14,545	13,756
Due From Component Units	66	63	65
Inventories	16,183	16,703	14,053
Prepaids, Advances, and Deferred Charges	33,244	23,790	28,527
Total Current Assets	3,861,942	4,178,210	3,902,828
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	1,813,365	2,061,543	1,689,703
Restricted Investments	694,311	620,325	552,211
Restricted Receivables	184,120	187,018	279,140
Investments	98,815	96,743	80,695
Other Long-Term Assets	600,020	442,911	425,886
Depreciable Capital Assets and Infrastructure, net	2,360,036	2,282,645	1,288,308
Land and Nondepreciable Infrastructure	10,480,438	10,291,250	11,799,975
Total Noncurrent Assets	16,231,105	15,982,435	16,115,918
TOTAL ASSETS	20,093,047	20,160,645	20,018,746
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	633,722	561,117	486,576
Accounts Payable and Accrued Liabilities	779,008	837,311	694,602
TABOR Refund Liability (Note 8B)	706	706	727
Due To Other Governments	223,415	183,696	176,864
Due to Component Units	-	-	-
Deferred Revenue	150,632	97,174	65,389
Accrued Compensated Absences	8,930	9,776	9,533
Claims and Judgments Payable	36,936	37,775	40,948
Leases Payable	8,227	6,002	2,807
Notes, Bonds, COP's Payable	637,066	574,150	457,250
Other Current Liabilities	9,818	11,794	9,615
Total Current Liabilities	2,488,460	2,319,501	1,944,311
Noncurrent Liabilities:			
Deposits Held In Custody For Others	16	16	17
Accrued Compensated Absences	140,675	128,760	116,262
Claims and Judgments Payable	358,371	335,636	295,874
Capital Lease Obligations	83,586	54,029	27,649
Capital Lease Payable to Component Units	-	-	-
Notes, Bonds, COP's Payable	1,146,960	1,274,720	1,390,671
Due to Component Units	-	-	-
Other Postemployment Benefits	-	-	-
Other Long-Term Liabilities	397,774	217,793	206,972
Total Noncurrent Liabilities	2,127,382	2,010,954	2,037,445
TOTAL LIABILITIES	4,615,842	4,330,455	3,981,756
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	11,631,061	11,348,995	11,804,908
Restricted for:			
Highway Construction and Maintenance	1,220,524	1,350,485	1,196,903
State Education	338,365	353,149	225,818
Unemployment Insurance	-	-	-
Debt Service	558	558	558
Emergencies	93,550	93,000	85,760
Permanent Funds and Endowments:			
Expendable	8,588	2,333	1,782
Nonexpendable	623,619	587,733	515,997
Court Awards and Other Purposes	197,918	231,532	299,777
Unrestricted	1,363,022	1,862,405	1,905,487
TOTAL NET ASSETS	$ 15,477,205	$ 15,830,190	$ 16,036,990

(Continued)

GOVERNMENTAL ACTIVITIES

2005-06	2004-05	2003-04	2002-03	2001-02
$ 2,334,948	$ 1,944,751	$ 1,387,469	$ 712,256	$ 571,293
12,637	10,440	10,209	-	-
845,241	731,647	738,769	758,887	809,839
153,916	146,906	143,717	104,475	125,181
264,688	307,704	282,252	515,860	378,906
26,313	18,122	22,070	(98,203)	20,287
56	110	-	-	-
14,906	18,266	16,696	17,580	16,895
28,735	23,700	29,628	27,413	99,893
3,681,440	3,201,646	2,630,810	2,038,268	2,022,294
1,349,184	1,199,258	1,360,083	1,236,865	1,306,432
491,780	465,819	408,790	571,970	-
335,774	311,462	347,245	-	-
48,173	24,162	4,055	152,495	1,142,818
395,612	356,325	325,376	332,964	244,499
1,322,945	1,348,957	1,208,235	1,191,785	1,138,996
11,649,792	11,613,109	11,583,157	11,032,850	10,827,222
15,593,260	15,319,092	15,236,941	14,518,929	14,659,967
19,274,700	18,520,738	17,867,751	16,557,197	16,682,261
457,124	476,445	425,610	431,132	384,040
633,685	679,425	687,136	684,956	569,102
2,917	41,064	-	-	48,920
247,548	192,611	172,239	151,989	172,691
-	-	-	-	-
66,290	73,609	84,431	114,149	84,906
9,437	7,900	7,992	7,394	6,123
49,415	38,738	12,084	14,743	35,576
1,461	3,403	2,821	3,492	1,298
526,235	628,395	419,778	21,125	19,530
10,318	25,092	37,152	33,987	37,050
2,004,430	2,166,682	1,849,243	1,462,967	1,359,236
17	16	10	8	12
112,860	111,418	112,104	113,548	112,027
343,452	430,978	29,200	29,200	-
16,021	18,905	13,219	5,054	2,175
-	-	-	-	-
1,503,686	1,467,924	1,540,053	1,309,153	1,328,072
-	-	-	-	-
-	-	-	-	-
210,369	198,520	516,756	501,390	263,034
2,186,405	2,227,761	2,211,342	1,958,353	1,705,320
4,190,835	4,394,443	4,060,585	3,421,320	3,064,556
11,662,529	11,771,877	11,747,276	11,444,442	10,633,044
824,698	679,440	559,450	509,354	1,376,522
153,043	123,867	147,286	218,545	303,827
-	-	-	-	-
580	3,298	7,965	5,241	6,495
79,800	71,000	172,202	150,762	81,917
1,642	1,953	1,297	986	810
460,473	433,538	392,542	378,369	356,004
198,996	141,933	134,658	95,135	16,006
1,702,104	899,389	644,490	333,043	843,080
$ 15,083,865	$ 14,126,295	$ 13,807,166	$ 13,135,877	$ 13,617,705

GOVERNMENT-WIDE
SCHEDULE OF NET ASSETS
PRIMARY GOVERNMENT
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 1,220,190	$ 1,555,782	$ 1,430,836
Investments	386,948	272,804	326,087
Taxes Receivable, net	73,326	82,431	81,745
Other Receivables, net	245,768	239,790	219,488
Due From Other Governments	142,961	125,894	126,391
Internal Balances	(14,617)	(14,545)	(13,756)
Due From Component Units	12,630	16,348	15,334
Inventories	42,467	42,271	38,000
Prepaids, Advances, and Deferred Charges	20,091	17,055	15,751
Total Current Assets	2,129,764	2,337,830	2,239,876
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	368,308	446,681	149,811
Restricted Investments	201,025	259,115	555,310
Restricted Receivables	1,916,974	1,716,722	1,408,588
Investments	1,154,901	1,008,382	972,922
Other Long-Term Assets	123,599	119,650	112,693
Depreciable Capital Assets and Infrastructure, net	3,594,383	3,464,979	2,851,692
Land and Nondepreciable Infrastructure	928,243	576,755	835,182
Total Noncurrent Assets	8,287,433	7,592,284	6,886,198
TOTAL ASSETS	10,417,197	9,930,114	9,126,074
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	-
Accounts Payable and Accrued Liabilities	506,318	467,741	413,788
TABOR Refund Liability (Note 8B)	-	-	-
Due To Other Governments	182,922	26,885	38,501
Due to Component Units	930	1,112	273
Deferred Revenue	207,551	190,528	183,805
Accrued Compensated Absences	12,753	12,745	12,578
Claims and Judgments Payable	-	7,398	11,717
Leases Payable	6,282	5,976	4,950
Notes, Bonds, COP's Payable	85,456	75,567	62,998
Other Current Liabilities	241,129	208,542	126,574
Total Current Liabilities	1,243,341	996,494	855,184
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	-
Accrued Compensated Absences	185,420	166,402	153,320
Claims and Judgments Payable	27,541	28,482	28,220
Capital Lease Obligations	83,206	83,113	63,671
Capital Lease Payable to Component Units	4,285	4,285	-
Notes, Bonds, COP's Payable	3,917,559	3,466,484	3,100,764
Due to Component Units	723	1,233	-
Other Postemployment Benefits	31,689	15,775	-
Other Long-Term Liabilities	43,321	40,756	54,097
Total Noncurrent Liabilities	4,293,744	3,806,530	3,400,072
TOTAL LIABILITIES	5,537,085	4,803,024	4,255,256
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,665,270	2,411,662	2,256,929
Restricted for:			
Highway Construction and Maintenance	-	-	-
State Education	-	-	-
Unemployment Insurance	392,984	765,533	675,574
Debt Service	111,778	180,409	125,656
Emergencies	21,282	33,716	37,472
Permanent Funds and Endowments:			
Expendable	6,935	9,592	5,313
Nonexpendable	70,420	74,479	97,821
Court Awards and Other Purposes	582,006	491,492	411,112
Unrestricted	1,029,437	1,160,207	1,260,941
TOTAL NET ASSETS	$ 4,880,112	$ 5,127,090	$ 4,870,818

(Continued)

BUSINESS-TYPE ACTIVITIES

2005-06	2004-05	2003-04	2002-03	2001-02
$ 1,188,953	$ 872,618	$ 678,233	$ 754,879	$ 1,193,338
328,466	670,346	182,572	-	-
105,973	103,598	92,485	46,597	36,237
209,497	206,946	180,707	219,048	884,919
99,040	95,170	86,355	98,017	74,061
(26,313)	(18,122)	(22,070)	98,203	(20,287)
11,141	9,294	5,406	-	
35,747	34,797	33,065	33,861	35,315
13,148	13,723	18,396	19,138	22,441
1,965,652	1,988,370	1,255,149	1,269,743	2,226,024
187,895	160,283	121,764	114,642	40,136
424,826	453,876	243,390	114,292	140,074
1,173,312	1,015,134	889,108	-	-
887,302	225,329	577,619	888,232	663,412
108,606	119,359	99,358	832,622	74,237
2,718,135	2,719,778	2,623,814	2,259,846	1,899,066
561,525	403,037	371,552	520,085	651,292
6,061,601	5,096,796	4,926,605	4,729,719	3,468,217
8,027,253	7,085,166	6,181,754	5,999,462	5,694,241
-	-	-	-	-
380,194	350,347	334,136	332,990	188,839
-	-	-	-	-
30,749	38,472	37,120	26,570	45,626
1,067	1,607	703	-	-
171,411	145,432	131,496	138,313	138,382
14,284	14,103	9,719	10,582	8,526
7,430	8,233	-	-	-
4,851	6,039	5,537	5,283	3,840
83,271	85,672	80,127	60,105	97,064
94,214	107,228	107,611	92,272	89,335
787,471	757,133	706,449	666,115	571,612
-	-	-	-	-
136,837	131,883	128,635	124,853	121,127
48,396	20,019	-	-	-
55,873	84,101	80,994	80,636	43,382
-	-	-	-	-
2,488,738	2,062,837	1,578,762	1,546,903	1,199,426
-	-	-	-	-
-	-	-	-	-
53,138	52,022	70,174	76,251	144,027
2,782,982	2,350,862	1,858,565	1,828,643	1,507,962
3,570,453	3,107,995	2,565,014	2,494,758	2,079,574
2,256,602	2,238,068	2,195,837	2,142,940	2,045,202
-	-	-	-	-
-	-	-	-	-
548,780	321,725	200,311	322,423	653,690
105,348	122,290	103,602	2,048	2,295
29,883	27,247	39,277	32,881	38,813
4,757	16,483	17,449	17,746	47,015
82,698	76,460	49,659	46,851	49,200
364,310	303,714	297,765	189,466	198,696
1,064,422	871,184	712,840	750,349	579,756
$ 4,456,800	$ 3,977,171	$ 3,616,740	$ 3,504,704	$ 3,614,667

GOVERNMENT-WIDE
SCHEDULE OF NET ASSETS
PRIMARY GOVERNMENT
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,437,901	$ 4,188,383	$ 3,886,261
Investments	388,446	273,369	327,085
Taxes Receivable, net	993,412	1,028,508	1,037,894
Other Receivables, net	428,308	428,137	372,706
Due From Other Governments	618,958	481,413	407,028
Internal Balances	-	-	-
Due From Component Units	12,696	16,411	15,399
Inventories	58,650	58,974	52,053
Prepaids, Advances, and Deferred Charges	53,335	40,845	44,278
Total Current Assets	5,991,706	6,516,040	6,142,704
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	2,181,673	2,508,224	1,839,514
Restricted Investments	895,336	879,440	1,107,521
Restricted Receivables	2,101,094	1,903,740	1,687,728
Investments	1,253,716	1,105,125	1,053,617
Other Long-Term Assets	723,619	562,561	538,579
Depreciable Capital Assets and Infrastructure, net	5,954,419	5,747,624	4,140,000
Land and Nondepreciable Infrastructure	11,408,681	10,868,005	12,635,157
Total Noncurrent Assets	24,518,538	23,574,719	23,002,116
TOTAL ASSETS	30,510,244	30,090,759	29,144,820
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	633,722	561,117	486,576
Accounts Payable and Accrued Liabilities	1,285,326	1,305,052	1,108,390
TABOR Refund Liability (Note 8B)	706	706	727
Due To Other Governments	406,337	210,581	215,365
Due to Component Units	930	1,112	273
Deferred Revenue	358,183	287,702	249,194
Accrued Compensated Absences	21,683	22,521	22,111
Claims and Judgments Payable	36,936	45,173	52,665
Leases Payable	14,509	11,978	7,757
Notes, Bonds, COP's Payable	722,522	649,717	520,248
Other Current Liabilities	250,947	220,336	136,189
Total Current Liabilities	3,731,801	3,315,995	2,799,495
Noncurrent Liabilities:			
Deposits Held In Custody For Others	16	16	17
Accrued Compensated Absences	326,095	295,162	269,582
Claims and Judgments Payable	385,912	364,118	324,094
Capital Lease Obligations	166,792	137,142	91,320
Capital Lease Payable to Component Units	4,285	4,285	-
Notes, Bonds, COP's Payable	5,064,519	4,741,204	4,491,435
Due to Component Units	723	1,233	-
Other Postemployment Benefits	31,689	15,775	-
Other Long-Term Liabilities	441,095	258,549	261,069
Total Noncurrent Liabilities	6,421,126	5,817,484	5,437,517
TOTAL LIABILITIES	10,152,927	9,133,479	8,237,012
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	14,296,331	13,760,657	14,061,837
Restricted for:			
Highway Construction and Maintenance	1,220,524	1,350,485	1,196,903
State Education	338,365	353,149	225,818
Unemployment Insurance	392,984	765,533	675,574
Debt Service	112,336	180,967	126,214
Emergencies	114,832	126,716	123,232
Permanent Funds and Endowments:			
Expendable	15,523	11,925	7,095
Nonexpendable	694,039	662,212	613,818
Court Awards and Other Purposes	779,924	723,024	710,889
Unrestricted	2,392,459	3,022,612	3,166,428
TOTAL NET ASSETS	$ 20,357,317	$ 20,957,280	$ 20,907,808

TOTAL	PRIMARY GOVERNMENT			
2005-06	2004-05	2003-04	2002-03	2001-02
$ 3,523,901	$ 2,817,369	$ 2,065,702	$ 1,467,135	$ 1,764,631
341,103	680,786	192,781	-	-
951,214	835,245	831,254	805,484	846,076
363,413	353,852	324,424	323,523	1,010,100
363,728	402,874	368,607	613,877	452,967
-	-	-	-	-
11,197	9,404	5,406	-	-
50,653	53,063	49,761	51,441	52,210
41,883	37,423	48,024	46,551	122,334
5,647,092	5,190,016	3,885,959	3,308,011	4,248,318
1,537,079	1,359,541	1,481,847	1,351,507	1,346,568
916,606	919,695	652,180	686,262	140,074
1,509,086	1,326,596	1,236,353	-	-
935,475	249,491	581,674	1,040,727	1,806,230
504,218	475,684	424,734	1,165,586	318,736
4,041,080	4,068,735	3,832,049	3,451,631	3,038,062
12,211,317	12,016,146	11,954,709	11,552,935	11,478,514
21,654,861	20,415,888	20,163,546	19,248,648	18,128,184
27,301,953	25,605,904	24,049,505	22,556,659	22,376,502
457,124	476,445	425,610	431,132	384,040
1,013,879	1,029,772	1,021,272	1,017,946	757,941
2,917	41,064	-	-	48,920
278,297	231,083	209,359	178,559	218,317
1,067	1,607	703	-	-
237,701	219,041	215,927	252,462	223,288
23,721	22,003	17,711	17,976	14,649
56,845	46,971	12,084	14,743	35,576
6,312	9,442	8,358	8,775	5,138
609,506	714,067	499,905	81,230	116,594
104,532	132,320	144,763	126,259	126,385
2,791,901	2,923,815	2,555,692	2,129,082	1,930,848
17	16	10	8	12
249,697	243,301	240,739	238,401	233,154
391,848	450,997	29,200	29,200	-
71,894	103,006	94,213	85,690	45,557
-	-	-	-	-
3,992,424	3,530,761	3,118,815	2,856,056	2,527,498
-	-	-	-	-
-	-	-	-	-
263,507	250,542	586,930	577,641	407,061
4,969,387	4,578,623	4,069,907	3,786,996	3,213,282
7,761,288	7,502,438	6,625,599	5,916,078	5,144,130
13,919,131	14,009,945	13,943,113	13,587,382	12,678,246
824,698	679,440	559,450	509,354	1,376,522
153,043	123,867	147,286	218,545	303,827
548,780	321,725	200,311	322,423	653,690
105,928	125,588	111,567	7,289	8,790
109,683	98,247	211,479	183,643	120,730
6,399	18,436	18,746	18,732	47,825
543,171	509,998	442,201	425,220	405,204
563,306	445,647	432,423	284,601	214,702
2,766,526	1,770,573	1,357,330	1,083,392	1,422,836
$ 19,540,665	$ 18,103,466	$ 17,423,906	$ 16,640,581	$ 17,232,372

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET ASSETS
PRIMARY GOVERNMENT
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2008-09	RESTATED 2007-08	2006-07
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 386,311	$ 374,521	$ 352,819
Service Fees	184,327	132,822	129,980
Education - Tuition, Fees, and Sales	53	-	-
Fines and Forfeits	203,259	155,692	126,612
Rents and Royalties	85,811	78,889	68,270
Sales of Products	5,040	4,592	3,703
Unemployment Surcharge	19,369	21,512	22,346
Other	61,168	57,622	64,964
Operating Grants and Contributions	5,065,429	4,222,670	4,122,360
Capital Grants and Contributions	485,711	439,693	414,602
TOTAL PROGRAM REVENUES	6,496,478	5,488,013	5,305,656
EXPENSES:			
General Government	308,410	217,939	163,412
Business, Community, and Consumer Affairs	705,037	667,381	565,769
Education	5,208,705	5,017,551	4,771,218
Health and Rehabilitation	644,699	603,296	560,153
Justice	1,543,310	1,436,009	1,313,767
Natural Resources	137,159	131,658	138,457
Social Assistance	5,220,295	4,660,287	4,496,696
Transportation	1,376,215	1,459,295	1,213,138
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	20,393	37,567	42,269
Higher Education Institutions	-	-	-
Unemployment Insurance	-	-	-
CollegeInvest	-	-	-
Lottery	-	-	-
Wildlife	-	-	-
College Assist	-	-	-
Other Business-Type Activities	-	-	-
TOTAL EXPENSES	15,164,223	14,230,983	13,264,879
NET (EXPENSE) REVENUE	(8,667,745)	(8,742,970)	(7,959,223)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	2,093,113	2,357,807	2,244,000
Excise Taxes	251,209	257,908	261,711
Individual Income Tax	4,024,105	4,591,481	4,508,845
Corporate Income Tax	322,683	461,390	470,853
Other Taxes	655,478	510,442	484,408
Restricted Taxes	880,625	986,274	946,757
Unrestricted Investment Earnings	22,591	42,478	43,638
Other General Revenues	119,748	113,603	84,328
Special and/or Extraordinary Item	(5,616)	(6,843)	(25,915)
Transfers (Out) In	(114,685)	(77,732)	(98,926)
Internal Capital Contributions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	8,249,251	9,236,808	8,919,699
TOTAL CHANGES IN NET ASSETS	(418,494)	493,838	960,476
NET ASSETS - BEGINNING	15,830,190	16,036,990	15,083,865
Prior Period Adjustment	(118,647)	(393,912)	(7,351)
Accounting Changes	184,156	(306,726)	-
NET ASSETS - ENDING	$ 15,477,205	$ 15,830,190	$ 16,036,990

1 – In Fiscal Year 2005-06, the state began to report Payments to School Districts and Other Governments in the functional area that made the payment.

2 – In Fiscal Year 2005-06, the state changed the funding method for Higher Education Institutions and amounts previously reported as transfers are now reported as service fees and tuition.

(Continued)

GOVERNMENTAL ACTIVITIES

2005-06	2004-05	2003-04	2002-03	2001-02
$ 339,779	$ 357,241	$ 353,628	$ 327,134	$ 310,343
123,392	128,101	132,644	117,253	105,932
-	-	-	-	-
121,859	117,666	109,341	99,654	87,994
68,920	61,524	45,340	32,314	31,673
3,100	2,841	3,164	2,296	3,001
22,399	21,524	20,112	19,500	19,630
79,810	54,254	55,216	47,264	72,996
3,909,382	3,684,878	3,601,808	3,552,745	3,166,623
447,283	409,458	487,442	410,070	352,125
5,115,924	4,837,487	4,808,695	4,608,230	4,150,317
164,276	141,320	161,588	244,062	210,837
449,411	367,553	343,589	327,935	253,054
4,394,236	194,723	173,823	194,436	285,636
524,736	475,668	477,572	475,405	471,198
1,197,334	1,026,282	936,374	971,227	957,320
112,753	62,638	81,114	103,888	103,801
4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,205,556	919,388	746,153	890,081	750,759
- [1]	3,283,590	3,131,486	2,946,679	2,689,452
- [1]	1,848,922	1,674,416	1,687,006	1,596,066
31,969	26,925	9,625	16,219	16,750
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12,428,737	11,363,677	10,689,957	10,687,102	9,943,621
(7,312,813)	(6,526,190)	(5,881,262)	(6,078,872)	(5,793,304)
2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
266,747	182,726	112,741	86,048	91,761
4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
422,656	291,583	220,236	205,569	172,257
568,184	491,214	465,826	371,089	363,190
922,872	868,251	835,680	731,138	818,234
35,372	29,736	16,534	16,577	37,236
84,335	95,912	99,200	146,516	122,527
(13,534)	(1,112)	-	-	(21,000)
(80,894) [2]	(545,175)	(546,580)	(634,674)	(662,141)
-	(431)	(20)	(22,855)	25
8,399,300	6,843,982	6,377,578	5,725,385	5,971,750
1,086,487	317,792	496,316	(353,487)	178,446
14,126,295	13,807,166	13,135,877	13,617,705	5,457,647
(128,917)	1,337	174,973	(128,341)	(172,615)
-	-	-	-	8,154,227
$ 15,083,865	$ 14,126,295	$ 13,807,166	$ 13,135,877	$ 13,617,705

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET ASSETS
PRIMARY GOVERNMENT
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2008-09	2007-08	2006-07
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 119,611	$ 84,395	$ 84,302
Service Fees	681,807	667,504	575,555
Education - Tuition, Fees, and Sales	1,957,505	1,867,806	1,734,996
Fines and Forfeits	1,118	999	1,174
Rents and Royalties	29,908	32,399	26,271
Sales of Products	560,364	579,935	520,838
Unemployment Surcharge	363,241	398,046	403,641
Other	173,354	165,804	140,376
Operating Grants and Contributions	2,214,186	1,728,669	1,685,417
Capital Grants and Contributions	20,220	9,426	22,263
TOTAL PROGRAM REVENUES	6,121,314	5,534,983	5,194,833
EXPENSES:			
General Government	-	-	-
Business, Community, and Consumer Affairs	-	-	-
Education	-	-	-
Health and Rehabilitation	-	-	-
Justice	-	-	-
Natural Resources	-	-	-
Social Assistance	-	-	-
Transportation	-	-	-
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	-	-	-
Higher Education Institutions	4,153,282	3,865,244	3,661,270
Unemployment Insurance	1,138,621	354,967	316,577
CollegeInvest	78,647	116,286	96,720
Lottery	435,156	447,101	401,969
Wildlife	112,369	109,800	96,515
College Assist	399,576	326,080	199,677
Other Business-Type Activities	171,635	173,928	163,727
TOTAL EXPENSES	6,489,286	5,393,406	4,936,455
NET (EXPENSE) REVENUE	(367,972)	141,577	258,378
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	-	-	-
Excise Taxes	-	-	-
Individual Income Tax	-	-	-
Corporate Income Tax	-	-	-
Other Taxes	-	36,963	39,446
Restricted Taxes	-	-	-
Unrestricted Investment Earnings	-	-	-
Other General Revenues	-	-	-
Special and/or Extraordinary Item	-	-	-
Transfers (Out) In	114,685	77,732	98,926
Internal Capital Contributions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	114,685	114,695	138,372
TOTAL CHANGES IN NET ASSETS	(253,287)	256,272	396,750
NET ASSETS - BEGINNING	5,127,090	4,870,818	4,456,800
Prior Period Adjustment	6,309	-	17,267
Accounting Changes	-	-	-
NET ASSETS - ENDING	$ 4,880,112	$ 5,127,090	$ 4,870,817

[2] – In Fiscal Year 2005-06, the state changed the funding method for Higher Education Institutions and amounts previously reported as transfers are now reported as service fees and tuition.
[3] – In Fiscal Year 2005-06, the state segregated the Wildlife and College Assist enterprise funds out of the Other Business-Type Activities.

(Continued)

BUSINESS-TYPE ACTIVITIES

2005-06	2004-05	2003-04	2002-03	2001-02
$ 75,388	$ 64,864	$ 66,196	$ 59,426	$ 57,546
536,261 [2]	273,541	242,809	188,614	153,983
1,622,045 [2]	1,294,488	1,227,187	1,143,890	1,062,083
729	596	554	1,025	1,379
28,765	21,527	44,783	16,576	21,084
522,715	467,088	449,910	440,902	459,317
504,039	462,416	338,063	190,461	153,024
162,045	120,145	117,682	130,239	255,970
1,466,045	1,403,928	1,344,191	1,398,401	1,176,005
16,856	16,667	73,952	28,662	47,202
4,934,888	4,125,260	3,905,327	3,598,196	3,387,593
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,446,716	3,294,154	3,128,126	3,108,493	2,942,776
305,447	352,712	591,789	742,745	583,508
73,745	54,453	37,355	45,213	41,351
402,391	367,474	354,159	341,907	349,955
91,221 [3]	-	-	-	-
115,200 [3]	-	-	-	-
138,773	267,408	246,988	253,633	229,773
4,573,493	4,336,201	4,358,417	4,491,991	4,147,363
361,395	(210,941)	(453,090)	(893,795)	(759,770)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
34,728	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(707)	-	-	-	-
80,894 [2]	545,175	546,580	634,674	662,141
-	10,303	15,330	76,210	151,465
114,915	555,478	561,910	710,884	813,606
476,310	344,537	108,820	(182,911)	53,836
3,977,171	3,616,740	3,504,704	3,614,667	4,887,925
3,319	15,894	3,216	72,948	95,811
-	-	-	-	(1,422,905)
$ 4,456,800	$ 3,977,171	$ 3,616,740	$ 3,504,704	$ 3,614,667

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET ASSETS
PRIMARY GOVERNMENT
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2008-09	RESTATED 2007-08	2006-07
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 505,922	$ 458,916	$ 437,121
Service Fees	866,134	800,326	705,535
Education - Tuition, Fees, and Sales	1,957,558	1,867,806	1,734,997
Fines and Forfeits	204,377	156,691	127,786
Rents and Royalties	115,719	111,288	94,541
Sales of Products	565,404	584,527	524,541
Unemployment Surcharge	382,610	419,558	425,987
Other	234,522	223,426	205,340
Operating Grants and Contributions	7,279,615	5,951,339	5,807,777
Capital Grants and Contributions	505,931	449,119	436,865
TOTAL PROGRAM REVENUES	12,617,792	11,022,996	10,500,490
EXPENSES:			
General Government	308,410	217,939	163,412
Business, Community, and Consumer Affairs	705,037	667,381	565,769
Education	5,208,705	5,017,551	4,771,218
Health and Rehabilitation	644,699	603,296	560,153
Justice	1,543,310	1,436,009	1,313,767
Natural Resources	137,159	131,658	138,457
Social Assistance	5,220,295	4,660,287	4,496,696
Transportation	1,376,215	1,459,295	1,213,138
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	20,393	37,567	42,269
Higher Education Institutions	4,153,282	3,865,244	3,661,270
Unemployment Insurance	1,138,621	354,967	316,577
CollegeInvest	78,647	116,286	96,720
Lottery	435,156	447,101	401,969
Wildlife	112,369	109,800	96,515
College Assist	399,576	326,080	199,677
Other Business-Type Activities	171,635	173,928	163,727
TOTAL EXPENSES	21,653,509	19,624,389	18,201,334
NET (EXPENSE) REVENUE	(9,035,717)	(8,601,393)	(7,700,844)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	2,093,113	2,357,807	2,244,000
Excise Taxes	251,209	257,908	261,711
Individual Income Tax	4,024,105	4,591,481	4,508,845
Corporate Income Tax	322,683	461,390	470,853
Other Taxes	655,478	547,405	523,854
Restricted Taxes	880,625	986,274	946,757
Unrestricted Investment Earnings	22,591	42,478	43,638
Other General Revenues	119,748	113,603	84,328
Special and/or Extraordinary Item	(5,616)	(6,843)	(25,915)
Transfers (Out) In	-	-	-
Internal Capital Contributions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	8,363,936	9,351,503	9,058,071
TOTAL CHANGES IN NET ASSETS	(671,781)	750,110	1,357,227
NET ASSETS - BEGINNING	20,957,280	20,907,808	19,540,665
Prior Period Adjustment	(112,338)	(393,912)	9,916
Accounting Changes	184,156	(306,726)	-
NET ASSETS - ENDING	$ 20,357,317	$ 20,957,280	$ 20,907,808

TOTAL PRIMARY GOVERNMENT

2005-06	2004-05	2003-04	2002-03	2001-02
$ 415,167	$ 422,105	$ 419,824	$ 386,560	$ 367,889
659,653	401,642	375,453	305,867	259,915
1,622,045	1,294,488	1,227,187	1,143,890	1,062,083
122,588	118,262	109,895	100,679	89,373
97,685	83,051	90,123	48,890	52,757
525,815	469,929	453,074	443,198	462,318
526,438	483,940	358,175	209,961	172,654
241,855	174,399	172,898	177,503	328,966
5,375,427	5,088,806	4,945,999	4,951,146	4,342,628
464,139	426,125	561,394	438,732	399,327
10,050,812	8,962,747	8,714,022	8,206,426	7,537,910
164,276	141,320	161,588	244,062	210,837
449,411	367,553	343,589	327,935	253,054
4,394,236	194,723	173,823	194,436	285,636
524,736	475,668	477,572	475,405	471,198
1,197,334	1,026,282	936,374	971,227	957,320
112,753	62,638	81,114	103,888	103,801
4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,205,556	919,388	746,153	890,081	750,759
-	3,283,590	3,131,486	2,946,679	2,689,452
-	1,848,922	1,674,416	1,687,006	1,596,066
31,969	26,925	9,625	16,219	16,750
3,446,716	3,294,154	3,128,126	3,108,493	2,942,776
305,447	352,712	591,789	742,745	583,508
73,745	54,453	37,355	45,213	41,351
402,391	367,474	354,159	341,907	349,955
91,221	-	-	-	-
115,200	-	-	-	-
138,773	267,408	246,988	253,633	229,773
17,002,230	15,699,878	15,048,374	15,179,093	14,090,984
(6,951,418)	(6,737,131)	(6,334,352)	(6,972,667)	(6,553,074)
2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
266,747	182,726	112,741	86,048	91,761
4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
422,656	291,583	220,236	205,569	172,257
602,912	491,214	465,826	371,089	363,190
922,872	868,251	835,680	731,138	818,234
35,372	29,736	16,534	16,577	37,236
84,335	95,912	99,200	146,516	122,527
(14,241)	(1,112)	-	-	(21,000)
-	-	-	-	-
-	9,872	15,310	53,355	151,490
8,514,215	7,399,460	6,939,488	6,436,269	6,785,356
1,562,797	662,329	605,136	(536,398)	232,282
18,103,466	17,423,906	16,640,581	17,232,372	10,345,572
(125,598)	17,231	178,189	(55,393)	(76,804)
-	-	-	-	6,731,322
$ 19,540,665	$ 18,103,466	$ 17,423,906	$ 16,640,581	$ 17,232,372

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES (AND EXPENDABLE TRUST FUNDS BEFORE FISCAL YEAR 2001-02)
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2008-09[3]	2007-08	2006-07	2005-06
REVENUES:				
Taxes	$ 8,231	$ 9,203	$ 8,936	$ 8,396
Less: Excess TABOR Revenues	-	-	-	-
Licenses, Permits, and Fines	701	643	575	541
Charges for Goods and Services	150	104	99	99
Rents (reported in 'Other' prior to FY05)	86	79	68	69
Investment Income	258	316	272	117
Federal Grants and Contracts	5,480	4,308	4,073	4,054
Unclaimed Property Receipts	58	-	-	-
Other	195	179	320	341
TOTAL REVENUES	15,159	14,832	14,343	13,617
EXPENDITURES:				
Current:				
General Government	511	123	251	256
Business, Community and Consumer Affairs	332	311	303	274
Education	879	802	713	673
Health and Rehabilitation	608	561	530	486
Justice	1,285	1,195	1,088	998
Natural Resources	121	112	107	97
Social Assistance	3,836	3,669	3,400	3,263
Transportation	1,074	1,055	950	962
Capital Outlay	308	243	124	82
Intergovernmental:				
Cities	294	289	239	251
Counties	2,043	1,799	1,721	1,616
School Districts	4,143	3,814	3,719	3,455
Other	185	258	242	197
Deferred Compensation Distributions	-	-	-	-
Debt Service[2]	189	208	213	204
TOTAL EXPENDITURES	15,808	14,439	13,600	12,814
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(649)	393	743	803
OTHER FINANCING SOURCES (USES)				
Transfers-In	5,179	4,298	4,202	3,645
Transfers-Out:				
Higher Education	(121)	(131)	(120)	(128)
Other	(5,162)	(4,237)	(4,137)	(3,580)
Face Amount of Debt Issued	-	-	-	-
Bond Premium/Discount	-	-	-	-
Capital Lease Debt Issuance	11	18	4	132
Sale of Capital Assets	-	1	-	4
Insurance Recoveries	2	2	1	1
Debt Refunding Issuance	-	-	-	-
Debt Refunding Payments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(91)	(49)	(50)	74
NET CHANGE IN FUND BALANCE	(740)	344	693	877
FUND BALANCE - BEGINNING	5,312	5,012	4,319	3,441
Prior Period Adjustments	(1)	(44)	-	1
Accounting Changes	214	-	-	-
FUND BALANCE - ENDING	$ 4,785	$ 5,312	$ 5,012	$ 4,319

[1] – Significant changes in the content of this schedule occurred between Fiscal Year 2000-01 and 2001-02. The changes occurred because of the revised fund classifications prescribed by Governmental Accounting Standards Board Statement No. 34 and related statements. The primary changes were the exclusion of the Unemployment Insurance Fund and the Deferred Compensation Plan (Expendable Trust Funds that converted to Enterprise and Private Purpose Trust Funds respectively) and the inclusion of the State Lands Fund (a Nonexpendable Trust Fund that converted to a Permanent Fund). As a result of these changes, the prior period adjustment shown for Fiscal Year 2001-02 does not agree to the Fiscal Year 2001-02 financial statements where beginning balances were restated for the conversion. In addition, the amount reported as transfers increased significantly because many transfers that previously occurred within the General Fund are now reported as transfers between funds.

2004-05	2003-04	2002-03	2001-02[1]	2000-01	1999-00
$ 7,323	$ 6,794	$ 6,261	$ 6,499	$ 7,501	$ 7,058
(41)	-	-	-	(927)	(941)
565	551	517	504	534	505
99	108	108	99	109	117
62	-	-	-	-	-
126	54	259	240	314	244
3,831	3,880	3,471	3,104	2,809	2,673
-	-	-	-	-	-
321	358	351	299	308	220
12,286	11,745	10,967	10,745	10,648	9,876
278	267	229	238	224	216
277	296	317	277	426	391
129	119	116	122	112	74
443	450	450	453	467	434
978	897	933	924	851	776
90	85	82	82	137	130
3,026	2,969	2,851	2,619	2,367	2,152
983	1,098	1,105	1,127	1,069	958
92	74	136	276	185	223
218	211	198	209	196	192
1,474	1,319	1,328	1,229	1,162	1,074
3,284	3,131	2,947	2,689	2,389	2,257
157	144	160	158	146	141
-	-	-	-	18	17
114	92	99	85	54	5
11,543	11,152	10,951	10,488	9,803	9,040
743	593	16	257	845	836
3,198	2,819	3,507	3,987	676	469
(597)	(605)	(695)	(742)	(907)	(898)
(3,136)	(2,750)	(3,406)	(3,880)	(655)	(391)
-	235	-	208	539	536
-	53	-	12	-	-
27	2	12	5	1	4
10	12	3	3	-	-
-	-	-	-	-	-
-	280	443	10	-	-
-	(311)	(436)	(10)	-	-
(498)	(265)	(572)	(407)	(346)	(280)
245	328	(556)	(150)	499	556
3,196	2,827	3,383	4,043	3,523	2,959
-	41	-	(510)	21	8
-	-	-	-	-	-
$ 3,441	$ 3,196	$ 2,827	$ 3,383	$ 4,043	$ 3,523

[2] – See additional debt service information including principal and interest components and a ratio of total debt service expenditures to total noncapital expenditures.

[3] – In Fiscal Year 2008-09, Unclaimed Property activity was converted from a Private Purpose Trust Fund to a Special Revenue Fund and therefore is not included in this schedule prior to the conversion.

GENERAL PURPOSE REVENUE (AFTER TABOR REFUNDS)
GENERAL FUND
IN DOLLARS AND AS A PERCENT OF TOTAL
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2008-09	2007-08	2006-07	2005-06
Income Tax:				
Individual	$ 4,021	$ 4,600	$ 4,510	$ 4,044
Less: Excess TABOR Revenues	-	-	-	-
Corporate	265	474	464	422
Net Income Tax	4,286	5,074	4,974	4,466
Sales, Use, and Excise Taxes	1,982	2,173	2,076	1,995
Less: Excess TABOR Revenues	-	-	-	-
Net Sales, Use, and Excise Taxes	1,982	2,173	2,076	1,995
Estate Taxes	-	-	1	7
Insurance Tax	192	188	179	175
Gaming and Other Taxes	-	-	7	18
Investment Income	9	18	28	33
Medicaid Provider Revenues	-	-	-	-
Other	56	52	48	52
TOTAL GENERAL REVENUES	$ 6,525	$ 7,505	$ 7,313	$ 6,746
Percent Change Over Previous Year	-13.1%	2.6%	8.4%	9.5%

(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)

	2008-09	2007-08	2006-07	2005-06
Net Income Tax	65.7%	67.6%	68.0%	66.2%
Sales, Use, and Excise Taxes	30.4	29.0	28.4	29.5
Estate Taxes	0.0	0.0	0.0	0.1
Insurance Tax	2.9	2.5	2.4	2.6
Other Taxes	0.0	0.0	0.1	0.3
Interest	0.1	0.2	0.4	0.5
Medicaid Provider Revenues	0.0	0.0	0.0	0.0
Other	0.9	0.7	0.7	0.8
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
$ 3,421	$ 3,189	$ 2,945	$ 3,086	$ 3,867	$ 3,718
-	-	-	-	(209)	(192)
293	218	214	165	316	289
3,714	3,407	3,159	3,251	3,974	3,815
2,146	2,005	1,915	1,962	1,809	1,775
(41)	-	-	-	(719)	(750)
2,105	2,005	1,915	1,962	1,090	1,025
26	47	53	73	83	60
189	176	171	155	142	129
40	40	38	34	31	29
28	20	51	25	45	42
-	-	16	11	-	7
59	72	74	61	63	67
$ 6,161	$ 5,767	$ 5,477	$ 5,572	$ 5,428	$ 5,174
6.8%	5.3%	-1.7%	2.7%	4.9%	4.7%
60.3%	59.1%	57.7%	58.3%	65.8%	65.5%
34.1	34.8	34.9	35.3	28.5	29.0
0.4	0.8	1.0	1.3	1.3	1.0
3.1	3.1	3.1	2.8	2.2	2.1
0.6	0.7	0.7	0.6	0.5	0.5
0.5	0.3	0.9	0.4	0.7	0.7
0.0	0.0	0.3	0.2	0.0	0.1
1.0	1.2	1.4	1.1	1.0	1.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07	2005-06
Department:[1]				
Agriculture	$ 6,809	$ 7,124	$ 5,197	$ 4,038
Corrections	637,292	626,246	577,482	534,233
Education	3,214,951	3,023,255	2,882,876	2,718,667
Governor	13,342	17,346	11,991	15,862
Health Care Policy and Financing	1,311,702	1,482,803	1,369,321	1,362,893
Higher Education	661,974	747,717	693,999	636,341
Human Services	776,394	749,974	718,366	590,071
Judicial Branch	328,056	300,674	265,161	237,673
Labor and Employment	-	-	108	-
Law	8,705	8,474	8,975	7,143
Legislative Branch	34,944	31,139	29,880	27,633
Local Affairs	12,276	10,895	9,973	8,500
Military and Veterans Affairs	5,637	5,407	5,050	4,324
Natural Resources	30,558	30,086	28,550	22,806
Personnel & Administration	5,337	10,934	9,385	8,181
Public Health and Environment	26,634	23,596	23,081	20,586
Public Safety	78,874	72,806	67,169	58,785
Regulatory Agencies	1,451	1,400	1,273	1,390
Revenue	67,092	73,593	65,398	57,928
Transportation	-	-	-	-
Treasury	10,643	13,902	12,403	18,443
Transfer to Capital Construction Fund	39,396	183,443	291,467	104,841
Transfer to Various Cash Funds	10,281	327	3,748	67,100
Transfer to the Highway Users Tax Fund	28,965	166,182	291,179	65,345
Other Transfers and Nonoperating Disbursements	102,966	137,747	130,598	49,190
TOTALS	$ 7,414,279	$ 7,725,070	$ 7,502,630	$ 6,621,973
Percent Change	-4.0%	3.0%	13.3%	6.8%
(AS PERCENT OF TOTAL)				
Education	43.4%	39.1%	38.4%	41.1%
Health Care Policy and Financing	17.7	19.2	18.3	20.6
Higher Education	8.9	9.7	9.3	9.6
Human Services	10.5	9.7	9.6	8.9
Corrections	8.6	8.1	7.7	8.1
Transfer to Capital Construction Fund	0.5	2.4	3.9	1.6
Transfer to Various Cash Funds	0.1	0.0	0.0	1.0
Transfers to the Highway Users Tax Fund	0.4	2.2	3.9	1.0
Judicial	4.4	3.9	3.5	3.6
Revenue	0.9	1.0	0.9	0.9
All Others	4.6	4.7	4.5	3.6
TOTALS	100.0%	100.0%	100.0%	100.0%

[1] – Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
$ 4,107	$ 3,716	$ 8,700	$ 10,118	$ 9,866	$ 8,106
495,234	467,207	476,972	443,334	417,677	381,669
2,514,427	2,417,490	2,313,588	2,268,794	2,143,115	2,041,087
15,808	13,317	31,465	19,566	19,754	5,877
1,247,254	1,142,620	1,132,643	1,076,838	1,028,785	951,827
587,958	591,221	685,686	739,556	747,332	715,933
568,461	534,759	551,299	560,716	553,364	509,309
219,612	207,432	213,939	214,619	205,341	194,420
-	-	-	-	-	-
6,738	6,266	8,141	9,677	8,571	10,106
26,745	26,818	28,100	27,224	27,356	25,393
8,573	4,565	7,419	10,361	10,525	37,758
3,883	3,739	4,273	3,973	4,090	3,800
22,481	19,337	23,599	24,434	28,893	28,863
7,805	7,457	12,282	14,028	14,825	15,026
13,061	12,359	16,573	31,790	33,496	23,731
56,315	53,895	54,465	56,597	56,616	49,492
1,047	1,028	1,582	1,914	1,975	1,919
57,702	57,066	66,898	69,297	78,317	69,682
-	-	-	-	1	203
15,027	690	62,171	4,198	2,378	2,240
40,759	12,270	9,489	25,564	285,255	175,154
185,628	-	-	-	-	-
81,212	5,559	-	35,179	-	-
20,264	34,257	58,746	68,325	61,894	66,588
$ 6,200,101	$ 5,623,068	$ 5,768,030	$ 5,716,102	$ 5,739,426	$ 5,318,183
10.3%	-2.5%	0.9%	-0.4%	7.9%	0.7%
40.6%	43.0%	40.1%	39.7%	37.3%	38.4%
20.1	20.3	19.6	18.8	17.9	17.9
9.5	10.5	11.9	12.9	13.0	13.5
9.2	9.5	9.6	9.8	9.6	9.6
8.0	8.3	8.3	7.8	7.3	7.2
0.7	0.2	0.2	0.4	5.0	3.3
3.0	0.0	-	-	-	-
-	-	-	-	-	-
3.5	3.7	3.7	3.8	3.6	3.7
0.9	1.0	1.2	1.2	1.4	1.3
4.5	3.5	5.4	5.6	4.9	5.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FUND BALANCE - RESERVED AND UNRESERVED
GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
GENERAL FUND:			
Reserved for:			
Encumbrances	$ 2,195	$ 16,487	$ 11,912
Noncurrent Assets	1	7	13
Statutory Purposes	148,212	151,721	267,020
Risk Management	18,650	35,559	38,593
Unreserved Undesignated:			
General Fund	155,436	-	95,779
Unreserved:			
Designated for Unrealized Investment Gains:			
General Fund	10,939	3,639	-
TOTAL RESERVED	169,058	203,774	317,538
TOTAL UNRESERVED	166,375	3,639	95,779
TOTAL FUND BALANCE	335,433	207,413	413,317
ALL OTHER GOVERNMENTAL FUNDS:			
Reserved for:			
Encumbrances	$ 1,043,396	$ 966,477	$ 821,112
Noncurrent Assets	515,062	425,830	385,248
Debt Service	558	558	558
Statutory Purposes	40,921	109,322	130,000
Emergencies	93,550	93,000	85,760
Funds Reported as Restricted	1,445,739	1,902,755	1,669,326
Unreserved, Reported in:			
Special Revenue Funds	53,498	54,676	72,830
Capital Projects Funds	54,687	134,470	199,126
Nonmajor Special Revenue Funds	1,117,248	1,391,483	1,233,276
Nonmajor Permanent Funds	8,500	2,326	1,782
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Major Funds	29,927	13,385	-
Reported in Nonmajor Special Revenue Funds	23,719	8,751	-
Reported in Nonmajor Permanent Funds	22,875	1,571	-
TOTAL RESERVED	3,139,226	3,497,942	3,092,004
TOTAL UNRESERVED	1,310,454	1,606,662	1,507,014
TOTAL FUND BALANCE	4,449,680	5,104,604	4,599,018
TOTAL RESERVED	3,308,284	3,701,716	3,409,542
TOTAL UNRESERVED	1,476,829	1,610,301	1,602,793
TOTAL FUND BALANCE	$ 4,785,113	$ 5,312,017	$ 5,012,335

2005-06	2004-05	2003-04	2002-03	2001-02
$ 12,233	$ 3,497	$ 2,106	$ 3,684	$ 2,093
91	192	300	231	320
251,704	198,751	207,003	60,731	39,622
32,851	36,473	33,301	39,412	-
295,882	-	-	-	137,595
-	-	4,272	30,657	26,697
296,879	238,913	242,710	104,058	42,035
295,882	-	4,272	30,657	164,292
592,761	238,913	246,982	134,715	206,327
$ 814,811	$ 629,430	$ 795,414	$ 916,053	$ 994,758
342,341	292,336	278,843	278,006	245,051
580	3,298	7,965	5,137	6,495
137,530	10,263	11,565	10,929	14,328
79,800	71,000	172,202	150,762	81,917
1,233,272	1,104,061	998,428	770,874	1,118,886
872,212	812,706	41,589	27,692	29,918
(47,740)	(12,545)	(39,986)	4,555	43,029
291,488	274,941	664,258	448,766	591,846
1,642	1,954	1,291	961	810
-	4,484	6,884	30,944	14,847
-	347	5,491	20,380	15,662
-	9,926	4,718	27,429	18,644
2,608,334	2,110,388	2,264,417	2,131,761	2,461,435
1,117,602	1,091,813	684,245	560,727	714,756
3,725,936	3,202,201	2,948,662	2,692,488	3,176,191
2,905,213	2,349,301	2,507,127	2,235,819	2,503,470
1,413,484	1,091,813	688,517	591,384	879,048
$ 4,318,697	$ 3,441,114	$ 3,195,644	$ 2,827,203	$ 3,382,518

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	RESTATED 2006-07	RESTATED 2005-06
DEBT SERVICE EXPENDITURES:				
Principal	$ 109,801	$ 104,924	$ 100,681	$ 97,583
Interest	78,719	102,652	112,145	106,322
TOTAL DEBT SERVICE EXPENDITURES	$ 188,520	$ 207,576	$ 212,826	$ 203,905
Percent Change Over Previous Year	-9.2%	-2.5%	4.4%	78.2%
TOTAL NONCAPITAL EXPENDITURES[1]	15,511,450	14,196,496	13,365,782	12,586,379
TOTAL CAPITAL EXPENDITURES[1]	296,300	242,572	233,914	228,077
TOTAL GOVERNMENTAL EXPENDITURES	15,807,750	14,439,068	13,599,696	12,814,456
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:				
Principal	0.7%	0.7%	0.8%	0.8%
Interest	0.5%	0.7%	0.8%	0.8%
Total Debt Service Expenditures	1.2%	1.5%	1.6%	1.6%

[1] – For fiscal years prior to 2002-03 capitalizable expenditures for infrastructure are not individually identifiable and are therefore included in Noncapital Expenditures.

TOTAL OUTSTANDING DEBT[2]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07	2005-06
Governmental Activities:				
Revenue Backed Debt	$ 1,106,973	$ 1,216,006	$ 1,319,718	$ 1,418,446
Certificates of Participation	162,053	172,864	183,203	196,475
Capital Leases	91,813	60,031	30,456	17,482
Notes and Mortgages	515,000	460,000	345,000	415,000
TOTAL GOVERNMENTAL OUTSTANDING DEBT	1,875,839	1,908,901	1,878,377	2,047,403
Business-Type Activities:				
Revenue Backed Debt	3,551,588	3,325,690	2,935,383	2,304,485
Certificates of Participation	446,656	210,150	218,916	260,578
Capital Leases	93,773	93,374	68,621	60,724
Notes and Mortgages	4,771	6,211	9,463	6,946
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	4,096,788	3,635,425	3,232,383	2,632,733
Total Primary Government:				
Revenue Backed Debt	4,658,561	4,541,696	4,255,101	3,722,931
Certificates of Participation	608,709	383,014	402,119	457,053
Capital Leases	185,586	153,405	99,077	78,206
Notes and Mortgages	519,771	466,211	354,463	421,946
TOTAL OUTSTANDING DEBT[1]	$ 5,972,627	$ 5,544,326	$ 5,110,760	$ 4,680,136
Percent Change Over Previous Year	7.7%	8.5%	9.2%	7.4%
Colorado Population (In Thousands)	4,789	4,940	4,862	4,766
Per Capita Debt (Dollars Per Person)	$1,247	$1,168	$1,051	$982
Per Capita Income (Thousands Per Person)	$43.3	$42.4	$41.0	$39.5
Per Capita Debt as a Percent of Per Capita Income	2.9%	2.7%	2.6%	2.5%

[1] – General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies.

[2] – Colorado State Constitution requires multiple year obligations to be approved by voters; therefore, there is no specific legal debt limitation.

RESTATED 2004-05	RESTATED 2003-04	RESTATED 2002-03	2001-02	2000-01	1999-00
$ 15,574	$ 11,932	$ 16,581	$ 9,245	$ 4,188	$ 3,943
98,829	80,281	82,116	76,096	49,658	1,491
$ 114,403	$ 92,213	$ 98,697	$ 85,341	$ 53,846	$ 5,434
24.1%	-6.6%	15.7%	58.5%	890.9%	-75.9%
11,298,334	10,664,540	10,541,507	10,212,475	9,620,382	8,817,399
244,178	488,140	409,971	275,873	184,945	223,490
11,542,512	11,152,680	10,951,478	10,488,348	9,805,327	9,040,889
0.1%	0.1%	0.2%	0.1%	0.0%	0.0%
0.9%	0.8%	0.8%	0.7%	0.5%	0.0%
1.0%	0.9%	0.9%	0.8%	0.6%	0.1%

2004-05	2003-04	2002-03	2001-02	2000-01 [3]	1999-00
$ 1,512,987	$ 1,518,564	$ 1,273,146	$ 1,293,196	$ 1,028,880	$ 524,360
63,332	44,244	57,132	54,406	-	-
22,308	16,040	8,546	3,473	63,123	69,710
520,000	397,023	-	-	4	113
2,118,627	1,975,871	1,338,824	1,351,075	1,092,007	594,183
2,063,378	1,578,903	1,553,595	1,240,946	1,017,866 [4]	329,733
75,729	73,724	46,811	54,545	-	-
90,140	86,531	85,919	47,222	103,001	115,566
9,402	6,262	6,602	1,444	19,590	22,304
2,238,649	1,745,420	1,692,927	1,344,157	1,140,457	467,603
3,576,365	3,097,467	2,826,741	2,534,142	2,046,746	854,093
139,061	117,968	103,943	108,951	-	-
112,448	102,571	94,465	50,695	166,124	185,276
529,402	403,285	6,602	1,444	19,594	22,417
$ 4,357,276	$ 3,721,291	$ 3,031,751	$ 2,695,232	$ 2,232,464	$ 1,061,786
17.1%	22.7%	12.5%	20.7%	110.3% [4]	95.0%
4,674	4,609	4,555	4,508	4,434	4,328
$932	$807	$666	$598	$503	$245
$37.5	$35.5	$34.0	$34.0	$34.4	$33.4
2.5%	2.3%	2.0%	1.8%	1.5%	0.7%

[3] – For fiscal years prior to 2001-02, data is presented in the governmental versus business-type activity format for comparability although that classification scheme was not used in those years.

[4] – In Fiscal Year 2000-01, CollegeInvest (formerly Colorado Student Obligation Bond Authority) increased revenue backed debt related to student loans when it became a state agency.

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	Unaudited 2008-09	2007-08	2006-07	2005-06
DISTRICT REVENUES:				
Exempt District Revenues	$ 14,481,957	$ 12,126,729	$ 11,759,914	$ 10,899,936
Nonexempt District Revenues	9,102,354	9,998,559	9,641,867	9,161,391
TOTAL DISTRICT REVENUES	23,584,311	22,125,288	21,401,781	20,061,327
Percent Change In Nonexempt District Revenues	-9.0%	3.7%	5.2%	8.0%
DISTRICT EXPENDITURES:				
Exempt District Expenditures	14,481,957	12,126,729	11,759,914	10,899,936
Nonexempt District Expenditures	10,168,933	9,533,890	8,847,334	8,029,686
TOTAL DISTRICT EXPENDITURES	24,650,890	21,660,619	20,607,248	18,929,622
Percent Change In Nonexempt District Expenditures	6.7%	7.8%	10.2%	-15.2%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ (1,066,579)	$ 464,670	$ 794,533	$ 1,131,705
LIMIT AND REFUND CALCULATIONS:				
Prior Fiscal Year Spending Limitation	$ 8,829,131	$ 8,333,827	$ 8,045,256	$ 8,314,374
Adjustments To Prior Year Limit[2]	(10,364)	(1,054)	(173)	(372,471)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	8,818,767	8,332,773	8,045,083	7,941,903
Allowable Growth Rate (Population Plus Inflation)	4.1%	5.5%	3.5%	1.3%
Current Fiscal Year Spending Limitation	9,180,336	8,791,075	8,326,662	8,045,148
Adjustments To Current Year Limit	23,506	38,056	7,165	109
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	9,203,842	8,829,131	8,333,827	8,045,257
NONEXEMPT DISTRICT REVENUES	9,102,354	9,998,559	9,641,867	9,161,391
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	(101,488)	1,169,428	1,308,040	1,116,134
Correction Of Prior Years' Refunds	-	-	-	-
Voter Approved or Statutory Retention of Excess Revenue	-	1,169,428	1,308,040	1,116,134
FISCAL YEAR REFUND	$ -	$ -	$ -	$ -

[1] – The implementation of Governmental Accounting Standards Board Statement No. 34 in Fiscal Year 2001-02 resulted in a significant change in the state's fund structure that increased the amount of intra and interfund transfers. Because most of the transfers result in exempt revenues and expenditures, most of the change shows in the exempt categories.

[2] – Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activities revenues and expenditures are no longer shown in the district amounts.

Restated 2004-05	2003-04	2002-03	2001-02	Restated 2000-01[1]	Restated 1999-00
$ 11,015,958	$ 11,650,100	$ 12,059,372	$ 11,702,980	$ 8,213,400	$ 7,437,634
8,482,963	8,331,991	7,712,512	7,752,211	8,877,105	8,502,952
19,498,921	19,982,091	19,771,884	19,455,191	17,090,505	15,940,586
1.8%	8.0%	-0.5%	-12.7%	4.4%	7.3%
11,015,958	11,650,100	12,059,372	11,702,980 [1]	8,213,399	7,437,634
9,473,642	7,799,832	8,198,724	7,729,239	6,945,742	6,474,840
20,489,600	19,449,932	20,258,096	19,432,219	15,159,141	13,912,474
21.5%	-4.9%	6.1%	11.3%	7.3%	-9.1%
$ (990,679)	$ 532,159	$ (486,212)	$ 22,972	$ 1,931,364	$ 2,028,112
$ 8,331,991	$ 7,712,512	$ 7,752,211	$ 7,948,550	$ 7,563,710	$ 7,243,385
(383,103)	(31,732)	(12,865)	(53,497)	-	-
7,948,888	7,680,780	7,739,346	7,895,053	7,563,710	7,243,385
2.2%	3.6%	6.9%	4.0%	5.1%	4.4%
8,123,764	7,957,288	8,273,361	8,210,855	7,949,459	7,562,093
190,610	374,703	23,426	(84,666)	(909)	1,617
8,314,374	8,331,991	8,296,787	8,126,189	7,948,550	7,563,710
8,482,963	8,331,991	7,712,512	7,752,211	8,877,105	8,502,952
168,589	-	(584,275)	(373,978)	928,555	939,242
284	-	-	8,284	(1,354)	1,887
127,810	-	-	-	-	-
$ 41,063	$ -	$ -	$ -	$ 927,201	$ 941,129

INDIVIDUAL INCOME TAX RETURNS[1]
BY ADJUSTED GROSS INCOME CLASS
1997 to 2006

(NUMBER OF RETURNS, PERCENT OF NET INCOME TAX REVENUE)

	2006		2005		2004		2003	
	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax
ADJUSTED GROSS INCOME CLASS								
Negative Income	23,376	0.0%	23,916	0.0%	24,570	0.0%	24,632	0.0%
$0 to $5,000	72,400	0.0%	76,547	0.0%	73,929	0.0%	74,854	0.0%
$5,001 to $10,000	108,412	0.0%	112,703	0.0%	112,776	0.0%	114,615	0.1%
$10,001 to $15,000	127,061	0.3%	128,661	0.3%	129,339	0.4%	132,540	0.5%
$15,001 to $20,000	134,933	0.8%	134,643	0.8%	134,988	1.0%	137,195	1.1%
$20,001 to $25,000	130,926	1.3%	130,647	1.4%	131,424	1.6%	133,960	1.8%
$25,001 to $35,000	240,034	3.8%	236,285	4.1%	236,162	4.7%	239,657	5.3%
$35,001 to $50,000	272,040	7.2%	267,939	7.6%	266,625	8.6%	268,253	9.6%
$50,001 to $75,000	302,778	12.9%	295,028	13.6%	289,548	15.1%	286,609	16.5%
$75,001 to $100,000	189,359	12.5%	179,635	13.0%	171,170	14.0%	163,572	14.7%
$100,000 and Over	290,548	61.2%	256,424	59.2%	227,936	54.6%	202,886	50.4%
TOTAL	1,891,867	100.0%	1,842,428	100.0%	1,798,467	100.0%	1,778,773	100.0%

Source: Colorado Department of Revenue

[1] – Returns and taxes generated by taxpayers claimed as dependents are excluded from this data.
[2] – Data is not available for calendar year 1998.

SALES TAX RETURNS
BY INDUSTRY CLASS
2003 to 2008[1]

(NUMBER OF RETURNS, PERCENT OF NET SALES TAX REVENUE)

	2008		2007		2006	
	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
INDUSTRY CLASS						
Agriculture, Forestry, & Fisheries	3,653	0.1%	3,632	0.1%	3,808	0.1%
Mining	4,491	1.9%	4,104	1.7%	3,775	1.4%
Public Utilities	9,517	3.9%	8,725	3.0%	7,904	3.1%
Construction Trades	31,949	1.5%	30,929	1.5%	32,291	1.6%
Manufacturing	84,393	4.8%	87,475	4.9%	85,822	4.8%
Wholesale Trade	72,432	6.7%	74,498	6.7%	78,156	6.8%
Retail Trade	395,100	49.9%	399,395	51.5%	409,029	52.2%
Transportation & Warehousing	4,014	0.3%	4,733	0.3%	5,346	0.4%
Information Producers/Distributors	174,348	5.9%	170,488	5.8%	163,953	5.8%
Finance & Insurance	33,499	1.5%	34,308	1.2%	37,478	1.0%
Real Estate, Rental, & Leasing Services	79,541	3.8%	71,969	3.8%	72,110	3.7%
Professional, Scientific, & Technical Services	65,592	1.6%	66,352	1.8%	71,590	1.8%
Bus. Admin., Support, Waste/Remediation Services	23,401	0.7%	23,014	0.7%	23,497	0.6%
Educational Services	6,526	0.2%	5,566	0.2%	5,136	0.2%
Health Care & Social Assistance Services	13,013	0.2%	12,233	0.2%	12,290	0.2%
Arts, Entertainment, & Recreation Services	17,391	0.6%	17,196	0.6%	16,957	0.6%
Hotel & Other Accommodation Services	21,221	3.6%	20,995	3.5%	20,717	3.3%
Food & Drinking Services	129,123	10.5%	125,682	10.2%	121,234	10.0%
Other Personal Services	86,647	2.2%	85,361	2.1%	85,499	2.1%
Government Services	6,044	0.1%	7,445	0.2%	10,479	0.3%
TOTAL	1,261,895	100%	1,254,100	100%	1,267,071	100%

Source: Colorado Department of Revenue

[1] – Data is not available in this format prior to calendar year 2003.

2002		2001		2000		1999		1998[2]	1997	
# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax		# of Tax Returns	% of Income Tax
22,477	0.0%	16,539	0.0%	13,946	0.0%	13,043	0.0%	N/A	14,433	0.0%
73,714	0.0%	75,710	0.0%	73,929	0.0%	75,022	0.1%	N/A	106,941	0.0%
115,045	0.1%	113,237	0.1%	116,422	0.1%	122,123	0.2%	N/A	138,612	0.2%
134,152	0.5%	131,411	0.5%	134,898	0.5%	142,185	0.8%	N/A	153,626	1.1%
139,267	1.2%	139,013	1.2%	144,220	1.2%	151,091	1.4%	N/A	150,479	2.2%
136,897	1.9%	136,429	1.9%	140,010	1.9%	143,324	2.1%	N/A	134,014	3.1%
243,253	5.6%	244,586	5.5%	243,715	5.2%	239,847	5.6%	N/A	211,119	7.6%
271,283	9.9%	269,802	9.3%	263,657	8.7%	255,652	9.4%	N/A	219,857	12.4%
291,227	17.1%	290,662	15.9%	283,693	14.9%	270,042	16.2%	N/A	219,788	19.1%
161,047	14.7%	159,483	13.5%	150,626	12.2%	135,419	12.6%	N/A	98,073	12.7%
196,065	49.0%	203,312	52.1%	203,040	55.3%	170,546	51.6%	N/A	112,812	41.6%
1,784,427	100.0%	1,780,184	100.0%	1,768,156	100.0%	1,718,294	100.0%	N/A	1,559,754	100.0%

2005		2004		2003	
# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
3,529	0.1%	3,268	0.1%	2,756	0.1%
3,617	1.0%	2,673	0.8%	2,481	0.6%
7,419	2.8%	6,210	2.6%	6,497	2.4%
30,741	1.6%	29,916	1.4%	28,342	1.6%
75,927	4.4%	73,996	4.1%	68,682	3.8%
78,351	6.6%	77,908	6.0%	66,412	5.7%
392,892	53.5%	388,011	54.4%	371,658	54.7%
5,583	0.3%	4,878	0.3%	4,125	0.2%
149,711	5.9%	144,908	6.3%	127,785	6.5%
35,960	1.0%	33,723	1.0%	33,680	1.1%
71,331	3.6%	70,647	3.7%	64,212	3.6%
74,471	2.0%	89,310	2.4%	105,807	2.9%
21,979	0.7%	20,707	0.6%	19,070	0.6%
4,767	0.2%	4,263	0.2%	3,747	0.1%
11,142	0.2%	10,092	0.2%	8,685	0.1%
14,965	0.6%	13,440	0.6%	11,587	0.6%
20,176	3.1%	19,959	3.1%	20,087	3.2%
116,291	10.0%	110,799	9.9%	105,168	9.8%
83,498	2.2%	79,398	2.1%	72,999	2.2%
9,938	0.2%	7,967	0.2%	8,390	0.2%
1,212,288	100%	1,192,073	100%	1,132,170	100%

COLORADO TAX RATES[1]
2000 to 2009

Calendar Year	Income Tax Rate	Sales Tax Rate
2009	4.63%	2.90%
2008	4.63%	2.90%
2007	4.63%	2.90%
2006	4.63%	2.90%
2005	4.63%	2.90%
2004	4.63%	2.90%
2003	4.63%	2.90%
2002	4.63%	2.90%
2001	4.63%	2.90%
2000	4.63%	3.00%

Source: Colorado Department of Revenue

[1] – Tax rates can be lowered by the General Assembly, but cannot be raised without a vote of the people.

DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]
BY FUNCTIONS/PROGRAMS
Last Ten Years [2]

	2009	2008	2007
GOVERNMENTAL ACTIVITIES:			
General Government:			
Funds	593	556	515
Employees (calculated Full-Time Equivalent)	64,535	61,915	59,873
Balance in Treasury Pool (in millions)	$5,663.2	$6,159.4	$5,250.7
Business, Community, and Consumer Affairs:			
Professional Licenses at Regulatory Agencies	679,836	640,332	575,124
Unemployment Rate (percent) [4]	7.6	4.9	3.8
Employment Level [4]	*	2,596,309	2,602,015
Education:			
Public Schools	1,769	1,771	1,771
Primary School Students	818,443	802,639	794,026
Health and Rehabilitation:			
Average Daily Population of Mental Health Institutes [3]	569	548	528
Average Daily Population of Regional Centers [3,5]	378	403	403
Justice:			
District Court Cases Filed [3]	191,749	199,681	189,884
County Court Cases Filed [3]	554,165	579,069	552,592
Inmate Admissions	*	11,038	10,625
Inmate Releases	*	10,565	10,110
Average Daily Inmate Population	23,210	22,887	22,424
Citations Issued by the State Patrol	168,916 [6]	221,544	226,324
Crashes Covered by the State Patrol	17,944 [6]	27,260	28,277
Natural Resources:			
Active Oil and Gas Wells [3]	36,000	35,000	34,000
Oil and Gas Drilling Permits [3]	7,400	6,780	4,200
Annual State Park Visitors [3]	13,680,012	11,272,418	11,475,000
Water Loans	269	258	255
Social Assistance:			
Medicaid Recipients [3]	381,390	383,784	429,233
Average # of Cash Assistance Payments per Month [3]	57,200	62,647	66,728
Transportation:			
Lane Miles	*	23,036,480	22,999,470
Bridges	*	3,406	3,775
BUSINESS-TYPE ACTIVITIES:			
Higher-Education:			
Resident Students [3]	136,900	135,275	136,108
Nonresident Students [3]	23,166	22,069	20,670
Unemployment Insurance:			
Individuals Served - Employment and Training [3]	350,000	300,000	270,000
Initial Unemployment Claims [3]	120,074	119,561	120,290
CollegeInvest:			
Loans Issued or Purchased	268,745	239,060	218,518
Average Balance per Loan	$6,326	$6,328	$6,057
Lottery:			
Scratch Tickets Sold	104,217,790	101,604,127	99,199,686
Lotto Tickets Sold	43,552,521	41,071,837	39,835,761
Powerball Tickets Sold	100,733,520	109,565,516	101,570,695
Other Lottery Tickets Sold	20,831,732	19,148,564	17,407,163
Wildlife:			
Hunting & Fishing Licenses Sold [3]	2,300,000	1,545,659	1,399,978
College Assist:			
Guaranteed Loans - In State	115,486	140,232	146,616
Guaranteed Loans - Out of State	47,892	18,859	5,080

Source: JBC Budget in Brief and various state departments.

* – Data is not available.
1 – All amounts are counts, except where dollars or percentages are indicated.
2 – Data is presented by either fiscal year or calendar year based on availability of information.

2006	2005	2004	2003	2002	2001
492	484	465	444	434	415
58,468	58,046	57,643	58,239	57,974	56,639
$4,615.3	$3,951.1	$3,174.6	$2,241.4	$2,068.5	$3,080.6
576,982	517,597	*	*	*	229,903
4.3	5.1	5.6	6.1	5.7	3.8
2,537,037	2,436,795	2,384,562	2,323,554	2,304,109	2,303,494
1,731	1,667	1,728	1,613	1,658	1,656
780,708	766,657	757,021	751,862	742,145	724,508
539	539	570	688	699	697
403	403	411	400	397	413
187,498	*	*	165,467	160,245	168,325
547,143	*	*	461,847	457,246	460,149
10,168	9,433	8,165	7,799	7,802	6,952
8,954	8,249	7,504	6,977	6,554	6,114
21,438	20,228	19,478	18,636	17,367	16,605
234,052	246,918	206,052	176,869	160,919	149,872
28,648	30,645	33,635	34,133	37,102	40,541
30,000	25,300	24,000	23,423	*	*
3,800	2,200	*	*	*	*
11,869,897	11,190,201	11,565,810	11,170,000	11,400,000	10,755,581
244	241	227	213	206	197
446,341	375,410	362,654	326,058	304,508	281,430
68,822	68,150	85,339	*	*	67,100
23,105,769	23,029,858	23,138,578	23,061,021	22,851,000	22,814,000
3,757	3,754	3,714	3,698	3,698	
140,601	141,692	135,392	127,632	123,383	*
21,380	22,729	22,809	22,824	22,152	*
270,000	240,000	200,000	194,000	*	*
132,337	176,270	156,594	132,657	*	*
200,332	189,522	174,724	168,453	*	*
$5,546	$5,098	$4,871	$4,486	*	*
111,883,645	119,441,166	114,543,013	111,793,347	129,775,201	143,418,930
38,332,996	38,266,176	40,818,461	48,272,866	57,651,698	88,945,211
119,757,642	80,912,792	85,041,776	75,705,463	79,893,821	0
16,858,542	15,052,291	14,508,537	13,245,564	13,222,846	12,482,380
1,409,064	1,450,000	1,235,551	1,525,679	1,423,377	1,478,617
*	*	*	*	*	*
*	*	*	*	*	*

[3] – Data represents estimates from budgetary documents and is not adjusted to actual.
[4] – Data represents annual averages of monthly estimates from Department of Labor and Employment and is not adjusted to actual.
[5] – Prior to 2009, this represented Regional Center Residential Beds.
[6] – Data through September 30, 2009.

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Two Years

	2009	2008
GOVERNMENTAL ACTIVITIES:		
General Government	2,549,944	2,982,413
Business, Community, and Consumer Affairs[1]	981,809	937,389
Education	317,884	317,884
Health and Rehabilitation	1,365,606	1,561,507
Justice	8,103,126	8,047,872
Natural Resources	1,210,477	1,672,897
Social Assistance	1,700,847	1,351,964
Transportation	2,575,421	2,575,421
BUSINESS-TYPE ACTIVITIES:		
Higher-Education	44,026,204	41,437,896
Wildlife	1,065,240	901,526

Source: Colorado Office of the State Architect

[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

BUILDING SQUARE FOOTAGE
LEASED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Two Years

	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:		
General Government	288,210	199,967
Business, Community, and Consumer Affairs[1]	515,708	508,439
Education	19,440	9,396
Health and Rehabilitation	420,272	434,469
Justice	868,060	850,185
Natural Resources	73,546	49,495
Social Assistance	34,459	28,963
BUSINESS-TYPE ACTIVITIES:		
Higher-Education	1,243,524	1,294,663
CollegeInvest	15,318	15,318
Lottery	61,682	61,682
Wildlife	15,267	75,944
College Assist	12,807	12,807

Source: Colorado Office of the State Architect

[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

NUMBER OF FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION, AND AVERAGE MONTHLY SALARY
Last Ten Fiscal Years

	2008-09	2007-08	2006-07	2005-06
General Government	2,454	2,392	2,322	2,255
Business, Community, and Consumer Affairs	2,437	2,372	2,335	2,342
Education	36,042	34,469	33,464	32,680
Health and Rehabilitation	3,944	3,865	3,774	3,729
Justice	13,000	12,467	11,791	11,372
Natural Resources	1,587	1,583	1,522	1,485
Social Assistance	1,671	1,656	1,593	1,520
Transportation	3,400	3,111	3,072	3,085
TOTAL FTE	64,535	61,915	59,873	58,468
TOTAL CLASSIFIED FTE	32,820	31,995	31,075	30,677
AVERAGE MONTHLY SALARY	$ 4,390	$ 4,278	$ 4,108	$ 4,036
TOTAL NON-CLASSIFIED FTE	31,715	29,920	28,798	27,791
AVERAGE MONTHLY SALARY	$ 5,723	$ 5,467	$ 5,214	$ 5,066

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor's cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty in the Department of Higher Education.

2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
2,219	2,180	2,300	2,422	2,409	2,422
2,367	2,343	2,344	2,334	2,284	2,290
32,664	32,595	32,435	31,887	31,165	29,463
3,681	3,717	3,803	3,766	3,668	3,726
11,083	10,767	11,257	11,437	11,100	10,542
1,472	1,446	1,453	1,453	1,395	1,397
1,462	1,482	1,567	1,610	1,570	1,530
3,098	3,113	3,080	3,065	3,048	3,015
58,046	57,643	58,239	57,974	56,639	54,385
30,967	30,770	31,857	32,092	31,510	30,866
$ 3,955	$ 3,867	$ 3,913	$ 3,700	$ 3,491	$ 3,364
27,079	26,873	26,382	25,882	25,129	23,519
$ 4,926	$ 4,759	$ 4,788	$ 4,563	$ 4,352	$ 4,387

FTE is an acronym for Full-Time Equivalent employee. Employees on the state's payroll system are designated as either full-time or part-time. Each full-time employee was counted as one FTE. For each state agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the FTE for part-time employees.

REVENUE BOND COVERAGE[1]
2000 to 2009

(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
2008-09	$ 980,992	$ 813,000	$ 167,992	$ 107,795	$ 60,197	$ 167,992	1.00
2007-08	167,989	-	167,989	102,475	65,514	167,989	1.00
2006-07	167,982	-	167,982	97,490	70,492	167,982	1.00
2005-06	167,991		167,991	92,835	75,156	167,991	1.00
2004-05	84,787	-	84,787	5,870	78,917	84,787	1.00
2003-04	72,875	-	72,875	3,250	69,625	72,875	1.00
2002-03	71,141	-	71,141	10,005	61,136	71,141	1.00
2001-02	66,813	-	66,813	5,070	61,743	66,813	1.00
2000-01	33,792	-	33,792	1,850	31,942	33,792	1.00
Enterprise Funds (Excluding Higher Education): State Fair and CollegeInvest							
2008-09	$ 200,753	$ 34,107	$ 166,646	$ 24,000	$ 17,126	$ 41,126	4.05
2007-08	351,308	126,788	224,520	155	41,492	41,647	5.39
2006-07	402,013	101,632	300,381	16,155	76,077	92,232	3.26
2005-06	106,230	79,489	26,741	39,747	53,783	93,530	0.29
2004-05	71,365	55,119	16,246	44,077	33,182	77,259	0.21
2003-04	221,271	39,812	181,459	39,012	14,924	53,936	3.36
2002-03	204,866	42,252	162,614	29,142	15,564	44,706	3.64
2001-02	180,471	46,063	134,408	24,834	19,845	44,679	3.01
2000-01	166,092	59,185	106,907	30,212	37,482	67,694	1.58
Higher Education Institutions							
2008-09	$ 846,389	$ 450,057	$ 396,332	$ 40,965	$ 69,195	$ 110,160	3.60
2007-08	793,013	420,908	372,105	36,940	58,466	95,406	3.90
2006-07	687,200	391,433	295,767	34,145	48,073	82,218	3.60
2005-06	649,238	376,431	272,807	29,365	45,699	75,064	3.63
2004-05	623,247	354,669	268,578	28,375	30,028	58,403	4.60
2003-04	555,602	329,204	226,398	24,390	29,533	53,923	4.20
2002-03	522,448	332,697	189,751	20,665	24,550	45,215	4.20
2001-02	508,615	311,778	196,837	17,390	18,876	36,266	5.43
2000-01	508,892	369,334	139,558	22,263	16,459	38,722	3.60
1999-00	552,417	399,148	153,269	17,585	18,026	35,611	4.30

[1] – Pledged revenues supporting the Governmental Funds TRANs are primarily federal grants under agreement with the Federal Highway Administration (FHWA), and sales and use tax revenues of the Highway Users Tax Fund which were diverted from the General Fund. Pledged revenues supporting the Enterprise Funds' borrowings, excluding Higher Education, are primarily student loan repayment amounts at CollegeInvest, which are used to make the required debt service payments. Pledged revenues supporting Higher Education Institutions' borrowings are primarily auxiliary fees related to student housing and tuition.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
1999 to 2008

Mileage Type	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
CenterLine Miles[1]:										
Urban	1,400	1,398	1,419	1,411	1,421	1,421	1,038	1,033	1,035	1,049
Rural	7,744	7,736	7,742	7,737	7,736	7,736	8,105	8,104	8,051	8,110
TOTAL CENTERLINE MILES	9,144	9,134	9,161	9,148	9,157	9,157	9,143	9,137	9,086	9,159
Percent Change	0.1%	-0.3%	0.1%	-0.1%	0.0%	0.2%	0.1%	0.6%	-0.8%	0.4%
Lane Miles[2]:										
Urban	5,238	5,232	5,322	5,247	5,262	5,236	4,058	4,031	4,041	4,090
Rural	17,798	17,767	17,784	17,784	17,875	17,825	18,792	18,782	18,659	18,807
TOTAL LANE MILES	23,036	22,999	23,106	23,031	23,137	23,061	22,850	22,813	22,700	22,897
Percent Change	0.2%	-0.5%	0.3%	-0.5%	0.3%	0.9%	0.2%	0.5%	-0.9%	0.6%

Source: Colorado Department of Transportation

1 – Centerline miles measure roadway miles without accounting for the number of lanes.

2 – Lane miles measure the total distance of all roadway lanes, and are therefore a better indicator of actual maintenance requirements.

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
2002 to 2008[3]

Functional Classification	2008	2007	2006	2005	2004	2003	2002
Principal Arterial[1]	1,341	1,686	1,678	1,680	1,676	1,949	1,945
Other Principal Arterial[2]	795	911	884	943	894	321	322
Minor Arterial	773	802	798	787	798	818	817
Collector	404	350	368	319	326	403	405
Local	93	26	29	25	20	207	209
TOTAL BRIDGES	3,406	3,775	3,757	3,754	3,714	3,698	3,698
Percent Change	-9.8%	0.5%	0.1%	1.1%	0.4%	0.0%	NA

Source: Colorado Department of Transportation

1 – Includes interstate, expressways, and freeways.

2 – Prior to 2004, Other Principal Arterials in rural areas were included in the Principal Arterial category.

3 – Data is not available in this format prior to calendar year 2002.

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE 2000 to 2009

(AMOUNTS IN MILLIONS)

Year	Residential	Non-Residential	Non-Building	Total
2009 est	$ 3,654	$ 3,400	$ 1,650	$ 8,704
2008 est	4,254	3,850	1,825	9,929
2007	7,146	4,866	1,901	13,914
2006	7,770	4,310	2,967	15,047
2005	8,803	4,221	1,788	14,812
2004	8,050	3,291	1,754	13,095
2003	6,258	2,713	1,732	10,703
2002	6,357	2,787	2,162	11,306
2001	6,593	3,500	1,687	11,780
2000	7,029	3,476	1,835	12,340

Source: F.W. Dodge Company, the Colorado Contractors Association, and the Colorado Business Economic Outlook Committee.

COLORADO SALES AND GROSS FARMING REVENUES 2000 to 2009

(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2009 est	$ 67.9	$ 7.46
2008 est	67.3	7.57
2007	65.3	7.52
2006	61.7	6.80
2005	58.7	6.68
2004	55.8	6.53
2003	52.8	5.85
2002	52.9	5.42
2001	52.9	5.63
2000	52.2	5.44

Retail sales based on SIC Codes 52-59.

Source: Colorado Department of Revenue, Colorado Agricultural Statistics Services, and the Colorado Business Economic Outlook Committee.

COLORADO DEMOGRAPHIC DATA
2000 to 2009

Year	Population (000)	Percentage Share of U.S. Population	Total Personal Income (Billions)	Per Capita Personal Income (Dollars)	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
2009 est	4,789	1.56%	$207.3	$ 43,289	110.9%	*	7.6%
2008	4,940	1.62%	209.3	42,377	110.1%	2,596	4.9
2007	4,862	1.62	199.4	41,019	106.4%	2,602	3.8
2006	4,766	1.60	188.2	39,489	107.5%	2,537	4.3
2005	4,674	1.59	175.4	37,522	108.3%	2,437	5.1
2004	4,609	1.57	163.7	35,523	107.2%	2,385	5.6
2003	4,555	1.58	154.8	33,989	107.9%	2,324	6.1
2002	4,508	1.57	153.1	33,956	110.2%	2,304	5.7
2001	4,434	1.56	152.7	34,438	112.6%	2,304	3.8
2000	4,328	1.54	144.4	33,361	111.8%	2,300	2.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment

* – Data is not available.

COLORADO EMPLOYMENT[1]
BY INDUSTRY
2000 to 2009

(AMOUNTS IN THOUSANDS)

Industry[2]	2009 est	2008 est	2007	2006	2005	2004	2003	2002	2001	2000
Natural Resources and Mining	32.9	29.9	25.2	21.1	17.2	14.4	13.2	12.9	12.9	12.2
Construction	149.4	160.6	167.7	167.8	160.0	151.3	149.9	160.4	167.7	163.6
Manufacturing	143.5	144.5	146.7	149.1	150.4	151.8	153.9	163.8	179.5	188.9
Transportation, Trade, and Utilities	428.7	433.5	429.7	419.3	413.0	406.6	404.5	412.1	423.0	418.9
Information	74.1	75.5	76.3	75.4	76.9	81.2	84.6	92.9	107.3	108.4
Financial Activities	154.7	157.6	159.5	160.4	158.5	154.6	154.1	149.5	148.3	147.0
Professional and Business Services	357.4	353.9	347.9	331.8	316.8	304.1	292.0	296.2	312.3	318.8
Educational and Health Services	255.1	248.1	240.3	231.2	224.6	218.5	213.0	208.5	200.8	192.8
Leisure and Hospitality	270.7	272.6	270.4	264.9	257.5	251.3	245.6	247.0	247.2	246.0
Other Services	95.4	94.4	93.0	90.8	88.5	87.4	85.9	85.6	83.8	80.2
Government	387.7	383.3	374.6	367.2	362.6	358.5	356.2	355.4	344.1	337.0
Total	2,349.6	2,353.9	2,331.3	2,279.0	2,226.0	2,179.7	2,152.9	2,184.3	2,226.9	2,213.8

Source: Colorado Department of Labor and Employment and the Colorado Business Economic Outlook Committee.

[1] – Provided in lieu of information regarding Colorado's principal employers for which employer data could not be obtained.
[2] – Excludes nonagricultural self-employed, unpaid family, and domestic workers.

OTHER COLORADO FACTS

Important Dates

1803	The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.
1806	Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. However, they do reach the headwaters of the Arkansas River near Leadville.
1848	By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.
1858	Gold is discovered along Cherry Creek near present day Denver.
1861	Congress establishes the Colorado Territory with the boundaries of the present state and chooses its name from the Spanish word for "colored red." President Lincoln appoints William Gilpin as the first territorial governor. The State Supreme Court is organized. The first assembly meets and creates 17 counties, authorizes the University of Colorado, and selects Colorado City as the territorial capital.
1867	Denver is established as the permanent seat of the territorial government by the legislature meeting in Golden.
1870	The Denver Pacific Railroad is completed to Denver.
1876	Colorado is admitted to the Union as the 38th state. John L. Routt is elected the first governor.
1877	The University of Colorado opens classes at Boulder with two teachers and forty-four students.
1894	The State Capitol Building, designed by Elijah E. Meyers, is completed at a cost of $2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.
1906	The U.S. Mint at Denver issues its first coins.
1958	The U.S. Air Force Academy's permanent campus opens near Colorado Springs.
1992	TABOR amendment is added to the State Constitution.

Geography

Area: 103,718 square miles.

Highest Elevation: Mt Elbert – 14,433 feet above sea level.

Lowest Elevation: Along the Arikaree River in Yuma County – 3,315 feet above sea level.

Colorado has the highest average elevation of all fifty states – 6,800 feet above sea level.

State Symbols and Emblems

State Motto – Nil Sine Numine – Nothing Without the Deity

State Nickname – Centennial State

State Animal – Rocky Mountain Bighorn Sheep

State Bird – Lark Bunting

State Fish – Greenback Cutthroat Trout

State Flower – White and Lavender Columbine

State Folk Dance – Square Dance

State Fossil – Stegosaurus

State Songs – "Where the Columbine Grow" and "Rocky Mountain High"

State Gemstone – Aquamarine

State Grass – Blue Grama Grass

State Insect – Colorado Hairstreak Butterfly

State Mineral – Rhodochrosite

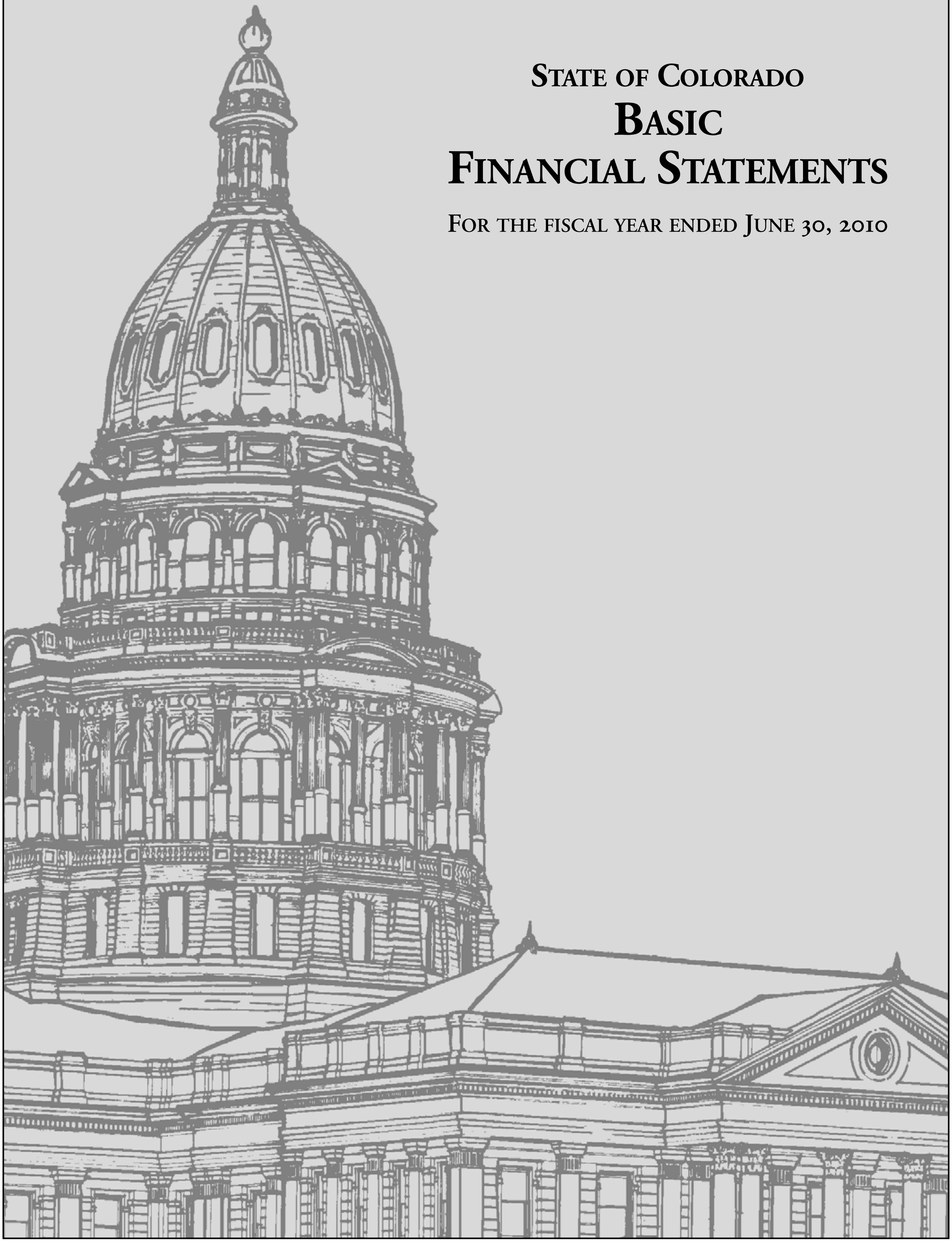
State Reptile – Western Painted Turtle

State Rock – Yule Marble

State Tree – Colorado Blue Spruce

State of Colorado
Basic Financial Statements

For the fiscal year ended June 30, 2010



UNAUDITED

State of Colorado

Bill Ritter, Jr.
Governor

Rich Gonzales
Executive Director

Jennifer Okes
Deputy Executive Director

David J. McDermott
State Controller

DPA
Department of Personnel & Administration

Office of the State Controller
633 17th Street, Suite 1500
Denver, Colorado 80202
Phone (303) 866-6200
Fax (303) 866-4233
www.colorado.gov/dpa

September 30, 2010

The Honorable Bill Ritter, Jr.
Governor
136 State Capitol Building
Denver, Colorado 80203

Dear Governor Ritter:

The attached Basic Financial Statements for the State of Colorado are submitted to you to comply with CRS 24-30-204. The financial statements are prepared in accordance with generally accepted accounting principles except for the budgetary statements, which report certain payroll, Medicaid, and other legislatively specified expenditures on a cash basis. The financial statements are unaudited. An auditor's opinion is anticipated by mid-December 2010 and will be included in the Comprehensive Annual Financial Report that I expect to issue in late December 2010.

If you have questions please contact me.

Sincerely,

David J. McDermott

David J. McDermott, CPA
Colorado State Controller

Attachment

cc: Senator Brandon Shaffer, President of the Senate
Representative Terrance Carroll, Speaker of the House
Rich Gonzales, Department of Personnel & Administration
Todd Saliman, Office of State Planning & Budgeting

STATE OF COLORADO
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CONTENTS

UNAUDITED

STATEMENT OF NET ASSETS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 1,958,065	$ 1,181,670	$ 3,139,735	$ 210,527
Investments	15,224	252,707	267,931	58,291
Taxes Receivable, net	858,186	89,065	947,251	2
Contributions Receivable, net	-	-	-	35,364
Other Receivables, net	150,718	286,233	436,951	174,176
Due From Other Governments	462,553	158,787	621,340	1,456
Internal Balances	26,174	(26,174)	-	-
Due From Component Units	84	14,474	14,558	-
Inventories	16,468	42,779	59,247	16,315
Prepaids, Advances, and Deferred Charges	38,591	19,244	57,835	7,996
Net Pension Asset	-	-	-	6,741
Total Current Assets	3,526,063	2,018,785	5,544,848	510,868
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,572,925	353,164	1,926,089	114,475
Restricted Investments	687,314	239,719	927,033	255,619
Restricted Receivables	195,753	234,334	430,087	16,138
Investments	529,059	1,206,671	1,735,730	1,690,278
Contributions Receivable, net	-	-	-	59,259
Other Long-Term Assets	644,481	119,387	763,868	1,167,218
Depreciable Capital Assets and Infrastructure, net	9,679,618	3,912,796	13,592,414	680,336
Land and Nondepreciable Infrastructure	1,637,224	1,208,625	2,845,849	25,798
Total Noncurrent Assets	14,946,374	7,274,696	22,221,070	4,009,121
TOTAL ASSETS	18,472,437	9,293,481	27,765,918	4,519,989
DEFERRED OUTFLOW OF RESOURCES:	-	7,778	7,778	-
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	664,781	-	664,781	-
Accounts Payable and Accrued Liabilities	738,556	584,273	1,322,829	77,987
TABOR Refund Liability (Note 8B)	706	-	706	-
Due To Other Governments	181,684	406,275	587,959	1,395
Due To Component Units	-	466	466	-
Deferred Revenue	128,404	232,396	360,800	9,280
Accrued Compensated Absences	10,287	13,035	23,322	15,094
Claims and Judgments Payable	44,181	-	44,181	14,171
Leases Payable	11,384	6,672	18,056	507
Derivative Instrument Liability	-	7,778	7,778	-
Notes, Bonds, and COP's Payable	642,445	100,329	742,774	64,944
Other Current Liabilities	20,403	125,762	146,165	130,907
Total Current Liabilities	2,442,831	1,476,986	3,919,817	314,285
Noncurrent Liabilities:				
Deposits Held In Custody For Others	13	-	13	207,957
Accrued Compensated Absences	138,224	196,295	334,519	-
Claims and Judgments Payable	346,394	29,461	375,855	-
Capital Lease Payable	85,746	76,702	162,448	3,360
Notes, Bonds, and COP's Payable	1,554,964	2,682,987	4,237,951	1,498,720
Due to Component Units	-	2,501	2,501	-
Other Postemployment Benefits	-	47,259	47,259	-
Other Long-Term Liabilities	402,599	36,450	439,049	79,906
Total Noncurrent Liabilities	2,527,940	3,071,655	5,599,595	1,789,943
TOTAL LIABILITIES	4,970,771	4,548,641	9,519,412	2,104,228
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	10,108,323	2,856,405	12,964,728	202,530
Restricted for:				
Highway Construction and Maintenance	753,593	-	753,593	-
State Education	194,586	-	194,586	-
Debt Service	4,093	46,660	50,753	-
Emergencies	94,000	16,257	110,257	21
Permanent Funds and Endowments:				
Expendable	11,130	6,825	17,955	598,947
Nonexpendable	643,148	71,738	714,886	559,570
Court Awards and Other Purposes	138,826	631,415	770,241	508,876
Unrestricted	1,553,967	1,123,318	2,677,285	545,817
TOTAL NET ASSETS	$ 13,501,666	$ 4,752,618	$ 18,254,284	$ 2,415,761

The notes to the financial statements are an integral part of this statement.

UNAUDITED

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Expenses		Program Revenues		
(DOLLARS IN THOUSANDS)		Indirect		Operating	Capital
		Cost	Charges for	Grants and	Grants and
Functions/Programs	Expenses	Allocation	Services	Contributions	Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 211,927	$ (22,062)	$ 119,989	$ 244,173	$ -
Business, Community, and Consumer Affairs	659,007	3,847	136,354	305,678	-
Education	5,094,566	1,466	18,136	662,815	232
Health and Rehabilitation	658,290	1,223	79,932	393,293	-
Justice	1,522,098	5,759	186,666	152,708	1,511
Natural Resources	141,793	1,652	116,531	78,699	277
Social Assistance	5,986,957	2,026	348,749	3,892,533	-
Transportation	2,546,439	1,587	394,380	109,059	605,363
Interest on Debt	33,203	-	-	-	-
Total Governmental Activities	16,854,280	(4,502)	1,400,737	5,838,958	607,383
Business-Type Activities:					
Higher Education	4,449,703	2,637	2,625,172	2,012,682	21,923
Unemployment Insurance	2,496,188	-	493,405	1,485,958	-
CollegeInvest	68,650	-	75,607	27,843	-
Lottery	455,829	523	513,292	1,237	-
Wildlife	104,217	806	87,495	23,218	31,763
College Assist	409,426	99	3,053	397,985	-
Other Business-Type Activities	169,970	437	202,357	8,077	371
Total Business-Type Activities	8,153,983	4,502	4,000,381	3,957,000	54,057
Total Primary Government	25,008,263	-	5,401,118	9,795,958	661,440
Component Units:					
University of Colorado Hospital Authority	639,796		737,581	1,313	3,253
Colorado Water Resources and Power Development Authority	94,931		47,488	37,967	-
University of Colorado Foundation	86,396		7,600	(10,557)	-
Colorado State University Foundation	31,804		-	2,014	-
Colorado School of Mines Foundation	15,132		-	17,420	-
University of Northern Colorado Foundation	10,891		-	(9,092)	-
Other Component Units	93,631		65,770	2,204	442
Total Component Units	$ 972,581	$ -	$ 858,439	$ 41,269	$ 3,695

General Revenues:
Taxes:
Sales and Use Taxes
Excise Taxes
Individual Income Tax
Corporate Income Tax
Other Taxes
Restricted for Education:
Individual Income Tax
Corporate and Fiduciary Income Tax
Restricted for Transportation:
Fuel Taxes
Other Taxes
Unrestricted Investment Earnings (Losses)
Other General Revenues

Payment from State of Colorado
Special and/or Extraordinary Items
(Transfers-Out) / Transfers-In
Permanent Fund Additions

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Beginning
Prior Period Adjustment (Note 29)

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ 174,297	$ -	$ 174,297	
(220,822)	-	(220,822)	
(4,414,849)	-	(4,414,849)	
(186,288)	-	(186,288)	
(1,186,972)	-	(1,186,972)	
52,062	-	52,062	
(1,747,701)	-	(1,747,701)	
(1,439,224)	-	(1,439,224)	
(33,203)	-	(33,203)	
(9,002,700)	-	(9,002,700)	
-	207,437	207,437	
-	(516,825)	(516,825)	
-	34,800	34,800	
-	58,177	58,177	
-	37,453	37,453	
-	(8,487)	(8,487)	
-	40,398	40,398	
-	(147,047)	(147,047)	
(9,002,700)	(147,047)	(9,149,747)	
-	-	-	102,351
-	-	-	(9,476)
-	-	-	(89,353)
-	-	-	(29,790)
-	-	-	2,288
-	-	-	(19,983)
-	-	-	(25,215)
-	-	-	(69,178)
1,987,577	-	1,987,577	-
244,344	-	244,344	-
3,770,597	-	3,770,597	-
360,852	-	360,852	-
376,389	-	376,389	-
305,595	-	305,595	-
23,358	-	23,358	-
542,883	-	542,883	-
1,451	-	1,451	-
10,215	-	10,215	(22,778)
100,700	-	100,700	-
-	-	-	36,025
(600,697)	(79,575)	(680,272)	-
(96,968)	96,968	-	-
357	-	357	-
7,026,653	17,393	7,044,046	13,247
(1,976,047)	(129,654)	(2,105,701)	(55,931)
15,477,205	4,880,112	20,357,317	2,471,691
508	2,160	2,668	-
$ 13,501,666	$ 4,752,618	$ 18,254,284	$ 2,415,761

UNAUDITED

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	GENERAL	STATE PUBLIC SCHOOL	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 414,811	$ 25,092	$ 31,722
Taxes Receivable, net	999,856	-	-
Other Receivables, net	37,961	-	3,726
Due From Other Governments	436,274	4,285	279
Due From Other Funds	36,972	6,032	214
Due From Component Units	84	-	-
Inventories	6,962	-	7,799
Prepaids, Advances, and Deferred Charges	18,451	-	79
Restricted Cash and Pooled Cash	-	-	1,179,468
Restricted Investments	-	-	-
Restricted Receivables	-	-	181,800
Investments	5,477	-	-
Other Long-Term Assets	-	-	18,826
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 1,956,848	$ 35,409	$ 1,423,913
LIABILITIES:			
Tax Refunds Payable	$ 657,130	$ -	$ 2,568
Accounts Payable and Accrued Liabilities	449,743	153	94,003
TABOR Refund Liability (Note 8B)	706	-	-
Due To Other Governments	41,192	-	59,764
Due To Other Funds	28,452	-	1,116
Deferred Revenue	187,897	2,581	23,908
Compensated Absences Payable	33	-	-
Claims and Judgments Payable	513	-	-
Notes, Bonds, and COP's Payable	515,000	-	-
Other Current Liabilities	12,232	-	25
Deposits Held In Custody For Others	8	-	-
TOTAL LIABILITIES	1,892,906	2,734	181,384
FUND BALANCES:			
Reserved for:			
Encumbrances	5,721	-	960,899
Noncurrent Assets	-	-	18,826
Debt Service	-	-	-
Statutory Purposes	17,336	-	-
Risk Management	23,031	-	-
Emergencies	-	-	-
Funds Reported as Restricted	-	-	213,605
Unreserved Undesignated, Reported in:			
Special Revenue Funds	-	32,675	24,473
Capital Projects Funds	-	-	-
Nonmajor Special Revenue Funds	-	-	-
Nonmajor Permanent Funds	-	-	-
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Major Funds	17,854	-	24,726
Reported in Nonmajor Special Revenue Funds	-	-	-
Reported in Nonmajor Permanent Funds	-	-	-
TOTAL FUND BALANCES	63,942	32,675	1,242,529
TOTAL LIABILITIES AND FUND BALANCES	$ 1,956,848	$ 35,409	$ 1,423,913

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 101,051	$ -	$ 1,366,471	$ 1,939,147
-	-	52,372	1,052,228
8,074	-	100,036	149,797
6,078	-	15,482	462,398
7,973	-	215,723	266,914
-	-	-	84
-	-	423	15,184
1,852	20	17,647	38,049
-	146,152	247,305	1,572,925
-	53,179	634,135	687,314
-	1,015	12,938	195,753
299,272	-	239,534	544,283
112	-	431,333	450,271
-	-	20,088	20,088
$ 424,412	$ 200,366	$ 3,353,487	$ 7,394,435
$ -	$ -	$ 5,083	$ 664,781
37,113	5,550	117,619	704,181
-	-	-	706
-	-	80,728	181,684
233	230	229,303	259,334
487	-	107,184	322,057
-	-	-	33
-	-	135	648
-	-	-	515,000
1,836	-	234	14,327
-	-	5	13
39,669	5,780	540,291	2,662,764
91,673	-	-	1,058,293
112	-	565,504	584,442
-	-	4,093	4,093
325,462	-	-	342,798
-	-	-	23,031
-	-	94,000	94,000
-	188,247	749,596	1,151,448
-	-	-	57,148
(35,926)	-	-	(35,926)
-	-	1,310,098	1,310,098
-	-	10,586	10,586
3,422	6,339	-	52,341
-	-	40,778	40,778
-	-	38,541	38,541
384,743	194,586	2,813,196	4,731,671
$ 424,412	$ 200,366	$ 3,353,487	$ 7,394,435

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET ASSETS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET ASSETS TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 1,939,147	$ 18,913	$ -	$ -	$ -	$ 5	$ -	$ 1,958,065
Investments	-	-	-	-	-	15,224	-	15,224
Taxes Receivable, net	1,052,228	-	-	-	-	(194,042)	-	858,186
Other Receivables, net	149,797	858	-	-	-	63	-	150,718
Due From Other Governments	462,398	155	-	-	-	-	-	462,553
Due From Other Funds	266,914	511	-	-	-	-	(241,251)	26,174
Due From Component Units	84	-	-	-	-	-	-	84
Inventories	15,184	1,284	-	-	-	-	-	16,468
Prepaids, Advances, and Deferred Charges	38,049	542	-	-	-	-	-	38,591
Total Current Assets	3,923,801	22,263	-	-	-	(178,750)	(241,251)	3,526,063
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,572,925	-	-	-	-	-	-	1,572,925
Restricted Investments	687,314	-	-	-	-	-	-	687,314
Restricted Receivables	195,753	-	-	-	-	-	-	195,753
Investments	544,283	-	-	-	-	(15,224)	-	529,059
Other Long-Term Assets	450,271	107	-	-	-	194,103	-	644,481
Depreciable Capital Assets and Infrastructure, net	-	88,559	9,591,059	-	-	-	-	9,679,618
Land and Nondepreciable Infrastructure	20,088	-	1,617,136	-	-	-	-	1,637,224
Total Noncurrent Assets	3,470,634	88,666	11,208,195	-	-	178,879	-	14,946,374
TOTAL ASSETS	7,394,435	110,929	11,208,195	-	-	129	(241,251)	18,472,437
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	664,781	-	-	-	-	-	-	664,781
Accounts Payable and Accrued Liabilities	704,181	6,057	-	10,233	-	18,085	-	738,556
TABOR Refund Liability (Note 8B)	706	-	-	-	-	-	-	706
Due To Other Governments	181,684	-	-	-	-	-	-	181,684
Due To Other Funds	259,334	2	-	-	-	(18,085)	(241,251)	-
Deferred Revenue	322,057	389	-	-	-	(194,042)	-	128,404
Compensated Absences Payable	33	45	-	-	-	10,209	-	10,287
Claims and Judgments Payable	648	-	-	-	31,829	11,704	-	44,181
Leases Payable	-	8,870	-	2,514	-	-	-	11,384
Notes, Bonds, and COP's Payable	515,000	4,195	-	123,250	-	-	-	642,445
Other Current Liabilities	14,327	-	-	-	-	6,076	-	20,403
Total Current Liabilities	2,662,751	19,558	-	135,997	31,829	(166,053)	(241,251)	2,442,831
Noncurrent Liabilities:								
Deposits Held In Custody For Others	13	-	-	-	-	-	-	13
Accrued Compensated Absences	-	2,578	-	-	-	135,646	-	138,224
Claims and Judgments Payable	-	-	-	-	-	346,394	-	346,394
Capital Lease Payable	-	58,452	-	27,294	-	-	-	85,746
Notes, Bonds, and COP's Payable	-	8,329	-	1,546,635	-	-	-	1,554,964
Other Long-Term Liabilities	-	-	-	-	91,896	310,703	-	402,599
Total Noncurrent Liabilities	13	69,359	-	1,573,929	91,896	792,743	-	2,527,940
TOTAL LIABILITIES	2,662,764	88,917	-	1,709,926	123,725	626,690	(241,251)	4,970,771
NET ASSETS:								
Invested in Capital Assets, Net of Related Debt	20,088	8,713	11,208,195	(1,128,673)	-	-	-	10,108,323
Restricted for:								
Highway Construction and Maintenance	1,198,849	-	-	(445,256)	-	-	-	753,593
State Education	194,586	-	-	-	-	-	-	194,586
Debt Service	4,093	-	-	-	-	-	-	4,093
Emergencies	94,000	-	-	-	-	-	-	94,000
Permanent Funds and Endowments:								
Expendable	11,130	-	-	-	-	-	-	11,130
Nonexpendable	643,148	-	-	-	-	-	-	643,148
Court Awards and Other Purposes	138,826	-	-	-	-	-	-	138,826
Unrestricted	2,426,951	13,299	-	(135,997)	(123,725)	(626,561)	-	1,553,967
TOTAL NET ASSETS	$ 4,731,671	$ 22,012	$ 11,208,195	$ (1,709,926)	$ (123,725)	$ (626,561)	$ -	$ 13,501,666

The notes to the financial statements are an integral part of this statement.

Differences Between the *Balance Sheet – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Net Assets*

(A) Management uses Internal Services Funds to report the charges for and the costs of goods and services sold by state agencies solely within the state. Because the sales are primarily to governmental funds, the assets and liabilities of the Internal Service Funds are included in the governmental activities on the government-wide *Statement of Net Assets.* Internal Service Funds are reported using proprietary fund-type accounting in the fund-level financial statements. In addition to minor internal sales within the Department of Transportation and the Department of Public Safety, the State's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management,
- Printing and mail services,
- Information management services,
- Telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative hearings services, and
- Debt collection.

(B) Capital assets used in governmental activities are not financial resources, and therefore, they are not included in the fund-level financial statements. However, capital assets are economic resources and are reported in the government-wide *Statement of Net Assets.*

(C) Long-term liabilities such as leases, bonds, notes, mortgages, and Certificates of Participation (including accrued interest) are not due and payable in the current period, and therefore, they are not included in the fund-level financial statements. However, from an economic perspective these liabilities reduce net assets and are reported in the *Statement of Net Assets.* The portion reported as current in the reconciliation is payable within the following fiscal year. The largest portion of the long-term balance is related to Transportation Revenue Anticipation Notes issued by the Department of Transportation.

(D) Risk management liabilities are actuarially determined claims and consist of a current and long-term portion. Generally accepted accounting principles (GAAP) list claims and judgments as an exception to the full accrual basis of accounting that constitutes the modified accrual basis of accounting. The current portion (payable within one year) is excluded from the fund-level statements because it is not payable with expendable available financial resources. In this instance, "payable with expendable available financial resources" means the amounts are not accrued as fund liabilities because they are not budgeted in the current year. The long-term portion of the risk management liability is excluded from the fund-level statements because it is not due and payable in the current period.

(E) Other measurement focus adjustments include:

- Interfund balances receivable from or payable to Fiduciary Funds are reported on the fund-level *Balance Sheet – Governmental Funds* as due from/to other funds. On the government-wide *Statement of Net Assets*, these amounts are considered external receivables and payables.
- Long-term assets and long-term taxes receivable are not available to pay for current period expenditures; therefore, the related revenue is reported as deferred revenue on the fund-level *Balance Sheet – Governmental Funds*. From an economic perspective, this revenue is earned and the related deferred revenue is removed from the government-wide *Statement of Net Assets* when the revenue is recognized on the government-wide *Statement of Activities*.
- Compensated absences are a GAAP modification of the full accrual basis of accounting similar to claims and judgments discussed above. Therefore, both the current and long-term portions of the liability are shown on the government-wide *Statement of Net Assets*, but they are not reported on the fund-level *Balance Sheet – Governmental Funds*.
- Other long-term liabilities are not reported on the fund-level *Balance Sheet – Governmental Funds* because the amounts are not due and payable from current financial resources. However, from an economic perspective, these liabilities reduce net assets, and they are therefore reported on the government-wide *Statement of Net Assets*.

(F) All interfund payable balances shown on the fund-level *Balance Sheet – Governmental Funds* are reported in the internal balances line on the government-wide *Statement of Net Assets* along with all governmental-activities interfund receivables.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	GENERAL	STATE PUBLIC SCHOOL	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 3,776,849	$ -	$ -
Corporate Income	350,068	-	-
Sales and Use	1,979,101	-	-
Excise	92,372	-	542,880
Other Taxes	187,718	-	1,451
Licenses, Permits, and Fines	40,329	-	320,188
Charges for Goods and Services	52,457	-	114,655
Rents	403	-	1,298
Investment Income (Loss)	24,077	34	36,157
Federal Grants and Contracts	5,970,006	-	630,188
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	91,328	7,286	46,578
TOTAL REVENUES	12,564,708	7,320	1,693,395
EXPENDITURES:			
Current:			
General Government	703,497	-	10,114
Business, Community, and Consumer Affairs	194,777	-	-
Education	771,628	-	-
Health and Rehabilitation	486,355	-	9,045
Justice	1,154,142	-	84,378
Natural Resources	54,100	-	-
Social Assistance	4,128,394	-	-
Transportation	-	-	1,015,931
Capital Outlay	17,311	-	26,399
Intergovernmental:			
Cities	28,346	-	133,552
Counties	1,937,857	-	184,883
School Districts	14,638	3,141,377	-
Special Districts	30,874	-	54,965
Federal	1,908	-	-
Other	740,350	3,123	757
Debt Service	8,672	-	-
TOTAL EXPENDITURES	10,272,849	3,144,500	1,520,024
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,291,859	(3,137,180)	173,371
OTHER FINANCING SOURCES (USES):			
Transfers-In	1,128,881	3,187,299	348
Transfers-Out	(3,694,372)	(41,609)	(235,580)
Face Amount of Bond/COP Issuance	-	-	-
Bond/COP Premium/Discount	-	-	-
Capital Lease Proceeds	355	-	-
Sale of Capital Assets	8	-	-
Insurance Recoveries	1,778	-	590
TOTAL OTHER FINANCING SOURCES (USES)	(2,563,350)	3,145,690	(234,642)
NET CHANGE IN FUND BALANCES	(271,491)	8,510	(61,271)
FUND BALANCE, FISCAL YEAR BEGINNING	335,433	24,165	1,303,800
Prior Period Adjustment (See Note 29)	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 63,942	$ 32,675	$ 1,242,529

The notes to the financial statements are an integral part of this statement.

UNAUDITED

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 306,928	$ -	$ 4,083,777
-	22,025	-	372,093
-	-	24,844	2,003,945
-	-	151,964	787,216
-	-	203,628	392,797
6	-	375,383	735,906
25	-	384,215	551,352
-	-	77,818	79,519
7,393	9,221	122,913	199,795
28,390	-	344,544	6,973,128
-	-	357	357
-	-	42,155	42,155
462	88	37,865	183,607
36,276	338,262	1,765,686	16,405,647
19,016	-	42,011	774,638
531	-	173,510	368,818
20,070	32,661	30,655	855,014
391	-	87,400	583,191
50,325	-	26,520	1,315,365
1,445	-	69,791	125,336
346	-	216,258	4,344,998
-	-	1,402	1,017,333
129,930	-	66,876	240,516
153	-	119,021	281,072
48	-	130,608	2,253,396
-	339,578	54,228	3,549,821
-	-	33,636	119,475
-	-	1,724	3,632
233	102,804	68,740	916,007
-	-	185,330	194,002
222,488	475,043	1,307,710	16,942,614
(186,212)	(136,781)	457,976	(536,967)
27,924	-	988,397	5,332,849
(67,321)	(6,998)	(1,344,697)	(5,390,577)
371,790	-	186,830	558,620
7,295	-	880	8,175
-	-	-	355
-	-	8	16
1,563	-	253	4,184
341,251	(6,998)	(168,329)	513,622
155,039	(143,779)	289,647	(23,345)
229,704	338,365	2,553,646	4,785,113
-	-	(30,097)	(30,097)
$ 384,743	$ 194,586	$ 2,813,196	$ 4,731,671

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

		(A)	(B)	(C)	(D)	
(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	INTERNAL SERVICE FUNDS	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 4,083,777	$ -	$ -	$ -	$ (6,349)	$ 4,077,428
Corporate Income	372,093	-	-	-	10,784	382,877
Sales and Use	2,003,945	-	-	-	(16,368)	1,987,577
Excise	787,216	-	-	-	9	787,225
Other Taxes	392,797	-	-	-	4,884	397,681
Licenses, Permits, and Fines	735,906	-	-	-	(27)	735,879
Charges for Goods and Services	551,352	-	-	-	-	551,352
Rents	79,519	-	-	-	-	79,519
Investment Income (Loss)	199,795	27	-	-	(13)	199,809
Federal Grants and Contracts	6,973,128	-	-	-	(169)	6,972,959
Additions to Permanent Funds	357	-	-	-	-	357
Unclaimed Property Receipts	42,155	-	-	-	-	42,155
Other	183,607	-	61	-	1,200	184,868
TOTAL REVENUES	16,405,647	27	61	-	(6,049)	16,399,686
EXPENDITURES:						
Current:						
General Government	774,638	(2,794)	20,041	-	22,011	813,896
Business, Community, and Consumer Affairs	368,818	(1,369)	4,200	-	(25,522)	346,127
Education	855,014	(270)	1,124	-	155	856,023
Health and Rehabilitation	583,191	(223)	5,826	-	(298)	588,496
Justice	1,315,365	(1,696)	(10,403)	-	(1,274)	1,301,992
Natural Resources	125,336	(647)	7,685	-	(31)	132,343
Social Assistance	4,344,998	(1,570)	8,065	-	181	4,351,674
Transportation	1,017,333	151	1,072,634	-	600,187	2,690,305
Capital Outlay	240,516	-	(214,791)	-	-	25,725
Intergovernmental:						
Cities	281,072	-	-	-	-	281,072
Counties	2,253,396	-	-	-	-	2,253,396
School Districts	3,549,821	-	-	-	-	3,549,821
Special Districts	119,475	-	-	-	-	119,475
Federal	3,632	-	(2,751)	-	-	881
Other	916,007	-	-	-	-	916,007
Debt Service	194,002	3,084	-	(108,768)	-	88,318
TOTAL EXPENDITURES	16,942,614	(5,334)	891,630	(108,768)	595,409	18,315,551
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(536,967)	5,361	(891,569)	108,768	(601,458)	(1,915,865)
OTHER FINANCING SOURCES (USES):						
Transfers-In	5,332,849	2,363	-	-	-	5,335,212
Transfers-Out	(5,390,577)	(5,108)	-	-	-	(5,395,685)
Face Amount of Bond/COP Issuance	558,620	-	-	(558,620)	-	-
Bond/COP Premium/Discount	8,175	-	-	(8,162)	-	13
Capital Lease Proceeds	355	-	-	(355)	-	-
Sale of Capital Assets	16	-	(4,685)	-	-	(4,669)
Insurance Recoveries	4,184	-	-	-	-	4,184
TOTAL OTHER FINANCING SOURCES (USES)	513,622	(2,745)	(4,685)	(567,137)	-	(60,945)
Internal Service Fund Charges to BTAs	-	763	-	-	-	763
NET CHANGE FOR THE YEAR	$ (23,345)	$ 3,379	$ (896,254)	$ (458,369)	$ (601,458)	$ (1,976,047)

The notes to the financial statements are an integral part of this statement.

Differences Between the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Activities*

(A) Management uses Internal Services Funds to report charges for and the costs of goods and services sold by state agencies solely within the state. Internal Service Funds are intended to operate on the cost reimbursement basis and should break even each period. If an Internal Service Fund makes a profit, the other funds of the State have been overcharged. If an Internal Service Fund has an operating loss, the other funds of the State have been undercharged. In order to show the true cost of services purchased from Internal Service Funds, an adjustment is made that allocates the net revenue/expense of each Internal Service Fund to the programs that purchased the service. Investment income, debt service, and transfers of the Internal Service Fund are not allocated. In addition to minor internal sales within the Department of Transportation and the Department of Public Safety, the State's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management,
- Printing and mail services,
- Information management services,
- Telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative hearings services, and
- Debt collection.

(B) The following adjustments relate to capital assets:

- Capital assets, received as donations, are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* because they are not current financial resources. However, such donations increase net assets and are reported on both the government-wide *Statement of Net Assets* and *Statement of Activities*.
- Depreciation is not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but it is reported for the economic perspective on which the government-wide *Statement of Activities* is presented.
- Expenditures reported for capital outlay on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* are generally reported as a conversion of cash to a capital asset on the government-wide *Statement of Net Assets*. They are not reported as expenses on the government-wide *Statement of Activities*.
- On the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* all cash received on disposal of capital assets is reported as a gain on sale of capital assets. On the government-wide *Statement of Activities* the reported gain or loss on sale is based on the carrying value of the asset as well as the cash received.

(C) The following adjustments relate to debt issuance and debt service including leases:

- Payments on principal and debt refunding payments are reported as expenditures and other financing uses, respectively, on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. These payments are reported as reductions of lease, bond, and other debt liability balances on the government-wide *Statement of Net Assets* and are not reported on the government-wide *Statement of Activities*.
- Amortization of issuance costs, debt premium/discount, and gain/loss on refunding are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but are reported on the government-wide *Statement of Activities*.
- Lease proceeds, issuance of debt, and debt refunding proceeds are all reported as other financing sources on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. From an economic perspective lease proceeds, debt issuances, and debt refunding proceeds are reported as liabilities on the government-wide *Statement of Net Assets* and are not reported on the government-wide *Statement of Activities*.

(D) Other measurement focus adjustments include:

- Long-term taxes receivable and certain other long-term assets are offset by deferred revenue and are not part of fund balance on the fund-level *Balance Sheet – Governmental Funds*; however, from a full accrual perspective, changes in the fund-level deferred revenue balances result in adjustments to revenue that are recognized and reported on the government-wide *Statement of Activities*.
- Compensated absences accruals and claims and judgments are not normally expected to be liquidated from expendable available financial resources; and therefore, they are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. However, from a full accrual perspective, these are expenses that are reported on the government-wide *Statement of Activities*.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 915,148	$ 7,532
Investments	249,180	-
Taxes Receivable, net	-	89,065
Student and Other Receivables, net	239,348	7,161
Due From Other Governments	145,138	8,734
Due From Other Funds	7,603	-
Due From Component Units	14,474	-
Inventories	28,854	-
Prepaids, Advances, and Deferred Charges	13,962	-
Total Current Assets	1,613,707	112,492
Noncurrent Assets:		
Restricted Cash and Pooled Cash	276,664	-
Restricted Investments	196,609	-
Restricted Receivables	-	-
Investments	1,168,257	-
Other Long-Term Assets	116,392	-
Depreciable Capital Assets and Infrastructure, net	3,795,253	-
Land and Nondepreciable Infrastructure	1,004,279	-
Total Noncurrent Assets	6,557,454	-
TOTAL ASSETS	8,171,161	112,492
DEFERRED OUTFLOW OF RESOURCES:	7,778	-
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	496,838	37,453
Due To Other Governments	-	173,129
Due To Other Funds	12,012	12,055
Due To Component Units	466	-
Deferred Revenue	200,296	-
Compensated Absences Payable	12,022	-
Leases Payable	6,422	-
Derivative Instrument Liability	7,778	-
Notes, Bonds, and COP's Payable	59,589	-
Other Current Liabilities	68,575	13,740
Total Current Liabilities	863,998	236,377
Noncurrent Liabilities:		
Accrued Compensated Absences	186,245	-
Claims and Judgments Payable	29,461	-
Capital Lease Payable	73,822	-
Notes, Bonds, and COP's Payable	2,672,938	-
Due to Component Units	2,501	-
Other Postemployment Benefits	47,259	-
Other Long-Term Liabilities	8,548	-
Total Noncurrent Liabilities	3,020,774	-
TOTAL LIABILITIES	3,884,772	236,377
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	2,548,470	-
Restricted for:		
Debt Service	6,100	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	6,825	-
Nonexpendable	71,738	-
Court Awards and Other Purposes	604,746	-
Unrestricted	1,056,288	(123,885)
TOTAL NET ASSETS	$ 4,294,167	$ (123,885)

The notes to the financial statements are an integral part of this statement.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 44,081	$ 42,448	$ 172,461	$ 1,181,670	$ 18,913
3,527	-	-	252,707	-
-	-	-	89,065	-
5,168	19,982	14,519	286,178	858
-	-	4,915	158,787	155
-	-	4,172	11,775	511
-	-	-	14,474	-
-	1,270	12,655	42,779	1,284
145	3,983	1,154	19,244	542
52,921	67,683	209,876	2,056,679	22,263
-	-	76,500	353,164	-
43,110	-	-	239,719	-
196,661	-	37,673	234,334	-
38,414	-	-	1,206,671	-
767	-	2,228	119,387	107
67	3,830	113,646	3,912,796	88,559
-	-	204,346	1,208,625	-
279,019	3,830	434,393	7,274,696	88,666
331,940	71,513	644,269	9,331,375	110,929
-	-	-	7,778	-
1,465	3,634	22,444	561,834	6,057
202,239	15	30,892	406,275	-
5,680	30,254	332	60,333	2
-	-	-	466	-
-	-	32,100	232,396	389
-	23	990	13,035	45
-	-	250	6,672	8,870
-	-	-	7,778	-
-	-	40,740	100,329	4,195
4,788	30,083	8,576	125,762	-
214,172	64,009	136,324	1,514,880	19,558
159	952	8,939	196,295	2,578
-	-	-	29,461	-
-	-	2,880	76,702	58,452
-	-	10,049	2,682,987	8,329
-	-	-	2,501	-
-	-	-	47,259	-
27,828	74	-	36,450	-
27,987	1,026	21,868	3,071,655	69,359
242,159	65,035	158,192	4,586,535	88,917
67	3,830	304,038	2,856,405	8,713
40,560	-	-	46,660	-
-	-	16,257	16,257	-
-	-	-	6,825	-
-	-	-	71,738	-
-	-	26,669	631,415	-
49,154	2,648	139,113	1,123,318	13,299
$ 89,781	$ 6,478	$ 486,077	$ 4,752,618	$ 22,012

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
Unemployment Insurance Taxes	$ -	$ 491,717
License and Permits	-	67
Tuition and Fees	1,800,462	-
Scholarship Allowance for Tuition and Fees	(421,868)	-
Sales of Goods and Services	1,172,120	-
Scholarship Allowance for Sales of Goods & Services	(21,181)	-
Investment Income (Loss)	938	-
Rental Income	14,349	-
Gifts and Donations	25,978	-
Federal Grants and Contracts	939,161	1,481,454
Intergovernmental Revenue	14,531	-
Other	226,025	1,622
TOTAL OPERATING REVENUES	3,750,515	1,974,860
OPERATING EXPENSES:		
Salaries and Fringe Benefits	3,148,995	708
Operating and Travel	762,669	2,496,382
Cost of Goods Sold	152,275	-
Depreciation and Amortization	247,349	-
Intergovernmental Distributions	33,810	-
Debt Service	-	-
Prizes and Awards	445	-
TOTAL OPERATING EXPENSES	4,345,543	2,497,090
OPERATING INCOME (LOSS)	(595,028)	(522,230)
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	22	-
Investment Income (Loss)	140,467	5,406
Rental Income	8,251	-
Gifts and Donations	108,103	-
Intergovernmental Distributions	(11,663)	-
Federal Grants and Contracts	603,623	-
Gain/(Loss) on Sale or Impairment of Capital Assets	1,366	-
Insurance Recoveries from Prior Year Impairments	9	-
Debt Service	(94,053)	-
Other Expenses	(73)	-
Other Revenues	15,351	-
TOTAL NONOPERATING REVENUES (EXPENSES)	771,403	5,406
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	176,375	(516,824)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	66,420	-
Special and/or Extraordinary Item (See Note 32)	-	-
Transfers-In	174,473	-
Transfers-Out	(9,564)	(56)
TOTAL CONTRIBUTIONS AND TRANSFERS	231,329	(56)
CHANGE IN NET ASSETS	407,704	(516,880)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	3,884,214	392,984
Prior Period Adjustments (See Note 29)	2,249	11
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 4,294,167	$ (123,885)

The notes to the financial statements are an integral part of this statement.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ -	$ -	$ 491,717	$ -
-	64	80,691	80,822	-
-	-	221	1,800,683	-
-	-	-	(421,868)	-
71	512,327	154,738	1,839,256	110,910
-	-	-	(21,181)	-
12,076	-	3,795	16,809	-
-	-	1,305	15,654	11,343
-	-	-	25,978	-
15,934	-	432,897	2,869,446	-
-	-	11,465	25,996	-
75,534	875	4,082	308,138	609
103,615	513,266	689,194	7,031,450	122,862
2,763	8,562	178,340	3,339,368	35,521
3,823	56,087	445,247	3,764,208	59,188
2,246	12,689	30,427	197,637	7,937
129	621	8,342	256,441	15,093
36,123	-	5,167	75,100	283
23,732	-	16,105	39,837	-
-	321,495	764	322,704	-
68,816	399,454	684,392	7,995,295	118,022
34,799	113,812	4,802	(963,845)	4,840
-	-	26,125	26,125	-
-	-	557	579	-
-	1,237	4,298	151,408	27
-	25	718	8,994	-
-	-	1,993	110,096	-
-	(56,382)	-	(68,045)	-
-	-	-	603,623	98
-	(40)	184	1,510	2,476
-	-	10	19	5
-	-	(595)	(94,648)	(3,015)
-	-	(67)	(140)	(70)
-	-	-	15,351	-
-	(55,160)	33,223	754,872	(479)
34,799	58,652	38,025	(208,973)	4,361
-	-	33,000	99,420	1,768
(79,575)	-	-	(79,575)	-
162	-	4,726	179,361	2,363
(44,843)	(57,088)	(8,336)	(119,887)	(5,114)
(124,256)	(57,088)	29,390	79,319	(983)
(89,457)	1,564	67,415	(129,654)	3,378
179,338	4,914	418,662	4,880,112	51,091
(100)	-	-	2,160	(32,457)
$ 89,781	$ 6,478	$ 486,077	$ 4,752,618	$ 22,012

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 1,388,827	$ -
Fees for Service	1,084,815	-
Sales of Products	29,690	-
Gifts, Grants, and Contracts	1,730,704	1,491,783
Loan and Note Repayments	334,609	-
Unemployment Insurance Taxes	-	627,779
Income from Property	22,599	-
Other Sources	93,176	-
Cash Payments to or for:		
Employees	(2,970,434)	-
Suppliers	(1,004,560)	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(2,466,249)
Scholarships	(110,679)	-
Others for Student Loans and Loan Losses	(334,980)	-
Other Governments	(33,810)	-
Other	(59,595)	(901)
NET CASH PROVIDED BY OPERATING ACTIVITIES	170,362	(347,588)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	174,473	-
Transfers-Out	(9,563)	(56)
Receipt of Deposits Held in Custody	500,573	-
Release of Deposits Held in Custody	(499,235)	-
Gifts and Grants for Other Than Capital Purposes	107,338	-
Intergovernmental Distributions	(11,663)	-
NonCapital Debt Proceeds	-	-
NonCapital Debt Service Payments	(469)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	261,454	(56)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(694,681)	-
Capital Contributions	30,480	-
Capital Gifts, Grants, and Contracts	26,295	-
Proceeds from Sale of Capital Assets	7,011	-
Capital Debt Proceeds	555,227	-
Capital Debt Service Payments	(210,900)	-
Capital Lease Payments	(57,852)	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(344,420)	-

The notes to the financial statements are an integral part of this statement.

(Continued)

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ -	$ 260	$ 1,389,087	$ -
467	-	194,878	1,280,160	108,860
-	513,229	54,461	597,380	1,079
215,602	-	435,410	3,873,499	241
217,931	-	-	552,540	-
-	-	-	627,779	-
1,537,674	25	2,250	1,562,548	11,367
-	939	28,844	122,959	682
(2,819)	(8,104)	(121,170)	(3,102,527)	(35,014)
(39,389)	(31,405)	(175,908)	(1,251,262)	(71,891)
-	(357,386)	(5,734)	(363,120)	(731)
-	-	-	(2,466,249)	-
-	-	-	(110,679)	-
(196,603)	-	(367,827)	(899,410)	-
(36,123)	-	(5,297)	(75,230)	(283)
(551)	(10)	(5,791)	(66,848)	(112)
1,696,189	117,288	34,376	1,670,627	14,198
162	-	4,726	179,361	2,363
(44,843)	(57,088)	(8,336)	(119,886)	(5,109)
-	-	7	500,580	-
-	-	(124)	(499,359)	-
-	-	1,547	108,885	-
-	(54,220)	-	(65,883)	-
-	-	40,024	40,024	-
(1,713,512)	-	(573)	(1,714,554)	-
(1,758,193)	(111,308)	37,271	(1,570,832)	(2,746)
-	(1,748)	(18,463)	(714,892)	(24,765)
-	-	-	30,480	-
-	-	-	26,295	-
-	16	1,386	8,413	16,084
-	-	61	555,288	70
-	-	(649)	(211,549)	(6,383)
-	-	(395)	(58,247)	(1,403)
-	(1,732)	(18,060)	(364,212)	(16,397)

UNAUDITED

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(Continued)

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	62,662	5,405
Proceeds from Sale/Maturity of Investments	3,453,804	-
Purchases of Investments	(3,425,503)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	8,006	1
NET CASH FROM INVESTING ACTIVITIES	98,969	5,406
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	186,365	(342,238)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,005,030	349,759
Prior Period Adjustment	417	11
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,191,812	$ 7,532

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (595,028)	$ (522,230)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	247,349	-
Investment/Rental Income and Other Revenue in Operating Income	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	628,600	-
(Gain)/Loss on Disposal of Capital and Other Assets	744	-
Compensated Absences	11,985	-
Interest and Other Expense in Operating Income	(58,840)	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(53,942)	(8,361)
(Increase) Decrease in Inventories	677	-
(Increase) Decrease in Other Operating Assets	3,240	-
Increase (Decrease) in Accounts Payable	25,527	220,191
Increase (Decrease) in Other Operating Liabilities	(39,950)	(37,188)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 170,362	$ (347,588)

SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	-	-
Capital Assets Acquired by Grants or Donations and Payable Increases	8,181	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	67,702	-
Loss on Disposal of Capital and Other Assets	2,250	
Disposal of Capital Assets	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	1,628	-
Assumption of Capital Lease Obligation or Mortgage	1,717	-
Financed Debt Issuance Costs	5,140	-
Gain/(Loss) on Debt Defeasance	-	-
Derivative Instrument	7,778	-

The notes to the financial statements are an integral part of this statement.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
1,668	863	6,036	76,634	69
95,641	-	-	3,549,445	-
(1,064)	-	-	(3,426,567)	-
475	374	2,057	10,913	(42)
96,720	1,237	8,093	210,425	27
34,716	5,485	61,680	(53,992)	(4,918)
9,465	36,963	187,281	1,588,498	23,831
(100)	-	-	328	-
$ 44,081	$ 42,448	$ 248,961	$ 1,534,834	$ 18,913
$ 34,799	$ 113,812	$ 4,802	$ (963,845)	$ 4,840
129	621	8,342	256,441	15,093
(12,076)	-	(3,795)	(15,871)	-
-	25	27,855	656,480	141
-	-	743	1,487	-
(26)	34	7	12,000	(2)
23,732	-	(773)	(35,881)	195
1,592,703	745	11,119	1,542,264	(346)
-	238	(1,120)	(205)	(258)
605	86	247	4,178	(325)
60,753	(932)	(8,485)	297,054	(4,719)
(4,430)	2,659	(4,566)	(83,475)	(421)
$ 1,696,189	$ 117,288	$ 34,376	$ 1,670,627	$ 14,198
-	-	771	771	1,768
-	-	2,672	10,853	-
5,762	-	-	73,464	-
79,575	40	743	82,608	14
-	-	-	-	32,392
-	-	-	1,628	-
-	-	-	1,717	16,821
-	-	-	5,140	-
3,102	-	-	3,102	-
-	-	-	7,778	-

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 32,347	$ 100,236	$ 839,544
Taxes Receivable, net	-	-	139,906
Other Receivables, net	5,076	11,739	514
Due From Other Governments	36	-	-
Due From Other Funds	19,873	5,586	15,039
Inventories	-	-	3
Prepaids, Advances, and Deferred Charges	7	-	-
Noncurrent Assets:			
Investments:			
Government Securities	-	11,284	-
Mutual Funds	-	3,262,465	-
Other Investments	-	36,856	-
Other Long-Term Assets	-	-	19,384
TOTAL ASSETS	57,339	3,428,166	1,014,390
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	5,874
Accounts Payable and Accrued Liabilities	14,130	10,616	2,040
Due To Other Governments	-	-	221,774
Due To Other Funds	-	-	47
Deferred Revenue	-	6,856	-
Claims and Judgments Payable	17,873	-	622
Other Current Liabilities	-	-	724,901
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	4,210	51,286
Accrued Compensated Absences	41	-	-
Other Long-Term Liabilities	-	-	7,846
TOTAL LIABILITIES	32,044	21,682	1,014,390
NET ASSETS:			
Held in Trust for:			
Pension/Benefit Plan Participants	24,884	-	-
Individuals, Organizations, and Other Entities	-	3,406,484	-
Unrestricted	411	-	-
TOTAL NET ASSETS	$ 25,295	$ 3,406,484	$ -

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 674,862
Member Contributions	67,925	-
Employer Contributions	195,905	-
Investment Income/(Loss)	1,308	380,834
Employee Deferral Fees	1,361	-
Unclaimed Property Receipts	-	53,700
Other Additions	15,068	2,804
Transfers-In	1,406	-
TOTAL ADDITIONS	282,973	1,112,200
DEDUCTIONS:		
Distributions to Participants	-	186,044
Health Insurance Premiums Paid	115,044	-
Health Insurance Claims Paid	124,954	-
Other Benefits Plan Expense	19,784	-
Payments in Accordance with Trust Agreements	-	390,871
Administrative Expense	98	-
Other Deductions	20,726	-
Transfers-Out	300	106
TOTAL DEDUCTIONS	280,906	577,021
CHANGE IN NET ASSETS	2,067	535,179
NET ASSETS AVAILABLE:		
FISCAL YEAR BEGINNING	394,682	2,810,068
Prior Period Adjustments (Note 29)	(371,454)	61,237
FISCAL YEAR ENDING	$ 25,295	$ 3,406,484

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 31,982	$ 114,874	$ 29,581
Investments	-	-	-
Taxes Receivable, net	-	-	-
Contributions Receivable, net	-	-	23,748
Other Receivables, net	90,126	78,842	576
Due From Other Governments	-	1,456	-
Inventories	16,315	-	-
Prepaids, Advances, and Deferred Charges	7,516	-	254
Net Pension Asset	6,741	-	-
Total Current Assets	152,680	195,172	54,159
Noncurrent Assets:			
Restricted Cash and Pooled Cash	-	114,023	-
Restricted Investments	21,605	234,014	-
Restricted Receivables	11,978	4,160	-
Investments	344,196	-	881,140
Contributions Receivable, net	-	-	24,689
Other Long-Term Assets	11,762	1,133,353	-
Depreciable Capital Assets and Infrastructure, net	548,435	10	3,875
Land and Nondepreciable Infrastructure	5,542	-	-
Total Noncurrent Assets	943,518	1,485,560	909,704
TOTAL ASSETS	1,096,198	1,680,732	963,863
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	51,047	17,128	4,702
Due To Other Governments	-	1,395	-
Deferred Revenue	-	651	508
Compensated Absences Payable	15,094	-	-
Claims and Judgments Payable	-	-	-
Leases Payable	-	-	507
Notes, Bonds, and COP's Payable	9,937	54,780	-
Other Current Liabilities	10,134	111,292	9,471
Total Current Liabilities	86,212	185,246	15,188
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	186,712
Capital Lease Payable	-	-	3,360
Notes, Bonds, and COP's Payable	518,875	974,592	-
Other Long-Term Liabilities	19,879	13,202	18,014
Total Noncurrent Liabilities	538,754	987,794	208,086
TOTAL LIABILITIES	624,966	1,173,040	223,274
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	55,445	10	8
Restricted for:			
Emergencies	-	-	-
Permanent Funds and Endowments:			
Expendable	-	-	421,026
Nonexpendable	-	-	281,401
Court Awards and Other Purposes	13,113	443,256	-
Unrestricted	402,674	64,426	38,154
TOTAL NET ASSETS	$ 471,232	$ 507,692	$ 740,589

The notes to the financial statements are an integral part of this statement.

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 1,742	$ 8,344	$ 6,674	$ 17,330	$ 210,527
-	-	-	58,291	58,291
-	-	-	2	2
3,438	2,939	996	4,243	35,364
-	3,083	440	1,109	174,176
-	-	-	-	1,456
-	-	-	-	16,315
205	-	-	21	7,996
-	-	-	-	6,741
5,385	14,366	8,110	80,996	510,868
-	452	-	-	114,475
-	-	-	-	255,619
-	-	-	-	16,138
210,974	161,685	73,188	19,095	1,690,278
18,293	14,958	1,319	-	59,259
486	4,495	114	17,008	1,167,218
285	304	1,082	126,345	680,336
-	-	-	20,256	25,798
230,038	181,894	75,703	182,704	4,009,121
235,423	196,260	83,813	263,700	4,519,989
1,596	777	1,581	1,156	77,987
-	-	-	-	1,395
-	-	-	8,121	9,280
-	-	-	-	15,094
-	-	-	14,171	14,171
-	-	-	-	507
-	-	-	227	64,944
-	-	-	10	130,907
1,596	777	1,581	23,685	314,285
10,041	10,507	697	-	207,957
-	-	-	-	3,360
-	4,285	-	968	1,498,720
867	11,088	256	16,600	79,906
10,908	25,880	953	17,568	1,789,943
12,504	26,657	2,534	41,253	2,104,228
285	304	1,082	145,396	202,530
-	-	-	21	21
103,034	45,565	29,322	-	598,947
115,574	110,682	51,913	-	559,570
-	-	-	52,507	508,876
4,026	13,052	(1,038)	24,523	545,817
$ 222,919	$ 169,603	$ 81,279	$ 222,447	$ 2,415,761

UNAUDITED

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
OPERATING REVENUES:			
Fees	$ -	$ 47,471	$ 7,600
Sales of Goods and Services	715,139	-	-
Investment Income (Loss)	-	15,153	-
Rental Income	-	-	-
Gifts and Donations	-	-	95,496
Federal Grants and Contracts	-	6,764	-
Other	22,442	17	817
TOTAL OPERATING REVENUES	737,581	69,405	103,913
OPERATING EXPENSES:			
Salaries and Fringe Benefits	285,703	1,302	-
Operating and Travel	145,859	42,639	23,207
Cost of Goods Sold	140,177	-	-
Depreciation and Amortization	38,904	5	-
Debt Service	-	50,985	-
Foundation Program Distributions	-	-	63,190
TOTAL OPERATING EXPENSES	610,643	94,931	86,397
OPERATING INCOME (LOSS)	126,938	(25,526)	17,516
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	(23,697)	-	(108,752)
Gifts and Donations	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(319)	-	-
Debt Service	(26,913)	-	-
Other Expenses	(1,921)	-	-
Other Revenues	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(52,850)	-	(108,752)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	74,088	(25,526)	(91,236)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	4,566	31,203	-
TOTAL CONTRIBUTIONS AND TRANSFERS	4,566	31,203	-
CHANGE IN NET ASSETS	78,654	5,677	(91,236)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	392,578	502,015	831,825
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 471,232	$ 507,692	$ 740,589

The notes to the financial statements are an integral part of this statement.

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ -	$ -	$ -	$ 65,053	$ 120,124
-	-	-	-	715,139
-	-	-	(143)	15,010
-	-	-	717	717
36,666	37,726	4,408	-	174,296
-	-	-	2,204	8,968
64	221	1,077	2,432	27,070
36,730	37,947	5,485	70,263	1,061,324
-	-	-	-	287,005
1,985	2,958	2,813	89,516	308,977
-	-	-	-	140,177
-	-	-	4,103	43,012
-	-	-	-	50,985
29,819	12,174	8,078	-	113,261
31,804	15,132	10,891	93,619	943,417
4,926	22,815	(5,406)	(23,356)	117,907
(37,783)	(26,766)	(18,311)	832	(214,477)
-	-	-	9,339	9,339
-	-	-	-	(319)
-	-	-	-	(26,913)
-	-	-	(12)	(1,933)
-	-	-	24,698	24,698
(37,783)	(26,766)	(18,311)	34,857	(209,605)
(32,857)	(3,951)	(23,717)	11,501	(91,698)
-	-	-	-	35,769
-	-	-	-	35,769
(32,857)	(3,951)	(23,717)	11,501	(55,929)
255,776	173,554	104,996	210,946	2,471,690
$ 222,919	$ 169,603	$ 81,279	$ 222,447	$ 2,415,761

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS RECAST TO THE STATEMENT OF ACTIVITIES FORMAT FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	*Statement of Revenues, Expenses, and Changes in Net Assets* Totals	*Statement of Activities* Treatment	*Statement of Activities* Amounts
OPERATING REVENUES:			
Unemployment Insurance Taxes			
Fees	$ 120,124	Charges for Services	$ 120,124
Sales of Goods and Services	715,139	Charges for Services	715,139
Investment Income (Loss)	15,010	Unrestricted Investment Earnings	15,010
Rental Income	717	Charges for Services	717
Gifts and Donations	174,296	Operating Grants & Contributions	174,296
Federal Grants and Contracts	8,968	Operating Grants & Contributions	8,968
Other	27,070	Charges for Services	22,459
		Operating Grants & Contributions	579
		Payment from State	4,032
TOTAL OPERATING REVENUES	1,061,324		
OPERATING EXPENSES:			
Salaries and Fringe Benefits	287,005	Expenses	287,005
Operating and Travel	308,977	Expenses	308,977
Cost of Goods Sold	140,177	Expenses	140,177
Depreciation and Amortization	43,012	Expenses	43,012
Debt Service	50,985	Expenses	50,985
Foundation Program Distributions	113,261	Expenses	113,261
TOTAL OPERATING EXPENSES	943,417		
OPERATING INCOME (LOSS)	117,907		
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	(214,477)	Unrestricted Investment Earnings	(37,788)
		Operating Grants & Contributions	(176,689)
Gifts and Donations	9,339	Payment from State	9,339
Gain/(Loss) on Sale or Impairment of Capital Assets	(319)	Expenses	(319)
Debt Service	(26,913)	Expenses	(26,913)
Other Expenses	(1,933)	Expenses	(1,933)
Other Revenues	24,698	Payment from State	24,055
		Capital Grants & Contributions	643
TOTAL NONOPERATING REVENUES (EXPENSES)	(209,605)		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(91,698)		
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	35,769	Operating Grants & Contributions	32,516
		Capital Grants & Contributions	3,253
TOTAL CONTRIBUTIONS AND TRANSFERS	35,769		
CHANGE IN NET ASSETS	(55,929)		(55,929)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	2,471,690		2,471,690
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 2,415,761		$ 2,415,761

The notes to the financial statements are an integral part of this schedule.

UNAUDITED

NOTES TO THE FINANCIAL STATEMENTS

NOTES 1 Through 7 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

During Fiscal Year 2009-10, the State implemented GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets and GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments.

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report all nonfiduciary activities of the primary government and its component units. Fiduciary activities of the primary government and its component units are excluded from the government-wide statements because those resources are not available to fund the programs of the government. The government-wide statements include the *Statement of Net Assets* and the *Statement of Activities*; these statements show the financial position and changes in financial position from the prior year. (See additional discussion in Note 3.)

NOTE 2 – REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds of the state, its three branches of government, departments, agencies, and state funded institutions of higher education that make up the State's legal entity. The State's reporting entity also includes those component units that are legally separate entities, for which the State's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity. The State is financially accountable for those entities for which the State appoints a voting majority of the governing board and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state.

For those entities that the State does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent. Entities that do not meet the specific criteria for inclusion may still be included if it would be misleading to exclude them. Under GASB Statement No. 39, individually significant legally separate tax-exempt organizations are included as component units if their resources are for the direct benefit of the State and the State can access those resources.

The following entities qualify as discretely presented component units:

- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- University of Colorado Foundation
- Colorado State University Foundation
- Colorado School of Mines Foundation
- University of Northern Colorado Foundation
- Other Component Units (Nonmajor)
  - Denver Metropolitan Major League Baseball Stadium District
  - CoverColorado
  - Colorado Venture Capital Authority
  - Colorado Renewable Energy Authority
  - Higher Education Competitive Research Authority

With the exception of the University of Colorado Hospital Authority and the four foundations, the majority of each governing board for these entities is appointed by the Governor and confirmed by the Senate. The Board of Regents of the University of Colorado appoints the board of the University of Colorado Hospital Authority.

The University of Colorado Hospital Authority, CoverColorado, the Higher Education Competitive Research Authority, and the Renewable Energy Authority are included because they present a financial burden on the state. The Colorado Water Resources and Power Development Authority is included because the State is able to impose its will upon the authority. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the State is able to impose its will upon the entity. The Venture Capital Authority's primary capitalization was insurance premium tax credits contributed by the State's General Fund, and therefore, it qualifies as a component unit because it would be misleading to exclude it.

The four foundations meet the GASB Statement No. 39 criteria discussed above and are included because they are deemed by management to be individually significant.

Detailed financial information may be obtained directly from these organizations at the following addresses:

University of Colorado Hospital Authority
Chief Financial Officer
Mail Stop F-417, P.O. Box 6510
Aurora, Colorado 80045

Colorado Water Resources and Power Development Authority
1580 Logan Street, Suite 620
Denver, Colorado 80203

University of Colorado Foundation
4740 Walnut Street
Boulder, Colorado 80301

Colorado State University Foundation
410 University Services Center
Fort Collins, CO 80523-9100

Colorado School of Mines Foundation, Inc.
P. O. Box 4005
Golden, Colorado 80401-0005

University of Northern Colorado Foundation, Inc.
Judy Farr Alumni Center
Campus Box 20
Greeley, Colorado 80639

Denver Metropolitan Major League Baseball Stadium District
2195 Blake Street
Denver, Colorado 80205

CoverColorado
425 South Cherry Street, Suite 160
Glendale, Colorado 80246

Venture Capital Authority
1625 Broadway, Suite 2700
Denver, Colorado 80202

Renewable Energy Authority
410 17th Street, Suite 1400
Denver, CO 80202

Higher Education Competitive Research Authority
c/o Colorado Department of Higher Education
1560 Broadway, Suite 1600
Denver, CO 80202

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14 as amended by GASB Statement No. 39:

Pinnacol Assurance
Colorado Educational and Cultural Facilities Authority
Colorado Health Facilities Authority
Colorado Institute of Technology
Colorado Agricultural Development Authority
Colorado Housing and Finance Authority
Colorado Sheep and Wool Authority
Colorado Beef Council Authority
Fire and Police Pension Association
The State Board of the Great Outdoors Colorado Trust Fund
Statewide Internet Portal Authority
Colorado Clean Energy Development Authority
Colorado Channel Authority

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the State cannot impose its will with these entities, it does not have a financial benefit or burden relationship with them, or the expenditures of these entities are immaterial to the primary government's financial statements. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related state Higher Education Institutions, but they do not meet all of the GASB Statement No. 39 requirements for inclusion as component units. These entities are included in the various note disclosures if they qualify as related parties or if omitting them would be misleading.

The State has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state, but it is operated by the hospital district under a twenty-year contract that is renewable at the district's option for successive ten-year terms up to 99 years from the original commencement date in November 1993.

The State's contract with the Huerfano County Hospital District states that the district is responsible for funding the operating deficits of the nursing home; however, since the State owns the nursing home, it retains ultimate financial responsibility for the home. Only the State's share of assets, liabilities, revenues, and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the State's on-site contract administrator. The State's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

NOTE 3 – BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements focus on the government as a whole. The *Statement of Net Assets* and the *Statement of Activities* are presented using the economic resources measurement focus and the full accrual basis of accounting. Under this presentation, all revenues, expenses, and all current and long-term assets and liabilities of the government are reported including capital assets, depreciation, and long-term debt.

The government-wide statements show the segregation between the primary government and its component units. The primary government is further subdivided between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Assets* presents the financial position of the government. The net assets section of the statement focuses on whether assets, net of related liabilities, have been restricted as to the purpose for which they may be used. This differs from the concept of reservations of fund balance used in the governmental fund statements to show availability of assets for appropriation. When an external party or the State Constitution places a restriction on the use of certain assets, those assets, net of related liabilities, are reported in the Net Asset line items shown as Restricted. The nature of an asset may also result in a restriction on asset use. The line item Invested in Capital Assets, Net of Related Debt, comprises capital assets (net of depreciation) reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that were used to finance the acquisition, construction, or improvement of the capital asset. The State does not report restrictions of net assets related to enabling legislation because a settled court case determined that crediting money to a special fund does not mean that the General Assembly is prohibited from appropriating the money for another purpose. Internal Service Fund assets and liabilities are reported in the government-wide *Statement of Net Assets* as part of the governmental activities.

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities (BTAs) in state government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or BTA. Direct costs are those that can be specifically identified with a program. The State allocates indirect costs based on an approved Statewide Federal Indirect Cost Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants. Taxes, with the exception of unemployment insurance tax supporting a business-type activity, are presented as general revenues. General-purpose revenues are presented at the bottom of the statement and do not affect the calculation of net program cost.

The State reports only its Enterprise Funds as business-type activities. The business-type activities follow all current GASB pronouncements. The proprietary statements and government-wide statements also follow all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Interfund transactions, such as federal and state grants moving between state agencies, have been eliminated from the government-wide statements to the extent that they occur within either the governmental or business-type activities, except as follows. In order not to misstate the sales revenue and purchasing expenses of individual functions or BTAs, the effects of interfund services provided and used have not been eliminated. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Internal Service Fund activity has been eliminated by allocating the net revenue/expense of the Internal Service Fund to the function originally charged for the internal sale.

Some of the State's component units have fiscal year-ends that differ from the State's fiscal year-end. However, there were no significant receivable and payable balances between the primary government and those component units at the fiscal year-end reporting dates. The four foundations reported as component units have the same fiscal year-end as the state. Amounts shown as due from or due to the component units are primarily receivable from or payable to these foundations.

Interfund balances between the primary government's fiduciary activities and the primary government are presented on the government-wide statements as external receivables and payables.

NOTE 4 – BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

The fund-level statements provide additional detail about the primary government and its component units. The information is presented in four types – governmental funds, proprietary funds, fiduciary funds, and component units. With the exception of the Fiduciary Fund type, each type is presented with a major fund focus.

The Governmental Accounting Standards Board has defined major funds based on percentage thresholds; however, it allows presentation of any fund as a major fund when that fund is particularly important to financial statement users. The Capital Projects Fund, the State Education Fund, the CollegeInvest Fund, and the Lottery Fund do not meet the percentage threshold requirements, but they are presented as major funds under the discretion provided by the standard. All of the State's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, the Renewable Energy Authority, and the Higher Education Competitive Research Authority, which are presented as nonmajor component units.

The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

General Fund
Transactions related to resources obtained and used for those services traditionally provided by state government, which are not legally required to be accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

State Public School Fund
The State Public School Fund receives transfers from the General Fund on a quarterly basis and makes distributions to local school districts on a monthly basis. The fund also receives smaller transfers from other state programs, such as Lottery and State Lands, which are distributed to the local school districts as well.

Highway Users Tax Fund
Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver, and vehicle registration fees, and other related taxes. In prior years this fund has issued revenue bonds to finance construction and preservation of highway infrastructure. Most of the State's infrastructure is financed by this fund.

Capital Projects Fund
Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities and certain equipment are accounted for in the Capital Projects Fund unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund.

State Education Fund
The State Education Fund was created in the State Constitution by a vote of the people in November 2000. The fund's primary revenue source is a tax of one third of one percent on federal taxable income. The revenues are restricted for the purpose of improving Colorado students' primary education by funding specific programs and by guaranteeing appropriation growth of at least one percent greater than annual inflation through Fiscal Year 2010-11 and by inflation thereafter.

PROPRIETARY FUND TYPE:

Higher Education Institutions
This fund reports the activities of all state institutions of higher education. Fees for educational services, tuition payments, and research grants are the primary sources of funding for this activity. Higher Education Institutions have significant capital debt secured solely by pledged revenues.

Unemployment Insurance
This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

CollegeInvest
CollegeInvest issues revenue bonds to originate and purchase student loans in addition to operating a limited prepaid tuition program. CollegeInvest also operates an IRS Section 529 tax-advantaged College Savings Plan that is presented as a Private Purpose Trust Fund. Legislation passed during the 2010 legislative session discontinued CollegeInvest's student loan program (see Note 29). Although the fund does not meet the major fund threshold, it is being presented as a major fund in the year of the transition because the liquidation of the activity was significant.

Lottery
The State Lottery encompasses the various lottery and lotto games run under state statute. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Fund. The funds are used primarily for open space purchases and recreational facilities throughout the state.

Nonmajor funds of each fund type are aggregated into a single column for presentation in the basic financial statements. In addition to the major funds discussed above, the State reports the following fund categories in supplementary information in the Comprehensive Annual Financial Report.

GOVERNMENTAL FUND TYPE (NONMAJOR):

Special Revenue Funds
Transactions related to resources obtained from specific sources, and dedicated to specific purposes are accounted for in the Special Revenue Funds. The individual nonmajor funds include Water Projects, Labor, Gaming, Tobacco Impact Mitigation, Resource Extraction, Resource Management, Environment and Health Protection, Public School Buildings, Unclaimed Property, and Other Special Revenue Funds.

Debt Service Fund

This fund accounts for the accumulation of resources, primarily transfers from other funds, for the payment of long-term debt principal and interest. It also accounts for the issuance of debt solely to refund debt of other funds. The primary debt serviced by this fund consists of Certificates of Participation issued by various departments and transportation revenue anticipation notes issued by the Department of Transportation to fund infrastructure.

Permanent Funds

This collection of funds reports resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the State's programs. The individual nonmajor funds included in this category are the State Lands Fund and an aggregation of several smaller funds. On the government-wide financial statements the net assets of these funds are presented as restricted with separate identification of the nonexpendable (principal) and expendable (earnings) amounts.

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds

The State uses Enterprise Funds to account for activities that charge fees, primarily to external users, to recover the costs of the activity. In some instances, the requirement to recover costs is a legal mandate, and in others it is due to management's pricing policy. The individual nonmajor funds reported in supplementary information include Wildlife, College Assist, State Fair Authority, Correctional Industries, State Nursing Homes, Prison Canteens, Petroleum Storage Tank, and several smaller funds aggregated as Other Enterprise Funds.

Internal Service Funds

The State uses Internal Service Funds to account for sales of goods and services, primarily to internal customers, on a cost reimbursement basis. The major fund concept does not apply to Internal Service Funds. The State's Internal Service Funds reported in supplementary information included Central Services, General Government Computer Center, Telecommunications, Capitol Complex, Highways, Public Safety, Administrative Courts, and Debt Collection. In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Assets*, and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPE:

The resources reported in Fiduciary Fund types are not available for use in the State's programs; therefore, none of the Fiduciary Funds are included in the government-wide financial statements.

Pension and Benefit Trust Funds

In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for members and beneficiaries of the Group Benefits Plan. Individual financial statements of this plan are presented in Note 20. Legislation passed during the 2009 legislative session transferred management of the Defined Contribution Plan and Deferred Compensation Plan from the State to the Public Employees Retirement Association (PERA). Both plans are presented in Note 20 to show the transfer of the plans and residual administrative activity. Participation in the plans was not changed in the transfer and most state employees continue to be covered by the defined benefit plan operated by the PERA (see Note 18).

Private Purpose Trust Funds

Private Purpose Trust Funds are used to report the resources held in trust for the benefit of other governments, private organizations, or individuals. A single column in the basic financial statements aggregates the Treasurer's Private Purpose Trusts, Unclaimed Property, the College Savings Plan operated by CollegeInvest, the College Opportunity Fund, the Multistate Lottery Winners Trust Fund and several smaller funds.

Agency Funds

Agency funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Typically the time between receipt and disbursement of these resources is short and investment earnings are inconsequential.

PRESENTATION OF INTERNAL BALANCES

Intrafund transactions are those transactions that occur completely within a column in the financial statements, while interfund transactions involve more than one column. This definition applies at the level of combining financial statements in the supplementary information section of the Comprehensive Annual Financial Report. Substantially all intrafund transactions and balances of the primary government have been eliminated from the fund-level financial statements. Interfund sales and federal grant pass-throughs are not eliminated, but are shown as revenues and expenditures/expenses of the various funds. Substantially all other interfund transactions are classified as transfers-in or transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

FUNCTIONAL PRESENTATION OF EXPENDITURES

In the governmental fund types, expenditures are presented on a functional basis rather than an individual program basis because of the large number of programs operated by the state. The State's eight functional classifications include:

General Government
Legislative Branch, Department of Personnel & Administration, most of the Department of Military and Veterans Affairs, part of the Governor's Office, part of the Department of Revenue, and Department of Treasury

Business, Community, and Consumer Affairs
Department of Agriculture, part of the Governor's Office, Department of Labor and Employment, Department of Local Affairs, most of the Department of Regulatory Agencies, Gaming Division of the Department of Revenue, and Department of State

Education
Department of Education and the portion of the Department of Higher Education not reported as a business-type activity

Health and Rehabilitation
Department of Public Health and Environment and part of the Department of Human Services

Justice
Department of Corrections, Division of Youth Corrections in the Department of Human Services, Judicial Branch, Department of Law, Department of Public Safety, and the Civil Rights Division of the Department of Regulatory Agencies

Natural Resources
Department of Natural Resources

Social Assistance
Department of Human Services, Veterans' Affairs, and the Department of Health Care Policy and Financing

Transportation
Department of Transportation

Component Units

The University of Colorado Hospital Authority uses proprietary fund accounting for its operations. The financial statements for the authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting, but are not presented in the State's Comprehensive Annual Financial Report. The pension plan statements are available from the authority. Financial information for the authority is presented as of June 30, 2009.

The Colorado Water Resources and Power Development Authority is engaged only in business-type activities, and it uses proprietary fund accounting for its operations. The authority's financial information is presented as of December 31, 2009.

Three of the five nonmajor component units use proprietary fund accounting in preparation of their financial statements, while the Renewable Energy Authority and the Higher Education Competitive Research Authority use governmental fund accounting. In addition, CoverColorado and the Venture Capital Authority apply applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict GASB pronouncements. The financial information for these entities is presented as of December 31, 2009, with the exception of the Higher Education Competitive Research Authority which is presented as of December 31, 2008.

The four foundations presented as component units all follow Financial Accounting Standards Board statements applicable to not-for-profit entities. The foundation's audited not-for-profit financial statements have been recast into the governmental format as allowed by GASB Statement No. 39. Financial information for the four foundation component units is presented as of June 30, 2009.

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

The basis of accounting applied to a fund depends on both the type of fund and the financial statement on which the fund is presented.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

All transactions and balances on the government-wide financial statements are reported on the full accrual basis of accounting. Under full accrual, revenues, expenses, gains, losses, assets, deferred inflows, deferred outflows, and liabilities resulting from exchange transactions are recognized when the exchange takes place and the earnings process is complete. Similar recognition occurs for nonexchange transactions depending on the type of transaction as follows:

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the State has an enforceable legal claim.
- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets may be recognized if received before eligibility requirements are met.

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds
All transactions and balances of governmental funds are presented on the modified accrual basis of accounting consistent with the flow of current financial resources measurement focus and the requirements of Governmental Accounting Standards Board Interpretation No. 6. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The State defines revenues as available if they are expected to be collected within one year. Historical data, adjusted for

economic trends, are used to estimate the following revenue accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due at June 30.
- Income taxes, net of refunds, to be collected from individuals, corporations, and trusts are accrued based on current income earned by taxpayers before June 30. Quarterly filings, withholding statements, and other historical and economic data are used to estimate taxpayers' current income. The related revenue is accrued net of an allowance for uncollectible taxes.

Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met.

Expenditures are recognized in governmental funds when:

- The related liability is incurred and is due and payable in full (examples include professional services, supplies, utilities, and travel),
- The matured portion of general long-term indebtedness is due and payable (or resources have been designated in the Debt Service Fund and the debt service is payable within thirty days of fiscal year-end),
- The liability has matured and is normally expected to be liquidated with expendable available financial resources.

Under these recognition criteria, compensated absences, claims and judgments, termination benefits, and environmental postremediation liabilities are reported as fund liabilities only in the period that they become due and payable. Expenditures/liabilities not recognized in the fund-level statements are reported as expenses/liabilities on the government-wide statements.

Proprietary and Fiduciary Funds

All transactions and balances of the proprietary and fiduciary fund types are reported on the full accrual basis of accounting as described above for the government-wide statements.

Component Units

The University of Colorado Hospital Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. As a governmental entity, the hospital applies all GASB statements and has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The Colorado Water Resources and Power Development Authority uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liability is incurred. The authority has elected to not apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

NOTE 6 – ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET ASSETS

A. CASH AND POOLED CASH

For purposes of reporting cash flows, cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, pooled cash with the State Treasurer, and warrants payable.

B. RECEIVABLES

Component Units

The University of Colorado Foundation, the Colorado State University Foundation, the Colorado School of Mines Foundation, and the University of Northern Colorado Foundation all record unconditional promises to give as revenue and receivable in the period that the pledge is made. The University of Colorado Foundation, the University of Northern Colorado Foundation, and the Colorado State University Foundation use the allowance method to determine the uncollectible portion of unconditional contributions receivable. The Colorado School of Mines Foundation recognizes conditional promises to give as revenue and receivable when the conditions on which the pledges are dependent are substantially met.

C. INVENTORY

Inventories of the various state agencies primarily comprise finished goods inventories held for resale and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual state agencies. The method used in each agency is consistent from year to year.

Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.

D. INVESTMENTS

Primary Government

Investments, including those held by the State Treasurer and reported as pooled cash, include both short and long-term investments. They are stated at fair value except for certain money market investments (see Note 14). Investments that do not have an established market are reported at their estimated fair value. The State Treasurer records investment interest in individual funds based on book yield as adjusted for amortization of investment premiums and discounts.

Component Units

Marketable equity and debt investments of the University of Colorado Foundation are presented at fair value based on quoted market prices; alternative investment fair values are based on national security exchange closing prices, if marketable, and on prorata share of the net assets of the investment, if not marketable. Realized and unrealized gains and losses are included in the change in net assets.

The University of Colorado Foundation has concentrations of financial instruments in cash and investments that potentially subject it to credit risk. The foundation selects credit-worthy high-quality financial institutions, but significant portions of its deposits are not insured by the FDIC. The foundation's concentrations in stocks, bonds, and alternative investments also subject it to credit risk. These investments are selected by professional managers and are monitored by the Investment Committee of the foundation's Board of Directors. Certain investment managers employ techniques such as leverage, futures and forwards contracts, option agreements, and other derivative instruments that create special risks that could adversely affect the foundation's investment portfolio valuation.

The mission of the Venture Capital Authority, a nonmajor component unit, is to make seed and early-stage investments in companies that are not fully established. Because of the inherent uncertainty of investment valuation where a ready market does not exist, as is the case with Venture Capital Authority investments, estimated values may differ from the values that would have been reported had a ready market existed, and the differences could be material.

E. CAPITAL ASSETS

Primary Government

Depreciable capital assets are reported at historical cost net of accumulated depreciation on the government-wide *Statement of Net Assets*. Donated capital assets are carried at their fair market value at the date of donation (net of accumulated depreciation). Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

The following table lists the range of capitalization thresholds established by the State as well as lower thresholds adopted by some state agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado has adopted a $75,000 threshold for land and leasehold improvements as well as buildings.

(Amounts in Dollars)

Asset Class	Lower Capitalization Thresholds	Established State Thresholds
Land Improvements	$5,000	$50,000
Buildings	$5,000	$50,000
Leasehold Improvements	$5,000	$50,000
Vehicles and Equipment	NA	$5,000
Software (purchased)	NA	$5,000
Software (internally develop	NA	$50,000
Library Books	NA	$0
Collections	NA	$5,000
Infrastructure	NA	$500,000

All depreciable capital assets are depreciated using the straight-line method. State agencies are required to use actual experience in setting useful lives for depreciating capital assets. The following table lists the range of lives that state agencies normally use in depreciating capital assets. Certain historical buildings are depreciated over longer lives, but they are excluded from the following table.

(Amounts in Years)

Asset Class	Shortest Period Used	Longest Period Used
Land Improvements	5	50
Buildings	5	127
Leasehold Improvements	2	50
Vehicles and Equipment	3	50
Software	1.5	23
Library Books	5	20
Other Capital Assets	3	22
Infrastructure	20	75

Roads and bridges owned by the Department of Transportation and other infrastructure, which is primarily owned by the Department of Natural Resources, are capitalized and depreciated.

The State capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

Component Units

The University of Colorado Hospital Authority capitalizes interest during the construction of capital assets. The authority depreciates capital assets over the estimated useful life of the asset class using the straight-line method. The hospital's long-lived assets consist primarily of leasehold improvements, buildings and building improvements, and equipment.

F. DEFERRED REVENUE

Under reimbursement agreements, receipts from the federal government and other program sponsors are deferred until the related expenditures occur. On the fund-level financial statements, revenues related to taxes receivable that the State does not expect to collect until after the following fiscal year are deferred. However, taxes receivable are recognized as revenue on the government-wide financial statements.

G. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death.

Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving state service.

In accordance with GASB Interpretation No. 6, compensated absence liabilities related to the governmental funds are recognized as liabilities of the fund only to the extent that they are due and payable at June 30. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. On the government-wide *Statement of Net Assets,* all compensated absence liabilities are reported.

Component Units

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability, serious health conditions, or bereavement. Both PTO and EIP earnings are based on length of service and actual hours worked. The hospital records PTO expense as it is earned. Accrued EIP is based solely on amounts estimated to become payable to that portion of the employee base that will ultimately retire from the hospital.

The Colorado Water Resources and Power Development Authority recognizes unused vacation benefits as they are earned.

H. INSURANCE

The State has an agreement with Pinnacol Assurance, a related organization, to act as the third party administrator for the State's self-insured workers' compensation claims. The State reimburses Pinnacol for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The State insures its property through private carriers and is self-insured against general liability risks for both its officials and employees (see Note 21). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees because the State contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due.

I. NET ASSETS AND FUND BALANCES

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus used in reporting the fund.

On the government-wide *Statement of Net Assets*, the proprietary funds' *Statement of Net Assets*, and the fiduciary funds' *Statement of Fiduciary Net Assets*, net assets are segregated into restricted and unrestricted balances. Restrictions are limitations on how the net assets may be used. Restrictions may be placed on net assets by the external party that provided the resources, by the State Constitution, or by the nature of the asset (such as, in the case of capital assets).

On the *Balance Sheet – Governmental Funds,* assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved balances are generally available for appropriation. Management may also make designations of unreserved fund balance that signal its intent that certain fund balance amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

The following paragraphs describe the restrictions reported in the financial statements:

Invested in Capital Assets Net of Related Debt – This item comprises capital assets net of accumulated depreciation if applicable. The carrying value of capital assets are further reduced by the outstanding balances of leases, bonds, or other borrowings that were used to acquire, construct, or improve the related capital asset.

Restricted for Highway Construction and Maintenance – Article X Section 18 of the State Constitution restricts the motor fuels tax portion of the Highway Users Tax Fund. The unrestricted portion of the fund is appropriated for activities other than highway construction and maintenance.

Restricted for State Education – The entire net assets balance of the State Education Fund, a major governmental fund, is restricted based on Article IX, Section 17, of the State Constitution. Section 17 is commonly referred to as Amendment 23, which references the ballot number assigned to the issue in the general election of 2000.

Restricted for Unemployment Insurance – The entire net assets balance of the Unemployment Insurance Fund, a major Enterprise Fund, is reported as restricted because federal regulations limit nearly all the balance to paying unemployment insurance claims.

Restricted for Debt Service – The net assets of the Debt Service Fund, a nonmajor governmental fund, are restricted to be used only for upcoming principal and interest payments. The payments are primarily related to the Transportation Revenue Anticipation Notes issued by the Department of Transportation, but also include payments on Certificates of Participation issued by the Department of Corrections, the State Historical Society, the Judicial Branch, and the Department of Treasury on behalf of the Build Excellent Schools Today (BEST) program. The Higher Education Institutions Enterprise Fund also reports certain balances restricted for principal and interest payments on revenue-bonded debt.

Restricted for Emergencies – The State Legislature designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve for emergencies three percent or more of fiscal year spending. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises (see Note 8B).

Restricted Permanent Funds and Endowments – This item is segregated into two components. The restricted balances reported as nonexpendable are related to the principal portion of governmental Permanent Funds, such as the State Lands Fund, amounts dedicated to fund capital construction activity, and the endowment portion of the Higher Education Institutions Enterprise Fund that must be maintained in perpetuity. The restricted balances reported as expendable are primarily the earnings on the related principal balances. In general these earnings can only be used for education program purposes.

Restricted for Court Awards and Other Purposes – The State operates certain funds that were established at the direction of federal courts, state courts, or other external parties. The net assets of these funds are limited as to use by the court or the external party. Included in this restriction is the remaining $13.5 million balance of the following. The State received $73.1 million and $73.2 million in Fiscal Years 2003-04 and 2002-03, respectively, from the federal government as a result of the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Act restricts the use of the funds to "the types of expenditures permitted under the most recently approved budget for the state." The Colorado Supreme Court opined that legislation could exclude these funds from the definition of custodial moneys that would qualify them as restricted. However, the related legislation only applied this authority to these types of funds prospectively. Therefore, the unexpended net assets of these funds are reported as restricted and their use is directed by the Governor.

The following paragraphs describe the reservations reported in the fund-level financial statements:

The fund balance of the General Fund is reserved as provided by statute and as provided by generally accepted accounting principles.

Reserved for Encumbrances - In the General Fund, this reserve represents the portion of the current fiscal year appropriation that was encumbered for goods and services that were not received before June 30 due to extenuating circumstances or expressed legislative intent to rollforward the appropriation. The specific appropriation related to these items is rolled-forward to the following fiscal year. The reserve also includes earned augmenting revenue, such as insurance proceeds, that state agencies are not required to revert into General Fund fund balance.

In the Special Revenue Funds and Capital Projects Fund this reserve represents purchase orders, contracts, and long-term contracts that do not lapse at year-end and are related to construction of major capital projects and infrastructure. State agencies are required to record encumbrances for construction projects, and therefore, this reserve in the

Special Revenue and Capital Projects fund represents the major construction commitments of the state.

Since the resources of these funds are often received after the long-term contracts are executed and recorded as encumbrances, the unreserved undesignated amount may reflect a deficit. When a deficit occurs it is funded by future proceeds of the fund.

Reserved for Noncurrent Assets – This item reserves the portion of fund balance that relates to long-term interfund receivables and other long-term assets that are not offset by deferred revenue. These assets are not currently available for appropriation.

Reserving the full amount of noncurrent assets in the Water Projects Fund, a nonmajor Special Revenue Fund, would have resulted in a deficit undesignated fund balance. Since the resources of the fund are not sufficient to support the entire reserve amount, fund balance is only reserved up to the amount available for Fiscal Year 2009-10.

Reserved for Debt Service – The fund balance of the Debt Service Fund, a nonmajor governmental fund, is not available for appropriation because it is restricted to use only for upcoming principal and interest payments. The payments are primarily related to the Transportation Revenue Anticipation Notes issued by the Department of Transportation, but also include payments on Certificates of Participation issued by the Department of Corrections, the State Historical Society, the Judicial Branch, and the Department of Treasury on behalf of the Build Excellent Schools Today (BEST) program.

Reserved for Statutory Purposes – The statutory reserve in the Capital Projects Fund is the fund balance of the Corrections Expansion Reserve and the balance of certain other projects that are allowed to maintain a fund balance in the Capital Projects Fund. These projects are not required to revert excess cash revenue to the Capital Projects Fund.

In the General Fund this reserve normally represents the requirement in Colorado Revised Statutes 24-75-201.1(d) to reserve four percent of General Fund appropriations. Historically the legislature has adjusted the four percent reserve when revenues are inadequate to fund appropriations. During Fiscal Year 2008-09, the General Assembly passed legislation applicable to the fiscal years ending June 30, 2009 and June 30, 2010, reducing the required reserve to two percent of General Fund appropriations for both GAAP and budget basis purposes as part of its plan to address a revenue shortfall. The reduction of the reserve along with the augmenting cash transfers to the General Fund described in Note 32 were not sufficient for the General Fund to meet the Fiscal Year 2009-10 statutorily required reserve of $132.6 million on a GAAP basis. This resulted in the $17.3 million reserve shown on the *Balance Sheet - Governmental Funds*. The State exceeded the two percent reserve requirement on the budget basis by deferring Medicaid, payroll, and certain other expenditures to the following fiscal year.

Reserved for Risk Management – The Reserve for Risk Management represents the fund equity of the State Risk Management Funds. Because there is no plan to fund the actuarial liabilities of the Risk Management Fund, it is accounted for in the General Fund as required by Governmental Accounting Standards Board Statement No. 10.

Reserved for Emergencies – The General Assembly designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve three percent or more of fiscal year spending for emergencies. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises. State properties included as part of the required reserve are not represented in this amount. (See Note 8B for more information on the current year amount of the emergency reserve.)

Reserved for Funds Reported as Restricted – This reserve is the portion of fund balance that is restricted by the State Constitution or external parties. The balances are reserved because they are restricted; and therefore, are not available for appropriation for general governmental purposes.

Unreserved - Designated for Unrealized Investment Gains In all fund types, this designation represents the amount by which the fair value of investments exceeds amortized cost. It is not equivalent to the net change in fair value of investments because the net change in fair value is adjusted for the amount by which the fair value was more or less than amortized costs in prior years. This reserve is only shown when a governmental fund category has net unrealized gains.

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/EXPENSES

A. PROGRAM REVENUES

The government-wide *Statement of Activities* presents two broad types of revenues – program revenues and general revenues. All taxes, with the exception of unemployment insurance tax used to support a business-type activity, are reported as general revenues. Unrestricted investment earnings and the court ordered awards of the Tobacco Litigation Settlement Fund, part of the nonmajor Tobacco Impact Mitigation Fund, are also reported as general revenues. Except for transfers, permanent fund additions, and special items, all other revenues are reported as program revenues. In general, program revenues include:

- Fees for services, tuition, licenses, certifications, and inspections,
- Fines and forfeitures,

- Sales of products,
- Rents and royalties,
- Donations and contributions, and
- Intergovernmental revenues (including capital and operating grants).

B. INDIRECT COST ALLOCATION

The State allocates indirect costs on the government-wide *Statement of Activities.* In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities (BTAs). The allocation is based on the Statewide Indirect Cost Allocation Plan Agreement with the federal government that was approved during Fiscal Year 2009-10.

The Plan uses cost from Fiscal Year 2007-08 that will be incorporated in state agency indirect cost rates and plans to be charged to federal grants in Fiscal Year 2011-12. The allocation of costs between the governmental activities and BTAs would normally result in an adjustment of internal balances on the government-wide *Statement of Net Assets.* However, since the amount allocated from the governmental activities to the BTAs is small, an offsetting adjustment is made to the Transfers line item at the bottom of the *Statement of Activities.*

Included in the allocation of indirect costs reported on the *Statement of Activities* is $1.3 million of central service agency costs for Fiscal Year 2009-10 related to the American Recovery and Reinvestment Act (ARRA). The President's Office of Management and Budget authorized the State to collect a three-year estimate of the ARRA costs from ARRA grants. The State collected the three-year estimate in the General Fund where the unexpended portion is reserved, and based on a three-year appropriation, the monies not expended in Fiscal Year 2009-10 will be provided to central service agencies in Fiscal Years 2010-11 and 2011-12.

C. OPERATING REVENUES AND EXPENSES

Primary Government

The State reports four major Enterprise Funds, multiple nonmajor Enterprise Funds, and multiple Internal Service Funds. Because these funds engage in a wide variety of activities, the State's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.

In general this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Assets* and cash from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

- Interest earnings and expenses of proprietary funds for which the core business activity is lending are reported as operating revenues and expenses on the *Statement of Revenues, Expenses, and Changes in Net Assets* but are reported as investing activities on the *Statement of Cash Flows.*
- Some rents, fines, donations, and certain grants and contracts are reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Assets* but are reported as cash from operations on the *Statement of Cash Flows.*

The state Higher Education Institutions have defined operating revenues and expenses as generally resulting from providing goods and services for instruction, research, public service, or related support services to an individual or entity separate from the institution.

NOTE 8 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Agencies are not allowed to use general-purpose revenue to support an expenditure/expense that was appropriated from cash or federal funds. Budget-to-actual comparisons are presented in the Required Supplementary Information Section beginning on page 107. Differences noted between department overexpended amounts on the budgetary schedules and the overexpenditures discussed below are due to offsetting underexpended line item appropriations.

Within the limitations discussed below, the State Controller with the approval of the Governor may allow certain overexpenditures of the legal appropriation, as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The Department of Human Services is allowed $1.0 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to $1.0 million in total for the remainder of the Executive Branch. An additional $1.0 million of combined transfers and overexpenditures are allowed for the Judicial Branch.

The State Controller is required by statute to restrict the subsequent year appropriation whether or not he allows an overexpenditure. The restriction requires the agency to seek a supplemental appropriation from the General Assembly, earn adequate cash or federal revenue to cover the expenditure in the following year, and/or reduce their subsequent year's expenditures.

Per Colorado Revised Statutes 24-75-109.(2)(b), neither the Governor nor the State Controller is allowed to approve any overexpenditure in excess of the unencumbered balance of the fund from which the overexpenditure is made.

Total overexpenditures at June 30, 2010, were $127,313,444 as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medicare Modernization Act of 2003 State Contribution – The Department of Health Care Policy and Financing overexpended this line item by $100,922 of general funds. This program is an entitlement program driven by the eligible population and the department reported unexpectedly large increases over budgeted caseload for the year.
- Medicaid Mental Health Capitation Payments – The Department of Health Care Policy and Financing overexpended this line item by $586,305 of general funds. This program is an entitlement program driven by the eligible population and the department reported that the overexpenditure occurred due to a forecasting error in the general fund caseload for the year.
- Colorado Autism Treatment Fund – The Department of Health Care Policy and Financing overexpended this line item by $10,994 of cash funds. This program provides case management and behavioral therapy services to a limited number of children living with autism, and the program incurred unexpectedly large increases over budgeted caseload and costs for the year.
- Breast and Cervical Cancer Prevention & Treatment Fund – The Department of Health Care Policy and Financing overexpended this line item by $18,341 of cash funds. The overexpenditure occurred due to differences between the cost of actual services provided and the forecasted caseload and per capita costs.

Approved Statewide Overexpenditures Subject to the $1.0 Million Limit:

- Department of Higher Education (State Historical Society) – Cumbres & Toltec Railroad Commission – The Department of Higher Education overexpended this line item by $22,500 of general funds. The overexpenditure occurred because expenditures were incurred before the Office of the State Controller and the State Historical Society determined the appropriation was reduced .
- Department of Education – Start Smart Nutrition Program – The Department of Education overexpended this line item by $26,019 of cash funds. The overexpenditure occurred because the department's child nutrition unit mistakenly believed the appropriation for reimbursements to school food authorities was $30,000 higher than their actual spending authorization.

- Department of Health Care Policy and Financing – CBMS SAS-70 Audit – The Department of Health Care Policy and Financing overexpended this line item by $1,410 of general funds. The overexpenditure was the result of a current year restriction based on a Fiscal Year 2008-09 overexpenditure which occurred because the Random Moment Sampling percentages used as a basis of cost allocation were higher than expected.

Unapproved Statewide Overexpenditures Subject to the $1.0 Million Limit:

- Department of Education – Workers' Compensation – The Department of Education overexpended this line by $21,145 of reappropriated funds and $795 of cash funds. The overexpenditures occurred because the department did not review its billings for Workers' Compensation expenditures until late in the prior fiscal year when it was too late to change the Fiscal Year 2009-10 funding mix of this line item in the normal budget process.
- Department of Health Care Policy and Financing – Pediatric Specialty Hospital – The Department of Health Care Policy and Financing overexpended this line by $66,122 of general funds. The overexpenditure occurred because the budgeted amount for the Pediatric Specialty Hospital Cash Fund was not reduced to reflect a cap put in place by the General Assembly during the Fiscal Year 2008-09 session.

Overexpenditures Not Allowed to Be Approved (Deficit Fund Balances):

- Department of Education – State Charter School Institute Administration – The Charter School Institute (CSI) overexpended the Charter School Institute Fund by $190,088. The overexpenditure occurred because the actual student count in October 2009 reduced CSI's revenues relative to their appropriated expenditures, which were based on a June 2009 student count. In addition, CSI did not modify its spending authority or spending pattern to match its changing revenue stream.
- Department of Human Services – Colorado Commission for the Deaf and Hard of Hearing (CDHH) – The Department of Human Services overexpended the Colorado Commission for the Deaf and Hard of Hearing Cash Fund by $4,228 when it was unable to bill the Telephone Users Cash Fund in the Department of Regulatory Agencies for costs it incurred. The billing was not honored because it would have caused a deficit balance in the Telephone Users Cash Fund.
- Department of Public Health and Environment – Local Public Health Plan and Support Distribution Hearing – The Department of Public Health and Environment overexpended the Public Health Services Support Fund by $102,629. The overexpenditure occurred because the division which manages the distribution of funds to local health departments was not aware that Tobacco Master Settlement Agreement revenues were less than the original estimates and spending authority, and therefore, the contracts with the local health departments were not reduced to reflect available revenue.
- Department of Higher Education – CollegeInvest – Colorado Student Obligation Bond Authority Prepaid Expense Trust – CollegeInvest overexpended the Colorado Prepaid Postsecondary Education Expense Trust Fund by $2,020,817. The overexpenditure occurred because of unrealized losses due to changes in market conditions in CollegeInvest's bond investment portfolio which uses a bond laddering strategy designed to match bond investment cash flows with projected participant withdrawals. CollegeInvest expects to hold the bond investments to maturity, and therefore, it does not anticipate realizing any of these currently recognized unrealized losses.
- Department of Labor and Employment – Unemployment Insurance Benefit Payments – The Department of Labor and Employment overexpended the Unemployment Compensation Fund by $123,909,012. The overexpenditure occurred because national and state economic recessions and high unemployment rates have led to unemployment insurance benefits that exceeded unemployment insurance tax premiums, requiring the State to borrow from the United States Treasury in order to pay regular unemployment insurance benefits.
- Department of Health Care Policy and Financing– Children's Basic Health Plan Trust – On the basis of Generally Accepted Accounting Principles (GAAP) the Department of Health Care Policy and Financing overexpended the Children's Basic Health Plan Trust by $2,757,047 when it deferred $9,590,805 of Fiscal Year 2009-10 expenditures and $6,234,023 of related federal revenue into Fiscal Year 2010-11. The deferral of expenditure and revenue is authorized in Colorado Revised Statutes 25.5-8-108(5) and is applicable for budget purposes. Because the deferral is in compliance with Colorado statute, no restriction of Fiscal Year 2010-11 spending authority was required.

The following overexpenditures occurred in the Department of Regulatory Agencies.

- Division of Real Estate – Conservation Easement Holder Certification Cash Fund – The department's Real Estate Division overexpended the Conservation Easement Holder Certification Fund by $63,122. The overexpenditure occurred because Division management did not prevent program costs from exceeding the fee revenues available from program registrants.
- Division of Real Estate – Mortgage Loan Originator Licensing Cash Fund – The department's Real Estate Division overexpended the Mortgage Loan Originator Licensing Cash Fund by $168,995. The overexpenditure occurred because Division management did not prevent program costs from exceeding the fee revenues available from program registrants.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the Office of the State Controller.

B. TAX, SPENDING, AND DEBT LIMITATIONS

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The TABOR section of the State Constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the State as a whole, not to individual funds, departments, or agencies of the state. Government run businesses accounted for as enterprise funds that have the authority to issue bonded debt and that receive less than ten percent of annual revenues from state and local governments are exempted from the TABOR revenue limits.

Since its passage in 1992, TABOR has required that annual revenues in excess of the constitutional limitation be refunded to the taxpayers unless voters approved otherwise. The State first exceeded the TABOR revenue growth limit in Fiscal Year 1996-97, and it continued to exceed the limit each year until Fiscal Year 2001-02 resulting in a cumulative required refund of $3,250.2 million for that period. State revenues did not exceed the TABOR limit in Fiscal Years 2001-02, 2002-03, or 2003-04, but again exceeded the limit resulting in a $41.1 million required refund for Fiscal Year 2004-05.

In the 2005 general election, voters approved Referendum C – a measure referred to the ballot by the Legislature that authorizes the State to retain revenues in excess of the limit for the five Fiscal Years 2005-06 through 2009-10. As a result, no TABOR refund would have been required for Fiscal Year 2009-10 if TABOR nonexempt revenues exceeded the TABOR limit. However, economic conditions resulted in a decline in the State's revenues and the TABOR nonexempt revenues were $615.9 million below the spending limit. The $0.7 million TABOR refund liability shown on the government wide *Statement of Net Assets* and the fund-level *Balance Sheet* is the unrefunded portion of the Fiscal Year 2004-05 TABOR refund liability.

Historically, unrefunded amounts continue to be distributed after the end of the fiscal year when returns with filing extensions and amended returns are processed. Any amount unrefunded through this process will be carried forward to the first year that a refund is paid after Fiscal Year 2009-10.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2009-10 that amount was $257,024,922.

At June 30, 2010, the financial net assets of the following funds were applied to the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund, part of the Labor Fund – a nonmajor Special Revenue Fund – $94,000,000.
- Wildlife Cash Fund, a portion of the nonmajor Wildlife Enterprise Fund – $100,000,000. The Wildlife Cash Fund's net assets not invested in capital assets (net of related debt) total $16,257,375, and that amount is shown as restricted for emergencies on the *Combining Statement of Net Assets*. The remaining $83,746,625 of the Wildlife portion of the reserve comes from the capital assets recorded in the Wildlife Cash Fund. Without consideration of related current liabilities, the Wildlife Cash Fund held $56,729,414 of cash and receivables that are reported as restricted.

The 2009 legislative session Long Appropriations Act designated up to $81,100,000 of state properties as the remainder of the emergency reserve.

NOTE 9 Through 17 – DETAILS OF ASSET ITEMS

NOTE 9 – CASH AND POOLED CASH

Primary Government

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund unless a specific statute directs otherwise. Most funds are required to invest in noninterest bearing warrants of the General Fund if the General Fund overdraws its rights in the pool. This means that under certain conditions participating funds would not receive the interest earnings to which they would otherwise be entitled. The detailed composition of the Treasury pooled cash and investment is shown in the annual Treasurer's Report. Where a major fund or fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Fund – the payer of last resort for the pool.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The State's cash management policy is to invest all significant financial resources as soon as the moneys are available within the banking system. To enhance availability of funds for investment purposes, the State Treasurer uses electronic funds transfers to move depository account balances into the treasurer's pooled cash.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, and repay the public deposits to the depositing government.

Including restricted amounts, the Cash and Pooled Cash line on the financial statements includes $5,977.9 million ($5,982.5 at amortized cost) of claims of the State's funds on moneys in the treasurer's pooled cash. At June 30, 2010, the treasurer had invested $5,887.0.0 million (fair value) of the pool and held $95.6 million of demand deposits and certificates of deposit.

At June 30, 2010, the State had a cash deposit balance of $359.0 million, which includes the $95.6 million held as demand deposits and certificates of deposit in the treasurer's pool.

Under the GASB Statement No. 40 definitions, $64.1 million of the State's total bank balance of $345.4 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

Component Units

The University of Colorado Hospital Authority had cash deposits with a book balance of $32.0 million at June 30, 2009, and a related bank balance of $35.4 million. The balances are held in the authority's name and are insured or collateralized.

The Colorado Water Resources and Power Development Authority had cash deposits with a bank balance of $445,763 at December 31, 2009, of which $250,000 was federally insured and $141,823 was collateralized with the securities held by the pledging institution in a collateral pool, but not in the authority's name. An additional $53,940 was collateralized with the securities held by the pledging institution's trust, but not in the authority's name. The authority also reported as cash and cash equivalents $67.8 million held by the State Treasurer in a Treasurer's Agency Fund and $160.7 million held in the COLOTRUST, a local government investment pool that qualifies as a 2a7-like investment pool where each share is maintained at $1.00. These amounts are not evidenced by securities, and therefore, they are not subject to custodial risk classification. The COLOTRUST investment has a credit quality rating of AAA, and the investment held by the State Treasurer is not rated for credit quality.

At December 31, 2009 the Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, had cash deposits of $2.0 million held by a major bank paying interest of 0.05 percent at year-end. All of the district's cash and cash equivalents are maintained with a single major Denver bank resulting in a concentration of credit risk. However, the collateralized amounts were in compliance with the Public Deposit Protection Act discussed above.

The Venture Capital Authority, a nonmajor component unit, had bank deposits of $6.0 million at December 31, 2009 – of that amount $5.7 was not covered by federal deposit insurance.

NOTE 10 – NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

In the proprietary fund types, noncash transactions occur that do not affect the fund-level *Statement of Cash Flows – All Proprietary Funds*. These transactions are summarized at the bottom of the fund-level statement and the related combining statements. In order for a transaction to be reported as noncash, it must affect real accounts (that is, accounts shown on the *Statement of Net Assets*) and be reported outside of the Cash Flows From Operating Activities section of the *Statement of Cash Flows.* The following general types of transaction are reported as noncash:

- Capital Assets Funded by the Capital Projects Fund – Most capital construction projects funded by general revenues are accounted for in the Capital Projects Fund. Several of the State's Enterprise and Internal Service Funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Certain state agencies are authorized to move general revenue cash to the Enterprise or Internal Service Fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*

- Donations or Grants of Capital Assets – Capital assets received as donations or directly as grants are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows.* Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Assets;* therefore, they are reported as noncash transactions.

- Unrealized Gain/(Loss) on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the treasurer's pooled cash in which they participate. The unrealized gains or losses on the treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the treasurer's pooled cash are shown as increases or decreases in investment balances, and therefore, are reported as noncash transactions. Note 14 shows the combined effect of these two sources of unrealized gains or losses.

- Gain/(Loss) on Disposal of Capital and Other Assets – When the cash received at disposal of a capital or other asset is greater or less than the carrying value of the asset, a gain or loss is recorded. This gain or loss results in an increase or reduction of the amount reported for capital or other assets on the *Statement of Net Assets*, but since no cash is exchanged for the gain or loss amount, this portion of the transaction is reported as noncash.

- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, issuance costs, and gain/(loss) on refunding adjusts future debt service amounts shown for both capital and noncapital financing activities. These transactions change the amount of capital or noncapital debt reported on the *Statement of Net Assets.* Since no cash is received or disbursed in these transactions, they are reported as noncash.

- Assumption of Capital Lease Obligation or Mortgage – Although no cash is exchanged, entering a capital lease or mortgage changes both the capital asset and related liability balances reported on the *Statement of Net Assets.* Therefore, these transactions are reported as noncash.

- Financed Debt Issuance Costs – When costs of debt issuance are financed by and removed from the debt proceeds the State reports a noncash transaction.

- Derivative Instrument – When the State enters a derivative instrument that qualifies as a hedge, the *Statement of Net Assets* includes a real account, either asset or liability, that is measured at fair value but does not represent a current cash transaction.

NOTE 11 – RECEIVABLES

Primary Government

The Taxes Receivable of $947.3 million shown on the government-wide *Statement of Net Assets* primarily comprises:

- $805.8 million, mainly of self-assessed income, estate, and sales tax recorded in the General Fund. Included in this amount is $194.0 million of taxes receivable expected to be collected after one year and reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Assets.* These long-term receivables are offset by deferred revenue on the *Balance Sheet – Governmental Funds*,

- $52.4 million recorded in nonmajor Special Revenue Funds, of which, approximately $11.0 million is from gaming tax, $18.1 million is severance tax, and $21.1 million is insurance premium tax, and

- $89.1 million of unemployment insurance tax recorded in the Unemployment Insurance Fund, a major Enterprise Fund.

In addition, $53.3 million of Taxes Receivable, $40.1 million of Other Receivables, and $88.3 million of intergovernmental receivables were recorded in the Highway Users Tax Fund, a major Special Revenue Fund. All three items were reported as restricted receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

Taxes Receivable of $12.9 million in the Tobacco Tax Fund, a portion of the nonmajor Tobacco Impact Mitigation Fund, are reported as restricted because they are authorized and their use is limited by the State Constitution.

The Other Receivables of $436.9 million shown on the government-wide *Statement of Net Assets* are net of $161.5 million in allowance for doubtful accounts and primarily comprise the following:

- $239.3 million of student and other receivables of Higher Education Institutions, a major Enterprise Fund.
- $38.0 million of receivables recorded in the General Fund, of which $24.1 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $4.6 million related primarily to rebates from drug companies and overpayments to healthcare providers. The Colorado Mental Health Hospitals recorded $2.6 million of patient receivables.
- $100.0 million of receivables recorded by Other Governmental Funds including $46.2 million of tobacco settlement revenues expected within the following year, $15.0 million recorded by the Water Projects Fund, $5.1 million receivable from the Great Outdoors Colorado program by the Resource Management Fund, and $12.8 million of rent and royalty receivables recorded by the State Lands Funds.

In addition, $196.7 million of student loan receivables of CollegeInvest, a major Enterprise Fund, are reported as restricted receivables that would otherwise be reported primarily as Other Long-Term Assets. These receivables are restricted to paying the debt service of bonds issued by CollegeInvest. There are also $43.9 million of other receivables reported as restricted by the Department of Transportation.

Component Units

The University of Colorado Hospital Authority's primary revenue source is patient service revenue of $715.1 million, which it recorded net of third-party contractual allowances ($1,405.1 million), indigent and charity care ($155.9 million), provision for bad debt ($37.9 million), and self-pay discounts ($40.5 million). The hospital participates in the Colorado Disproportionate Share Hospital Program, and it received reimbursements from the State of $35.6 million for Fiscal Year 2008-09. The hospital maintains a self-pay discount program to reduce uninsured patients' liabilities by up to 50 percent to a level more comparable to insured patients.

The University of Colorado Hospital Authority has historically adjusted patient service revenue for settlements related to billings contested by third-party payers including Medicare and Medicaid.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (22 percent), Medicaid (11 percent), managed care (44 percent), other commercial insurance (2 percent), and self-pay and medically indigent (14 percent).

However, the authority's management does not believe there are credit risks associated with these payors other than the self-pay and medically indigent category. The authority continually monitors and adjusts its reserves and allowances associated with these receivables.

Net patient-service revenue under the Medicare and Medicaid programs in Fiscal Year 2008-09 was approximately $166.4 million. Medicaid, Medicare, and other third-party payer programs reimburse providers at rates generally less than the hospital's billing rates. Net patient-service revenue is adjusted for these differences and is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital reports pledges at their net present value. During 2009, the hospital received a $5.0 million pledge for a future cancer center expansion project. The pledge is discounted at 4.0 percent resulting in a current discount of $548,000. As of June 30, 2009, the authority reported $5.0 million in restricted receivables related to contributions.

The Colorado Water Resources and Power Development Authority had loans receivable of $1.2 billion at December 31, 2009. During 2009, the authority made new loans of $108.9 million and canceled or received repayments for existing loans of $96.7 million.

The University of Colorado Foundation contributions receivable of $23.7 million and $24.7 million are reported as Contributions Receivable current and noncurrent, respectively, in the *Statement of Net Assets – Component Units*. At June 30, 2009, the amount reported as contributions receivable includes $58.8 million of unconditional promises to give which were offset by a $8.3 million allowance for uncollectible contributions and a $2.0 million unamortized pledge discount using discount rates ranging from .19 percent to 6.31 percent.

At June 30, 2009, the Contributions Receivables amount shown for the Colorado State University Foundation included contributions of $26.0 million, which were offset by $3.8 million of unamortized pledge discounts calculated using the five-year U.S. Treasury bond rate. At June 30, 2009, contributions from one donor represented approximately 40 percent of total contributions receivable for the foundation.

At June 30, 2009, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $17.9 million was offset by $1.5 million of allowance for uncollectible pledges and unamortized pledge discounts.

Approximately 53 percent of the foundation's contributions receivable at June 30, 2009, consists of pledges from one donor in 2009, and approximately $2.9 million is due from irrevocable remainder trusts.

The Colorado School of Mines Foundation entered into two direct financing leases with the School of Mines during Fiscal Year 2007-08. The leases were related to the purchase of property adjacent to the campus with notes payable by the foundation during the year. The minimum lease payments under the agreement total $4.3 million plus the interest due on the notes issued by the foundation to purchase the property. The School is responsible for any executory costs related to the property.

The Venture Capital Authority, a nonmajor component unit, has receivables derived from sales to insurance companies of premium tax credits that were donated by the State of Colorado, which are being recognized over a 10-year period. The VCA's management determined that no allowance was necessary related to the $20.8 million of accounts receivable from insurance companies that are reported as Contributions Receivable ($4.2 million) and Other Long-Term Assets ($16.6 million) on the *Statement of Net Assets.* However, the authority tracks collection of the receivables on an ongoing basis and establishes an allowance as deemed necessary.

NOTE 12 – INVENTORY

Inventories of $59.2 million shown on the government-wide *Statement of Net Assets* at June 30, 2010, primarily comprise:

- $10.5 million of manufacturing inventories recorded by Correctional Industries, a nonmajor Enterprise Fund,
- $22.6 million of resale inventories, of which, Higher Education Institutions, a major Enterprise Fund, recorded $19.5 million, and
- $21.0 million of consumable supplies inventories, of which, $9.3 million was recorded by the Higher Education Institutions, a major Enterprise Fund, $7.8 million was recorded by the Highway Users Tax Fund, a major Special Revenue Fund, $2.3 by the General Fund, and $1.0 million by Wildlife, a nonmajor Enterprise Fund.

NOTE 13 – PREPAIDS, ADVANCES, AND DEFERRED CHARGES

Prepaids, Advances, and Deferred Charges of $57.8 million shown on the government-wide *Statement of Net Assets* are primarily general prepaid expenses except for the following individually significant items:

- $13.8 million advanced to Colorado counties and special districts by the General Fund related to social assistance programs,
- $14.1 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a nonmajor Special Revenue Fund,
- $3.6 million advanced to federal projects by the Division of Parks and Recreation from the Capital Projects Fund and the Resource Management Fund, a nonmajor Special Revenue Fund,
- $4.0 million of prize expense paid by the Colorado Lottery, a major Enterprise Fund, to a multistate organization related to participation in the Powerball lottery game, and
- $3.7 million primarily related to cash payments for library subscriptions at Colorado State University.

NOTE 14 – INVESTMENTS

Primary Government

The State holds investments both for its own benefit and as an agent for certain entities as provided by statute. The State does not invest its funds with any external investment pool. Funds not required for immediate payment of expenditures are administered by the authorized custodian of the funds or pooled and invested by the State Treasurer. The fair value of most of the State's investments are determined from quoted market prices except for money market investments that are reported at amortized cost, which approximates market.

Colorado Revised Statutes 24-75-601.1 authorizes the types of securities in which public funds of governmental entities, including state agencies, may be invested. Investments of the Public Employees Retirement Association discussed in Note 18 and other pension funds are not considered public funds. In general, the statute allows investment in Certificates of Participation related to a lease or lease purchase commitment, local government investment pools, repurchase and reverse repurchase agreements (with certain limitations), securities lending agreements, domestic corporate or bank debt securities, guaranteed investment or interest contracts including annuities and funding agreements, securities issued by or fully guaranteed by the United States Treasury or certain federal entities and the World Bank, inflation indexed securities issued by the United States Treasury, general obligation and revenue debt of other states in the United States and their political subdivisions (including authorities), or registered money market funds with policies that meet specific criteria.

The statute establishes minimum credit quality ratings at the highest rating by at least two national rating agencies for most investment types. That statute also sets maximum time to maturity limits, but allows the governing body of the public entity to extend those limits. Public entities may also enter securities lending agreements that meet certain collateralization and other requirements. The statute prohibits investment in securities that do not have fixed coupon rates unless the variable reference rate is a United States Treasury security with maturity less than one year, the London Interbank Offer Rate, or the Federal Reserve cost of funds rate. The above statutory provisions do not apply to the University of Colorado.

Colorado Revised Statutes 24-36-113 authorizes securities in which the State Treasurer may invest and requires prudence and care in maintaining investment principal and maximizing interest earnings. In addition to the investments authorized for all public funds, the State Treasurer may invest in securities of the federal government and its agencies and corporations without limitation, asset-backed securities, certain bankers' acceptances or bank notes, certain commercial paper certain international banks, and certain loans and collateralized mortgage obligations. The Treasurer's statute also establishes credit quality rating minimums specific to the Treasurer's investments. The Treasurer's statute is the basis for a formal investment policy published on the State Treasurer's website. In addition to the risk restrictions discussed throughout this Note 14, the Treasurer's investment policy precludes the purchase of derivative securities.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. In Fiscal Year 2009-10, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $57,477. The State Treasurer realized losses from the sale of investments held for the Major Medical Fund of $225,032, and for the treasurer's pooled cash of $4,846,770.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2010 and 2009, the treasurer had $41.0 million and $39.4 million at fair value, respectively, of GOCO's funds on deposit and invested.

The investment earnings of the Unclaimed Property Tourism Trust Fund, a nonmajor Special Revenue Fund, are assigned by law to the Colorado Travel and Tourism Promotion Fund, a nonmajor Other Special Revenue Fund, to the State Fair, a nonmajor Enterprise Fund, and to the Agriculture Management Fund, a nonmajor Other Special Revenue Fund.

As provided by state statute, the State Treasurer held $5.5 million of investment in residential mortgages by paying the property taxes of certain elderly state citizen homeowners that qualify for the program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

Colorado State University, which is reported in the Higher Education Institutions Enterprise Fund, held $904,714 of hedge funds that were valued based on the net asset value reported by the hedge fund manager. The net asset value is computed based on dealer quotations on the fair market value of the underlying securities – the majority of which are traded on national exchanges.

Excluding fiduciary funds, the state recognized $5,185,220 of net realized losses from the sale of investments held by state agencies other than the State Treasurer during Fiscal Year 2009-10.

The following schedule reconciles deposits and investments to the financial statements for the primary government including fiduciary funds:

(Amounts in Thousands)

Footnote Amounts		Carrying Amount
Deposits (Note 9)	$	358,968
Investments:		
Governmental Activities		7,118,551
Business-Type Activities		1,698,913
Fiduciary Activities		3,310,605
Total	$	12,487,037
Financial Statement Amounts		
Net Cash and Pooled Cash	$	4,111,862
Add: Warrants Payable Included in Cash		207,787
Total Cash and Pooled Cash		4,319,649
Add: Restricted Cash		1,926,089
Add: Restricted Investments		927,033
Add: Investments		5,314,266
Total	$	12,487,037

Custodial Credit Risk

The State Treasurer's investment policy requires all securities to be held by the State Treasurer or a third party custodian designated by the Treasurer with each security evidenced by a safekeeping receipt. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the State's name.

Open-end mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. The following table lists the investments of the State Treasurer's pooled cash, major governmental funds, and nonmajor governmental funds in the aggregate, by investment type at fair value.

The *Other* category of the Governmental funds primarily comprises the issuance trustees' deposit of proceeds from Certificates of Participation (COPs) issued for local school district capital construction ($150.0 million – Build Excellent Schools Today program), Ralph L.Carr Justice Complex ($207.4 million), and the Colorado History Center ($54.8 million). The trustees have selected the State Treasurer's pool as their investment vehicle. The Treasurer accounts for the trustees' deposits in Agency Funds, and the investment types and related risks are disclosed through the Treasurer's pool investments.

The table also shows the fair value of securities that are subject to custodial credit risk.

(Amounts in Thousands)

	Governmental Activities				
	Treasurer's Pool	General Fund	State Education	Other Governmental	Total
INVESTMENT TYPE					
U.S. Government Securities	$ 4,346,141	$ -	$ 21,223	$ 153,199	$ 4,520,563
Commercial Paper	214,980	-	-	-	214,980
Corporate Bonds	395,283	-	31,956	126,656	553,895
Asset Backed Securities	413,958	-	-	97,828	511,786
Mortgages Securities	326,591	5,477	-	371,238	703,306
Mutual Funds	190,000	-	-	8,824	198,824
Other	-	-	-	415,197	415,197
TOTAL INVESTMENTS	$ 5,886,953	$ 5,477	$ 53,179	$ 1,172,942	$ 7,118,551
INVESTMENTS SUBJECT TO CUSTODIAL RISK					
Mortgages Securities	$ -	$ -	$ -	$ 28,276	$ 28,276
TOTAL SUBJECT TO CUSTODIAL RISK	$ -	$ -	$ -	$ 28,276	$ 28,276

The following table lists the investments of the major enterprise funds and fiduciary funds by investment type at fair value. Investment types included in the *Other* category for Higher Education Institutions primarily consist of: Private Equities ($41.1 million), Hedge Funds ($35.5 million), Absolute Return Funds ($19.7 million), and Real Estate ($11.9 million). The largest balance in the Higher Education Institutions *Other* category ($104.5 million) represents the issuance trustee's deposit of proceeds from Certificates of Participation (COPs) issued for Higher Education capital construction. The trustee has selected the State Treasurer's pool as its investment vehicle. The Treasurer accounts for the trustee's deposit in an Agency Fund, and the investment types and related risks are disclosed through the Treasurer's pool investments.

The *Other* category of the Fiduciary funds primarily consists of a funding agreement with MetLife ($36.9 million) held by CollegeInvest in its College Savings Plan, a Private Purpose Trust Fund.

The table below also shows the fair value of securities held by these funds that are subject to custodial credit risk.

(Amounts in Thousands)

	Business-Type Activities			Fiduciary
	Higher Education Institutions	College Invest	Total	Fiduciary
INVESTMENT TYPE				
U.S. Government Securities	$ 280,259	$ 6,781	$ 287,040	$ 11,284
Commercial Paper	15,540	-	15,540	-
Corporate Bonds	206,765	20,001	226,766	-
Corporate Securities	102,263	-	102,263	-
Repurchase Agreements	15,458	-	15,458	-
Asset Backed Securities	39,218	-	39,218	-
Mortgages Securities	80,744	-	80,744	-
Mutual Funds	633,594	58,269	691,863	3,262,465
Other	240,021	-	240,021	36,856
TOTAL INVESTMENTS	$ 1,613,862	$ 85,051	$ 1,698,913	$ 3,310,605
INVESTMENTS SUBJECT TO CUSTODIAL RISK				
U.S. Government Securities	$ 244	$ -	$ 244	$ -
Corporate Bonds	1,817	-	1,817	-
Corporate Securities	16,153	-	16,153	-
Mortgages Securities	14	-	14	-
TOTAL SUBJECT TO CUSTODIAL RISK	$ 18,228	$ -	$ 18,228	$ -

Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the state. This risk is assessed by nationally recognized rating agencies, which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not reported. However, credit quality ratings are reported for obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government.

The State Treasurer's formal investment policy requires that eligible securities have a minimum of two acceptable credit quality ratings – one of which must be from either Moody's or Standard & Poor's rating agency and the other which may be from the Fitch rating agency or another nationally recognized rating agency. The policy sets acceptable credit quality ratings by investment portfolio and investment type.

The fair value amount of rated and unrated debt securities is detailed in the following table, which shows the Treasurer's Pooled Cash Investments, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate.

In addition, to the amounts shown in the following table:

- CollegeInvest held a funding agreement valued at $36.9 million in its College Savings Plan, a Private Purpose Trust Fund that was unrated as to credit quality risk.
- The trustees for the Higher Education Institutions' Lease Purchase Financing Program, Building Excellent Schools Today (BEST) program, Ralph L.Carr Justice Complex, and the Colorado History Center issued Certificates of Participation and selected the State Treasurer's cash and investment pool as their investment vehicle. The pool has not been separately rated. See interest rate risk disclosure section for additional information on the pool.

(Amounts In Thousands)

	U.S. Govt. Agencies	Commercial Paper	Corporate Bonds	Repurchase Agreements	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Guaranteed Investment Contract	Municipal Bonds	Total
Treasurer's Pool:										
Long-term Ratings										
Gilt Edge	$ 1,953,264	$ -	$ 4,273	$ -	$ 740,549	$ 190,000	$ -	$ -	$ -	$ 2,888,086
High Grade	-	-	172,434	-	-	-	-	-	-	172,434
Upper Medium	-	-	159,251	-	-	-	-	-	-	159,251
Lower Medium	-	-	25,573	-	-	-	-	-	-	25,573
Speculative	-	-	14,534	-	-	-	-	-	-	14,534
Short-term Ratings										
Highest	1,690,959	214,980	-	-	-	-	-	-	-	1,905,939
Unrated	-	-	5,000	-	-	-	-	-	-	5,000
Higher Education Institutions:										
Long-term Ratings										
Gilt Edge	$ 114,499	$ -	$ 13,246	$ 15,458	$ 55,892	$ 1,068	$ 398	$ -	$ 234	$ 200,795
High Grade	1,815	-	30,990	-	2,607	-	2,736	-	1,885	40,033
Upper Medium	-	-	44,695	-	4,202	-	95	-	1,664	50,656
Lower Medium	-	-	31,795	-	2,795	-	50	-	-	34,640
Speculative	-	-	3,550	-	2,464	-	25	-	-	6,039
Very Speculative	-	-	417	-	4,245	-	6	-	-	4,668
High Default Risk	-	-	219	-	5,636	-	6	-	-	5,861
Default	-	-	-	-	304	-	-	-	-	304
Short-term Ratings										
Highest	-	1,999	-	-	-	15	-	-	-	2,014
Unrated	57,802	-	3,438	-	40,825	75,379	105,628	-	59	283,131
Fiduciary Funds:										
Long-term Ratings										
Gilt Edge	$ 2,980	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,980
Unrated	1,056	-	-	-	-	3,262,465	-	-	-	3,263,521
All Other Funds:										
Long-term Ratings										
Gilt Edge	$ 112,414	$ -	$ 9,882	$ -	$ 427,059	$ 11,258	$ -	$ -	$ -	$ 560,613
High Grade	-	-	81,893	-	-	39,988	-	3,067	-	124,948
Upper Medium	-	-	73,740	-	-	-	-	-	-	73,740
Lower Medium	-	-	12,646	-	-	-	-	-	-	12,646
Speculative	-	-	451	-	-	-	-	-	-	451
Unrated	-	-	-	-	19,209	50,424	-	-	-	69,633

Interest Rate Risk

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. The State manages interest rate risk using either weighted average maturity or duration. Weighted average maturity is a measure of the time to maturity, measured in years, that has been weighted to reflect the dollar size of individual investments within an investment type. Various methods are used to measure duration; in its simplest form duration is a measure, in years, of the time-weighted present value of individual cash flows from an investment divided by the price of the investment.

The University of Colorado operates a treasury function separate from the State Treasurer and uses duration to measure and manage interest rate risk for most of its investments. However, University Physicians Incorporated (UPI), a blended component unit of the University of Colorado, manages interest rate risk using weighted average maturity and limits the time to maturity of individual investments to between five and seven years, based on the credit quality rating.

State statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy requires a portion of the investment pool to have a maximum maturity of one year and the balance of the pool to have maximum maturity of five years with the average maturity of the pool not to exceed two and one-half years. The policy also sets maximum maturity limits for certain individual funds for which the Treasurer manages investments including the Public School Permanent Fund (4 - 6 years), the Major Medical Insurance Fund (5 - 8 years), and the Unclaimed Property Tourism Promotion Trust Fund (5 - 10 years).

The CollegeInvest program has investments reported in the CollegeInvest major Enterprise Fund and in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest manages interest rate risk using weighted average maturity for the Enterprise Fund; it also uses laddering to ensure cash flow and liquidity are matched to debt service and operating requirements. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds in the amount of $32.5 million that have duration of 3.9 years. These securities are excluded from the duration table that follows because interest rate risk is effectively mitigated by the inflation protection attribute of the securities.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure:

(Dollar Amounts in Thousands, Weighted Average Maturity in Years)

Investment Type	Treasurer's Pool Fair Value Amount	Treasurer's Pool Weighted Average Maturity	Higher Education Institutions Fair Value Amount	Higher Education Institutions Weighted Average Maturity	Fiduciary Funds Fair Value Amount	Fiduciary Funds Weighted Average Maturity	All Other Funds Fair Value Amount	All Other Funds Weighted Average Maturity
U.S. Government Securities	$ 4,346,141	1.304	$ 29,665	3.703	$ 10,679	15.561	$ 181,203	4.044
Commercial Paper	214,980	0.036	15,496	0.194	-	-	-	-
Corporate Bonds	395,283	2.046	78,963	3.291	-	-	178,613	3.581
Asset Backed Securities	740,549	1.356	992	5.230	-	-	440,790	2.813
Money Market Mutual Funds	190,000	0.010	1,082	0.093	-	-	-	-
Municipal Bonds	-	-	52	4.230	-	-	3,067	14.460
Total Investments	$ 5,886,953		$ 126,250		$ 10,679		$ 803,673	

The University of Colorado manages interest rate risk in its treasurer's pool using a measure of duration. The University's Investment Advisory Committee recommends limits on the duration of fixed income securities using Callan Associates Incorporated data.

The University of Colorado participated in tri-party repurchase agreements of $15,458,423 to provide temporary investment of funds restricted for capital construction projects. The counterparty to the agreements is required to provide additional collateral when the fair value of U.S. Government securities and U.S. Government agencies securities provided as collateral declines below 104 percent or 105 percent, respectively. As a result, the university does not have interest rate risk associated with these agreements. The $15.5 million is not shown in the following duration table; however, the duration associated with the repurchase agreements is 0.3 years.

The University of Colorado has invested $1,584,407 in U.S. Treasury Inflation Protected Securities with duration of 13.5 years. The interest rate risk of this investment is effectively mitigated by the inflation protection attribute of the investment, and therefore, it is excluded from the weighted average maturity table above and the following duration table.

Trustees who issued Certificates of Participation for the Higher Education Institutions' Lease Purchase Financing Program ($104.5 million), Building Excellent Schools Today (BEST) program ($150.0 million), the Ralph L.Carr Justice Complex ($235.7 million), and the Colorado History Center ($63.6 million) selected the State Treasurer's pool as their investment vehicle. The trustees' investment in the pool is not segregated, but is a share in the overall pool. See above for interest rate risk affecting the pool.

The table below presents the duration measure and fair value amount for state agencies that manage some or all of their investments using the duration measure.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
University of Colorado:		
U.S. Treasury Bonds and Notes	$ 71,547	7.890
U.S. Treasury Strips	980	19.480
U.S. Government Agency Notes	113,393	1.310
U.S. Government Agency Strips	57,433	0.440
Municipal Bonds	3,842	10.980
Corporate Bonds	125,444	4.840
Asset Backed Securities	154,458	2.590
Bond Mutual Funds	104,798	1.530
Colorado State University:		
Bond Mutual Funds	$ 622	1.890
Colorado School of Mines:		
Bond Mutual Funds	$ 2,680	5.000
Private Purpose Trust:		
CollegeInvest:		
Money Market Mutual Fund-1	$ 61,722	4.000
Money Market Mutual Fund-2	258,442	1.900
Money Market Mutual Fund-3	345,777	4.400
Money Market Mutual Fund-4	25,807	4.400
Money Market Mutual Fund-5	533,631	4.500

Foreign Currency Risk

Some of the University of Colorado Treasury's investments are exposed to certain foreign currency risks. The University's investment policy allows but does not require hedging of this risk. The university held the following assets denominated in various foreign currencies where the individual currency amounts were not material; corporate bonds - $882,140 and mutual funds - $30,828. The University also held investments in equities denominated in the following currencies (U.S. dollar amounts in millions); Australian Dollar - $1.7, Canadian Dollar - $1.2, Swiss Franc - $4.5, Euro Dollar - $12.8, British Pound - $10.9, Japanese Yen – $9.2, and Norway Kroner - $0.4, and various other currencies totaling $17.2 most of which are unidentifiable within the investment.

State statute requires the State Treasurer to invest in domestic fixed income securities and does not allow foreign currency investments.

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for certain of the individual funds for which the State Treasurer manages investments. The pool and each of the individual funds may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 90 percent) set for the other allowed investment types. For the pool and the other funds for which the Treasurer manages investments, the policy sets maximum concentrations in an individual issuer for certain investment types.

The State Treasurer purchases investments separate of the Treasurer's Pool for the State Education Fund, a major Special Revenue Fund.

The State Education Fund has a concentration of credit risk because the following corporate bond holdings each exceed 5 percent of the total investment in the fund; Colgate Palmolive – 10.3 percent, Eli Lilly – 10.2 percent, Verizon – 10.0 percent, General Electric – 10.0 percent, Bank of America – 10.0 percent, and Citigroup – 9.6 percent. The concentration occurred because the initial purchase of the bonds was expected to be a small portion of a growing investment balance, which has failed to materialize. New resources of the State Education Fund are being invested through the Treasurer's pooled cash.

Unrealized Gains and Losses

Unrealized gains and losses are a measure of the change in fair value of investments (including investments underlying pooled cash) from the end of the prior fiscal year to the end of the current fiscal year. The following schedule shows the State's net unrealized gains and (losses) for all funds by fund category.

(Amounts in Thousands)

	Fiscal Year 2009-10	Restated Fiscal Year 2008-09
Governmental Activities:		
Major Funds		
General Fund	$ 6,915	$ 7,301
Highway Users Tax	8,090	9,927
Capital Projects	(2,514)	3,107
State Education	(1,016)	3,509
NonMajor Funds:		
State Lands	15,604	21,233
Other Permanent Trusts	61	71
Water Projects	1,343	(8)
Labor	4,829	3,404
Gaming	974	1,064
Tobacco Impact Mitigation	(227)	1,476
Resource Extraction	2,396	2,815
Resource Management	456	333
Environment Health Protection	1,776	713
Public School Buildings	778	682
Unclaimed Property	3,176	1,560
Other Special Revenue	1,559	1,584
Business-Type Activities:		
Major Funds		
Highways (Internal Service)	(1)	12
Higher Education Institutions	75,707	(103,822)
CollegeInvest	6,237	2,062
NonMajor Funds:		
Lottery	374	337
Wildlife	355	604
College Assist	659	649
State Fair Authority	4	12
Correctional Industries	46	74
State Nursing Homes	66	55
Prison Canteens	24	59
Petroleum Storage Tank	(21)	129
Fiduciary:		
Other Enterprise Activities	924	76
Pension/Benefits Trust	397	527
Private Purpose Trust	413,976	(137,296)
	$ 542,947	$(177,751)

Component Units

Component units that are identified as foundations apply neither GASB Statement No. 3 nor GASB Statement No. 40 because they prepare financial statements under standards set by the Financial Accounting Standards Board. Therefore, the foundation investment disclosures are presented separately from the other component units.

Component Units – Non-Foundations

Investments of the University of Colorado Hospital Authority are reported at fair values which are based on quoted market prices, if available, or estimated using market prices for similar securities. Interest, dividends, and realized and unrealized gains and losses are based on the specific identification method and are included in nonoperating income when earned. Restricted investments of the authority include assets held by trustees under bond indenture and insurance agreements. The following table shows the authority's investments at June 30, 2009:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
Cash Equivalents	$ 44,473
U.S. Government Securities	96,745
Corporate Bonds	47,522
Corporate Securities	151,816
Asset Backed Securities	10,413
Guaranteed Investment Contracts	19,046
Other	2,650
TOTAL INVESTMENTS	$ 372,665

Except for guaranteed investment contracts which are excluded, the Colorado Water Resources and Power Development Authority's investment policy allows investments consistent with those authorized for governmental entities by state statute as described at the beginning of this Note 14. The authority's repurchase agreements were all subject to custodial credit risk because its trustee is considered both the purchaser and the custodian of the investments, which are not held in the authority's name.

The Colorado Water Resources and Power Development Authority's investments at December 31, 2009, were:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
U.S. Government Securities	$ 33,023
Repurchase Agreements	$ 200,992
TOTAL INVESTMENTS	$ 234,015

The Venture Capital Authority, a nonmajor component unit, through its limited partnership with High Country Venture LLC (General Partner), makes equity investments solely in seed and early stage Colorado companies. Because the Authority does not invest in foreign or fixed income securities, credit quality, interest rate, and foreign currency risks are not applicable to the Authority's investments.

Credit Quality Risk

The University of Colorado Hospital Authority's investment policy is based on the prudent-person rule, and it limits credit ratings to AAA or AA for U.S. agency and mortgage-backed securities and Baa or BBB rated or better for other investment types. The table below presents the credit quality ratings by investment type for the authority at June 30, 2009:

(Amounts In Thousands)

	U.S. Govt. Agencies	Corporate Bonds	Asset Backed Securities	Guaranteed Investment Contract	Total
Long-term Ratings					
Gilt Edge	$ 12,750	$ -	$ 10,413	$ 12,846	$ 36,009
High Grade	-	9,529	-	6,200	15,729
Upper Medium	-	35,102	-	-	35,102
Lower Medium	-	2,891	-	-	2,891

The Colorado Water Resources and Power Development Authority's repurchase agreements are collateralized with securities having fair value between 103 and 105 percent, and all of the underlying securities were rated AAA.

CoverColorado, a nonmajor component unit, holds only bonds of U.S. Government agencies and corporate bonds guaranteed by U.S. Government agencies, and the Renewable Energy Authority, also a nonmajor component unit, held a money market fund. Both authorities' investments were rated AAA at December 31, 2009.

Interest Rate Risk

The University of Colorado Hospital Authority manages its exposure to interest rate risk by limits set on the duration of its investment portfolio. The following table presents the dollar-weighted modified duration of the major classes of authority investments at June 30, 2009:

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
U.S. Government Securities	$ 20,662	3.245
Corporate Bonds	47,522	4.379
Asset Backed Securities	10,413	2.740

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cashflow needs of its future bond debt service and holding those investments to maturity. The authority had $234.0 million of investments subject to interest rate risk with the following maturities; one year or less – 8 percent, two to five years – 27 percent, six to ten years – 30 percent, eleven to fifteen years – 23 percent, and 16 years or more – 12 percent. The authority has entered put agreements that allow it to sell U.S. Treasury bonds at fixed amounts that will provide the authority with funds to make debt service payments in the event that a borrower fails to make loan payments to the authority.

CoverColorado, a nonmajor component unit, manages interest rate risk by matching investment maturities with the cashflow needs of its operations. The authority had $58.3 million of investments subject to interest rate risk with the following maturities; one year or less – 39 percent, one to two years – 34 percent, two to three years – 25 percent, and three to four years – 2 percent.

Foreign Currency Risk

The University of Colorado Hospital Authority's investment policy manages foreign currency risk by limiting the allocation percentage of international mutual funds to less than 15 percent of total investments. At June 30, 2009, the authority had the following foreign currency exposures in United States dollars: Euro Dollar - $12,118,000, British Pound - $5,211,000, Hong Kong Dollar - $1,640,000, Swiss Franc - $1,415,000, Indian Rupee - $1,248,000, Japanese Yen - $875,000, South Korean Won - $875,000, Taiwan New Dollar - $873,000, and Singapore Dollar - $872,000. An additional $1,318,000 was held in various international currencies, none of which exceeded $500,000.

Concentration of Credit Risk

At June 30, 2009, no single investment of the University of Colorado Hospital Authority exceeded five percent of total investments. This was consistent with the authority's policy that limits non-U.S. Government investments to no more than ten percent in any one issuer at the time of purchase.

CoverColorado, a nonmajor component unit, does not limit the amount invested in a single issuer. At December 31, 2009, all of its investments were held by a single issuer and were therefore subject to concentration of credit risk.

Investments Highly Sensitive to Interest Rate Risk

The University of Colorado Hospital Authority uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates.

At June 30, 2009, the hospital was party to a floating-to-fixed rate swap having a notional value of $72.0 million, a floating-to-fixed rate swap having a notional value of $103.6 million, and a fixed-to-floating rate swap having a notional value of $50.0 million. At June 30, 2009, the agreements had fair values of ($6,632,000), ($11,138,000), and $1,688,000, respectively, and are scheduled to terminate in 2031, 2033, and 2010, respectively. Realized and unrealized gains and losses on the swap agreements are reported as investment income, as the agreements do not qualify for hedge accounting. The authority early implemented GASB Statement No. 53, and as a result, $17.8 million of derivative instruments are reported at fair value as a liability on the *Statement of Net Assets – Component Units*.

Component Units – Foundations

The four Higher Education Institution foundations reported as component units on the *Statement of Net Assets – Component Units* do not classify investments according to risk because they prepare their financial statements under standards set by the Financial Accounting Standards Board.

At June 30, 2009, the University of Colorado Foundation held $131.5 million of domestic equity securities, $138.3 million of international equity securities, $165.9 million of fixed income securities, $375.5 million of alternative investments including real estate, private equities, hedge funds, venture capital, and oil and gas assets, and other investments of $1.5 million. The fair value of the alternative investments has been estimated in the absence of readily available market information, and those values may vary significantly from actual liquidation values. The foundation's spending policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment loss of $110.6 million is net of $3.9 million of investment fees and comprises $14.4 million of interest and dividends, $2.7 million of realized losses, and $118.3 million of unrealized losses. At June 30, 2009, the foundation could be obligated to fund an additional $113.8 million of alternative investment commitments.

At June 30, 2009, the Colorado State University Foundation held international and large and micro capitalization equity securities totaling $70.2 million, fixed income investments of $25.5 million, and alternative and other investment types of $109.1 million.

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 6.0 percent (net of investment and administrative fees and expenses) of the three-year average of investment fair value to be distributed. The foundation holds alternative investments that are not readily marketable but are carried at the fair value reported by the investment managers. At June 30, 2009, the CSMF held bonds and bond mutual funds totaling $29.3 million, stocks and stock mutual funds totaling $50.6 million, and investments in limited partnerships and real estate totaling $55.8 million in its long term investments pool.

Of the foundation's $161.7 million of investments, $16.0 million, or 9.9 percent, was related to split interest agreements. CSMF is also the beneficiary of an endowment valued at $5.9 million and several long-term trusts valued at $1.4 million which are reported as Investments on the *Statement of Net Assets – Component Units.* Forty percent of the foundation's investment portfolio is invested in limited partnerships and venture capital organizations, some of which are offshore entities and some of which include derivative investments. Since there is no ready market available for these investments, the estimated value may vary significantly from a valuation at a subsequent date.

At June 30, 2009, the University of Northern Colorado Foundation held $18.0 million of fixed income securities (including $11.0 million of corporate notes), $45.7 million of equity securities, and $9.5 million of other investments. These amounts include $3.2 million of assets held in a separate trust for the benefit of the foundation. The foundation's investment loss of $18.3 million is net of $0.5 million of management fees and comprises $10.3 million of net unrealized losses, $10.0 million of realized losses, and $2.5 million of interest and dividends.

NOTE 15 – TREASURER'S INVESTMENT POOL

Participation in the State Treasurer's cash/investment pool is mandatory for all state agencies with the exception of the University of Colorado and its blended component units. The treasurer determines the fair value of the pool's investments at each month-end for performance tracking purposes. Short-term realized gains, losses, and interest earnings, adjusted for amortization of investment premiums and discounts, are distributed monthly. If the statutes authorize the participant to receive interest and investment earnings, these gains or losses are prorated according to the average of the participant's daily balance during the month.

NOTE 16 – CAPITAL ASSETS

Primary Government

During Fiscal Year 2009-10 the State capitalized $20.5 million of interest incurred during the construction of capital assets. The entire amount was capitalized by Higher Education Institutions, a major Enterprise Fund.

The beginning balance of the Governmental Activities Infrastructure line under Capital Assets Not Being Depreciated was reduced by $9,024.6 million due to the Department of Transportation changing from the modified approach to depreciation for roadway infrastructure. In the conversion to depreciation it was determined that $600.7 million of roadways were fully depreciated. As a result the change moved $8,423.9 million of roadway infrastructure from nondepreciable to depreciable.

The beginning balances of the Governmental Activities Vehicles and Equipment decreased by $131.8 million to separately report Software of an equivalent amount. The related Accumulated Depreciation changed by $39.8 million. The beginning balances of the Business-Type Activities Vehicles and Equipment decreased by $34.8 million to separately report Software of an equivalent amount. The related Accumulated Depreciation changed by $24.6 million.

The schedule below shows the capital asset activity for Fiscal Year 2009-10.

(Amounts in Thousands)

	Restated Beginning Balance	Increases	CIP Transfers	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	$ 141,871	$ 13,846	$ -	$ (11,449)	$ 144,268
Land Improvements	9,507	-	131	-	9,638
Collections	8,955	-	-	-	8,955
Construction in Progress (CIP)	457,900	439,188	(281,376)	(2,327)	613,385
Infrastructure	837,651	-	23,611	(284)	860,978
Total Capital Assets Not Being Depreciated	1,455,884	453,034	(257,634)	(14,060)	1,637,224
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	97,311	1,320	5,210	(259)	103,582
Buildings	1,553,213	19,228	11,736	(25,730)	1,558,447
Software	131,779	4,808	3,919	(2,480)	138,026
Vehicles and Equipment	622,106	41,850	2,309	(17,701)	648,564
Library Materials and Collections	5,806	507	-	(135)	6,178
Other Capital Assets	32,614	2,583	-	(490)	34,707
Infrastructure	9,527,781	736	234,460	(8,535)	9,754,442
Total Capital Assets Being Depreciated	11,970,610	71,032	257,634	(55,330)	12,243,946
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(50,962)	(4,113)	-	211	(54,864)
Buildings	(615,255)	(39,676)	-	13,911	(641,020)
Software	(39,766)	(14,085)	-	107	(53,744)
Vehicles and Equipment	(369,489)	(46,185)	-	25,266	(390,408)
Library Materials and Collections	(3,792)	(371)	-	135	(4,028)
Other Capital Assets	(18,462)	(891)	-	-	(19,353)
Infrastructure	(88,990)	(1,319,338)	-	7,417	(1,400,911)
Total Accumulated Depreciation	(1,186,716)	(1,424,659)	-	47,047	(2,564,328)
Total Capital Assets Being Depreciated, net	10,783,894	(1,353,627)	257,634	(8,283)	9,679,618
TOTAL GOVERNMENTAL ACTIVITIES	12,239,778	(900,593)	-	(22,343)	11,316,842
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	299,710	42,020	4,339	(667)	345,402
Land Improvements	15,452	1,539	917	-	17,908
Collections	15,693	2,534	-	(52)	18,175
Construction in Progress (CIP)	597,388	666,612	(436,437)	(449)	827,114
Infrastructure	-	-	26	-	26
Total Capital Assets Not Being Depreciated	928,243	712,705	(431,155)	(1,168)	1,208,625
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	388,619	3,696	40,282	(50)	432,547
Buildings	4,631,978	39,384	386,009	(8,447)	5,048,924
Software	34,826	19,313	-	18,996	73,135
Vehicles and Equipment	810,678	69,567	4,864	(68,531)	816,578
Library Materials and Collections	458,258	20,468	-	(7,498)	471,228
Other Capital Assets	10,101	22	-	(81)	10,042
Infrastructure	20,911	-	-	-	20,911
Total Capital Assets Being Depreciated	6,355,371	152,450	431,155	(65,611)	6,873,365
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(177,983)	(17,916)	-	45	(195,854)
Buildings	(1,657,820)	(150,871)	-	3,649	(1,805,042)
Software	(24,628)	(3,441)	-	(1,755)	(29,824)
Vehicles and Equipment	(569,496)	(63,528)	-	47,449	(585,575)
Library Materials and Collections	(320,810)	(20,133)	-	7,472	(333,471)
Other Capital Assets	-	(33)	-	-	(33)
Infrastructure	(10,251)	(519)	-	-	(10,770)
Total Accumulated Depreciation	(2,760,988)	(256,441)	-	56,860	(2,960,569)
Total Capital Assets Being Depreciated, net	3,594,383	(103,991)	431,155	(8,751)	3,912,796
TOTAL BUSINESS-TYPE ACTIVITIES	4,522,626	608,714	-	(9,919)	5,121,421
TOTAL CAPITAL ASSETS, NET	$ 16,762,404	$ (291,879)	$ -	$ (32,262)	$ 16,438,263

UNAUDITED

On the government-wide *Statement of Activities,* depreciation was charged to the functional programs and business-type activities as follows:

(Amounts in Thousands)

	Depreciation Amount
GOVERNMENTAL ACTIVITIES:	
General Government	$ 16,207
Business, Community, and Consumer Affairs	4,503
Education	1,916
Health and Rehabilitation	6,167
Justice	32,105
Natural Resources	6,399
Social Assistance	8,878
Transportation	1,333,390
Internal Service Funds (Charged to programs and BTAs based on useage)	15,094
Total Depreciation Expense Governmental Activities	1,424,659
BUSINESS-TYPE ACTIVITIES	
Higher Education Institutions	247,349
CollegeInvest	129
State Lottery	621
Other Enterprise Funds	8,342
Total Depreciation Expense Business-Type Activities	256,441
Total Depreciation Expense Primary Government	$ 1,681,100

Component Units

At June 30, 2009, the University of Colorado Hospital Authority reported $5.5 million of nondepreciable assets, including land and construction in progress. Depreciable assets included buildings and improvements of $656.5 million and equipment of $228.0 million. Accumulated depreciation related to these capital assets was $336.1 million resulting in net depreciable capital assets of $548.4 million.

As of June 30, 2009, the hospital had converted its 21 bed inpatient psychiatric unit to an 18 bed medical/surgical unit, approved three bed expansion projects to add 12 beds, and moved the Sports Medicine program to a new location. Costs incurred at June 30, 2009, for these projects approximated $5.6 million while estimated costs to complete are $2.1 million.

The Colorado Water Resources and Power Development Authority reported capital assets of $10,272 net of accumulated depreciation of $89,894 at December 31, 2009.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment, of $146.6 million, net of accumulated depreciation of $62.9 million, at December 31, 2009. The district depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from 3 to 50 years.

The University of Colorado Foundation reported land, land improvements, buildings, and other property and equipment of $3.9 million, net of accumulated depreciation of $7.8 million, at June 30, 2009.

NOTE 17 – OTHER LONG-TERM ASSETS

The $763.9 million shown as Other Long-Term Assets on the government-wide *Statement of Net Assets* is primarily long-term taxes receivable, long-term loans, and deferred debt issuance costs. Long-term taxes receivable of $194.0 million, held in the General Fund and the Highway Users Tax Fund, are not segregated on the *Balance Sheet – Governmental Fund,* but are shown in Taxes Receivable and are offset by Deferred Revenue.

The $450.3 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($18.8 million), a major Special Revenue Fund, and the Water Projects Fund ($399.7 million), a nonmajor Special Revenue Fund. The Water Conservation Board makes the water loans to local entities for the purpose of constructing water projects in the state.

The water loans are made for periods ranging from 10 to 30 years at interest rates of 2 to 7 percent, and they require the local entities or districts to make a yearly payment of principal and interest.

In the governmental funds, the State has reserved the fund balance for long-term assets and long-term loans receivable not offset by deferred revenue.

The $119.4 million shown as Other Long-term Assets on the *Statement of Net Assets – Proprietary Funds* is primarily student loans issued by Higher Education Institutions, but also includes deferred debt issuance costs.

NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

Most State of Colorado employees, excluding four-year college and university employees, participate in a defined benefit (DB) pension plan, however all employees, with the exception of certain higher education employees, have the option of participating in a defined contribution (DC) plan instead (see Note 20). The DB plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). The State plan and the other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, CO 80217-5800 or by calling the PERA Infoline at 1-800-759-7372, or by visiting http://www.copera.org.

Administration of the Plan

In 1931, state statute established PERA and the State Division Trust Fund; subsequent statutes created the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, and the Health Care Trust Fund. Changes to the plan require an actuarial assessment and legislation by the General Assembly as specified in Title 24, Article 51 of the Colorado Revised Statutes.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution plan. If that election is not made, the employee is automatically enrolled in the plan to which he last contributed or, if there was no prior participation, to the defined benefit plan. PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same amount as the contributions to the PERA defined benefit plan

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available (see Note 20C), unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan.

Defined Retirement Benefits

Plan members (except state troopers) are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20 and 65 – 5. Reduced service benefits are calculated in the same manner as a service retirement benefit; however, the benefit is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement. Members are also eligible for retirement benefits without a reduction for early retirement based on the original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.

- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

Monthly benefits are calculated as 2.5 percent times the number of years of services times the highest average salary (HAS). For retirements before January 1, 2009, HAS was calculated as one-twelfth of the average of the highest annual salaries on which contributions were paid that are associated with three periods (one period for judges) of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

For retirements after January 1, 2009, the HAS is calculated based on original hire date as follows:

- Hired before January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to a 15 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 15 percent increase.

- Hired on or after January 1, 2007 – HAS is calculated based on three periods of service credit and is limited to an 8 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 8 percent increase.

The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

Prior to January 1, 2010, retiree benefits were increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.

- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).

- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

In the 2010 legislative session, the general assembly set the current benefit increase as the lesser of 2 percent or the average of the monthly CPI amounts for calendar year 2009. The 2009 CPI was negative resulting in a calendar year 2010 increase of 0 percent. The 2010 legislation moved the payment date of all increases to July. New rules governing the annual increase amount will be in effect beginning January 1, 2011.

If PERA's overall funded status is at or above 103 percent, the annual increase cap of 2 percent will increase by 0.25 percentage points per year. If PERA's overall funded status reaches 103 percent then subsequently drops below 90 percent, the 2 percent annual increase cap will decrease by 0.25 percentage points per year, but will never drop below 2 percent.

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and accrued interest at the time of retirement. Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the money purchase formula only.

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who withdraw their accounts before reaching retirement eligibility or before reaching age 65 receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limits the rate to a maximum of 5 percent. Effective January 1, 2009 the rate was set at 3 percent.

Disability and Survivor Benefits

PERA provides a two-tiered disability program for most members. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits through a third party insurance carrier. If the member is not totally and permanently disabled, they are provided reasonable income replacement (maximum 60 percent of PERA includable salary for 22 months). If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit. There is no earned service requirement for judges, and the earned service requirement may be waived for state troopers who become disabled as the result of injuries in the line of duty.

If a member has at least one year of earned service and dies before retirement, their qualified survivors are entitled to a single payment or monthly benefits depending on their status as defined in statute. The member's spouse may be eligible to receive the higher of the money purchase benefit or the defined benefit, but not less than 25 percent of HAS. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate. The earned service requirement is waived if a member's death is job-incurred.

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8 percent of their gross covered wages, except for state troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The following table presents the Statutorily Required Contribution (SRC) percentages and the percentage amount of the SRC paid by the state for the last three fiscal years:

Time Period	Statutorily Required Contribution (SRC) Percentage			Percent of SRC Paid
	Judges	Troopers	Other	
Fiscal Year 2009-10				
1-1-10 to 6-30-10	17.36	16.55	13.85	100
7-1-09 to 12-31-09	16.46	15.65	12.95	100
Fiscal Year 2008-09				
1-1-09 to 6-30-09	16.46	15.65	12.95	100
7-1-08 to 12-31-08	15.56	14.75	12.05	100
Fiscal Year 2007-08				
1-1-08 to 6-30-08	15.56	14.75	12.05	100
7-1-07 to 12-31-07	14.66	13.85	11.15	100

In the 2004 legislative session, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary beginning January 1, 2006, another 0.5 percent of salary in 2007, and subsequent year increases of 0.4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries, and used by the employer to pay the SAED.

In the 2010 legislative session, the General Assembly extended both the AED and SAED. The AED will continue to increase at a rate of 0.4 percent of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017. For the Judicial Division, the AED and SAED are frozen at the 2010 levels. If the funding ratio reaches 103 percent, both the AED and the SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent.

The contribution table above reflects the increase required by the AED/SAED legislation.

The Fiscal Year 2009-10 contribution was allocated by PERA according to statute as follows:

- 1.02 percent was allocated to the Health Care Trust Fund throughout the fiscal year,
- From July 1, 2009, to December 31, 2009, 11.93 percent was allocated to the defined benefit plan, and
- From January 1, 2010, to June 30, 2010, 12.83 percent was allocated to the defined benefit plan.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2009, the State Division of PERA had a funded ratio of 67.0 percent and a 43-year amortization period based on current contribution rates. The funded ratio on the market value of assets is lower at 58.0 percent.

The State made the following retirement contributions:

- Fiscal Year 2009-10 - $291.9 million
- Fiscal Year 2008-09 - $277.2 million
- Fiscal Year 2007-08 - $239.9 million
- Fiscal Year 2006-07 - $236.8 million (*previously restated*)
- Fiscal Year 2005-06 - $189.2 million
- Fiscal Year 2004-05 - $189.4 million
- Fiscal Year 2003-04 - $167.7 million
- Fiscal Year 2002-03 - $155.7 million
- Fiscal Year 2001-02 - $135.8 million
- Fiscal Year 2000-01 - $156.0 million

These amounts do not include the Health Care Fund contribution. For each year, the retirement contribution was equal to the statutory requirement.

PERA's actuary calculates the amount of Annual Required Contribution (ARC) for the State Division, assuming a 30-year amortization period and Generally Accepted Accounting Principle parameters. The State of Colorado is the majority, but not all, of the State Division.

The following table shows the three most recent calculations for the State Division ARC:

Calendar Year	$ Amount of ARC (Thousands)	ARC Percent of Payroll	Percent of ARC Contributed
2009	$480,642	21.16%	61%
2008	$424,761	17.91%	63%
2007	$412,638	18.45%	56%

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

The Fire and Police Pension Association (FPPA), a related organization, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2009-10 and 2008-09, the Department of Local Affairs transferred $4.2 million and $4.0 million, respectively, to the association for the premiums of the accidental death and disability insurance policy the association provides to volunteer firefighters. The State Treasurer transferred $34.8 million in Fiscal Year 2007-08 to the pension plan. However, during Fiscal Year 2009, transfers to ensure the actuarial soundness of the pension plan were suspended to address state budget shortfalls. The transfers are not scheduled to resume until Fiscal Year 2011-12.

Component Units

The University of Colorado Hospital Authority participates in two pension plans, which cover substantially all of its employees. One plan is the Public Employees Retirement Association defined benefit plan for state employees. The hospital made contributions of $143,000 to this plan in Fiscal Year 2008-09. The other plan is a single employer noncontributory defined benefit plan for which the authority establishes the benefit and contribution rates. The hospital made contributions of $23.6 million in Fiscal Year 2008-09 to this plan. This amount was in excess of the actuarially computed net periodic pension cost of $15.9 million which resulted in a net pension asset of $6.7 million net of related payroll accruals. The net pension asset is reported on the *Statement of Net Assets – Component Units*. At July 1, 2008, the latest actuarial valuation date, the plan's unaudited funded ratio was 100 percent; the funded ratio has been at 100 percent since at least July 1, 2003. The authority also provides three other retirement plans, as discussed in Note 20.

Employees of the Colorado Water Resources and Power Development Authority and CoverColorado are covered under the State Division of PERA discussed above.

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see Note RSI-3) following the notes to the financial statements, presents multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Primary Government

PERA Health Care Trust Fund

The PERA Health Care Program is a cost-sharing multiple employer plan. It began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit.

Effective July 1, 2000, the maximum monthly subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

An additional implicit subsidy exists for participating retirees not eligible for Medicare Part A. This occurs because state statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding that the premium is calculated assuming that the participants have Medicare Part A coverage.

At December 31, 2009, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.50 billion, a funded ratio of 14.8 percent, and a 53-year amortization period.

Beginning July 1, 2004, the State contribution to the Health Care Trust Fund was 1.02 percent of gross covered wages. The State paid contributions of $24.0 million, $24.6 million, $23.1 million, $24.4 million, and $20.6 million in Fiscal Years 2009-10, 2008-09, 2007-08, 2006-07, and 2005-06, respectively. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. The Health Care Trust Fund offers two general types of plans – fully insured plans offered through healthcare organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered high deductible health care plans in 2009. As of December 31, 2009, there were 46,985 participants, including spouses and dependents, from all contributors to the plan.

The Health Care Trust Fund began providing dental and vision plans to its participants in 2001. The participants pay the premiums for the coverage, and there is no subsidy provided for the dental and vision plans.

University of Colorado – Other Postemployment Benefits Plan

The University Post-Retirement Health Care & Life Insurance Benefits Plan is a single-employer defined benefit healthcare plan administered by the University of Colorado. The University's plan provides medical, dental and life insurance benefits for employees who retire from the University, as well as their spouses and dependents. The University's Board of Regents has the authority to establish and amend benefits provisions.

The contribution requirements of plan members and the University are established by the University's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2009-10, the University contributed $10.8 million to the plan. Plan members contributed 0.27 percent of covered payroll (defined as the annual payroll of active employees covered by the plan) and the University contributed 0.82 percent of covered payroll.

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation for the University Post-Retirement Health Care & Life Insurance Benefits Plan:

(Amounts In Thousands)

Annual required contribution	$ 21,853
Interest on net OPEB obligation	1,112
Adjustment to annual required contribution	(1,434)
Annual OPEB cost (expense)	21,531
Contributions made	(10,751)
Increase in net OPEB obligation	10,780
Net OPEB obligation - beginning of year	22,242
Net OPEB obligation - end of year	$ 33,022

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Year 2009-10 were as follows:

(Amounts In Thousands)

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009-10	$ 21,531	49.9%	$ 33,022

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $196.7 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $196.7 million. The covered payroll was $898.9 million, and the ratio of UAAL to covered payroll was 21.9 percent.

In the July 1, 2008, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return and a two percent annual increase in medical claims. The UAAL is being amortized as a level dollar amount on a closed basis over 30 years.

Colorado State University – Other Postemployment Benefits Plans

Colorado State University administers four single employer defined benefit healthcare plans. The Retiree Medical Premium Refund Plan (RMPR) provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the university and are participants in its defined contribution plan.

The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) provides a monthly subsidy for medical premiums of up to $317 (reduced by the amount of premium subsidy provided by PERA) for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) supplements prescription benefits provided through PERA for employees with ten or more years of PERA service. The Long-Term Disability Insurance Plan (LTD) provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or until attained age between 65 and 70 years depending on when the employee became disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by writing to 202 Administration Annex, Johnson Hall, Fort Collins, CO 80523, or by going to:
http://busfin.colostate.edu/finstmt.aspx.

The contribution requirements of all plan members and the university are established by the university's Board of Governors. The required contribution for the RMPR, URX and LTD plans is set by the university in consultation with outside benefit consultants, underwriters, and actuaries. The subsidy amount under the RMPS is determined on a pay-as-you-go basis. For Fiscal Year 2009-10, the university contributed $561,379 to the RMPR, $1,246,463 to the RMPS, $145,252 to the URX and $982,686 to the LTD. Plan members are not required to contribute to any of the four plans.

The university's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following tables show the components of the university's annual OPEB cost for the year, the amount actually contributed to the plans, and changes in the university's net OPEB obligations for all four plans:

(Amounts In Thousands)

	RMPR	RMPS
Annual required contribution	$ 2,393	$ 4,147
Interest on net OPEB obligation	135	219
Adjustment to annual required contribution	(113)	(316)
Annual OPEB cost (expense)	2,415	4,050
Contributions made	(561)	(1,246)
Increase in net OPEB obligation	1,854	2,804
Net OPEB obligation -- beginning of year	3,377	5,479
Net OPEB obligation -- end of year	$ 5,231	$ 8,283

(Amounts In Thousands)

	URX	LTD
Annual required contribution	$ 187	$ 1,109
Interest on net OPEB obligation	8	14
Adjustment to annual required contribution	(11)	(12)
Annual OPEB cost (expense)	184	1,111
Contributions made	(145)	(983)
Increase in net OPEB obligation	39	128
Net OPEB obligation - beginning of year	196	360
Net OPEB obligation - end of year	$ 235	$ 488

The university's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation of the four plans for Fiscal Year 2009-10 were as follows:

(Amounts In Thousands)

	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
RMPR	2009-10	$ 2,415	23.2%	$ 5,231
RMPS	2009-10	$ 4,050	30.8%	$ 8,283
URX	2009-10	$ 184	79.2%	$ 235
LTD	2009-10	$ 1,111	88.4%	$ 488

As of the most recent actuarial valuation date of January 1, 2009, all four plans were 0 percent funded and had no plan assets. The actuarial accrued liability for benefits for the RMPR, RMPS, URX and LTD was $25.2 million, $55.9 million, $2.9 million, and $12.2 million respectively, resulting in unfunded actuarial accrued liabilities of $25.2 million, $55.9 million, $2.9 million and $12.2 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was $241.5 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was 10.4 percent. Neither the RMPS, the URX, nor the LTD plan contribution is based on salaries or covered payroll.

The RMPR and LTD plans used the entry age normal actuarial cost method, while the RMPS and URX plans used the unit credit method. All four plans used a four percent investment rate of return and a three percent inflation adjustment. The RMPR plan also used a four percent salary increase assumption, while the RMPS, URX, and LTD plans did not incorporate that assumption into their analysis because benefits are not based on salary.

The RMPR and RMPS plans assumed an annual healthcare cost trend initial rate of eight percent declining to an ultimate rate of five percent. The LTD does not use a healthcare trend rate because it provides income replacement, not healthcare. The RMPR plan used a level percentage of projected payroll to amortize the UAAL and the RMPS, URX, and LTD plans used a level dollar amount. All four plans originally amortized the UAAL over 30 years; the amortization period for the RMPR is a thirty-year open period, while twenty-eight years remain on the closed period for the RMPS and URX and 30 years remains for the LTD open period.

Other Programs

The State provides employees with a limited amount of Basic Life and Accidental Death and Dismemberment coverage underwritten by Minnesota Life at no cost to the employee. Through the same company, the State also provides access to group Optional Life and Accidental Death and Dismemberment coverage with premiums paid by the employee.

Component Units

Employees of both the Colorado Water Resources and Power Development Authority and CoverColorado are covered under the PERA Health Care Trust Fund discussed above.

NOTE 20 – OTHER EMPLOYEE BENEFITS

Primary Government

A. MEDICAL AND DISABILITY BENEFITS

The Group Benefit Plans Fund is a Pension and Other Employee Benefits Trust Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care. Before January 1, 2000, the State offered a variety of medical plans; some of the plans were fully insured while others were self-funded using Anthem Blue Cross Blue Shield as the plan administrator. Between January 1, 2000, and June 30, 2005, self-funded plans were no longer offered, and the State and its employees paid premiums for insurance purchased to cover medical claims. After June 30, 2005, the State returned to a self-funded approach for certain employee and state official medical claims. The State's contribution to the premium is subject to appropriation by the legislature each year, and state employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans.

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (e.g., COBRA and case management.) Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's flexible spending account benefits plan.

Effective July 1, 2005, the State terminated the Anthem Blue Cross Blue Shield plans and began offering five self-funded plan options administered by Great West Healthcare, in addition to the fully insured Kaiser HMO plan and the San Luis Valley HMO plan, as well as, three self-funded dental options administered by Delta Dental Plan of Colorado. On July 1, 2006 the State discontinued one of the self-funded medical plan options due to low enrollment.

Before January 1, 1999, the Group Benefit Plans Fund provided an employer paid short-term disability plan for all employees. On January 1, 1999, the Public Employees Retirement Association (PERA) began covering short-term disability claims for state employees eligible under its retirement plan (see Note 18A). The Group Benefit Plans Fund continues to provide short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability. Although fully insured, the Group Benefit Plans disability program includes a risk-sharing feature that provides experience rating refunds calculated as earned premiums less the aggregate of incurred claims, claim reserve, retention charge, and refunds paid previously over the term of the contract. Refunds, when applicable, are paid annually.

B. EMPLOYEE DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions were transferred to PERA in a fiduciary to fiduciary transfer; all costs of administration and funding are borne by the plan participants. The 457 plan allows for voluntary participation to provide additional benefits at retirement, and all employees may contribute to the 457 plan. At conversion, state employees were the primary participants in the 457 plan. In calendar year 2009, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of $16,500. Participants who are age 50 and older, and contributing the maximum amount allowable, can make an additional $5,500 in 2009, for total contributions of $22,000. Contributions and earnings are tax deferred. At December 31, 2009, the plan had 18,007 participants.

C. OTHER RETIREMENT PLANS

PERA 401k Plan

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the 457 plan, the defined contribution plan, and the defined benefit plan. In calendar years 2009 and 2010, PERA members are allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of $16,500. Participants who are age 50 and older, and contributing the maximum amount allowable, can make an additional $5,500 in 2009 and 2010, for total contributions of $22,000. Contributions and earnings are tax deferred. On December 31, 2009, the plan had net assets of $1,674.9 million and 75,819 accounts.

PERA Defined Contribution Retirement Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the State's defined contribution plan was transferred to PERA and participants of the State's plan became participants of the PERA defined contribution plan. Existing state plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years. Participants in the plan are required to contribute 8 percent (10 percent for state troopers) of their salary. At December 31, 2009, the plan had 3,039 participants.

Higher Education Optional Retirement Plans

Legislation in 1992 authorized state institutions of higher education the option of offering other retirement plans to their employees. At that time, certain employees had the choice of retaining their membership in PERA. As a result of the legislation, some employees of various institutions may be covered under defined contribution plans such as the Teachers Insurance and Annuity Association (TIAA-CREF), the Variable Annuity Life Insurance Corporation (VALIC), or other similar plans. Generally these plans are available to faculty or other staff members who are not part of the State's classified employee system. Faculty members at the University of Colorado are also covered under Social Security.

Other State Retirement Plans

The State made contributions to other retirement plans of $95.5 million and $90.5 million during Fiscal Years 2009-10 and 2008-09, respectively. In addition, the State paid $78.0 million and $76.3 million in FICA and Medicare taxes on employee wages during Fiscal Years 2009-10 and 2008-09, respectively.

Of the benefit plans discussed in this note, financial statements for the Deferred Compensation Plan, the Defined Contribution Plan, and the Group Benefit Plans are presented on the following page.

STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 28	$ 11	$ 32,308	$ 32,347
Other Receivables, net	-	-	5,076	5,076
Due From Other Governments	-	-	36	36
Due From Other Funds	-	-	19,873	19,873
Prepaids, Advances, and Deferred Charges	-	-	7	7
Total Current Assets	28	11	57,300	57,339
TOTAL ASSETS	28	11	57,300	57,339
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	28	11	14,091	14,130
Claims and Judgments Payable	-	-	17,873	17,873
Total Current Liabilities	28	11	31,964	32,003
Noncurrent Liabilities:				
Accrued Compensated Absences	-	-	41	41
Total Noncurrent Liabilities	-	-	41	41
TOTAL LIABILITIES	28	11	32,005	32,044
NET ASSETS:				
Held in Trust for:				
Pension/Benefit Plan Participants	-	-	24,884	24,884
Unrestricted	-	-	411	411
TOTAL NET ASSETS	$ -	$ -	$ 25,295	$ 25,295

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ADDITIONS:				
Member Contributions	$ -	$ -	$ 67,925	$ 67,925
Employer Contributions	-	-	195,905	195,905
Investment Income/(Loss)	2	-	1,306	1,308
Employee Deferral Fees	-	-	1,361	1,361
Other Additions	-	-	15,068	15,068
Transfers-In	-	-	1,406	1,406
TOTAL ADDITIONS	2	-	282,971	282,973
DEDUCTIONS:				
Health Insurance Premiums Paid	-	-	115,044	115,044
Health Insurance Claims Paid	-	-	124,954	124,954
Other Benefits Plan Expense	-	-	19,784	19,784
Administrative Expense	65	33	-	98
Other Deductions	-	-	20,726	20,726
Transfers-Out	-	-	300	300
TOTAL DEDUCTIONS	65	33	280,808	280,906
CHANGE IN NET ASSETS	(63)	(33)	2,163	2,067
NET ASSETS AVAILABLE:				
FISCAL YEAR BEGINNING	352,858	18,682	23,142	394,682
Prior Period Adjustments (Note 28)	(352,795)	(18,649)	(10)	(371,454)
FISCAL YEAR ENDING	$ -	$ -	$ 25,295	$ 25,295

Component Units

Employees of the Colorado Water Resources and Power Development Authority are covered under the PERA 401K Defined Contribution Pension Plan discussed above.

The University of Colorado Hospital Authority provides a single employer defined contribution plan (401a) and a single employer tax-deferred annuity plan (403b) that required the authority to make matching contributions of $5.5 million in Fiscal Year 2008-09. The hospital also provides a single employer tax deferred plan (457b) that did not require authority contributions. All three plans are administered by third-party investment companies. The financial statements of these pension plans are available from the authority.

NOTE 21 – RISK MANAGEMENT

Primary Government

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. The Risk Management Fund is reported as part of the General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state. Property claims are not self-insured; the State has purchased property insurance, which includes flood and terrorism coverage. Settlements have not exceeded insurance coverage in any of the three prior years.

All funds and agencies of the state, except for the University of Colorado, Colorado State University (not including CSU-Pueblo), the University of Northern Colorado, and component units participate in the State Risk Management Fund. State agency premiums are based on an assessment of risk exposure and historical claims experience.

Claims are reported in the General Fund in accordance with GASB Interpretation No. 6, and therefore, related liabilities are only reported to the extent that they are due and payable at June 30. On the government-wide statements, risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Those liabilities include an amount for claims that have been incurred but not reported and an adjustment for nonincremental claims expense that is based on current administrative costs as a percentage of current claims and projected to the total actuarial claims estimate.

Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the short and long-term liabilities of the Risk Management Fund.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The State uses the services of Pinnacol Assurance, a related organization, to administer its plan. The State reimburses Pinnacol for the current cost of claims paid and related administrative expenses.

Before January 1, 2000, the State and its employees were self-funded for medical claims of employees and state officials under the State Employee and Officials Group Insurance Internal Service Fund. From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for those claims. Beginning July 1, 2005, the State returned to a self-funding approach for medical claims except for stop-loss insurance purchased for claims over $150,000 per individual. In Fiscal Year 2009-10, the State recovered approximately $11.2 million related to the stop-loss insurance claims. The State's contribution to the premium is subject to appropriation by the legislature each year, and state employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund (see Note 20).

The State recorded $16.8 million of insurance recoveries during Fiscal Year 2009-10. Of that amount approximately $2.3 million was related to asset impairments that occurred in prior years primarily at the departments of Corrections and Transportation, in the General Fund and Highway Users Tax Fund, respectively. The remaining $14.5 million relates to the current year and was primarily recorded by Group Benefits Plans ($11.2 million, as noted above), a Pension and Other Employee Benefits Fund, and by Higher Education ($1.3 million) in the Higher Education Institutions Enterprise Fund.

For claims related to events occurring before October 1, 1996, the Regents of the University of Colorado participate in the University of Colorado Insurance Pool (UCIP) – a public-entity self-insurance pool. After that date, the university became self-insured for workers' compensation, auto, and general and property liability. As of March 31, 2009, the Colorado Division of Insurance approved the dissolution of UCIP, and all remaining claim liabilities were transferred to the university's self-insurance program. An actuary projects the self-insured plan's undiscounted liabilities. The university purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $750,000 per worker's compensation claim, and $1,000,000 per general liability claim.

Tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $150,000 per person and $600,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2009-10, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The university manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $200,000 per person and $10.0 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2009-10 for this program. There have been no collections against the aggregate stop-loss insurance in the previous three years; however, the university collected $1,010,563 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2008 through 2010. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased insurance to cover claims greater than $1.0 million per occurrence and in the aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2009-10, and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $200,000. The related liability is based on underwriting review of claims history and current data. The university is self-insured for worker's compensation up to $500,000, and has purchased re-insurance for individual claims up to statutory limits. The

Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $5.0 million and additional insurance purchased for claims up to $10.0 million per occurrence. The university is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. There were no significant reductions in insurance coverage in Fiscal Year 2009-10, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, auto, and worker's compensation risks primarily through the purchase of insurance. The university has purchased $3.0 million of general liability insurance ($5,000 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($50,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $500,000 of employee fraud insurance ($1,000 deductible), and $500.0 million of commercial property insurance ($25,000 deductible). There were no significant reductions in insurance coverage in Fiscal Year 2009-10, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2009-10	$ 17,703	$ 9,941	4,706	$ 22,938
2008-09	17,703	6,435	6,435	17,703
2007-08	23,959	(1,305)	4,951	17,703
Workers' Compensation				
2009-10	84,147	53,278	36,638	100,787
2008-09	83,203	37,147	36,203	84,147
2007-08	76,095	41,206	34,098	83,203
Group Benefit Plans:				
2009-10	16,621	143,098	141,846	17,873
2008-09	17,254	135,837	136,470	16,621
2007-08	17,547	132,422	132,715	17,254
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2009-10	11,663	5,905	6,007	11,561
2008-09	14,080	4,040	6,457	11,663
2007-08	13,349	7,004	6,273	14,080
University of Colorado Denver:				
Medical Malpractice				
2009-10	5,065	273	749	4,589
2008-09	4,175	2,830	1,940	5,065
2007-08	5,246	349	1,420	4,175
Graduate Medical Education Health Benefits Program				
2009-10	1,603	6,280	6,562	1,321
2008-09	1,257	8,693	8,347	1,603
2007-08	1,138	6,403	6,284	1,257
Colorado State University:				
Medical, Dental, and Disability Benefits				
2009-10	18,537	32,285	29,056	21,766
2008-09	17,798	28,919	28,180	18,537
2007-08	13,953	29,104	25,259	17,798
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2009-10	24	93	92	25
2008-09	75	15	66	24
2007-08	358	(51)	232	75

Component Units

In order to manage malpractice claims risk, the University of Colorado Hospital Authority participates in a self-insurance trust called the University of Colorado Self-Insurance and Risk Management Trust. The trust provides coverage up to the governmental immunity limits ($150,000 per individual and $600,000 per occurrence) and contracts with a commercial insurance company for coverage to $6.0 million per occurrence or in aggregate per year when governmental immunity does not apply. For Fiscal Year 2008-09, the hospital recorded premium and administrative expenses of $390,000. The trust had a fund balance of $760,000, which was in excess of $5,065,000 in reserves for losses and loss adjustment expense. The hospital purchases insurance coverage for theft, property damage, injuries and accidents, business interruption, automobile, nonowned aircraft, errors and omissions, fiduciary responsibility, and employee health and dental through commercial insurance companies.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss.

NOTE 22 – LEASE COMMITMENTS

Primary Government

State management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. They are therefore treated as noncancellable for financial reporting purposes.

At June 30, 2010, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease

	Land	Buildings	Equipment and Other
Governmental Activities	$ 735	$ 53,842	$ 65,757
Business-Type Activities	7,220	127,175	26,982
Total	$ 7,955	$ 181,017	$ 92,739

At June 30, 2010, the State expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 299	$ 659	$ 958
Business-Type Activities	-	2,083	2,083
Total	$ 299	$ 2,742	$ 3,041

During the year ended June 30, 2010, the State incurred the following contingent rentals related to capital and operating leases:

(Amounts in Thousands)

Contingent Rentals

	Capital	Operating	Total
Business-Type Activities	$ -	$ 79	$ 79
Total	$ -	$ 79	$ 79

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three institutions governed by the Colorado State University System Board of Governors in their research and educational efforts. The support provided by the foundation to the institutions includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development, and management. Colorado State University subleases space, vehicles, and equipment from the foundation. At June 30, 2010, the total obligation for the space was $3.2 million, and the total obligation for the vehicles and equipment was $3.8 million.

The Community College of Aurora made operating lease payments of approximately $1.0 million to the Community College of Aurora Foundation, which is the landlord for the college's main campus.

Morgan Community College made lease payments of $38,174 to the Morgan Community College Foundation for classroom facilities.

Trinidad State Junior College made operating lease payments of $80,927 to the Trinidad State Junior College Educational Foundation.

The Colorado Community College System made lease payments of $566,197 to the Colorado Community College System Foundation.

The State is obligated under certain leases that it accounts for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the lease agreements are not reflected in the assets or liabilities of the funds.

For Fiscal Year 2009-10, the State recorded building and land rent of $45.7 million and $20.8 million in governmental and business-type activities, respectively. The State also recorded equipment and vehicle rental expenditures of $8.7 million and $28.9 million in governmental and business-type activities, respectively. The above amounts were payable to entities outside the State and do not include transactions with the State fleet management program.

The State recorded $3.0 million of lease interest costs in the governmental activities and $1.9 million in the business-type activities.

The State entered into approximately $16.8 million of capital leases related to the State's fleet management, which is reported in an Internal Service Fund, which does not report capital lease proceeds.

Future minimum payments at June 30, 2010, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
2011	$ 43,474	$ 17,618	$ 15,728	$ 10,808
2012	35,916	12,427	15,369	10,202
2013	31,785	10,162	13,333	9,873
2014	25,822	8,322	11,722	9,411
2015	24,137	7,222	10,350	8,806
2016 to 2020	55,191	18,810	33,950	37,839
2021 to 2025	463	4,322	17,985	20,841
2026 to 2030	1,760	2,934	7,023	5,480
2031 to 2035	116	914	2,610	1,426
2036 to 2040	124	643	-	-
2041 to 2045	104	643	-	-
2046 to 2050	77	321	-	-
Total Minimum Lease Payments	218,969	84,338	128,070	114,686
Less: Imputed Interest Costs			30,940	31,312
Present Value of Minimum Lease Payments	$ 218,969	$ 84,338	$ 97,130	$ 83,374

Component Units

The University of Colorado Hospital Authority leases certain equipment under noncancellable operating leases. Rental expense for operating leases approximated $4.9 million for Fiscal Year 2008-09. Future minimum lease payments for these leases at June 30, 2009, are:

(Amounts in Thousands)

Fiscal Year	Amount
2010	$ 6,664
2011	3,846
2012	2,880
2013	1,810
2014	1,705
Thereafter	4,239
Total Minimum Obligations	$ 21,144

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2012. Total rental expense for the year ended December 31, 2009 was $138,748. The total minimum rental commitment under this lease is $317,855 as of 2009.

Effective October 1, 1999, the University of Colorado Foundation entered an agreement to lease the building in which it operates. The foundation recorded a lease liability equal to the present value of the future minimum lease payments under the lease, which was $3.9 million at June 30, 2009. Total minimum lease payments including interest at June 30, 2009, were $5.2 million. The lessor of the building has promised to make a nonreciprocal transfer of the building or its cash equivalent to the foundation on or before September 2014. The net book value of the property and equipment under the capital lease totaled $2.3 million, net of accumulated depreciation of $3.4 million, as of June 30, 2009.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2016. The total rental expense for the year ended June 30, 2009 was $255,225. The total minimum rental commitment under the leases was $1.2 million at June 30, 2009.

NOTE 23 – SHORT-TERM DEBT

On July 20, 2009, the State Treasurer issued $650.0 million of General Fund Tax Revenue Anticipation Notes, Series 2009A. The notes were due and payable on June 25, 2010, at a coupon rate of 2.0 percent. The notes were issued to meet short-term cashflow needs of the General Fund and were repaid before June 30, 2010, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes for local school districts in anticipation of local school district revenues to be collected at a later time. On July 22, 2009, the State Treasurer issued $255.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2009A. The notes had coupon rates ranging from 1.5 to 2.0 percent and matured on August 12, 2010.

On January 11, 2010, the State Treasurer issued $260.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2010A. The notes had a coupon rate of 1.5 percent and matured on August 12, 2010.

On June 25, 2010, Colorado Bridge Enterprise entered into a tax-exempt short-term loan in the amount of $40.0 million. The loan proceeds will be used to design and construct replacements or rehabilitations for structurally deficient or functionally obsolete bridges throughout the State that the Department of Transportation has rated as poor and to pay related issuances costs on the loan. The loan has a variable tax-exempt rate of 65 percent of British Bankers' Association London InterBank Offering Rate (BBA LIBOR) Daily Floating Rate plus 60 basis points (bps). The BBA LIBOR Daily Floating Rate is capped at 90 bps. The maximum rate has been calculated by the Department of Transportation as 1.2 percent. The loan is due and payable on March 15, 2011, with an accelerated maturity date of December 1, 2010 if a November 2010 ballot measure passes prohibiting the State from borrowing.

The following schedule shows the changes in short-term financing for the period ended June 30, 2010:

(Amount in Thousands)

	Beginning Balance July 1	Changes: Additions	Changes: Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 650,000	$ (650,000)	$ -
Education Loan Anticipation Notes	$ 515,000	515,000	$ (515,000)	515,000
Total Governmental Activities Short-Term Financing	515,000	1,165,000	(1,165,000)	515,000
Business Type Activities				
Short-Term External Loans	-	40,000	-	40,000
Total Business Type Activities Short-Term Financing	-	40,000	-	40,000
Total Short-Term Financing	$ 515,000	$ 1,205,000	$ (1,165,000)	$ 555,000

NOTE 24 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Primary Government

Various Higher Education Institutions, the State Nursing Homes, the State Historical Society, the Judicial Branch, and the departments of Corrections, Transportation, and Personnel & Administration have outstanding notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment or to construct facilities or infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. The State is not allowed by its Constitution to issue general obligation debt except to fund buildings for state use, to defend the State or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies; additional restrictive limitations related to the valuation of taxable property apply.

During Fiscal Year 2009-10 the State's governmental activities had $168.0 million of federal and state revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. Collectively, the State's business-type activities had $470.2 million of available net revenue after operating expenses to meet the $134.5 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 35.)

The State recorded $215.9 million of interest costs, of which, $83.8 million was recorded by governmental activities and $132.2 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $10.0 million of General Fund interest on Tax Revenue Anticipation Notes issued by the Department of Treasury, $55.6 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, and $10.5 million of interest primarily on Certificates of Participation issued by the Judicial Branch. The business-type activities interest cost primarily comprises $91.9 million of interest on revenue bonds issued by Higher Education Institutions, $23.7 million of interest on revenue bonds issued by CollegeInvest that were liquidated by fiscal year-end, and $16.1 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program. College Assist is a nonmajor enterprise fund.

Annual maturities of notes, bonds, and COPs payable at June 30, 2010, are as follows:

(Amounts in Thousands)

	Governmental Activities							
Fiscal	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 119,385	$ 48,605	$ 515,000	$ 6,914	$ 8,060	$ 32,165	$ 642,445	$ 87,684
2012	125,265	42,725	-	-	17,765	32,075	143,030	74,800
2013	132,105	35,889	-	-	21,620	31,614	153,725	67,503
2014	140,545	27,446	-	-	21,930	30,756	162,475	58,202
2015	146,575	21,418	-	-	22,210	29,626	168,785	51,044
2016 to 2020	283,750	14,606	-	-	107,666	128,155	391,416	142,761
2021 to 2025	-	-	-	-	158,690	106,627	158,690	106,627
2026 to 2030	-	-	-	-	103,520	85,654	103,520	85,654
2031 to 2035	-	-	-	-	62,035	61,472	62,035	61,472
2036 to 2040	-	-	-	-	67,870	40,812	67,870	40,812
2041 to 2045	-	-	-	-	83,980	16,022	83,980	16,022
2046 to 2050	-	-	-	-	4,745	158	4,745	158
Subtotals	947,625	190,689	515,000	6,914	680,091	595,136	2,142,716	792,739
Unamortized Prem/Discount	44,811	-	-	-	9,843	-	54,654	-
Totals	$ 992,436	$ 190,689	$ 515,000	$ 6,914	$ 689,973	$ 595,136	$ 2,197,409	$ 792,739

(Amounts in Thousands)

Business-Type Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2011	$ 57,415	$ 108,234	$ 40,464	$ 509	$ 2,450	$ 21,520	$ 100,329	$ 130,263
2012	65,414	106,669	474	147	9,964	21,028	75,852	127,844
2013	86,444	104,828	438	129	18,149	20,507	105,031	125,464
2014	69,929	101,815	453	110	18,954	19,715	89,336	121,640
2015	71,184	98,990	474	89	19,834	18,933	91,492	118,012
2016 to 2020	380,237	446,922	1,585	131	114,195	79,549	496,017	526,602
2021 to 2025	451,221	354,118	65	11	143,909	46,684	595,195	400,813
2026 to 2030	437,640	242,968	7	-	93,390	13,202	531,037	256,170
2031 to 2035	400,786	135,108	-	-	12,825	321	413,611	135,429
2036 to 2040	239,026	44,035	-	-	-	-	239,026	44,035
2041 to 2045	37,990	6,032	-	-	-	-	37,990	6,032
Subtotals	2,297,286	1,749,719	43,960	1,126	433,670	241,459	2,774,916	1,992,304
Unamortized Prem/Discount	24,366	-	(35)	-	(116)	-	24,215	-
Unaccreted Interest	(15,858)	-	-	-	-	-	(15,858)	-
Totals	$ 2,305,794	$ 1,749,719	$ 43,925	$ 1,126	$ 433,554	$ 241,459	$ 2,783,273	$ 1,992,304

In March 2008, the Colorado School of Mines entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs.

Assuming current interest rates are applied over the term of the debt, at June 30, 2010, Mine’s aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado School of Mines' Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2011	$ 350	$ 119	$ 1,427	$ 1,896
2012	550	117	1,408	2,075
2013	575	116	1,389	2,080
2014	600	114	1,369	2,083
2015	625	112	1,348	2,085
2016 to 2020	3,400	533	6,389	10,322
2021 to 2025	4,325	481	5,765	10,571
2026 to 2030	9,675	385	4,619	14,679
2031 to 2035	14,125	203	2,432	16,760
2036 to 2040	8,635	26	306	8,967
Totals	$ 42,860	$ 2,206	$ 26,452	$ 71,518

The original principal amount of the State's debt disclosed in the above tables is as follows:

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ 1,487,565	$ 515,000	$ 646,735	$ 2,649,300
Business Type Activities	2,739,637	46,569	457,759	$ 3,243,965
Total	$ 4,227,202	$ 561,569	$ 1,104,494	$ 5,893,265

Component Units

The debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2009, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2010	$ 54,780	$ 48,959	$ 103,739
2011	58,750	46,382	105,132
2012	59,025	43,636	102,661
2013	57,045	40,878	97,923
2014	57,930	38,230	96,160
2015 to 2019	270,790	151,100	421,890
2020 to 2024	219,945	89,536	309,481
2025 to 2029	103,530	48,385	151,915
2030 to 2034	80,375	29,663	110,038
2035 to 2039	44,535	10,648	55,183
2040 to 2044	22,195	2,988	25,183
Total Future Payments	$ 1,028,900	$ 550,405	$ 1,579,305

The original principal amount for the outstanding bonds was $1.7 billion. Total interest paid during 2009 amounted to $51.0 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds (except for the 1996A bonds) and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by Nation Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation.

The Water Resources Revenue Bonds, Series 2003A and 2003B, Series 2004A, 2004B, 2004C, 2004D, and 2004E, and Series 2005A, 2005E, and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B, Series 2005C, Series 2005D, Series 2008A, and Series 2009A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The authority can issue up to $150.0 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds and as of December 31, 2009, had $74.4 million of these bonds outstanding.

During Fiscal Year 2008-09, the hospital met all the financial ratio requirements of its bond indentures. The hospital's interest payments in Fiscal Year 2008-09 were $25.5 million.

The aggregate maturities of long-term debt for the University of Colorado Hospital Authority at June 30, 2009, are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2010	$ 9,937	$ 23,490	$ 33,427
2011	10,182	23,260	33,442
2012	9,660	22,807	32,467
2013	10,075	22,548	32,623
2014	10,510	21,900	32,410
2015 to 2019	59,090	102,190	161,280
2020 to 2024	73,720	87,252	160,972
2025 to 2029	91,205	68,568	159,773
2030 to 2034	115,770	46,549	162,319
2035 to 2039	108,800	25,661	134,461
2040 to 2044	44,200	4,431	48,631
Total Long-Term Debt Payments	543,149	448,656	991,805
Less: Unamortized Discount	(1,896)		
Deferred Amount on Refunding of			
Series 1997 A Bonds	(4,072)		
Series 2008 B Bonds	(8,369)		
Total Carrying Amount of Long-Term Debt	$ 528,812		

In July 2007, the University of Colorado Foundation established a $20.0 million, three-year committed, unsecured line of credit with a bank. The credit line carried variable interest based on the lending bank's floating prime rate less 125 basis points. No amounts were outstanding at June 30, 2009.

In April 2009, the Denver Metropolitan Major League Baseball Stadium District entered into a five-year noninterest bearing Promissory Note for $2.4 million to acquire certain real and personal property relating to maintaining a view plane to preserve mountain views from Coors Field.

NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2009-10:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 3,002	$ 1	$ (428)	$ 2,575	$ 2,561
Accrued Compensated Absences	149,605	13,479	(14,573)	148,511	10,287
Claims and Judgments Payable	395,307	16,086	(20,818)	390,575	44,181
Capital Lease Obligations	91,813	17,123	(11,806)	97,130	11,384
Bonds Payable	1,106,973	10,904	(125,441)	992,436	119,385
Certificates of Participation	162,052	598,846	(70,926)	689,972	8,060
Other Long-Term Liabilities	397,774	43,758	(38,933)	402,599	-
Total Governmental Activities Long-Term Liabilities	2,306,526	700,197	(282,925)	2,723,798	195,858
Business-Type Activities					
Accrued Compensated Absences	198,173	24,874	(13,717)	209,330	13,035
Claims and Judgments Payable	27,541	14,093	(12,173)	29,461	-
Capital Lease Obligations	93,773	45,526	(55,925)	83,374	6,672
Bonds Payable	3,551,588	587,065	(1,832,815)	2,305,838	57,415
Certificates of Participation	446,657	389,766	(402,870)	433,553	2,450
Notes, Anticipation Warrants, Mortgages	4,770	-	(845)	3,925	464
Other Postemployment Benefits	31,689	20,775	(5,205)	47,259	-
Other Long-Term Liabilities	48,305	3,604	(8,170)	43,739	4,788
Total Business-Type Activities Long-Term Liabilities	4,402,496	1,085,703	(2,331,720)	3,156,479	84,824
Fiduciary Activities					
Deposits Held In Custody For Others	441,961	348,097	(11,314)	778,744	723,248
Accrued Compensated Absences	53	1	(13)	41	-
Other Long-Term Liabilities	8,459	103	(716)	7,846	-
Total Fiduciary Activities Long-Term Liabilities	450,473	348,201	(12,043)	786,631	723,248
Total Primary Government Long-Term Liabilities	$ 7,159,495	$2,134,101	$ (2,626,688)	$ 6,666,908	$ 1,003,930

Accrued compensated absences liabilities of both the governmental activities and the business-type activities are normally liquidated using resources of the fund that is responsible for paying the employee's salary. As a result, the resources of nearly all of the State's funds are used to liquidate the compensated absence liability.

The amount shown in the schedule above for notes, bonds, and Certificates of Participation do not include the short-term borrowing disclosed in Note 23. A current portion is not normally identifiable for Other Long-Term Liabilities, or Other Postemployment Benefits except for CollegeInvest's prepaid tuition costs in the business-type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See notes 19 and 21 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

Governmental Activities include Internal Service Funds, which apply full accrual accounting, and as a result, additions to capital lease obligations shown above include amounts that are not shown as capital lease proceeds on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*.

At June 30, 2010, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Assets*:

The $402.6 million shown for governmental activities primarily comprises:

- $265.7 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Fund and Highway Users Tax Fund. Payment is not expected within one year.

- $119.3 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $17.2 million of unclaimed property liabilities to claimants.

The $43.7 million (including $2.5 million Due to Component Units) shown for business-type activities primarily comprises:

- $27.8 million of commitments to pay future tuition costs related to the prepaid tuition program of CollegeInvest. An additional $4.8 million will be paid within one year and is reported as an Other Current Liability.
- $8.5 million of deferred revenue that the State does not expect to recognize within the following year. The most significant balances relate to unearned rent at the University of Colorado ($5.5 million) and a ground lease at the University of Northern Colorado ($2.1 million).

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
University of Colorado Hospital Authority					
Bonds Payable	$ 537,367	$ 1,103	$ (9,658)	$ 528,812	$ 9,937
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 1,017,118	$ 15,735	$ (58,260)	$ 974,593	$ 54,780
Other Long-Term Liabilities	$ 111,068	$ 108,669	$ (93,354)	$ 126,383	$ 111,292

The Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority are primarily related to water and pollution control construction project costs that it will pay on loans made to local governments.

The University of Colorado Foundation has beneficial interest in various split-interest agreements including charitable gift annuities, charitable remainder trusts (annuity and unitrust), a minor pooled income fund, and charitable remainder trusts held by others. The charitable gift annuity assets are immediately available to the foundation. After termination of the charitable remainder trust agreements, the related assets revert to the foundation to create an endowment to support university activities. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Assets – Component Units.* Actuarially determined life expectancies and risk-free rates of return are used to estimate the obligation to named beneficiaries. The fair value of assets in excess of the estimated liability is recorded as Gifts and Donations revenue at the date of the gift.

Changes in value of the investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Assets – Component Units*. At June 30, 2009, the foundation held $51.4 million of split interest agreement investments with $21.3 million of related liabilities and reported $3.6 million of net beneficial interest in charitable trusts held by others.

At June 30, 2009, the University of Colorado Foundation held $192.9 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Assets – Component Units*, this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

The Colorado State University Foundation (CSUF) administers life income agreements as gift annuities where an income beneficiary is the lifetime recipient of income and the foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest.

CSUF has also been named remainder beneficiary for trusts administered by third party corporate trustees. For this arrangement, a receivable and contribution are recorded at the estimated present value of the remainder interest. These life income arrangements are revalued annually to reflect changes in the remainder interest estimates.

At June 30, 2009, total life income agreement assets of CSUF were $637,304. Life income agreements payable at the same date totaled $867,013. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Assets – Component Units.*

At June 30, 2009, the foundation held $10.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Assets – Component Units,* this liability is reported as Deposits Held in Custody.

At June 30, 2009, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust and pooled income assets of $16.0 million; related liabilities of $10.9 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Assets – Component Units.*

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $10.9 million shown above and total $5.1 million. At June 30, 2009, CSMF reported $10.5 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Assets – Component Units* as Deposits Held in Custody.

NOTE 26 – DEFEASED DEBT

Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2009-10, debt was defeased in both the governmental and business-type activities.

At June 30, 2010, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Transportation	$ 378,595
Department of Treasury	34,050
Department of Corrections	26,330
Business-Type Activities:	
University of Colorado	192,532
Mesa State College	28,445
Colorado School of Mines	23,800
Colorado State University	10,455
Western State College	10,210
Adams State College	8,905
Total	$ 713,322

The Department of Treasury issued $35,905,000 of Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2009 to partially defease $34,050,000 of its Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008. The defeased Certificates had an average interest rate of 5.21 percent and the new Certificates had an average interest rate of 3.81 percent. The remaining term of the Certificates was unchanged at 17.88 years, and the estimated debt service cash flows decreased by $680,697. The defeasance resulted in an economic gain of $601,468 and a book loss of $4,155,512 that will be amortized as an adjustment of interest expense over the remaining 17.875 years of the new Certificates.

The Department of Corrections issued $33,000,000 of Refunding Certificates of Participation, Series 2010 to partially defease $30,400,970 of its Certificates of Participation, Series 2006B. The defeased Certificates had an interest rate of 5.02 percent and the new Certificates had an interest rate of 2.95 percent. The remaining term of the Certificates was changed from 10.7 to 7.7 years and the estimated debt service cash flows decreased by $70,133. The defeasance resulted in an economic gain of $536,392 and a book loss of $1,538,727 that will be amortized as an adjustment of interest expense over the remaining 7.7 years of the new Certificates.

The Board of Regents of the University of Colorado issued $24,510,000 of its Enterprise System Refunding and Improvement Revenue Bonds, Series 2009C to fully defease $24,945,000 of its Enterprise System Refunding and Improvement Revenue Bonds, Series 1997; and partially defease its Enterprise System Revenue Refunding Bonds, Series 2001A and Enterprise System Revenue Bonds, Series 2002A. The defeased debt had interest rates ranging from 4.75 to 5.38 percent and the new debt had interest rates ranging from 2.0 to 5.0 percent. The remaining term of the debt remained unchanged at 16.5 years and the estimated debt service cash flows decreased by $1,678,214. The defeasance resulted in an economic gain of $1,422,312 and a book loss of $2,097,806 that will be amortized as an adjustment of interest expense over the remaining 16.5 years of the new debt.

The State of Colorado acting by and through the Board of Regents of the University of Colorado issued $23,110,000 of State of Colorado Refunding Certificates of Participation, Series 2009 (UCDHSC Fitzsimons Academic Projects) to partially defease $18,525,000 of State of Colorado, Series 2005 Certificates of Participation (University of Colorado Health Sciences Center Project). The defeased Certificates had an average interest rate of 4.64 percent and the new Certificates had an average interest rate of 3.58 percent. The term of the new Certificates decreased from 16 years to 14 years, and the estimated debt service cash flows decreased by $575,749. The defeasance resulted in an economic gain of $236,518 and a book loss of $5,180,311 that will be amortized as an adjustment of interest expense over the remaining 14 years of the new Certificates.

The Board of Trustees of Mesa State College issued $31,665,000 of its Mesa State College Auxiliary Facilities System Enterprise Revenue Refunding Bonds, Series 2009A to fully defease $28,445,000 of its Mesa State College Auxiliary Facilities System Enterprise Revenue Bonds, Series 2008. The defeased debt had an interest rate of 5.97 percent and the new debt had an interest rate of 3.95 percent. The remaining term of the debt was reduced from 29 years to 24 years and the estimated debt service cash flows decreased by $8,497,514. The defeasance resulted in an economic gain of $2,351,320 and a book loss of $5,276,943 that will be amortized as an adjustment of interest expense over the remaining 24 years of the new debt.

The Board of Trustees of the Colorado School of Mines issued $16,745,000 of its Institutional Enterprise Refunding Bonds, Series 2009C to current refund $14,400,000 of its Variable Rate Demand Enterprise Improvement Revenue Bonds, Series 2008B. The defeased debt had variable interest rates and the new debt had interest rates ranging from 3 to 4.63 percent. The remaining term of the debt was reduced from 29 years to 23 years and the estimated debt service cash flows decreased by $2,959,719. The defeasance resulted in an economic loss of $1,148,080 and a book gain of $117,727 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Trustees of Adams State College issued $10,285,000 of its Auxiliary Facilities Revenue Bonds, Series 2009B to fully defease $9,380,000 of its Auxiliary Facilities Enterprise Refunding and Improvement Bonds, Series 2004A. The defeased debt had an interest rate of 4.45 percent and the new debt had an interest rate of 3.79 percent. The remaining term of the debt was increased from 15 years to 20 years, and the estimated debt service cash flows increased by $1,194,234. The defeasance resulted in an economic loss of $384,515 and a book loss of $1,006,140 that will be amortized as an adjustment of interest expense over 9 years.

Component Units

In November 1997, the University of Colorado Hospital Authority issued $123.9 million in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. The refunding resulted in legal defeasance and a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 2009, the unamortized deferred loss on refunding is $4.1 million. The hospital completed the advance refunding to reduce its total debt service payments over the subsequent 25 years by $6.0 million and to achieve an economic gain of $3.2 million.

In January 2007, the University of Colorado Hospital Authority issued $72.8 million in Refunding Revenue Bonds Series 2007A to partially refund Series 2001A bonds. The hospital completed the advance refunding in order to convert the 2001A fixed rate to a variable rate issuance. The remaining unamortized deferred loss and issuance costs of $8.8 million related to the 2001A defeasance is being charged to operations through Fiscal Year 2031-32.

In June 2008, the University of Colorado Hospital Authority issued $73.5 million in 2008B Revenue Bonds to fully refund the Series 2007A bonds. The proceeds from the bonds, which are variable rate bonds and have an initial interest rate of 1.5 percent, have been deposited in an escrow account. The bonds bear interest weekly and pay principal according to a sinking fund redemption schedule. The hospital advance refunded the 2007A bonds due to variable interest rate fluctuations driven by credit market instability and bond insurer rating downgrades.

NOTE 27 – POLLUTION REMEDIATION OBLIGATIONS

Primary Government

Various state agencies and institutions of higher education have pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Other Current Liabilities or Other Long-Term Liabilities on the government-wide and proprietary fund *Statement of Net Assets*, or the fund-level *Balance Sheet*, as required.

The State has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. A hazardous waste site becomes a Superfund site when it is placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the Department of Public Health and Environment (DPHE).

The state's total amount of pollution remediation obligations as of June 30, 2010 was $125.1 million ($5.2 million of which was a current liability). Superfund sites account for approximately $121.8 million of the state's total pollution remediation obligation. Other pollution obligations of the State include remediation activities related to asbestos abatement and removal, ground water contamination, and underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $54.0 million related to the operation of a water treatment plant. Currently the department shares the cost of operating the water treatment plant, construction of a new treatment plant over the next three to four years, and the operating and maintenance costs of the new plant with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent state, 90 percent EPA. Beginning in calendar year 2023, the State will assume 100 percent of the operating costs of the new plant. Estimated construction costs are based on engineering designs and construction bids received by the state. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs. As of June 30, 2010, the State has received $11.0 million in recoveries from other responsible parties.
- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $49.9 million related to a number of inactive precious metal mines that have caused contamination in surface water and soil in the basin. The liability includes remediation/site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant and operation of a new water treatment plant whose construction is expected to commence in 2012. Current operating and maintenance costs are borne 100% by the state. Beginning in 2015, the department will share these costs with the EPA in a cost-sharing ratio of 10 percent state, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.
- DPHE recorded a liability for remediation activities at the Captain Jack Mill of approximately $5.8 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. The State will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-sharing ratio of 10 percent state, 90 percent EPA for the first 10 years, after which time the State assumes 100 percent of the costs. Plant construction cost estimates were based upon engineering designs and construction bids received by the state. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs. The State is currently investigating an experimental alternative that, if successful, would eliminate the need to construct the treatment plant.

NOTE 28 – DERIVATIVE INSTRUMENTS

Primary Government

On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement in connection with their Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2008A debt issuance. This agreement qualifies as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments which the State implemented during Fiscal Year 2009-10. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the *Statement of Net Assets*, and accordingly, the State recognized a Deferred Outflow of Resources of $7.8 million as of June 30, 2010.

The Swap Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing revenue bonds. The Agreement, with a notional amount of $43.2 million and a market value of ($7.8) million at June 30, 2010, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London InterBank Offering Rate (payable by Morgan Stanley), which was 0.23 percent at June 30, 2010. Cash flows between the parties are settled on the net difference. Market value as of June 30, 2010 was determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2037. Notwithstanding the association with a long-term liability, the derivative is reported under Current Liabilities on the *Statement of Net Assets* because the School's management anticipates terminating the Agreement within the next year.

There are inherent risks associated with interest rate swaps that the Colorado School of Mines monitors and addresses including:

- Termination Risk – Terminating the transaction while the market value is negative would likely require a termination payment by the School. An unanticipated termination and related payment could occur due to management decision to terminate, a counterparty default, or a decrease in the School's credit rating.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School considers the Swap Agreement counterparty's credit quality rating and whether the counterparty can withstand continuing credit market stress. As of September 2, 2010, Morgan Stanley received a credit rating of A2 from Moody's and A from Standard & Poors. The School's risk of loss associated with the outstanding Swap Agreement is equal to the Agreement's positive fair market value at June 30, 2010. However, the School was not exposed to credit risk because the Agreement had a negative fair market value at June 30, 2010. In addition, the Swap Agreement required no collateral and no initial net cash receipt or payment by the School.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices, including, but not limited to, the Securities Industry and Financial Markets Association or the London Interbank Offered Rate.

NOTES 29 Through 30 – DETAILS OF NET ASSETS AND FUND EQUITY

NOTE 29 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

Primary Government

A. PRIOR PERIOD ADJUSTMENTS

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* increased by $507,816 due to the following adjustments:

- An increase of $419,045 in the Medicaid Nursing Facilities Cash Fund, a portion of the non-major Environment and Health Protection Special Revenue Fund. The increase was related to the Department of Health Care Policy and Financing's failure to record Fiscal Year 2008-09 revenue in that period.
- An increase of $99,963 when legislation moved the Health Care Provider Loan Repayment Fund, which was previously reported as part of the CollegeInvest Enterprise Fund, to the Department of Public Health and Environment as Environment and Health Protection, a non-major Special Revenue Fund.
- A decrease of $11,192 related to the Department of Labor and Employment converting the Employee Leasing Company Certification Fund, previously reported as a Special Revenue Fund, to a TABOR Enterprise as required by statute.

The beginning net assets of the Business-Type Activities on the government-wide *Statement of Activities* increased by $2,159,805 due to the following adjustments:

- A decrease of $99,963 related to the Health Care Provider Loan Repayment Fund being moved by General Assembly from the CollegeInvest Fund, a major Enterprise Fund, to the Environment and Health Protection Fund, a non-major Special Revenue Fund,
- An increase of $11,192 related to the Employee Leasing Company Certification Fund moving from a non-major Other Special Revenue Fund to the Unemployment Insurance Fund, a TABOR major Enterprise Fund,
- An increase of $2,248,576 related to Pueblo Community College, a portion of the Higher Education Institutions (a major Enterprise Fund) acquiring the net assets of San Juan Basin Technical College.

The beginning fund balance of the General Government Computer Center Fund, a non-major Internal Service Fund, decreased by $65,039 to correct errors in converting a portion of the Office of Information Technology from a governmental activity to an internal service activity. The accounts involved were compensated absence liabilities and equipment which were previously shown only on the Government-Wide Statements. The beginning fund balance of the Telecommunications Fund, a non-major Internal Service Fund, decreased by $32,392,120 when it was determined that Digital Trunk Radio assets moved into the Internal Service Fund in Fiscal Year 2008-09 should only be shown on the Government-Wide Statements.

The beginning fund balance of the governmental funds in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* decreased by $30,097,416 primarily due to the reclassification of the Unclaimed Property Fund activities. The change comprises $36,331,983 removed from the Unclaimed Property Fund, a non-major Special Revenue Fund, of which $30,605,232 was recorded as assets held in trust for claimants in the Unclaimed Property Fund, a non-major Private Purpose Trust Fund, and $5,726,751 was recorded as assets in the State Lands Trust Fund, a non-major Permanent Fund. The beginning fund balance also decreased by $11,192 as the result of the Employee Leasing Certification Fund becoming a TABOR Enterprise Fund as required by statute. These changes were offset by an increase of $419,045 in the Medicaid Nursing Facilities Cash Fund, a portion of the non-major Environment and Health Protection Special Revenue Fund; and an increase of $99,963 in the Health Care Professional Loan Repayment Fund, which was also a portion of the non-major Environment and Health Protection Special Revenue Fund. The $419,045 increase is related the Department of Health Care Policy and Financing's not recording Fiscal Year 2008-09 revenue in that period. The $99,963 increase was related to the General Assembly moving the Health Care Professional Loan Repayment Fund to the Department of Public Health and Environment from the CollegeInvest Fund, a major Enterprise Fund.

The beginning net assets of the Enterprise Funds in the fund-level *Statement of Revenues, Expenditures, and Changes in Net Assets – Proprietary Funds* increased by $2,159,805. The increase comprised a decrease of $99,963 related to the Health Care Provider Loan Repayment Fund being moved by General Assembly from the CollegeInvest Fund, a major Enterprise Fund, to the Environment and Health Protection Fund, a non-major Special Revenue Fund; an increase of $11,192 related to the Employee Leasing Company Certification Fund moving from a non-major Other Special Revenue Fund to the Unemployment Insurance Fund, a TABOR major Enterprise Fund; an increase of $2,248,576 related to Pueblo Community College, a portion of the Higher Education Institutions (a major Enterprise Fund) acquiring the net assets of San Juan Basin Technical College.

The beginning net assets of the fund-level *Statement of Revenues, Expenses, and Changes in Fiduciary Net Assets – Fiduciary Funds* decreased by $310,216,510 due to the reclassification of unclaimed property activity and transfer of the State's Deferred Compensation Plan and Defined

Contribution Plan to the Public Employees' Retirement Association (PERA), as described below.

The beginning net assets of the Deferred Compensation Plan, a non-major Employee Benefit Trust Fund, decreased by $352,795,356 when the General Assembly transferred the State's Deferred Compensation Plan to the Public Employees' Retirement Association (PERA), effective July 1, 2009. The beginning net assets of the Defined Contribution Plan, a non-major Employee Benefit Trust Fund, decreased by $18,648,662 when the General Assembly transferred the State's Defined Contribution Plan to the Public Employees' Retirement Association (PERA), effective July 1, 2009. In both instances, the transfer of net assets was between fiduciary responsibility, and no distributions were made to plan participants. The beginning net assets of the Group Benefits Plan decreased by $9,847 when the compensated absence liabilities related to administrative staff of the Deferred Compensation and Defined Contribution Plans were redirected to the Group Benefits Plan.

In Fiscal Year 2008-09, the Unclaimed Property Fund, which previously had been reported as a trust fund, was reported as a non-major Special Revenue Fund because the State did not have a system for determining the portion of the net assets that would ultimately be available to the government. In Fiscal Year 2009-10, the State developed a system to estimate the amount expected to be paid to claimants and thereby the amount available to the government. To reflect that determination, a portion of the Fiscal Year 2008-09 Unclaimed Property Special Revenue Fund was moved to the Unclaimed Property Private Purpose Trust Fund and a portion was moved to the State Lands Trust Fund, a non-major Permanent Fund. In addition, the long-term liability related to the Unclaimed Property Special Revenue Fund that was reported only on the Government-Wide *Statement of Net Assets* was removed and is not reported in the Private Purpose Trust Fund because the related assets are held in trust for individuals. As a result, the beginning balance of the Unclaimed Property Fund, a non-major Private Purpose Trust Fund, increased by $61,237,355, of which $36,331,983 came from net assets of the Unclaimed Property Special Revenue Fund (including $5,726,751 of net assets moved to the State Lands Trust, a non-major Permanent Fund; $61,237,355 of cash assets and $30,632,123 of current liabilities which liabilities are not reported in the non-major Private Purpose Trust Fund because the related assets are held in trust for individuals).

NOTE 30 – FUND EQUITY

On the *Balance Sheet – Governmental Funds*, the Capital Projects Fund $325.5 million Reserve for Statutory Purposes includes Certificate of Participation unexpended proceed balances for the Departments of Corrections, the State Historical Society, and the Judicial Branch, and other minor funds that are allowed to retain fund balances in the Capital Projects Fund. The $91.7 million Reserve for Encumbrances represents construction commitments related to projects appropriated by the Legislature in the State's capital construction fund. Those appropriations are multi-year budgets (see Note RSI-1B) that are funded by various sources including general-purpose revenue, cash earnings by state agencies, and federal revenue. In most instances, the cash and federally funded resources that will support these appropriations have not yet been earned in the Capital Projects Fund. In years when the general-purpose revenue transferred into the fund is low the unreserved undesignated fund balance is reported as a deficit because of the unearned cash sources related to the encumbrances.

NOTE 31 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2010, were:

SELLER'S/LENDER'S RECEIVABLE	General Fund	Highway Users Tax	Capital Projects	State Education Fund
MAJOR FUNDS:				
General Fund	$ -	$ 442	$ -	$ 169
Public School	-	-	-	-
Highway Users	212	-	2	-
Capital Projects	-	-	-	-
State Education	18	-	-	-
Higher Education Institutions	2,811	94	5	61
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
Water Projects	193	-	121	-
Labor	220	-	-	-
Gaming	7	-	-	-
Resource Extraction	1	-	-	-
Resource Management	-	50	-	-
Environment and Health Protection	4,240	41	-	-
Public School Capital Construction	-	-	-	-
Other Special Revenue	540	-	-	-
PERMANENT FUNDS:				
State Lands Trust Expendable	-	-	-	-
ENTERPRISE FUNDS:				
Wildlife	-	-	-	-
Correctional Industries	6	1	105	-
Nursing Homes	2,107	-	-	-
INTERNAL SERVICE FUNDS:				
Central Services	12	4	-	-
General Government Computer Center	-	474	-	-
Capitol Complex	-	10	-	-
Public Safety	-	-	-	-
FIDUCIARY FUNDS:				
Group Benefit Plans	18,085	-	-	-
College Savings Plan	-	-	-	-
Other Fiduciary	-	-	-	-
TOTAL	$ 28,452	$ 1,116	$ 233	$ 230

Except for the Resource Extraction Fund receivable discussed below, all of the material receivables and related payables shown in the above schedule are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the State's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The Group Benefits Plan Fund receivable of $18.1 million from the General Fund primarily represents the health insurance benefits premium portion of payroll for services provided in the fiscal year that is required by statute to be paid in the next fiscal year.

The General Fund receivable of $35.8 million from All Other Funds contains a $16.2 million receivable from the Limited Gaming Fund. The balance of the Limited Gaming Fund is distributed by the State Treasurer in accordance with statute at the end of the fiscal year.

(Amounts in Thousands)

BUYER'S / BORROWER'S PAYABLE

Higher Education Institutions	CollegeInvest	State Lottery	All Other Funds	Total
$ 376	$ 94	$ -	$ 35,891	$ 36,972
-	-	-	6,032	6,032
-	-	-	-	214
7,973	-	-	-	7,973
-	-	-	-	18
-	-	-	4,632	7,603
-	-	-	1,247	1,561
-	-	-	271	491
-	-	-	-	7
-	-	-	167,331	167,332
-	-	3,024	26	3,100
13	-	-	280	4,574
-	-	89	3,835	3,924
-	-	12,102	16,221	28,863
-	-	-	5,871	5,871
-	-	-	34	34
1,855	-	-	6	1,973
-	-	-	58	2,165
7	-	-	-	23
-	-	-	3	477
-	-	-	-	10
-	-	-	1	1
1,788	-	-	-	19,873
-	5,586	-	-	5,586
-	-	15,039	-	15,039
$ 12,012	$ 5,680	$ 30,254	$ 241,739	$ 319,716

The Resource Extraction Fund receivable of $167.3 million from All Other Funds was recorded by the Severance Tax Trust Fund. The Water Projects Fund, a nonmajor Special Revenue Fund, has statutory authority to make loans to local governments and special districts using the assets of the Severance Tax Trust Fund, a portion of the nonmajor Resource Extraction Fund. The loans have terms ranging from 10 to 30 years. However, the borrowing from the Severance Tax Trust Fund is on a revolving basis and will remain in place unless the statutory authority is changed.

The Other Special Revenue Fund receivable of $16.2 million from All Other Funds is primarily related to a $14.2 million receivable that the Travel and Tourism Promotion Fund has from the Limited Gaming Fund.

The Other Special Revenue Fund receivable of $12.1 million from the State Lottery was recorded by the Conservation Trust Fund and the Other Fiduciary Fund receivable of $15.0 million from the State Lottery was recorded by the State Treasurer for the Great Outdoors Colorado Fund. Both of these are statutory distributions of the Lottery net profits.

NOTE 32 – TRANSFERS BETWEEN FUNDS

Primary Government

Transfers between funds for the fiscal year ended June 30, 2010, were as follows:

TRANSFER-OUT FUND	General Fund	State Public School	Highway Users Tax	Capital Projects
MAJOR FUNDS:				
General Fund	$ -	$ 3,076,278	$ -	$ 169
Public School	1,942	-	-	-
Highway Users	53,396	-	-	2,647
Capital Projects	41,957	-	46	-
State Education	124	-	-	-
Higher Education Institutions	8,980	-	-	8
CollegeInvest	44,843	-	-	-
Lottery	529	-	-	-
NONMAJOR FUNDS				
SPECIAL REVENUE FUNDS:				
Water Projects	1,378	-	-	-
Labor	57,015	-	-	1,790
Gaming	17,257	-	-	2,641
Tobacco Impact Mitigation	259,363	-	-	8,000
Resource Extraction	170,909	56,628	-	188
Resource Management	22,009	-	-	2,081
Environment and Health Protection	304,425	-	-	-
Public School Buildings	17	-	-	-
Unclaimed Property	31,711	-	-	-
Other Special Revenue	101,572	-	-	10,044
PERMANENT FUNDS:				
State Lands Trust Expendable	33	54,393	-	-
State Lands Trust Nonexpendable	-	-	-	-
Other Permanent Trust Nonexpendable	-	-	-	-
ENTERPRISE FUNDS:				
Wildlife	4,887	-	-	-
College Assist	85	-	-	-
Correctional Industries	-	-	-	355
Nursing Homes	896	-	-	-
Prison Canteens	419	-	-	1
Petroleum Storage	781	-	-	-
Other Enterprise	370	-	302	-
INTERNAL SERVICE FUNDS:				
Central Services	1,399	-	-	-
General Government Computer Center	391	-	-	-
Telecommunications	551	-	-	-
Capitol Complex	740	-	-	-
Administrative Hearings	327	-	-	-
Debt Collection	169	-	-	-
FIDUCIARY FUNDS:				
Group Benefit Plans	300	-	-	-
Other Fiduciary	106	-	-	-
TOTAL	$ 1,128,881	$ 3,187,299	$ 348	$ 27,924

(Amounts in Thousands)

TRANSFER-IN FUND

Higher Education Institutions	CollegeInvest	All Other Funds	TOTAL
$ 124,505	$ 162	$ 493,258	$ 3,694,372
-	-	39,667	41,609
-	-	179,537	235,580
8,685	-	16,633	67,321
5,396	-	1,478	6,998
-	-	576	9,564
-	-	-	44,843
-	-	56,559	57,088
-	-	329	1,707
-	-	-	58,805
-	-	16,112	36,010
17,150	-	62,114	346,627
17,355	-	41,589	286,669
-	-	75	24,165
-	-	41,400	345,825
-	-	3,535	3,552
-	-	-	31,711
594	-	932	113,142
102	-	34,971	89,499
686	-	6,282	6,968
-	-	17	17
-	-	296	5,183
-	-	-	85
-	-	-	355
-	-	-	896
-	-	-	420
-	-	-	781
-	-	-	672
-	-	1,217	2,616
-	-	-	391
-	-	-	551
-	-	315	1,055
-	-	-	327
-	-	-	169
-	-	-	300
-	-	-	106
$ 174,473	$ 162	$ 996,892	$ 5,515,979

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the State's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund and into the State Public School Fund, the Capital Projects Fund, and the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

On July 1, 2009, the State transferred $458.1 million from the General Fund to various cash funds as required by Senate Bill 09-279 as follows:

- $109.7 million to the Severance Tax Fund
- $84.6 million to the Tobacco Litigation Settlement Fund
- $75.0 million to the Base Account of the Severance Tax Trust Fund
- $68.3 million to the Unclaimed Property Fund
- $60.0 million to the Water Conservation Construction Fund
- $25.0 million to the Employment Support Fund
- $21.3 million to the Operational Account of the Severance Tax Trust Fund
- $14.2 million to the Mineral Leasing Fund

In response to continuing fiscal stress caused by revenue shortfalls, the Governor and the Legislature authorized significant nonroutine transfers totaling $418.4 million from various funds to augment the General Fund, including:

From various nonmajor Special Revenue funds –

- $68.0 million from the Tobacco Litigation Settlement Fund
- $64.0 million from the Base Account of the Severance Tax Trust Fund
- $50.3 million from the Severance Tax Fund
- $41.7 million from the Capital Construction Fund
- $26.5 million from the Major Medical Fund
- $25.0 million from the Unclaimed Property Fund
- $22.6 million from the Mineral Leasing Fund
- $15.0 million from the Colorado High Cost Administration Fund
- $14.3 million from the Local Government Permanent Fund
- $11.0 million from the Operational Account of the Severance Tax Trust Fund
- $5.1 million from the Fitzsimmons Trust Fund
- $5.0 million from the Unclaimed Property Tourism Trust Fund
- $24.7 million from 22 other nonmajor Special Revenue funds, where individual transfer amounts did not exceed $4.0 million

From Internal Service funds –

- $0.4 million from Fleet Management

From Enterprise funds –

- $44.8 million from the Achievement Scholarship Trust Fund, a portion of the CollegeInvest Enterprise Fund

In addition to the augmenting General Fund transfers, other individually significant routine transfers include the following:

The Highway Users Tax Fund transfer-out to the General Fund includes $37.5 million transferred to the Department of Revenue and $7.3 million to the Department of Public Safety to support programs generate revenue for or that provide services to the Highway Users Tax Fund.

The Highway Users Tax Fund transfer-out to All Other Funds includes $169.1 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation.

The Lottery transfer-out to All Other Funds primarily comprises $45.2 million to the Conservation Trust Fund in the Department of Local Affairs as a statutory distribution of Lottery net proceeds.

The Labor transfer-out to the General Fund includes $24.8 million from the Employment Support Fund to fund employment related activities at the Department of Labor and Employment.

The Tobacco Impact Mitigation Fund transfers-out to the General Fund and All Other Funds includes $155.6 million and $58.4 million, respectively, in transfers to the Department of Health Care Policy and Financing for the purchase of medical services.

The Resource Extraction transfer-out to the State Public School Fund includes a $56.6 million transfer from the Mineral Leasing Fund.

The Environment and Health Protection transfer-out to the General Fund includes $293.5 million in transfers to the Department of Health Care Policy and Financing primarily from the Hospital Provider Fee Cash Fund ($256.6 million), the Medicaid Nursing Facility Cash Fund ($18.4 million), and the Health Care Services Fund ($10.4 million).

Transfers from the Other Special Revenue to the General Fund funds also include approximately $65.0 million of legislatively mandated transfers to fund programs in agencies that operate primarily in the General Fund that are in addition to appropriated indirect cost transfers.

The State Lands Trust Expendable transfer-out to the State Public School Fund of $54.4 million is related to distributions to school districts and chart schools.

NOTE 33 – UNUSUAL OR INFREQUENT TRANSACTIONS

Primary Government

The government-wide *Statement of Activities* shows Special and/or Extraordinary Items that comprise the following:

The Department of Transportation discontinued using the modified approach for reporting roadway infrastructure and now depreciates the related assets. The change was made because the Department determined that available resources were no longer adequate to maintain the roads at the condition level established by the Transportation Commission. In the conversion, the Department recorded a loss on disposal for $600.7 million of roadway assets considered to be fully depreciated. The loss is presented as a special item because it was an infrequent occurrence that was under the control of management.

Due to changes in federal law regarding guarantees of student loans, House Bill 10-1428 repealed the authority of the Colorado Student Obligation Bond Authority (CollegeInvest) in the Department of Higher Education, to originate, disburse, service, or administer any new student loans guaranteed by the federal government. CollegeInvest's $1.45 billion loan portfolio and accrued interest receivable was sold during May, 2010 for a total of $1.39 billion. The loss on disposal of the loan portfolio and other capitalized costs totaled $79.6 million. CollegeInvest paid off $1.70 billion in bonds previously issued to purchase or disburse the student loans. The event was considered an extraordinary item because it was both infrequent in occurrence and unusual in nature.

NOTE 34 – DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in Higher Education Institutions. The policies of individual boards govern the spending of net appreciation on investments; there is no state law that governs endowment spending.

The University of Colorado reported net appreciation on endowment investments of $6.2 million that was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may be expended.

Colorado State University reported $11,120 of net appreciation on its donor-restricted endowments, and the full amount was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The President of the university authorizes the expenditure of investment income from endowment earnings, and the university's Board of Governors is notified of those expenditures.

Colorado State University reported $651,451 of net appreciation on its donor-restricted endowments held by its foundation and the full amount was available for spending. The university reported a portion of the related net assets in Restricted for Permanent Funds and Endowments – Nonexpendable and a portion of the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds*. The payout policy of the Colorado State University Foundation governs expenditure of these funds. The policy assumes a 10 percent return on investment, a 4 to 5 percent pay out, a management fee of 1 to 2 percent, and a return to principal sufficient to preserve the purchasing power of the endowment.

The University of Northern Colorado reported $302,846 of net appreciation on its donor-restricted endowments, and the full amount was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.*

NOTE 35 – PLEDGED REVENUE

Various Higher Education Institutions and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2009-10, the following pledges were in place:

The Department of Transportation pledged $168.0 million of federal grants under agreement with the Federal Highway Administration and certain motor vehicle and taxes of the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes. The debt was originally issued in Fiscal Year 1999-00 to finance the reconstruction of a portion of a major interstate highway through Denver and other infrastructure projects across the state, and it has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents approximately 15.2 percent of the total revenue stream, and $1.14 billion of the pledge commitment remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1995-96 and highest maturity date of Fiscal Year 2044-45. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $610.3 million. Individually significant Higher Education Institution pledges include:

- $264.5 million pledged by the University of Colorado to secure $70.6 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was originally issued in Fiscal Year 1995-96 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 51.3 percent of the revenue stream, and $1.76 billion of the pledge remains outstanding.

- $170.9 million pledged by Colorado State University to secure $22.7 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2038-39. The pledged revenue represents 100 percent of the total revenue stream, and $626.7 million of the pledge remains outstanding.

- $29.8 million pledged by the Colorado School of Mines to secure $7.4 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 84 percent of the total revenue stream, and $282.7 million of the pledge remains outstanding.

- $19.4 million pledged by Metropolitan State College of Denver to secure $1.6 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the total revenue stream, and $135.0 million of the pledge remains outstanding.

- $18.1 million pledged by the University of Northern Colorado to secure $8.6 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The related debt was originally issued in Fiscal Year 2000-01 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents 16.9 percent of the total gross tuition and auxiliary revenue streams; $245.0 million of the pledge remains outstanding.

- $16.7 million pledged by Front Range Community College to secure $535,160 of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2041-42. The pledged revenue represents 100 percent of the total revenue stream, and $3.2 million of the pledge remains outstanding.

- $15.2 million pledged by the Auraria Higher Education Center to secure $5.5 million of current principal and interest on debt issued to renovate the Student Union and to build parking structures. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2028-29. The pledged revenue represents 100 percent of the total revenue stream, and $96.2 million of the pledge remains outstanding.

- $13.3 million pledged by Mesa State College to secure $5.0 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2041-42. The pledged revenue represents approximately 52.5 percent of the total revenue stream, and $295.6 million of the pledge remains outstanding.
- $13.3 million pledged by Pikes Peak Community College to secure $297,099 of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2041-42. The pledged revenue represents 100 percent of the total revenue stream, and $5.7 million of the pledge remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Department of Transportation	$ 1,104,185	$ 936,194	$ 167,991	$ 113,300	$ 54,691	$ 167,991
Higher Education Institutions	947,387	477,142	470,245	48,710	85,777	134,487
	$ 2,051,572	$ 1,413,336	$ 638,236	$ 162,010	$ 140,468	$ 302,478

NOTE 36 – SEGMENT INFORMATION

Primary Government

Segments are identifiable activities reported as or within an Enterprise Fund for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the following condensed financial information meet these requirements. The purpose of each of the State's segments aligns with the primary mission of the enterprise in which it is reported; therefore, none of the State's segments are separately reported on the government-wide *Statement of Activities.* The following paragraphs describe the State's segments.

Before Fiscal Year 2009-10, CollegeInvest issued revenue bonds to originate and purchase student loans; however, during the fiscal year this activity was discontinued by legislative action. The authority also operates a prepaid tuition program designed to keep pace with average tuition inflation in Colorado. Condensed financial information for CollegeInvest is not presented on the following page because it is a major Enterprise Fund, and full financial statements are included in the Basic Financial Statements.

Other Enterprise Funds' Segments:

The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo, Colorado.

Higher Education Institutions' Segments:

University Physicians Incorporated (UPI) is a not-for-profit entity that performs the billing, collection, and disbursement function for professional services provided by the University of Colorado Denver. UPI is also a component unit of the State that is blended into the Higher Education Institutions Enterprise Fund. In addition, UPI provides its services under contracts with the University of Colorado Hospital Authority (UCHA), a discretely presented component unit of the state.

The Auraria Higher Education Center's parking segment charges students, faculty, and staff fees for the use of parking lots and structures. The center's student facilities segment charges fees to students for use of its facilities.

The following page presents condensed financial information for the State's segments that are not presented as major funds.

CONDENSED STATEMENT OF NET ASSETS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	STATE FAIR AUTHORITY	UNIVERSITY OF COLORADO UNIVERSITY PHYSICIANS INCORPORATED	AURARIA HIGHER EDUCATION CENTER PARKING FACILITIES	AURARIA HIGHER EDUCATION CENTER STUDENT FACILITIES
ASSETS:				
Current Assets	$ 1,354	$ 108,530	$ 6,624	$ 9,364
Other Assets	-	96,255	8,214	970
Capital Assets	12,134	36,567	36,817	32,854
Total Assets	13,488	241,352	51,655	43,188
LIABILITIES:				
Current Liabilities	939	25,384	2,281	4,008
Noncurrent Liabilities	124	17,628	32,640	29,831
Total Liabilities	1,063	43,012	34,921	33,839
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	12,134	18,266	4,177	2,053
Restricted for Permanent Endowments:				
Expendable	-	-	6,247	926
Unrestricted	291	180,074	6,310	6,370
Total Net Assets	$ 12,425	$ 198,340	$ 16,734	$ 9,349

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	STATE FAIR AUTHORITY	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
OPERATING REVENUES :				
Tuition and Fees	$ -	$ -	$ -	$ 5,905
Sales of Goods and Services	7,218	369,390	8,992	22,935
Other	531	-	-	59
Total Operating Revenues	7,749	369,390	8,992	28,899
OPERATING EXPENSES:				
Depreciation	419	896	1,774	2,058
Other	9,006	351,725	4,965	22,836
Total Operating Expenses	9,425	352,621	6,739	24,894
OPERATING INCOME (LOSS)	(1,676)	16,769	2,253	4,005
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income	876	9,731	502	469
Gifts and Donations	446	-	-	-
Other Nonoperating Revenues	1	1,533	-	227
Insurance Recoveries from Prior Year Impariments	10	-	-	-
Debt Service	-	(34)	(1,843)	(1,357)
Other Nonoperating Expenses	-	(2,598)	-	(22)
Total Nonoperating Revenues(Expenses)	1,333	8,632	(1,341)	(683)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions and Additions to Endowments	771	-	-	-
Transfers-Out	(132)	-	-	(3,021)
Total Contributions, Transfers, and Other	639	-	-	(3,021)
CHANGE IN NET ASSETS	296	25,401	912	301
TOTAL NET ASSETS - FISCAL YEAR BEGINNING (Restated)	12,129	172,939	15,822	9,048
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 12,425	$ 198,340	$ 16,734	$ 9,349

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	STATE FAIR AUTHORITY	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
NET CASH PROVIDED (USED) BY:				
Operating Activities	$ (432)	$ 14,054	$ 4,364	$ 3,091
Noncapital Financing Activities	(132)	(2,598)	-	(2,943)
Capital and Related Financing Activities	(476)	(28,650)	(2,904)	(3,105)
Investing Activities	876	3,704	158	198
NET INCREASE (DECR.) IN CASH AND POOLED CASH	(164)	(13,490)	1,618	(2,759)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	1,363	46,165	4,954	8,301
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 1,199	$ 32,675	$ 6,572	$ 5,542

NOTE 37 – COMPONENT UNITS

The State reports eleven component units under the requirements of Governmental Accounting Standards Board (GASB) Statements No. 14 – The Financial Reporting Entity and No. 39 – Determining Whether Certain Organizations Are Component Units. All of the component units and foundations are considered major, except the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, the Renewable Energy Authority, and the Higher Education Competitive Research Authority. Financial statements for the major component units are presented in the Basic Financial Statements.

A. MAJOR COMPONENT UNITS

University Hospital is a nonsectarian, general acute care regional hospital, licensed for 410 beds with five outpatient primary care clinics, six specialty care clinics, and a home therapy unit operated by the University of Colorado Hospital Authority (UCHA). It includes the Anschutz Centers for Advanced Medicine, and is the teaching hospital of the University of Colorado Denver (UCD), a state institution of higher education. The hospital's mission is to advance healthcare for patients and their families through healing, discovery, and education. UCHA is exempt from federal income tax under Internal Revenue Code Section 115 (as a governmental entity) and under Section 501(a) as a not-for-profit entity.

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the state. The authority is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. The authority's primary revenue sources are investment income on bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and federal capitalization grants. The authority paid the State $7.5 million during 2009 for services provided by two state departments.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to solicit, receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income. In Fiscal Year 2008-09, it received $7.6 million of fund raising fee revenue from the University of Colorado under an annually renewable Agreement for Development Services.

For the fiscal year ended June 30, 2009, the foundation distributed $63.2 million of gifts and income to or for the benefit of the University of Colorado.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. During Fiscal Year 2008-09, the foundation transferred $29.0 million to the University.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to promote the general welfare, development, growth, and well being of the University of Northern Colorado. The foundation accomplishes this mission through solicitation and acquisition of gifts, investing in and managing property, and furnishing funds, facilities, equipment, and services. During Fiscal Year 2008-09, the foundation granted $3.7 million to the university.

B. NONMAJOR COMPONENT UNITS

The Denver Metropolitan Major League Baseball Stadium District currently includes all or part of the seven counties in the Denver metro area. The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium. To accomplish this purpose, the state legislature authorized the district to levy a sales tax of one-tenth of one percent throughout the district for a period not to exceed 20 years. However, the district discontinued the sales tax levy on January 1, 2001, after it defeased all outstanding debt.

CoverColorado is a not-for-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Legislation enacted in 2001 authorized the CoverColorado board of directors to assess a special fee against insurers for the financial solvency of the program.

The Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the State and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority $50.0 million in insurance premium tax credits, which it subsequently sold to insurance companies. The VCA deferred the revenue related to sale and recognizes it as the insurance companies apply the credits over a ten-year period. The related revenue is reported as Gifts and Donations on the *Statement of Revenues, Expenses, and Changes in Net Assets - Component Units* to reflect the contribution of capital by the state.

In 2005, the authority created Colorado Fund 1, LP with a portion of the proceeds from the sale of premium tax credits. The VCA has committed to providing up to $21.8 million to Colorado Fund 1, LP thru June 2015 (unless otherwise terminated) for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agritechnology and medical device industries, and retail. As of December 31, 2009, the VCA has contributed approximately $16.8 million or 77 percent of its total funding commitment to Colorado Fund 1, LP.

In 2010, the VCA established a second fund, Colorado Fund II, LP, with the remaining proceeds from the 2005 sale of premium tax credits totaling approximately $25.4 million. See Note 40 for additional information.

The Renewable Energy Authority was created during the 2006 legislative session to direct the allocation of state matching funds for energy-related research funding from federal agencies and other public and private entities. The allocation of monies is directed by the Renewable Energy Collaboratory which comprises the U.S. Department of Energy's National Renewable Energy Laboratory, the Colorado School of Mines, Colorado State University, and the University of Colorado.

The enabling legislation allocated the authority $2.0 million in each of Fiscal Years 2006-07 through 2008-09 for this purpose. The authority has provided a total of $2.4 million in matching funds to the research centers as of December 31, 2009. The authority has until 2012 to demonstrate that at least $6 million in grants and contracts for renewable energy research in Colorado has been secured through the availability of the matching funds.

The Higher Education Competitive Research Authority was created during the 2007 legislative session to provide matching funds for inclusion in grant proposals made by Higher Education Institutions for federally sponsored research projects. The authority received all of its funding for Fiscal Year 2008-09 through the Colorado Department of Higher Education.

As of June 30, 2009, the authority has made commitments to provide matching funds for seven research proposals, four of which, totaling $5.2 million, are currently funded.

NOTE 38 – RELATED PARTIES AND ORGANIZATIONS

Primary Government

The Colorado State University - Pueblo Foundation was established to benefit the Colorado State University - Pueblo. The foundation transferred $1.1 million to the university during Fiscal Year 2009-10, owed the university $872,505, and was due $100,168 from the university at June 30, 2010.

The Adams State College Foundation provides scholarships and work-study grants to students, as well as providing program development grants to Adams State College. The foundation provided $791,936 in scholarships and grants during Fiscal Year 2009-10.

The Mesa State College Foundation provides financial assistance to Mesa State College students and assists the college in serving educational needs. In Fiscal Year 2009-10, the foundation awarded $146,273 of scholarships directly to Mesa State College students, provided approximately $4.4 million in property and capital. The college has a lease-purchase agreement with the foundation for the acquisition of property. The remaining term of the lease is 9 years at 3 percent, and the college owed the foundation $2.4 million under this agreement at June 30, 2010.

Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of Metropolitan State College of Denver. The foundation provided $2.0 million of funding to the college in Fiscal Year 2009-10. The foundation also reimbursed the college $201,355 for services provided by college employees in Fiscal Year 2009-10. At June 30, 2010, the foundation owed the college $252,335.

Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred $2.0 million to the college in Fiscal Year 2009-10.

Most of the State's community colleges have established foundations to assist in their educational missions. With the exception of Pueblo Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000. The Pueblo Community College Foundation provided support to Pueblo Community College in the amount of $518,574 for scholarships, rental properties, construction, and discretionary funds.

The University of Colorado Foundation is the sole member of University Summit I, LLC (the LLC). The LLC was formed in October 2007 for the purpose of purchasing property adjacent to the University of Colorado at Colorado Springs campus. At June 30, 2009, the LLC no longer held property for the foundation.

The University of Northern Colorado Foundation is the sole member of the University of Northern Colorado Student Housing LLC I (the LLC). The LLC was formed in 2001 to construct and operate a student housing facility and pays rent to the university equal to its net available cash flow as defined in a ground lease with the university that terminates in 2047. Title to the student housing facility transfers to the university at the end of the ground lease or upon earlier retirement of the bond issue. The foundation is not obligated under the bonds issued to finance the LLC's student housing facility, however the university has guaranteed payment on these bonds. The bonds include provisions whereby the guarantee can be terminated. Management of the university believes provisions for termination of the guarantee have been met. At June 30, 2009, the LLC had capital assets of $14.0 million, other assets of $7.3 million, long-term debt of $23.5 million, and current liabilities of $1.0 million. The total liabilities of the foundation exceeded its total assets by $3.3 million. The LLC owed the university of Northern Colorado $449,092 for a working capital loan at June 30, 2009.

The Auraria Foundation was established to receive gifts, legacies, and grants of money and property for the purpose of benefiting the Auraria Higher Education Center (AHEC). At June 30, 2010, the foundation owed AHEC approximately $1.5 million.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2009-10, the board funded $18.9 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2010, GOCO owed the Department of Natural Resources $8.9 million in unreimbursed expenditures.

Component Units

The University of Colorado Hospital Authority and the University of Colorado Denver (UCD) have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education approved the transfer of 186 acres of land (plus 41 additional acres) and buildings at the Anschutz Medical Campus to the University of Colorado. Various quitclaim deeds convey the property in an "as is" condition, without warranty, and include conditions subsequent that, if not met, provide for reverting the property to the U.S. Department of Education. In July 2004, the authority entered into a 98-year Amended and Restated Ground Lease agreement with a one-dollar annual fee. The original lease, entered into in 1998 for a period of 30 years, provided for approximately 18.4 acres of the property. The amended agreement increases the leased property to 45.5 acres, with an option for the authority to include an additional 7.0 acres, and provides for two renewals, up to 99 years each, for $100 per year. With certain exceptions, the Ground Lease states that the authority shall own all buildings or improvements, which it constructs on the property.

On January 14, 2005, the authority exercised its option to include the additional 7.0 acres and amended the lease to include the additional acreage on April 29, 2005. The authority used the 7.0 additional acres for the expansion of Anschutz Inpatient Pavilion and associated surface parking. During 2006, the authority began the design and development of an office building and parking structure on 4.2 acres of land adjacent to the Anschutz Inpatient Pavilion. In May 2006, the lease was again amended to add the additional 4.2 acres to the land currently leased to the authority.

Under an Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1991, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the hospital. The hospital paid approximately $30.3 million for these services in Fiscal Year 2008-09. Other contracts with the Regents for services that include clinic services, research projects, infrastructure expense, and other items resulted in payments by the University of Colorado Denver (UCD) to the hospital of approximately $2.1 million in Fiscal Year 2008-09. In total, the UCD paid the hospital $10.1 million in Fiscal Year 2008-09.

The hospital has contracted with University Physicians, Inc., a blended component unit of the State's Higher Education Institutions enterprise fund, to provide support for clinical services, patient services, and recruitment for expanded clinical access. The hospital passed through $6.7 million of government external funds and paid UPI an additional $45.4 million for services in Fiscal Year 2008-09.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately $3.3 million were billed to CRC for the cost of these services during Fiscal Year 2008-09. The amount due from University of Colorado Denver, including CRC, was $0.5 million at June 30, 2009.

The hospital entered certain provider and network management agreements with TriWest. TriWest was formed to deliver health care services to eligible beneficiaries of TriCare, formerly known as CHAMPUS – the Civilian Health and Medical Program of the Uniformed Services. On June 27, 1996, the U.S. Department of Defense awarded TriWest the TriCare contract for a five-year period that began April 1997. The contract was renewed and includes a transition period plus five one-year option periods for healthcare delivery beginning April 1, 2010. As part of the agreements, the hospital originally purchased a minority interest in TriWest for approximately $3.3 million.

In October 2007, the hospital sold 1,656.55 shares for approximately $18.1 million to TriWest, but retains an option to repurchase the shares at the exercise market value through October 2010, unless the option is terminated before that date. This investment is accounted for under the cost method, and the hospital received dividends of approximately $0.4 million in July 2009.

The hospital created University Hospital Home Therapies (UHHT) in February 1996. Chartwell Rocky Mountain LLP is a Colorado limited liability partnership between UHHT and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain LLP was formed to provide home infusion and respiratory services to alternate-site patients. UHHT and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain LLP.

The hospital and two other entities participate in Colorado Access, a Colorado nonprofit corporation that owns and operates a statewide HMO to provide services to medically underserved Coloradoans. There are no earning distribution agreements between Colorado Access and the hospital. In August 2001 the hospital entered into an agreement to loan Colorado Access $625,000. The principal and interest was originally due on or before August 24, 2004, but the hospital wrote down all of the accrued interest and $600,000 of the principal in 2006 due to uncertainty of repayment. Colorado Access is unable to specify a repayment timeline due to ongoing negotiations with the Colorado Division of Insurance regarding required levels of risk-based capital.

The Venture Capital Authority (VCA) has a Limited Partnership Agreement with Colorado Fund 1, LP and has selected High Country Venture, LLC, to serve as manager and general partner of the Fund. The partnership agreement allocates income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2009, VCA's investment in the fund totaled $16.1 million.

NOTE 39 – CONTINGENCIES

Primary Government

The Colorado Governmental Immunity Act sets upper limits on state liability at $150,000 per individual and $600,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. 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.

Numerous court cases are pending in which the plaintiffs allege that the State has deprived persons of their constitutional rights, civil rights, inadequately compensated them for their property, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the State often files counterclaims. While it is reasonably possible that awards of judgment could occur, it is unlikely that those awards would have a material adverse effect on the State's financial condition.

The State is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners, mental health patients, nursing home patients, or the developmentally disabled. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services costs that are not subject to reasonable estimation.

The State is the defendant in lawsuits by employees accusing the State of various infractions of law or contract. These may include claims related to age and sex discrimination, sexual harassment, wrongful termination, contractual agreements for paying salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The State does not believe that any of these cases are material to its financial operations.

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.90 billion, of the $11.58 billion outstanding balance of loans in repayment status. However, the probability of a material loss is remote, and the State's liability is capped at the net assets of the College Assist program of approximately $62.4 million.

At June 30, 2010, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $433.7 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the State to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds up to $20.0 million individually.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The State shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the State's loss. Currently, notes or bonds valued at over $8.02 billion are outstanding. Of this amount, $5.23 billion is covered by private insurance.

The State of Kansas will likely seek injunctive relief against Colorado in relation to a potential suit against Colorado and Nebraska claiming violations of the Republican River Compact. Although the State anticipated reaching a resolution with the State of Kansas prior to any suit being filed, the estimated potential damages range from $1.0 million to $10.0 million.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the State being liable to those parties for any disallowed expenditure.

The Department of Health Care Policy and Financing may be responsible for between $8.0 million and $12.0 million of attorney's fees incurred by a class of Aid to Needy Disabled (AND) program clients. The State advanced the AND benefits to clients expected to win appeals to the federal government for Social Security benefits. The State was reimbursed for the AND benefits from the Social Security benefits awarded; however, the State did not reimburse the AND clients for the attorney's fees the clients incurred in pursuing the Social Security benefits. State statutes were subsequently changed to clarify that the State will not reimburse such attorney's fees. The State has prevailed in district court and the Colorado Court of Appeals and the plaintiffs have filed a petition for certiorari in the Colorado Supreme Court.

The Department of Health Care Policy and Financing may be responsible for repaying the Centers for Medicare and Medicaid Services (CMS) between $2.8 million and $3.3 million for Mental Health Child Placement Agency services. The disallowed costs are due to the department inappropriately claiming federal financial participation for supplemental payments to Prepaid Inpatient Health Plans for mental health services provided to children in Child Placement Agencies. The department's appeal of the amount of disallowed costs is pending.

The Department of Health Care Policy and Financing may be responsible for repaying CMS approximately $75.2 million in federal matching funds paid to Rocky Mountain Health Plan HMO (RMHP) for benefits paid to Medicaid clients during Fiscal Years 2005-06 through 2008-09. The payments were made to RMHP without the federally required pre-payment claims review of each claim for which payment was made. The State has established a process that has been accepted by CMS to accomplish a review of the claims in question. If the historical review is not completed, CMS has stated that potential disallowance of these payments may occur. The department has worked with CMS towards a resolution and assesses the probability of disallowance at 10 percent.

School districts, students, and parents in the State's San Luis Valley have filed suit against the State asserting that the current school funding system fails to provide a thorough and uniform system of free public education as required by the State Constitution. The plaintiffs seek to overturn the current funding system and ensure that additional capital facilities funding of $5.7 billion to $10.0 billion is provided. All claims were dismissed by the district court and the Colorado Court of Appeals. After the Colorado Court of Appeals decision, both the plaintiffs and the State petitioned the Colorado Supreme Court. The Supreme Court reversed the lower courts' ruling and remanded the case to district court for trial. Estimates of plaintiff attorney fees and costs currently exceed $1.0 million.

The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in this Note 39, 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 this note.

NOTE 40 – SUBSEQUENT EVENTS

Component Units

Subsequent to June 30, 2009, the University of Colorado Hospital Authority entered into a contract with EPIC Systems, Inc. for the purchase and installation of a comprehensive electronic medical record and billing system. The implementation of this system is expected to take five years and cost approximately $64.0 million.

On August 6, 2009, the Hospital legally refunded the 2006B Index Put bonds. The new issuance has a par amount of $51.8 million and a 20 year term which will expire on November 15, 2029. The principal payments will be based on a redemption schedule as defined in the bond document through November 2029 and interest rates range from 3.0 to 5.3 percent.

On September 8, 2009, the Hospital sold its fixed to floating swap agreement for $1.8 million. The Hospital had entered into this agreement to convert a portion of the Hospital's fixed rate debt to floating rate obligations and elected to complete the sale based on advantageous market conditions.

In 2010, the Venture Capital Authority established Colorado Fund II, LP with residual proceeds from its 2005 sale of premium tax credits. The VCA has committed to providing up to $25.4 million to Colorado Fund II, LP thru May 2015 (unless otherwise terminated) for investment in seed and early-stage businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agritechnology and medical device industries, and retail.

REQUIRED SUPPLEMENTARY INFORMATION

UNAUDITED

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 2,071,472	
Income Taxes			4,126,916	
Other Taxes			187,665	
Federal Grants and Contracts			30	
Sales and Services			695	
Interest Earnings			12,988	
Other Revenues			39,509	
Transfers-In			450,134	
TOTAL REVENUES AND TRANSFERS-IN			6,889,409	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 6,861	$ 6,056	5,952	$ 104
Corrections	677,840	565,504	563,618	1,886
Education	3,239,416	3,239,348	3,238,933	415
Governor	14,283	13,863	13,827	36
Health Care Policy and Financing	1,612,335	1,151,517	1,115,686	35,831
Higher Education	660,576	429,084	428,877	207
Human Services	670,558	650,722	647,962	2,760
Judicial Branch	336,358	323,815	323,764	51
Law	10,008	9,226	9,127	99
Legislative Branch	35,163	35,138	32,410	2,728
Local Affairs	12,001	11,024	10,900	124
Military and Veterans Affairs	5,862	5,419	5,263	156
Natural Resources	29,680	26,645	25,892	753
Personnel & Administration	6,296	5,578	5,074	504
Public Health and Environment	28,232	27,076	26,643	433
Public Safety	83,213	82,040	79,546	2,494
Regulatory Agencies	1,667	1,458	1,441	17
Revenue	199,985	181,395	187,837	(6,442)
Treasury	467,541	467,288	467,179	109
SUB-TOTAL OPERATING BUDGETS	8,097,875	7,232,196	7,189,931	42,265
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	1,914	644	1,270
Corrections	2,012	29,715	20,688	9,027
Education	-	1,157	880	277
Higher Education	2,061	55,462	33,639	21,823
Human Services	-	11,474	6,432	5,042
Military and Veterans Affairs	109	7,797	3,354	4,443
Personnel & Administration	2,012	12,317	6,775	5,542
Public Health and Environment	-	184	1	183
Public Safety	-	5,226	3,799	1,427
Revenue	10,177	17,108	12,892	4,216
Transportation	546	46	46	-
Budgets/Transfers Not Booked by Department	42,045	42,045	42,045	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	58,962	184,445	131,195	53,250
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 8,156,837	$ 7,416,641	7,321,126	$ 95,515
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (431,717)	

The notes to the required supplementary information are an integral part of this schedule.

UNAUDITED

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSETS - BUDGETARY BASIS BUDGET AND ACTUAL - CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 719,692	
Income Taxes			328,953	
Other Taxes			777,557	
Tuition and Fees			1,771,130	
Sales and Services			1,634,328	
Interest Earnings			128,964	
Other Revenues			2,932,228	
Transfers-In			6,355,147	
TOTAL REVENUES AND TRANSFERS-IN			14,647,999	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 29,640	$ 29,576	25,461	$ 4,115
Corrections	101,525	103,992	67,391	36,601
Education	4,049,910	3,859,859	3,809,264	50,595
Governor	129,518	141,691	96,026	45,665
Health Care Policy and Financing	1,163,297	1,140,181	1,114,594	25,587
Higher Education	1,146,271	1,139,381	2,644,580	(1,505,199)
Human Services	757,985	336,605	303,994	32,611
Judicial Branch	191,949	189,909	179,240	10,669
Labor and Employment	1,189,516	1,189,107	1,176,710	12,397
Law	38,236	40,954	37,634	3,320
Legislative Branch	5,591	5,591	1,357	4,234
Local Affairs	479,007	434,933	304,492	130,441
Military and Veterans Affairs	2,552	2,567	1,986	581
Natural Resources	640,459	629,480	321,652	307,828
Personnel & Administration	460,859	441,942	418,336	23,606
Public Health and Environment	241,928	242,717	199,622	43,095
Public Safety	141,234	142,810	125,982	16,828
Regulatory Agencies	95,477	94,906	88,349	6,557
Revenue	850,315	874,598	709,872	164,726
State	26,701	27,614	16,962	10,652
Transportation	341,781	346,354	74,035	272,319
Treasury	1,884,651	1,885,227	1,718,330	166,897
Tranfers Not Appropriated by Department	-	4,660	1,323	3,337
SUB-TOTAL OPERATING BUDGETS	13,968,402	13,304,654	13,437,192	(132,538)
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	521	389	132
Corrections	70,842	67,941	63,554	4,387
Education	622	-	-	-
Governor	2,670	6,097	1,224	4,873
Higher Education	215,388	537,453	184,071	353,382
Human Services	4,881	1,461	407	1,054
Judicial Branch	229,301	229,301	27,947	201,354
Labor and Employment	35,641	39,891	33,430	6,461
Military and Veterans Affairs	6,571	6,461	-	6,461
Natural Resources	60,833	101,631	22,745	78,886
Personnel & Administration	1,252	745	745	-
Public Health and Environment	250	24,825	1,950	22,875
Public Safety	-	1,218	1,218	-
Revenue	2,329	6,461	3,509	2,952
Transportation	1,760,506	1,755,973	711,367	1,044,606
Treasury	8,878	15,821	15,820	1
Budgets/Transfers Not Booked by Department	16,948	16,948	10,009	6,939
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,416,912	2,812,748	1,078,385	1,734,363
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 16,385,314	$ 16,117,402	14,515,577	$ 1,601,825
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 132,422	

The notes to the required supplementary information are an integral part of this schedule.

UNAUDITED

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSET - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 8,977,540	
TOTAL REVENUES AND TRANSFERS-IN			8,977,540	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,990	$ 12,506	6,025	$ 6,481
Corrections	4,646	95,146	92,357	2,789
Education	610,478	1,064,416	628,662	435,754
Governor	32,979	884,250	558,059	326,191
Health Care Policy and Financing	2,174,680	2,589,983	2,539,404	50,579
Higher Education	19,068	896,419	1,117,517	(221,098)
Human Services	730,005	1,760,185	1,488,320	271,865
Judicial Branch	4,430	13,486	6,439	7,047
Labor and Employment	1,052,720	1,904,840	1,582,036	322,804
Law	1,293	2,739	1,461	1,278
Local Affairs	93,375	194,528	80,402	114,126
Military and Veterans Affairs	197,029	28,940	13,441	15,499
Natural Resources	19,191	64,781	37,636	27,145
Personnel & Administration	-	114	101	13
Public Health and Environment	226,234	409,734	265,769	143,965
Public Safety	26,645	76,173	33,205	42,968
Regulatory Agencies	1,350	4,150	1,386	2,764
Revenue	1,482	9,419	4,281	5,138
State	-	2,161	1,586	575
Transportation	355,398	955,267	630,987	324,280
Treasury	-	140,629	139,289	1,340
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	5,554,993	11,109,866	9,228,363	1,881,503
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,554,993	$ 11,109,866	9,228,363	$ 1,881,503
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (250,823)	

The notes to the required supplementary information are an integral part of this schedule.

UNAUDITED

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES					
	GENERAL	PUBLIC SCHOOL	HIGHWAY USERS TAX	CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:						
Revenues and Transfers-In:						
General	$ 6,878,335	$ -	$ -	$ 11,074	$ -	$ -
Cash	1,127,719	3,194,619	1,655,372	554,701	339,535	3,079,073
Federal	6,028,229	-	630,188	29,576	-	342,207
Sub-Total Revenues and Transfers-In	14,034,283	3,194,619	2,285,560	595,351	339,535	3,421,280
Expenditures/Expenses and Transfers-Out						
General Funded	7,190,099	-	-	131,027	-	-
Cash Funded	1,109,498	3,186,109	1,817,824	285,944	482,298	2,686,222
Federally Funded	6,027,960	-	630,254	21,527	-	344,433
Expenditures/Expenses and Transfers-Out	14,327,557	3,186,109	2,448,078	438,498	482,298	3,030,655
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	(293,274)	8,510	(162,518)	156,853	(142,763)	390,625
BUDGETARY BASIS ADJUSTMENTS:						
Increase/(Decrease) for Unrealized Gains/Losses	6,915	-	8,090	(2,512)	(1,016)	32,724
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-	-	37,877
Increase/(Decrease) for GAAP Expenditures Not Budgeted	201,623	-	93,157	146,025	-	(112,273)
Increase/(Decrease) for GAAP Revenue Adjustments	(186,755)	-	-	(145,327)	-	(59,306)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(271,491)	8,510	(61,271)	155,039	(143,779)	289,647
GAAP BASIS FUND BALANCES/NET ASSETS:						
FUND BALANCE/NET ASSETS, JULY 1	335,433	24,165	1,303,800	229,704	338,365	2,553,646
Prior Period Adjustments (See Note 28)	-	-	-	-	-	(30,097)
FUND BALANCE/NET ASSETS, JUNE 30	$ 63,942	$ 32,675	$ 1,242,529	$ 384,743	$ 194,586	$ 2,813,196

The notes to the required supplementary information are an integral part of this schedule.

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,889,409
2,210,075	498,811	13,357	514,115	348,756	129,537	982,329	14,647,999
16,958	1,481,454	15,934	-	432,896	98	-	8,977,540
2,227,033	1,980,265	29,291	514,115	781,652	129,635	982,329	30,514,948
-	-	-	-	-	-	-	7,321,126
2,025,769	1,040,439	127,507	514,001	257,880	122,619	859,467	14,515,577
304,351	1,436,642	-	-	463,098	98	-	9,228,363
2,330,120	2,477,081	127,507	514,001	720,978	122,717	859,467	31,065,066
(103,087)	(496,816)	(98,216)	114	60,674	6,918	122,862	(550,118)
(2,563)	-	6,236	373	2,058	(42)	414,374	464,637
-	-	-	1,732	15,678	1,266	-	56,553
138,773	(20,064)	(79,050)	(655)	(11,354)	(4,764)	11	351,429
-	-	81,573	-	359	-	-	(309,456)
374,581	-	-	-	-	-	-	374,581
407,704	(516,880)	(89,457)	1,564	67,415	3,378	537,247	387,626
3,884,214	392,984	179,338	4,914	418,662	51,091	3,204,750	12,921,066
2,249	11	(100)	-	-	(32,457)	(310,218)	(370,612)
$ 4,294,167	$ (123,885)	$ 89,781	$ 6,478	$ 486,077	$ 22,012	$ 3,431,779	$ 12,938,080

GENERAL FUND SURPLUS SCHEDULE

The General Fund is the principal operating fund of the state. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The General Fund Surplus is a statutorily defined amount that varies from the Unreserved – Undesignated Fund Balance on the *Balance Sheet – Governmental Funds* by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A). The schedule on the following page is presented to document compliance with the constitutional requirement for a positive General Fund Surplus on the budgetary basis. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* in several ways as discussed below.

For the purpose of reporting in accordance with Generally Accepted Accounting Principles (GAAP), risk management activities are reported as part of the General Fund and represented on the *Balance Sheet – Governmental Funds* as "Reserved for Risk Management". For budgetary reporting purposes (including the following schedule), risk management activities are considered a cash fund (see Note RSI-1) and are not included in the General Fund.

After all legal and GAAP reserves are taken into consideration, the balance of net assets in the General Fund is represented on the *Balance Sheet – Governmental Funds* as "Fund Balances: Unreserved, Reported in: General Fund". When it is positive, the unreserved undesignated fund balance represents cumulative general-purpose and augmenting revenues in excess of expenditures. General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent earned revenues that were greater than the related appropriation for specific cash-funded expenditures in the General Fund. These revenues in excess of the related expenditures become part of unreserved undesignated fund balance. *(See Note 8A beginning on page 43 for information regarding the negative reversions at the departments of Higher Education and Revenue.)*

In order to identify the General Fund Surplus, encumbrances of the prior year are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year are considered expenditures and are added to the actual expenditures column.

In order to properly state the amounts reverted, restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule.

Due to declining general-purpose revenues throughout the fiscal year, in June 2010, the Director of the Office of State Planning and Budgeting and the State Controller, under the authority of Colorado Revised Statutes 25.5-4-401(1)(c), authorized the Department of Health Care Policy and Financing to interrupt the normal Medicaid provider payment schedule. As a result, approximately $28.1 million of payments that otherwise would have occurred in the last two weeks of June were delayed until July 1, 2010. For purpose of budget compliance and the *General Fund Surplus Schedule* those expenditures were deferred into and will be recognized in Fiscal Year 2009-10. They are included in the line titled "GAAP Medicaid Expenditures Deferred to Fiscal Year 2010-11 for Budget".

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 2,287,700	$ 2,004,200	$ 1,979,101		
Other Excise Taxes	92,100	91,700	92,372		
Individual Income Tax, net	4,184,200	3,752,100	3,776,848		
Corporate Income Tax, net	320,800	287,800	350,068		
Estate Tax	-	-	184		
Insurance Tax	202,300	186,000	186,922		
Parimutuel, Courts, and Other	38,100	43,500	44,312		
Investment Income	16,000	11,500	10,088		
Gaming	18,800	16,200	16,200		
TOTAL GENERAL PURPOSE REVENUES	7,160,000	6,393,000	6,456,095		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	6,861	6,056	5,952	$ 104	$ 167
Corrections	679,970	565,603	563,838	1,765	114
Education	3,239,360	3,239,328	3,238,910	418	1,234
Governor	14,283	13,864	13,826	38	116
Health Care Policy and Financing	1,676,228	1,151,502	1,115,716	35,786	895
Higher Education	660,481	428,761	428,784	(23)	382
Human Services	674,489	650,645	647,236	3,409	4,567
Judicial Branch	336,455	323,815	323,764	51	95
Labor and Employment	-	-	-	-	150
Law	10,008	9,226	9,127	99	204
Legislative Branch	35,162	35,137	32,410	2,727	186
Local Affairs	11,890	11,024	10,901	123	569
Military and Veterans Affairs	5,862	5,408	5,252	156	-
Natural Resources	29,680	26,635	25,881	754	130
Personnel & Administration	6,291	5,576	5,072	504	563
Public Health and Environment	28,232	27,076	26,642	434	53
Public Safety	83,213	81,989	79,496	2,493	222
Regulatory Agencies	1,667	1,457	1,441	16	31
Revenue	188,882	173,271	179,731	(6,460)	46
State	-	-	-	-	53
Treasury	10,534	9,229	9,121	108	23
TOTAL ACTUAL BUDGET AND EXPENDITURES	7,699,548	6,765,602	6,723,100	$ 42,502	$ 9,809
Variance Between Actual and Estimated Budgets	(464,648)	(34,286)	-		
TOTAL ESTIMATED BUDGET	7,234,900	6,731,316	6,723,100		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	(74,900)	(338,316)	(267,005)		
EXCESS AUGMENTING REVENUES			9,809		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	81,800	416,900	418,441		
Transfers-Out To Various Cash Funds	-	(458,058)	(458,058)		
Transfer-In From the Sales and Use Tax Holding Fund	-	3,800	3,800		
Other Net Transfers To/(From) the General Fund	(8,000)	(8,000)	(8,000)		
Transfer-Out to Capital Projects - General Fund	-	(2,000)	(169)		
TOTAL TRANSFERS	73,800	(47,358)	(43,986)		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES			(301,182)		
BEGINNING GENERAL FUND SURPLUS	-	295,600	295,556		
GAAP Revenues/(Expenditures) Not Budgeted			3,575		
(Increase)/Decrease in Long-Term Asset Reserve			1		
Budgeted Decrease (Increase) in Statutory 2 Percent Reserve Requirement	1,100	15,572	15,584		
ENDING GENERAL FUND SURPLUS	-	(74,502)	13,534		
RECONCILIATION TO GAAP UNRESERVED FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2010-11 for Budget			(125,720)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2010-11 for Budget			(89,014)		
GAAP Revenues Related to Deferred Payroll and Medicaid Expenditures			85,908		
GAAP Basis - Shortfall in Statutory Reserve			115,292		
ENDING GAAP UNRESERVED FUND BALANCE			$ -		

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

The three budget-to-actual schedules show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (see pages 108 to 110). These schedules are presented in the budgetary fund structure discussed below. Higher Education Institution funds, with the exception of the amounts included in the Long Appropriations Act as limitations on the earning of certain cash revenues, are excluded from these schedules.

The budgetary fund types used by the State differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all financial resources received by the State that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in significant duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed. However, in the current year as allowed in Colorado Revised Statutes 25.5-4-401(1)(c) the Director of the Office of State Planning and Budgeting and the State Controller authorized the Department to interrupt the normal provider payment schedule for the last two weeks of June. For purposes of the budget, delaying the payments until July 1 caused the expenditures to be deferred into Fiscal Year 2010-11. The Department estimated the deferred expenditures at $28.1 million.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the State into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Act, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year-end unless executive action is taken to rollforward all or part of the remaining unspent budget authority. General-funded appropriations that meet the strict criteria for rollforward are reported in the *Balance Sheet – Governmental Funds* as "Reserved for Encumbrances". Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the state agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures of like purpose. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and estimates of statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded if no General Fund matching funds are required, supplemental appropriations of the Legislature, statutorily authorized appropriations, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. If earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 8A.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the Office of the State Controller.

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (see page 112) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 108 to 110) relate to the change in fund balances/net assets for the funds presented in the fund level statements (see pages 8 to 25).

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense and depreciation, are not budgeted by the General Assembly. In addition, General Fund payroll disbursements for employee time worked in June, Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30, are excluded from the budget and from budget basis expenditures. These expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as "GAAP Expenditures Not Budgeted". Some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain Fiduciary Funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

As required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the State's Schedule of Funding Progress for its other post-employment benefit plans.

Under the standard, the State must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations

See Note 19 on page 67 for additional information regarding the plans listed in the schedule.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] ((b-a)/c)
University of Colorado:							
2008-09	7/1/2008	-	$ 196,714,735	$ 196,714,735	0.0%	$ 898,898,961	21.9%
2007-08	7/1/2007	-	$ 195,972,332	$ 195,972,332	0.0%	$ 831,242,265	23.6%
Colorado State University:							
RMPR							
2008-09	1/1/2009	-	$ 25,187,719	$ 25,187,719	0.0%	$ 238,826,606	10.5%
2007-08	1/1/2007	-	$ 22,079,791	$ 22,079,791	0.0%	$ 199,793,625	11.1%
RMPS							
Restated 2008-09	1/1/2009	-	$ 55,863,780	$ 55,863,780	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 54,012,423	$ 54,012,423	0.0%	N/A	N/A
URX							
2008-09	1/1/2009	-	$ 2,899,120	$ 2,899,120	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 4,267,306	$ 4,267,306	0.0%	N/A	N/A
LTD							
2008-09	1/1/2009	-	$ 12,218,851	$ 12,218,851	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 10,209,899	$ 10,209,899	0.0%	N/A	N/A

[1] – Neither the CSU-RMPS, CSU-URX, nor the CSU-LTD plans' contributions are based on salaries or covered payroll.

UNAUDITED

Department of Personnel & Administration

Good Government Starts Here

APPENDIX B

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners to give prospective investors general information concerning selected economic and demographic conditions existing in the State as of the dates indicated. The statistics have been obtained from the referenced sources and represent the most current information available from the sources indicated; however, certain information is released only after a significant amount of time has passed since the most recent date of the reported data, and therefore such information in many 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 C – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts."

Overview

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

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State capital, is the economic center of the State and the Rocky Mountain region. Approximately 56% of the State's population and 61% of its jobs are located in the Denver/Boulder metropolitan area, which has become a hub for transportation, communication, finance and banking. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

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

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Population and Age Distribution

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

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2000	4.44		282.17	
2001	4.46	0.4%	285.08	1.0%
2002	4.53	1.6%	287.80	1.0%
2003	4.59	1.3%	290.33	0.9%
2004	4.65	1.4%	293.05	0.9%
2005	4.71	1.4%	295.75	0.9%
2006	4.81	2.0%	298.59	1.0%
2007	4.90	1.8%	301.58	1.0%
2008	4.99	1.9%	304.37	0.9%
2009	5.07	1.7%	307.01	0.9%
2010	5.16	1.7%	310.23	1.1%

Note: 2010 figures are forecasts.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

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

Age Distribution as of July 1, 2009

	Colorado		United States	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.24	24.5%	74.55	24.3%
18 to 24	0.55	10.8%	30.41	9.9%
25 to 44	1.41	27.8%	83.10	27.1%
45 to 64	1.36	26.8%	79.38	25.9%
65+	0.52	10.2%	39.57	12.9%
Total	5.07	100.0%	307.01	100.0%
Median Age	36.2		38.2	

Note: Totals may not add due to rounding.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following table provides annual per capita personal income figures for the State, 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
2005	$38,555		$34,064		$35,424	
2006	$40,898	6.1%	$36,293	6.5%	$37,698	6.4%
2007	$42,367	3.6%	$37,767	4.1%	$39,458	4.7%
2008	$43,509	2.7%	$38,825	2.8%	$40,673	3.1%
2009	$41,839	-3.8%	$37,459	-3.5%	$39,626	-2.6%

[1] Per capita personal income is total personal income divided by the July 1 population estimate.

[2] The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah and Wyoming.

Source: U.S. Bureau of Economic Analysis.

Employment

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

Civilian Labor Force, Total Employment, and Unemployment Rates

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2005	2,580.8		2,448.1		5.1%	5.1%
2006	2,642.7	2.4%	2,527.0	3.2%	4.4%	4.6%
2007	2,686.4	1.7%	2,582.5	2.2%	3.9%	4.6%
2008	2,730.4	1.6%	2,596.3	0.5%	4.9%	5.8%
2009	2,701.0	-1.1%	2,492.5	-4.0%	7.7%	9.3%
Year-to-date averages through September:						
2009	2,716.7		2,501.9		7.9%	9.2%
2010	2,660.7	-2.1%	2,445.4	-2.3%	8.1%	9.8%

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: Colorado Department of Labor and Employment, Local Area Unemployment Statistics; U.S. Bureau of Labor Statistics.

The following table shows Colorado employment by industry from 2005 to first quarter 2010. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the State are covered.

Average Number of Employees by Industry

Industry	2005	2006	2007	2008	2009	Year-to-Date 2009Q1	Year-to-Date 2010Q1	Year-to-Date % Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,960	14,834	14,550	14,087	13,737	12,327	11,972	-2.9%
Mining	17,007	20,680	25,019	28,335	24,004	27,002	22,648	-16.1%
Utilities	7,949	8,101	7,950	8,221	8,404	8,406	8,251	-1.8%
Construction	160,082	167,623	167,717	161,814	131,001	135,473	109,557	-19.1%
Manufacturing	150,573	148,848	146,737	144,157	129,635	133,957	123,603	-7.7%
Wholesale Trade	93,768	96,343	99,394	100,144	93,275	95,632	89,987	-5.9%
Retail Trade	246,015	248,443	253,590	252,691	238,417	239,059	231,691	-3.1%
Transportation and Warehousing	61,101	62,089	64,063	63,635	59,072	59,909	56,702	-5.4%
Information	77,435	75,614	76,197	76,963	74,679	76,273	72,059	-5.5%
Finance and Insurance	106,813	109,057	108,018	104,926	100,856	101,973	98,742	-3.2%
Real Estate and Rental and Leasing	46,844	47,690	47,861	46,874	42,930	44,208	41,565	-6.0%
Professional and Technical Services	155,979	162,988	170,603	176,440	169,561	174,400	166,722	-4.4%
Management of Companies and Enterprises	24,900	26,992	28,407	28,652	28,550	28,825	28,342	-1.7%
Administrative and Waste Services	135,273	141,856	149,081	146,446	132,028	127,855	124,961	-2.3%
Educational Services	24,823	25,754	26,975	27,701	28,049	28,094	28,766	2.4%
Health Care and Social Assistance	197,087	202,378	210,529	219,879	225,933	224,140	228,733	2.0%
Arts, Entertainment, and Recreation	43,211	44,226	44,627	45,656	44,555	46,081	46,108	0.1%
Accommodation and Food Services	214,146	220,745	225,787	227,251	217,785	216,252	211,763	-2.1%
Other Services	65,124	65,656	67,043	68,503	65,701	66,261	64,541	-2.6%
Unclassified	261	268	485	779	761	1,011	567	-43.9%
Government	345,972	351,372	358,016	367,712	372,472	370,710	373,526	0.8%
Total*	**2,189,321**	**2,241,556**	**2,292,649**	**2,310,868**	**2,201,406**	**2,217,847**	**2,140,806**	**-3.5%**

* Industry employment levels may not add to total due to rounding.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

The following table shows the largest private sector employers in Colorado as of 2009. 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 (2009)

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	25,960
Dillon Companies (King Soopers/City Market)	Supermarkets	18,600
Centura Health	Healthcare	13,000
Safeway Inc	Supermarkets	10,680
Lockheed Martin	Aerospace	9,010
HCA-HealthOne LLC	Healthcare	9,000
Qwest Communications International Inc	Telecommunications	8,300
Target Corporation	General Merchandise	7,980
University of Denver	Private University	6,190
Exempla Healthcare	Healthcare	6,100
Home Depot	Building Materials Retailer	5,960
Wells Fargo	Banking/Financial Services	5,700
Kaiser Foundation Health Plan of Colorado	Health Maintenance Organization	5,570
Comcast Colorado	Cable Service Provider	5,300
United Parcel Service	Delivery Services	4,790
United Airlines	Air Transportation	4,700
DISH Network LLC	Satellite Television	4,200
University of Colorado Hospital[2]	Healthcare	4,080
Frontier Airlines	Air Transportation	4,000
International Business Machines	Computer Systems and Services	3,800
Xcel Energy	Utility	3,690
Ball Corp	Containers, Aerospace	3,450
Oracle Corporation	Computer Hardware & Software	3,200
MillerCoors	Beverage Manufacturer	3,180
The Children's Hospital	Healthcare	3,140

[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: Colorado Department of Labor and Employment; Denver Business Journal *Book of Lists*.

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The following table shows the largest public sector employers in Colorado as of 2009.

Estimated Largest Public Sector Employers in Colorado (2009)

Employer	Estimated Employees[1]
Federal Government	37,300
State of Colorado	33,700
University of Colorado System[2]	14,790
City and County of Denver	13,000
Jefferson County Public Schools	12,840
Denver Public Schools	12,580
US Postal Service	11,300
Cherry Creek School District No 5	7,740
Douglas County School District RE-1	7,550
Colorado State University	6,510
Denver Health	5,160
Adams 12 Five Star Schools	5,050
Colorado Springs School District 11	4,960
Poudre School District R-1	4,110
Boulder Valley School District RE-2	4,040
Colorado Springs Memorial Hospital	4,020
Aurora Public Schools	4,000
St. Vrain Valley School District RE-1J	3,910
City of Aurora	3,840
Mesa County Valley School District 51	3,420
Academy Schools District No 20	3,230
Jefferson County	2,920
Thompson School District R2J	2,670
City of Colorado Springs	2,620
Greeley School District No 6	2,560

[1] Includes both full-time and part-time employees.

[2] Some workers are also included in the employment count for the University of Colorado Hospital (previous table).

Source: Colorado Department of Labor and Employment; Denver Business Journal *Book of Lists*.

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
2005	$165.54		$123.43	
2006	$186.68	12.8%	$135.69	9.9%
2007	$202.84	8.7%	$148.91	9.7%
2008	$212.88	4.9%	$152.81	2.6%
2009	$184.47	-13.3%	$134.12	-12.2%
Year-to-date totals through July:				
2009	$96.10		$73.73	
2010	$99.09	3.1%	$76.34	3.5%

Source: Colorado Department of Revenue.

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

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

Industry	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	Year-to-date totals through July 2009	Year-to-date totals through July 2010	% Change
Agriculture/Forestry/Fishing	175.1	8.6%	303.1	73.1%	341.1	12.5%	303.8	-10.9%	285.2	-6.1%	161.0	165.1	2.6%
Mining	1,402.4	41.9%	2,239.9	59.7%	2,955.1	31.9%	3,414.2	15.5%	2,214.4	-35.1%	1,106.7	1,271.8	14.9%
Utilities	5,822.7	24.0%	5,453.7	-6.3%	6,312.3	15.7%	7,094.1	12.4%	6,704.8	-5.5%	3,852.0	4,330.1	12.4%
Construction	2,687.5	5.3%	3,262.6	21.4%	3,684.8	12.9%	3,770.0	2.3%	2,807.3	-25.5%	1,562.2	1,326.9	-15.1%
Manufacturing	8,579.5	14.1%	10,097.7	17.7%	11,400.6	12.9%	11,757.8	3.1%	9,185.1	-21.9%	5,098.7	4,769.5	-6.5%
Wholesale Trade	11,155.0	24.1%	12,577.6	12.8%	14,493.5	15.2%	14,491.1	0.0%	11,891.4	-17.9%	5,778.6	5,711.0	-1.2%
Retail Trade													
Motor Vehicle and Auto Parts	13,609.6	-2.6%	13,270.9	-2.5%	14,182.4	6.9%	12,156.8	-14.3%	10,254.2	-15.7%	5,810.4	6,329.7	8.9%
Furniture and Furnishings	2,376.5	2.3%	2,481.7	4.4%	2,573.8	3.7%	2,353.2	-8.6%	1,893.8	-19.5%	1,040.6	1,032.5	-0.8%
Electronics and Appliances	1,914.4	1.7%	2,074.0	8.3%	2,304.7	11.1%	2,244.0	-2.6%	1,984.5	-11.6%	1,067.4	1,106.1	3.6%
Building Materials/Nurseries	5,572.8	12.0%	5,820.6	4.4%	5,766.4	-0.9%	5,281.0	-8.4%	4,200.7	-20.5%	2,463.1	2,520.4	2.3%
Food/Beverage Stores	10,443.2	6.1%	11,064.3	5.9%	12,095.1	9.3%	12,927.4	6.9%	12,557.6	-2.9%	6,781.8	7,357.1	8.5%
Health and Personal Care	1,744.7	4.7%	1,978.3	13.4%	2,139.1	8.1%	2,268.8	6.1%	2,350.2	3.6%	1,305.8	1,385.7	6.1%
Gas Stations	4,366.0	22.3%	4,878.1	11.7%	5,230.0	7.2%	5,764.6	10.2%	4,002.1	-30.6%	2,187.1	2,654.4	21.4%
Clothing and Accessories	2,581.7	-0.5%	2,870.7	11.2%	3,185.4	11.0%	3,108.1	-2.4%	2,892.9	-6.9%	1,551.5	1,633.8	5.3%
Sporting/Hobby/Books/Music	2,390.1	4.2%	2,546.2	6.5%	2,692.2	5.7%	2,579.4	-4.2%	2,367.6	-8.2%	1,314.4	1,293.9	-1.6%
General Merchandise/Warehouse	9,799.4	7.3%	10,304.6	5.2%	10,997.6	6.7%	11,334.9	3.1%	10,973.6	-3.2%	6,061.8	6,067.4	0.1%
Misc Store Retailers	2,384.8	9.1%	2,404.4	0.8%	2,450.4	1.9%	2,364.4	-3.5%	2,204.6	-6.8%	1,222.1	1,253.0	2.5%
Non-Store Retailers	1,565.3	13.1%	3,299.6	110.8%	3,715.0	12.6%	4,299.7	15.7%	2,794.2	-35.0%	1,560.3	1,717.2	10.1%
Total Retail Trade	**58,748.4**	**5.2%**	**62,993.5**	**7.2%**	**67,332.1**	**6.9%**	**66,682.2**	**-1.0%**	**58,476.0**	**-12.3%**	**32,366.3**	**34,351.2**	**6.1%**
Transportation/Warehouse	789.9	12.1%	887.0	12.3%	829.4	-6.5%	756.2	-8.8%	585.7	-22.5%	296.7	249.0	-16.1%
Information	5,648.6	8.9%	5,803.6	2.7%	6,232.2	7.4%	6,983.6	12.1%	7,044.4	0.9%	3,978.7	4,079.6	2.5%
Finance/Insurance	1,359.7	33.1%	2,120.3	55.9%	2,299.9	8.5%	3,085.9	34.2%	2,845.4	-7.8%	1,543.1	1,806.8	17.1%
Real Estate/Rental/Lease	3,016.2	6.8%	3,393.4	12.5%	3,647.3	7.5%	3,607.7	-1.1%	2,903.0	-19.5%	1,723.2	1,649.5	-4.3%
Professional/Scientific/Technical	5,623.3	-9.1%	6,065.8	7.9%	6,623.3	9.2%	6,861.0	3.6%	6,059.0	-11.7%	3,037.3	2,925.9	-3.7%
Admin/Support/Waste/Remediation	1,402.2	9.1%	1,443.2	2.9%	1,745.7	21.0%	1,955.5	12.0%	1,794.7	-8.2%	899.5	956.5	6.3%
Education	329.2	25.3%	389.1	18.2%	425.1	9.2%	461.6	8.6%	421.8	-8.6%	211.4	257.9	22.0%
Health Care/Social Assistance	3,384.6	8.9%	3,923.9	15.9%	4,563.1	16.3%	5,275.3	15.6%	5,740.5	8.8%	3,257.2	3,392.5	4.2%
Arts/Entertainment/Recreation	781.6	9.7%	890.1	13.9%	952.6	7.0%	971.5	2.0%	903.8	-7.0%	532.5	554.6	4.2%
Accommodation	2,281.2	7.6%	2,600.3	14.0%	2,904.8	11.7%	3,033.8	4.4%	2,567.2	-15.4%	1,553.9	1,590.0	2.3%
Food/Drinking Services	6,744.0	4.5%	7,443.9	10.4%	8,042.5	8.0%	8,229.0	2.3%	7,977.1	-3.1%	4,678.1	4,829.6	3.2%
Other Services	3,146.2	6.3%	3,480.1	10.6%	3,825.9	9.9%	3,825.2	0.0%	3,472.6	-9.2%	1,959.9	1,972.5	0.6%
Government	353.7	29.8%	322.8	-8.8%	299.3	-7.3%	249.6	-16.6%	242.5	-2.9%	134.6	150.2	11.7%
Total All Industries	**123,431.0**	**8.4%**	**135,691.6**	**9.9%**	**148,910.8**	**9.7%**	**152,809.2**	**2.6%**	**134,121.9**	**-12.2%**	**73,731.4**	**76,340.2**	**3.5%**

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

Source: Colorado Department of Revenue.

Tourism

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

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2] *Conventions*		Conventions[2] *Delegates*		Conventions[2] *Spending*		Skier Visits[3]	
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
2005	5.46		40		153.4		$305.7		11.82	
2006	5.38	-1.6%	55	37.5%	180.2	17.5%	$358.9	17.4%	12.53	6.1%
2007	5.64	4.9%	75	36.4%	215.4	19.5%	$429.1	19.6%	12.57	0.3%
2008	5.45	-3.3%	75	0.0%	293.4	36.2%	$584.5	36.2%	12.54	-0.2%
2009	5.51	1.1%	66	-12.0%	244.7	-16.6%	$487.4	-16.6%	11.86	-5.5%

[1] Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites and recreation areas.

[2] Includes only those conventions held at the Colorado Convention Center.

[3] Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA.

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
2005	40,140	580	653	4,518	45,891	
2006	30,365	654	563	6,761	38,343	-16.4%
2007	20,516	448	411	8,079	29,454	-23.2%
2008	11,147	290	181	7,380	18,998	-35.5%
2009	7,261	142	93	1,859	9,355	-50.8%
Year-to-date totals through August:						
2009	5,012	116	51	1,300	6,479	
2010	6,479	134	101	1,112	7,826	
% change	*29.3%*	*15.5%*	*98.0%*	*-14.5%*	*20.8%*	

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 about 120 days after the initial filing. Recent changes to Colorado's foreclosure law give borrowers the ability to extend that period, however. Under Colorado HB 09-1276, a foreclosed homeowner who meets certain conditions may qualify for up to a 90-day deferment of foreclosure proceedings. (Note that HB 09-1276 is scheduled to sunset in June 2011.) 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
2005	21,782		12,699	
2006	28,435	30.5%	17,451	37.4%
2007	39,920	40.4%	25,054	43.6%
2008	39,333	-1.5%	21,306	-15.0%
2009	46,394	18.0%	20,437	-4.1%
Year-to-date totals through second quarter:				
2009	22,644		9,353	
2010	21,369	-5.6%	12,573	34.4%

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

Note: Various foreclosure moratoria were enacted in late 2008 and early 2009. As a result, filing and sales activity during those periods appears artificially low when compared to activity in other periods. Over-the-year percentage changes should be interpreted with caution.

Source: Colorado Division of Housing.

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APPENDIX C

THE STATE GENERAL FUND

General Fund Overview

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.

The State Resolution requires that if on June 28, 2011, the amount credited to the Principal Subaccount of the Series 2010 Notes Repayment Account is less than the principal amount of the Series 2010B 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 2010 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 2010-11, including, without limitation, the Planned State Series 2010A General Fund Notes. See "THE SERIES 2010B NOTES – Security and Sources of Payment – *The Series 2010 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."

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Year 2005-06 through Fiscal Year 2009-10 and the forecast for Fiscal Years 2010-11 and 2011-12 from the OSPB September 2010 Revenue Forecast, including (for Fiscal Year 2010-11 only) the requested legislation outlined in the Governor's August 23, 2010, budget balancing proposal to the JBC with respect to Fiscal Year 2010-11 General Fund appropriations, transfers to the General Fund and rebates and expenditures. The table does not reflect the Governor's October 22 and November 1, 2010, budget balancing proposals since they were submitted after the OSPB September 2010 Revenue Forecast. With respect to prior Fiscal Years, the table assumes State law then in effect for General Fund appropriations, transfers to the General Fund and rebates and expenditures. The table also reflects the effect of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Jobs Act"), enacted in 2003, as it pertained to tax relief for State taxpayers and therefore affected State tax revenues. Specifically, the growth incentives for businesses offered under the Jobs Act (which included a 50% bonus depreciation allowance and a small business expensing provision) had the effect of reducing federal adjusted income, which is the basis for the State's income tax, thus resulting in a corresponding reduction in State income tax revenues through Fiscal Year 2005-06.

The table also assumes the infusion of federal stimulus funding under the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") for Medicaid over three Fiscal Years, beginning with Fiscal Year 2008-09. Based on the OSPB September 2010 Revenue Forecast, under the Recovery Act, the State received a General Fund expenditure offset of $214.1 million for Federal Medical Assistance Percentage ("FMAP") participation in Fiscal Year 2008-09 and an additional total of $418.9 million in State funding in Fiscal Year 2009-10. The projected total State funding offsets to Fiscal Year 2010-11 are estimated to equal $363.8 million. Both the Fiscal Year 2009-10 and projected Fiscal Year 2010-11

General Fund offsets due to FMAP are no longer shown as a separate entry on the table below as these offsets are captured in the "General Fund Appropriations Subject to the Appropriations Limit" entry. To the extent received, these amounts reduced General Fund expenditures and any future funding under the Recovery Act is expected to reduce General Fund expenditure for Medicaid.

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

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State of Colorado
General Fund Overview

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

	Actual (Unaudited)					OSPB Forecast	
	Fiscal Year 2005-06	**Fiscal Year 2006-07**	**Fiscal Year 2007-08**	**Fiscal Year 2008-09[13]**	**Fiscal Year 2009-10[14]**	**Fiscal Year 2010-11**	**Fiscal Year 2011-12**
REVENUE:							
Beginning Reserve	$ 237.4	$ 251.7	$ 267.0	$ 283.5	$ 443.8	$ 145.8	$ 135.5
Gross General Fund Revenue [2]:	6,964.6	7,539.8	7,742.9	6,737.8	6,454.6	6,810.0	7,404.0
General Fund	*5,848.5*	*6,231.6*	*6,573.5*	*6,737.8*	*6,454.6*	*6,810.0*	*7,185.0*
General Fund Exempt [3]	*1,116.1*	*1,308.2*	*1,169.4*	--	--	--	*219.0*
Deposit to the State Education Fund [2]	357.2	395.1	407.9	339.9	329.0	333.7	373.4
Gross General Fund Revenue Plus Deposit to the State Education Fund[2]	7,321.8	7,934.9	8,150.8	7,077.7	6,783.6	7,143.7	7,777.4
Diversion to the Highway Users Tax Fund[4]	(220.4)	(228.6)	(238.1)	--	--	--	--
Net Transfers to (from) the General Fund[5]	155.1	--	(5.0)	805.0	(47.6)	90.3	(5.2)
TOTAL REVENUE	7,139.5	7,562.9	7,766.9	7,826.3	6,850.7	7,046.1	7,534.3
EXPENDITURES:							
Allowable General Fund Appropriations Limit	6,292.7	6,675.6	7,087.8	7,546.9	10,616.0[6]	10,385.0	10,560.0
General Fund Appropriations Subject to the Appropriations Limit (Long Bill and Supplemental Bills)[7]	6,292.7	6,675.6	7,087.8	7,387.1	6,603.3	6,776.4	7,055.7
Appropriations Change From Prior Year	*361.2*	*382.9*	*412.3*	*299.3*	*(783.8)*	*173.1*	*279.3*
Percent Change	*6.1%*	*6.1%*	*6.2%*	*4.2%*	*(10.6)%*	*2.6%*	*4.1%*
Exemptions to the Appropriations Limit[8]	5.0	11.1	31.9	12.2	--	--	--
Spending Outside the Appropriations Limit:	153.4	360.0	320.2	210.6	101.7	134.2	196.3
TABOR Refund	--	--	--	--	--	--	--
Rebates and Expenditures[9]	*153.4*	*164.6*	*173.8*	*136.0*	*141.9*	*124.0*	*152.2*
Senior Homestead Exemption[10]	--	*74.2*	*79.8*	*85.6*	*1.3*	*1.6*	*1.7*
Transfer to Capital Construction Fund[11]	*10.1*	*145.9*	*93.7*	*24.9*	*0.2*	*9.1*	*42.3*
Reversions and Accounting Adjustments	*(10.1)*	(24.7)	(27.1)	(36.0)	(39.0)	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures)[12]	--	--	--	(223.9)	(2.7)	(0.5)	--
TOTAL OBLIGATIONS	6,451.1	7,046.6	7,439.9	7,386.0	6,704.9	6,910.6	7,252.1
RESERVES							
Year-End Excess General Fund Balance	688.4	516.3	327.0	443.8	145.8	135.5	282.2
Year-End Excess General Fund Balance as a Percent of Appropriations	*10.9%*	*7.7%*	*4.6%*	*2.0%*	*2.2%*	*2.0%*	*4.0%*
Unappropriated Reserve	251.7	267.0	283.5	148.2	132.1	135.5	282.2
Moneys in Excess of Statutory Reserve:	436.7	249.3	43.4	295.5[15]	13.7	--	--
Transfer to Highway Users Tax Fund (2/3)[13]	*291.1*	*166.2*	*29.0*	--	--	--	--
Transfer to Capital Construction Fund (1/3 [13]	*145.6*	*83.1*	*14.5*	--	--	--	--

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 Amendment 23 mandates that, effective January 1, 2001, an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited to the State Education Fund.

3 Under Referendum C, a "General Fund Exempt Account" is created in the General Fund, which consists of moneys collected in excess of the TABOR limit in accordance with Referendum C. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights – *Colorado Economic Recovery Act of 2005*."

4 For Fiscal Years 2005-06 through 2008-09, a portion of net sales and use tax revenues was required to be diverted to the Highway Users Tax Fund if General Fund revenues are sufficient to fund appropriations and maintain the Unappropriated Reserve. This requirement was repealed by SB 09-228 beginning with Fiscal Year 2009-10 and for all subsequent years.

5 This figure represents the total transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds. Amounts in parentheses represent transfers from the General Fund to various cash funds.

[Notes continued on next page]

[6] Per SB 09-228 for Fiscal Year 2009-10, this appropriation limit was revised from the lesser of (i) 5% of Colorado Personal Income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriated amounts from the General Fund during the prior Fiscal Year, to just 5% of Colorado Personal Income. The significant increases to the limit reflected in the table beginning in Fiscal Year 2009-10 are primarily attributable to this legislative revision.

[7] These amounts for Fiscal Year 2010-2011 and Fiscal Year 2011-12 reflect the current amount of General Fund appropriations that could be supported by projected revenues, based on the OSPB September 2010 Revenue Forecast. For Fiscal Year 2009-10, this amount includes a requested reduction of $28.1 million specific to a two-week delay in Medicaid provider payments – this action has not yet been adopted by the General Assembly, but was executed operationally by the State's executive branch and the savings were realized in Fiscal Year 2009-10.

[8] In Fiscal Year 2005-06, $5.0 million was appropriated to the State Department of Education as a result of a requirement of a state court order. In Fiscal Years 2006-07, 2007-08 and 2008-09, totals of $11.1 million, $31.9 million and $12.2 million, respectively, are not subject to the appropriations limit pursuant to Section 24-75-201.1(1)(a)(III)(B), C.R.S., but are used as the base for calculating the following year's appropriations limit. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation*."

[9] This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions. Per SB 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund appropriation growth limit and are included in the amounts shown for Fiscal Years 2005-06 and beyond. This line item also includes the impact of the reduction or suspension of contributions to the Fire and Police Pensions Association old hire plan members' benefit trust fund in Fiscal Years 2009-10 and 2010-11 per SB 09-203 and SB 09-227.

[10] The senior Homestead Exemption property tax credit was suspended for Fiscal Year 2005-06, reinstated in Fiscal Years 2006-07 through 2008-09 and again suspended (except for an exemption for qualified disabled veterans) for Fiscal Years 2009-10 and 2010-11.

[11] HB 04-1412 eliminated the General Fund transfer to the Capital Construction Fund provided by Section 24-75-302(2), C.R.S., in Fiscal Year 2005-06. The transfers shown in the table in these Fiscal Years are per HB 04-1003 and HB 04-1021, respectively. Also included are continuation costs for Fiscal Year 2009-10 capital requests, Level I Controlled Maintenance funding and certificate of participation payments appropriated from capital construction funds.

[12] The table reflects the infusion of federal stimulus funding for FMAP in Fiscal Years 2008-09 through 2010-11. For Fiscal Year 2009-10 and 2010-11, General Fund expenditure offsets due to FMAP are predominately included in the "General Fund Appropriations Subject to the Appropriations Limit" line item.

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

[14] Figures reported in this column are considered preliminary because they are based on the OSPB September 2010 Revenue Forecast, which was released before the State's Fiscal Year 2009-10 CAFR.

[15] This excess amount is due to a one time transfer of $458,057,698 from specified cash funds to the General Fund on June 30, 2009.

Sources: State Treasurer's Office and OSPB September 2010 Revenue Forecast

Discussion of Recent General Fund Operations

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

Fiscal Year 2009-10 (Preliminary Unaudited). The following information is taken from the OSPB September 2010 Revenue Forecast and was based on unaudited preliminary figures.

General Fund revenues decreased by 4.3% in Fiscal Year 2009-10 compared to a decrease of 12.9% in Fiscal Year 2008-09. In Fiscal Year 2009-10, sales and use tax revenues decreased by 6.0% compared to a decrease of 9.1% in Fiscal Year 2008-09. Other excise tax revenues increased 0.9% compared to a decline of 1.7% in Fiscal Year 2008-09. Corporate and individual income tax collections decreased 3.7% compared to a decrease of 15.6% in Fiscal Year 2008-09. Other revenues declined 1.1% in Fiscal Year 2009-10 compared to a decline of 0.2% in Fiscal Year 2008-09. Total available funds for expenditure in Fiscal Year 2009-10 (which excludes the amount deposited into the State Education Fund) were $6,850.7 million and total obligations were $6,704.9 million. In accordance with Amendment 23, $329.0 million was diverted to the State Education Fund. The General Funds statutory reserve was $132.1 million. As permitted by SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2008-09. Comprehensive General Fund revenues decreased by 12.9% in Fiscal Year 2008-09 compared to an increase of 2.7% in Fiscal Year 2007-08. In Fiscal Year 2008-09, sales and use tax revenue decreased by 9.1% compared to an increase of 4.9% in Fiscal Year 2007-08. Other excise tax revenue declined 1.7% compared to a decline of 0.7% in Fiscal Year 2007-08. Corporate and individual income tax collections decreased 15.6% in Fiscal Year 2008-09 compared to an increase of 2.1% in Fiscal Year 2007-08. Other revenues declined 2.2% in Fiscal Year 2008-09 compared to a decline of 1.7% in Fiscal Year 2007-08. Total funds available for expenditure in Fiscal Year 2008-09 (which excludes the amount deposited into the State Education Fund) were $7,826.3 million and total obligations were $7,386.3 million. In accordance with Amendment 23, $339.9 million was diverted to the State Education Fund. The General Fund statutory reserve was $148.2 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2007-08. General Fund revenues increased by 2.7% in Fiscal Year 2007-08 compared to an increase of 8.3% in Fiscal Year 2006-07. In Fiscal Year 2007-08, sales and use tax revenues increased by 4.9% compared to an increase of 4.1% in Fiscal Year 2006-07. Other excise tax revenue declined by 0.7% in Fiscal Year 2007-08 compared to an increase of 2.0% in Fiscal Year 2006-07. Corporate and individual income tax collections increased by 2.1% in Fiscal Year 2007-08 compared to an increase of 11.3% in Fiscal Year 2006-07. Other revenues declined by 1.7% in Fiscal Year 2007-08 compared to a decline of 7.2% in Fiscal Year 2006-07. Total available funds for Fiscal Year 2007-08 (which excludes the amount deposited into the State Education Fund) were $7,766.9 million and total obligations were $7,439.9 million. In accordance with Amendment 23, $407.9 million was transferred to the State Education Fund, and in accordance with SB 97-1, $238.1 million was transferred to the Highway Users Tax Fund. The General Fund year-end reserve was $327.0 million, which was allocated as follows: $283.5 million constituted the statutorily required Unappropriated Reserve for that Fiscal Year, and in accordance with HB 02-1310, two-thirds of the amount in excess of the 4% Unappropriated Reserve ($29.0 million) was transferred to the Highway Users Tax Fund and one-third of such excess ($14.5 million) was transferred to the Capital Construction Fund.

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

Fiscal Year 2005-06. General Fund revenues (including deposits to the State Education Fund per Amendment 23) grew 13.1% in Fiscal Year 2005-06, compared to an increase of 7.1% in Fiscal Year 2004-05. Sales and use tax revenues increased 5.7% in Fiscal Year 2005-06 compared to an increase of 5.2% in Fiscal Year 2004-05. Individual income tax revenues increased 17.9%, compared to an increase of 7.6% in Fiscal Year 2004-05. Total available funds for Fiscal Year 2005-06 (which excludes the amount deposited to the State Education Fund) were $7,139.5 million and total obligations were $6,451.1 million. In accordance with Amendment 23, $357.2 million was transferred to the State Education Fund, and in accordance with SB 97-001, $220.4 million was transferred to the Highway Users Tax Fund. The

General Fund year-end reserve was $688.4 million, which was allocated as follows: $251.7 million constituted the statutorily required 4% Unappropriated Reserve, and in accordance with HB 02-1310, two-thirds of the Unappropriated Reserve in excess of the 4% Unappropriated Reserve requirement ($291.1 million) was transferred to the Highway Users Tax Fund and one-third of such excess ($145.6 million) was transferred to the Capital Construction Fund.

General Fund Revenue Sources

The following is a description of the revenue sources to the General Fund. The major revenue sources are the individual income tax, the general sales and use tax and the corporate income tax. In Fiscal Year 2009-10, individual and corporate income taxes comprised approximately 65.7% of total General Fund revenues, and general sales and use taxes contributed approximately 29.2% of total General Fund revenues (General Fund revenues described above are before State Education Fund diversions). The OSPB forecasts that gross General Fund revenue will grow at a compound average annual rate of 6.4% between Fiscal Year 2009-10 and Fiscal Year 2012-13.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. Individual income tax revenues comprised 60.2% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 59.9% of total General Fund revenues in Fiscal Year 2010-11 and 60.6% of total General Fund revenues in Fiscal Year 2011-12. Individual income tax revenues increased by 17.9% in Fiscal Year 2005-06, 11.3% in Fiscal Year 2006-07, 2.1% in Fiscal Year 2007-08, and decreased 12.9% in Fiscal Year 2008-09 and 5.8% in Fiscal Year 2009-10. The OSPB forecasts that Fiscal Year 2010-11 individual income tax revenues will increase by 4.7% over Fiscal Year 2009-10.

Corporate Income Tax. Corporate income tax revenues accounted for 5.5% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 5.0% of total General Fund revenues in Fiscal Year 2010-11 and 6.0% of total General Fund revenues in Fiscal Year 2011-12. Corporate tax receipts are the most volatile revenue source for the General Fund. In Fiscal Year 2005-06, corporate income tax receipts increased 42.0% due to one-time revenue received from the repatriation of corporate foreign earnings under the American Jobs Creation Act of 2004. Corporate income tax receipts increased 11.3% in Fiscal Year 2006-07, 2.0% in Fiscal Year 2007-08, and decreased 42.4% in Fiscal Year 2008-09. Corporate income tax receipts increased in Fiscal Year 2009-10 by 27.2%.

Sales and Use Taxes. Sales and use tax receipts accounted for 29.2% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 30.1% of total General Fund revenues in Fiscal Year 2010-11 and 28.9% of total General Fund revenues in Fiscal Year 2011-12. Sales and use tax revenues increased 5.7% in Fiscal Year 2005-06, 4.1% in Fiscal Year 2006-07 and 4.9% in Fiscal Year 2007-08, and decreased 9.1% and 6.0% in Fiscal Year 2008-09 and Fiscal Year 2009-10, respectively. Per SB 09-212 and SB 09-275, the State retained the full amount allowable from the 2.9% sales tax rate, without a reduction for administrative costs associated with vendors collecting the tax in Fiscal Year 2009-10 and vendors will continue to remit the full amount of taxes collected for Fiscal Year 2010-11. In addition, the State expects to receive additional sales taxes as a result of the elimination of the sales tax exemptions on cigarettes pursuant to HB 09-1342.

Other Excise Taxes. In addition to the State sales and use tax, the State imposes excise taxes on the sale of cigarettes, tobacco products and liquor. These other excise tax receipts accounted for 1.4% of General Fund revenue (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 1.2% of total General Fund revenues in Fiscal Year 2010-11. Other excise tax revenues decreased 4.9% in Fiscal Year 2005-06, increased 2.0% in Fiscal Year 2006-07, decreased 0.7% in Fiscal Year 2007-08, decreased 1.7% in Fiscal Year 2008-09 and decreased 3.7% in Fiscal Year 2009-10.

In 2004, Colorado voters passed Amendment 35, which increased the tax on all tobacco products by 20% and increased the tax on cigarettes by $0.60 per pack beginning in 2005. This caused a decline in sales of cigarettes and other tobacco products which in turn contributed to the large decline in other excise tax revenues in Fiscal Year 2005-06 and the decline in tobacco and cigarette tax revenues in Fiscal Year 2006-07 and thereafter. The additional revenues generated by the tax are TABOR exempt. Therefore, while cash collections increased as a result of the additional tax, General Fund revenues declined as the number of cigarette and other tobacco products purchased decreased. The additional cash collections are deposited to the Tobacco Tax Cash Fund created by Amendment 35.

Other Revenues. This category includes a diverse group of revenues such as estate taxes, insurance taxes, pari-mutuel taxes, interest income, court receipts, gaming taxes and other income, and as a group are relatively volatile. Other revenues accounted for 3.8% of total General Fund revenues (total receipts before State Education Fund diversions) in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 3.7% of total General Fund revenues in Fiscal Year 2010-11, and 3.3% of total General Fund revenues in Fiscal Year 2011-12. As a whole, revenues in this category declined 17.3% in Fiscal Year 2005-06, 7.2% in Fiscal Year 2006-07, 1.7% in Fiscal Year 2007-08 and 2.2% in Fiscal Year 2008-09. The large decrease in Fiscal Year 2005-06 was a result of HB 06-1201, which redirected approximately $24.0 million of Limited Gaming Cash Fund revenue that was previously transferred to the General Fund to the Colorado Travel and Tourism Promotion Fund ($18.0 million), the State Council on the Arts Cash Fund ($1.5 million), the Film Incentives Cash Fund ($0.5 million) and the New Jobs Incentives Cash Fund ($3.0 million). SB 07-246 transferred $7.0 million from the Limited Gaming Cash Fund revenues to the Clean Energy Fund, and the remainder of $6.5 million remained in the General Fund. In Fiscal Year 2007-08 and thereafter, all moneys from the Limited Gaming Cash Fund that previously would have been transferred to the General Fund were instead transferred to the Clean Energy Fund. However, to alleviate the shortfall in Fiscal Year 2008-09, approximately $2.8 million was transferred to the General Fund rather than to the Clean Energy Fund. Similar transfers to the General Fund from limited gaming revenues occurred in Fiscal Year 2009-10 in the amount of $16.2 million and are anticipated to be in the amount of $33.2 million in Fiscal Year 2010-11 based on current law. The OSPB forecasts that other revenues will increase 5.1% in Fiscal Year 2010-11 and decrease 5.3% in Fiscal Year 2011-12.

Historical and Projected Major Tax Receipts. The following table sets forth the State's receipts from major taxes for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2010-11 and 2011-12. See also "OSPB Revenue and Economic Forecasts" below and the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Receipts from Major Taxes
(Dollar amounts expressed in millions)

	Actual					OSPB Estimate[1]	
	Fiscal Year 2005-06	**Fiscal Year 2006-07**	**Fiscal Year 2007-08**	**Fiscal Year 2008-09**	**Fiscal Year 2009-10**	**Fiscal Year 2010-11**	**Fiscal Year 2011-12**
Individual Income Tax	$4,376.1	$4,870.9	$4,973.7	$4,333.3	$4,083.8	$4,276.8	$4,716.7
Change from Prior Year	17.9%	11.3%	2.1%	(12.9)%	(5.8%)	4.7%	10.3%
Corporate Income Tax	$447.4	$497.9	$507.9	$292.5	$372.1	$357.8	$469.6
Change from Prior Year	42.0%	11.3%	2.0%	(42.4)%	27.2%	(3.8)%	31.3%
Sales and Use Tax[(2), (3)]	$2,123.2	$2,209.5	$2,317.9	$2,107.8	$1,980.7	$2,152.9	$2,245.8
Change from Prior Year	5.7%	4.1%	4.9%	(9.1)%	(6.0)	10.9%	4.3%
Other Excise Taxes	$92.2	$94.0	$93.3	$91.7	$92.3	$88.6	$91.9
Change from Prior Year	(4.9)%	2.0%	(0.7)%	(1.7)%	0.7%	(4.0)%	3.7%
Other Revenues	$282.9	$262.5	$258.1	$252.4	$254.6	$267.7	$253.3
Change from Prior Year	(17.3)%	(7.2)%	(1.7)%	(2.2)%	(1.1)%	5.1%	(5.3)%

1 OSPB September 2010 Revenue Forecast. Projections for individual, corporate and sales tax revenue in these years incorporate the impact from the Governor's budget balancing proposals, including revenue enhancement proposals from the elimination or suspension of State tax exemptions and credits. See "*Individual Income Tax*," "*Corporate Income Tax*" and "*Sales and Use Taxes*" above.

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

3 Sales tax figures for Fiscal Year 2008-09 include the impact of SB 09-212, which reduced vendor allowances from 3.33% to 1.35% of all sales tax revenue. In addition, per SB 09-275, no vendor allowance is allowed in Fiscal Years 2009-10 or 2010-11, and HB 09-1342 eliminated the $0.84 cigarette tax exemption for Fiscal Years 2009-10 and 2010-11.

Source: Office of State Planning and Budgeting

Revenue Estimation

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

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast was provided by Action Economics for the OSPB September 2010 Revenue Forecast. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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

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

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

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 State 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 OSPB September 2010 Revenue Forecast projected a Fiscal Year 2010-11 shortfall in excess of one-half of the 4% Unappropriated Reserve requirement for such Fiscal Year, and thus in October 2010 the Governor implemented the procedures described below for Fiscal Year 2010-11. See "*Budgetary Reduction Measures for Fiscal Year 2010-11*" and "OSPB Revenue and Economic Forecasts – *Revenue Forecast*" below.

Budgetary Reduction Measures for Fiscal Year 2010-11. Based on the June 21, 2010, OSPB economic and revenue forecast, Fiscal Year 2010-11 General Fund appropriations exceeded projected revenues for that Fiscal Year by $59.1 million. The Governor's Office therefore submitted a budget balancing plan to the JBC on August 23, 2010, to address this $59.1 million shortfall, as well as an additional $67.2 million shortfall associated with anticipated Medicaid federal funds falling below previously budgeted levels, and the associated $1.3 million General Fund reserve adjustment. The total budget balancing plan on August 23, 2010, was therefore for $127.6 million.

The OSPB September 2010 Revenue Forecast states that after adjusting for the August 23, 2010, budget balancing action taken by the Governor, a revised shortfall is projected at $256.9 million for Fiscal Year 2010-11. On October 22, 2010, the Governor presented a budget balancing plan providing balancing measures totaling $296.5 million to the General Fund, including $226.6 million in General Fund expenditures reductions (primarily to K-12 education programs), $65.4 million associated with net transfers to the General Fund from cash funds (primarily from severance tax funds) and $4.5 million reflecting a reduction of the Unappropriated Reserve since such reserve is a percentage of the Fiscal Year 2010-11 General Fund expenditures which are to be reduced.

While many of the Governor's budget balancing actions have already been made operational by the executive branch, as required by statute, the General Assembly must adopt the Governor's plans through legislative action prior to the Fiscal Year 2010-11 budget being balanced.

The next OSPB revenue forecast will be released on December 20, 2010. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2010 Revenue Forecast and may project an additional revenue shortfall. Due to the volatility in the State and national economies, on average the last six forecasts from the OSPB have been significantly lower than the immediately preceding forecast, and such volatility may be reflected in the December 2010 forecast. If an additional revenue shortfall is projected for Fiscal Year 2010-11, further budget cuts will be necessary to ensure a balanced budget. A further cash shortfall may adversely affect the State's ability to fund any deficiency in the Principal Subaccount of the Series 2010 Notes Repayment Account on June 28, 2011. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Year 2010-11 through Fiscal Year 2012-13. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts. The most recent OSPB Revenue Forecast was issued on September 20, 2010, and is summarized below.

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

Revenue Forecast. Based on the 2010 legislative session, Fiscal Year 2010-11 General Fund appropriations subject to limitation under Section 24-75-201.1, C.R.S. equal $6,940.3 million, an increase of 4.7% over final Fiscal Year 2009-10 appropriations of $6,631.4 million. However, due to Fiscal Year 2009-10 and Fiscal Year 2010-11 budget balancing measures and the anticipated reduction in federal matching funds for Medicaid, Fiscal Year 2010-11 General Fund expenditure need is $93.0 million more than currently appropriated. Of this additional amount, $67.2 million is due to reductions at the national level regarding enhanced federal funding for Medicaid; $28.1 million is due to the two week delay in Medicaid provider payments at the end of Fiscal Year 2009-10 that increased Fiscal Year 2010-11 expenditures; $3.9 million is requested in September 20, 2010, emergency supplemental requests to the Joint Budget Committee; and all are partially offset by a reduction of $6.2 million in General Fund expenditures resulting from the Governor's August 23 budget balancing plan. After incorporating these additional General Fund obligations, the forecast projects that General Fund obligations exceed projected revenues, after maintaining one-half of the current statutory reserve requirement of 4.0%, by $256.9

million. See "Revenue Estimation – *Budgeting Reduction Measures for Fiscal Year 2010-11*" above for a description of the Governor's proposed budget balancing plan in response to such projected shortfall.

The OSPB September 2010 Revenue Forecast projects revenues adequate to maintain the Fiscal Year 2011-12 minimum reserve required in Section 24-75-201.1, C.R.S., and to appropriate General Fund expenditures as high as $7,055.7 million, which is $279.3 million (4.1%) over projected Fiscal Year 2010-11 levels after adjusting for the current year projected shortfall. This increase in appropriations is slight considering continued high caseload levels for Medicaid and Corrections which are typical after recessionary periods, projected loss of enhanced federal financial participation in Medicaid when stimulus funding expires, and returning the General Fund Unappropriated Reserve to a full 4.0% statutory level.

See also "General Fund Overview" and "Revenue Estimation – *Budgetary Reduction Measures for Fiscal Year 2010-11*" above.

Economic Forecast. The OSPB quarterly revenue forecasts also include both Colorado and national economic forecasts. Slowing growth at the national level introduces new uncertainty at the State level. Reinforced by the summer months of 2010 providing less than expected economic improvement locally, mixed signals exist regarding the speed of economic recovery in Colorado. With little improvement seen in both employment and personal income growth in Colorado, downward revisions to previous OSPB projections were necessitated.

Employment. Employment growth in Colorado has yet to develop any discernable trend. Seasonally-adjusted nonagricultural employment has continued to decrease through April 2010. After a loss in June of 3,400 jobs, Colorado added just 1,900 jobs in July 2010.

Colorado nonagricultural employment decreased by 4.5% in 2009 and is expected to contract again at an annual rate of 1.7% for 2010. Education, health care, financial, and government sectors have been experiencing job gains through the second quarter of 2010, but it will take job gains across all of Colorado's diverse economy to erase the losses experienced during the recession. Employment growth of 1.7% is expected on average from 2011 through 2013.

The unemployment rate in Colorado is forecast by the OSPB at 7.9% for 2010. That is up from 7.3% for 2009; however, this 2010 projection is nearly two percentage points below the forecasted national rate. The return of discouraged workers to the labor force will keep the unemployment rate above 6.0% through the forecast horizon.

Inflation. The Consumer Price Index ("CPI") measures the average price of a specified market basket of goods and services purchased by consumers. Measured by the federal Bureau of Labor Statistics every six months for the Denver-Boulder-Greeley metropolitan area, the CPI identifies price fluctuations for many components, including: food, housing, medical care, transportation, education, energy, entertainment, etc.

As is the case at the national level, inflation expectations in Colorado are quite moderate in the near term. Calendar year 2009 realized an annual deflation rate of 0.6% in Colorado. Sluggish employment growth and weak personal consumption should hold inflation below historical averages in 2010.

The OSPB forecast is unchanged from its June 2010 forecast and projects 1.0% annual inflation in Colorado during 2010 with only modest increases throughout the forecast period.

Wages and Income. The first quarter of 2010 was the third consecutive quarterly increase in Colorado personal income since early 2008. Although Colorado is seeing growth in personal income, the driver of that growth has not been wage growth. Rather, transfer receipts have been the supporting factor for most of the increases experienced as thousands of displaced workers continue to receive social benefits from the State. As such, despite growth in total, personal income growth attributable to economic stability has not yet materialized.

Personal income is closely linked to employment growth in Colorado. As the employment situation improves and Colorado begins to experience consistent job growth, personal income should benefit. Colorado personal income is forecast to increase by 1.7% in 2010. Annual average growth for personal income of 4.2% is forecast from 2010 through 2013.

Population and Migration. Population in Colorado is forecast to grow by 1.7% in 2010. The population growth rate has remained relatively steady over the past five years and is forecast to remain near 1.7% through 2013. The 2010 forecast shows migration of 43,659 equating individual reactions to Colorado receiving attention throughout the recession for being a job creation leader.

Construction. Colorado nonresidential construction activity has continued to deteriorate since 2008. Colorado experienced back-to-back contractions in nonresidential construction of 12.5% and 22.4% during 2008 and 2009. Calendar year 2010 is forecast to decrease another 21.0%. The historically low interest rate environment present in the U.S. capital markets has yet to spur a return to nonresidential construction spending. This could be in part due to businesses' uncertain outlook towards the economy.

Residential housing permits in Colorado ended down 50.5% in 2009. The OSPB forecast for 2010 is an increase of 19.3% in permits. This is significantly reduced from the June forecast of a 44.8% increase. The removal of the federal home-buyer tax credit in late spring has brought new housing construction to a standstill. Weakness in both existing and new home sales has continued through the summer, and it is uncertain as to when the Colorado housing market will return to robust growth.

Metropolitan Home Price Values. Colorado home prices have fared better than the nation as a whole throughout the recession. The impending expiration of the federal home-buyer tax credit in April 2010 may have given some artificial support to Denver area home prices throughout the spring of 2010. Although year-over-year gains are still being seen in Denver, the past three month-over-month price changes have shown declining metro-area home prices.

Retail Trade. The current recession has had a marked impact on the Colorado consumer. Weak labor market conditions and decreases in household wealth have introduced significant uncertainty into future consumer behavior. Retail trade decreased 10.5% in 2009. As labor market conditions improve and personal income increases, retail purchases are anticipated to benefit. OSPB has lowered its September 2010 forecast based on a higher national savings rate and weakening consumer confidence throughout the summer months. Projected retail trade growth of 5.4% is forecast for 2010.

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

Investment of the State Pool

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

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

Fiscal Years 2009-10 and 2010-11 (First Four Months) Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State pool as of the end of each month in Fiscal Year 2009-10 and first four months of Fiscal Year 2010-11.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2009-10
(Amounts expressed in millions)[1]

	July 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	June 2010
Agency CMOs	$ 287.2	$ 279.9	$ 273.4	$ 312.2	$ 305.8	$ 299.3	$ 292.6	$ 316.3	$ 335.3	$ 327.4	$ 320.2	$ 313.0
Commercial Paper	100.0	0.0	0.0	0.0	40.0	419.9	350.0	136.0	245.0	110.0	180.0	214.9
U.S. Treasury Notes	657.2	647.1	656.6	661.3	631.2	680.6	680.4	685.6	730.5	740.3	675.3	675.2
Federal Agencies	3,928.6	3,543.6	3,506.7	3,433.6	3,021.9	2,515.9	3,065.5	3,003.6	3,089.9	3,697.3	3,792.2	3,586.7
Asset-Backed Securities	606.0	580.9	553.6	542.3	532.6	521.1	513.4	492.6	482.6	467.8	432.2	400.0
Money Market	372.0	357.0	267.0	235.0	300.0	300.0	300.0	280.0	195.0	140.0	180.0	190.0
Corporates	385.6	385.6	368.8	355.6	371.0	373.0	365.1	385.1	380.1	374.2	367.7	379.7
Certificates of Deposit	46.5	41.0	38.5	36.7	31.3	31.0	30.5	30.5	30.5	30.4	29.5	27.3
Totals	$6,383.1	$5,835.1	$5,664.6	$5,576.7	$5,233.8	$5,140.8	$5,597.5	$5,329.7	$5,488.9	$5,887.4	$5,977.1	$5,786.8

[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
First Four Months of Fiscal Year 2010-11
(Amounts expressed in millions)[1]

	July 2010	Aug 2010	Sept 2010	Oct 2010
Agency CMOs	$ 306.0	$ 299.2	$ 291.7	$ 283.8
Commercial Paper	118.0	205.0	322.0	65.0
U.S. Treasury Notes	675.2	675.1	675.1	675.1
Federal Agencies	3,348.0	2,813.0	2,772.0	2,829.1
Asset-Backed Securities	386.5	367.1	350.4	316.0
Money Market	200.0	185.0	200.0	160.0
Corporates	364.6	357.9	370.8	368.3
Certificates of Deposit	25.8	24.0	21.8	21.5
Totals	$5,424.1	$4,926.3	$5,003.8	$4,718.8

[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 balances, including the ability to both issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "STATE FINANCIAL INFORMATION – The State Treasurer."

The following tables present on a cash basis the actual cash flows of the General Fund for Fiscal Year 2009-10, and the actual and estimated cash flows for the General Fund for Fiscal Year 2010-11, 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. The tables should be read in conjunction with the information set forth above in this section.

Monthly cash flow projections for Fiscal Year 2010-11 are based upon (i) the General Fund appropriations for Fiscal Year 2010-11 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB September 2010 Economic Forecast discussed in "OSPB Revenue and Economic Forecasts" above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of cash flow estimated for Fiscal Year 2010-11. Additionally, the timing of transactions from month to month may vary from the forecasts. See the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Cash Flow
Fiscal Year 2009-10
Current Law
(Amounts expressed in millions; totals may not add due to rounding)

	Jul 2009	Aug 2009	Sept 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Total
Beginning Cash and Investments Balance	$ 278.3												$ 278.3
Revenues:													
General Fund Revenue:													
Sales and Use Tax	172.5	$ 173.0	$ 179.9	$ 173.5	$ 163.1	$ 165.3	$ 198.2	$ 150.1	$ 152.3	$ 170.1	$ 164.5	$ 116.6	1,979.1
Individual Income Tax	309.7	257.1	360.3	329.2	293.4	311.5	440.7	126.8	160.1	457.9	316.9	413.4	3,777.0
Corporate Income Tax	5.4	3.1	73.6	27.6	(21.2)	30.0	25.3	4.0	41.3	66.7	13.6	80.6	350.0
Other	58.4	16.7	17.9	41.0	28.2	0.1	19.4	51.7	63.4	125.2	43.5	167.8	633.3
Total General Fund Revenue	546.0	449.9	631.7	571.3	463.5	506.9	683.6	332.6	417.1	819.9	538.5	778.4	6,739.4
Augmenting Revenue – Primarily Federal Revenue[1]	184.9	386.1	437.4	350.8	493.3	483.0	372.9	443.0	483.4	330.6	447.7	1,106.6	5,519.7
Total Revenues	730.9	836.0	1,069.1	922.1	956.8	989.9	1,056.5	775.6	900.5	1,150.5	986.2	1,885.0	12,259.1
Expenditures[1]:													
Payroll	133.3	122.5	114.7	115.4	114.4	95.1	112.1	108.2	109.6	106.2	107.6	125.9	1,365.0
Medical Assistance	250.2	311.1	226.1	223.1	337.3	285.7	192.9	309.6	245.4	410.7	409.1	279.0	3,480.2
Public School Distribution	782.1	(12.1)	774.0	0.2	1.7	769.3	2.8	0.3	769.6	0.3	0.2	2.0	3,090.4
Higher Education Distribution	4.0	42.7	--	8.0	4.0	36.9	--	--	0.1	--	--	(2.1)	93.6
Grants and Contracts	43.2	256.3	304.4	203.4	235.4	290.6	247.8	238.0	269.7	235.4	242.0	434.6	3,000.8
Other	125.1	214.6	98.8	111.7	129.8	132.2	66.7	98.2	67.9	(39.1)	37.8	158.4	1,202.1
Total Expenditures	(1,337.9)	(935.1)	(1,518.0)	(661.8)	(822.6)	(1,609.8)	(622.3)	(754.3)	(1,462.3)	(713.5)	(796.7)	(997.8)	(12,232.1)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(328.7)	(99.1)	(448.9)	260.3	134.2	(619.9)	434.2	21.3	(561.8)	437.0	189.5	887.2	(305.3)
Revenue Accrual Adjustment	116.8	(16.6)	(31.7)	51.2	(79.6)	48.7	10.0	13.6	(36.1)	3.3	7.4	(54.3)	(32.7)
Expenditure Accrual Adjustment	(280.2)	69.0	(1.2)	(85.2)	51.6	28.9	(10.3)	(18.6)	76.3	79.9	(145.6)	256.1	20.7
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	(319.4)	--	--	--	--	--	--	--	12.3	--	--	--	(307.1)
Homestead Exemption	--	--	--	--	--	--	--	--	--	(1.0)	--	--	(1.0)
General Fund Notes – Including Premium and Interest	659.4	--	--	--	--	--	--	--	--	--	--	(662.1)	(2.7)
Capital Construction Transfer	(2.0)	--	--	--	--	--	--	--	--	--	--	--	(2.0)
Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Reserve Transfer to Capital Construction Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	(154.1)	(46.7)	(481.8)	226.3	106.2	(542.3)	433.9	16.3	(509.3)	519.2	51.3	426.9	45.9
General Fund Cash Balance End of Month	**$ (154.1)**	**$(200.8)**	**$ (682.6)**	**$(456.3)**	**$(350.1)**	**$ (892.4)**	**$ (458.5)**	**$(442.2)**	**$ (951.5)**	**$ (432.3)**	**$(381.0)**	**$ 45.9**	

[1] Balances do not reflect receipt or expenditure of Recovery Act funds.

Source: State Treasurer's Office

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2010-11
Current Law

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

	Actual				Estimated[1]								
	July 2010	**Aug 2010**	**Sept 2010**	**Oct 2010**	**Nov 2010**	**Dec 2010**	**Jan 2011**	**Feb 2011**	**Mar 2011**	**Apr 2011**	**May 2011**	**June 2011**	**Total**
Beginning Cash and Investments Balance	$ 46.0												$ 46.0
Revenues:													
General Fund Revenue:[1]													
Sales and Use Tax	184.9	$ 163.1	$ 189.2	$ 186.5	$ 172.0	$ 174.3	$ 209.0	$ 158.2	$ 160.6	$ 179.3	$ 173.4	$ 186.3	2,136.8
Individual Income Tax	288.0	300.9	406.0	286.2	313.8	333.2	431.4	115.6	171.2	489.8	339.0	448.7	3,923.7
Corporate Income Tax	(10.9)	9.4	86.2	13.5	(23.5)	33.2	28.0	4.4	45.8	73.9	15.1	76.2	351.4
Other	57.3	17.1	12.6	38.9	(15.7)	(37.2)	12.2	42.4	23.9	153.6	(30.5)	123.6	398.2
Total General Fund Revenue	519.3	490.5	694.0	525.1	446.6	503.5	680.6	320.7	401.5	896.6	496.9	834.8	6,810.0
Augmenting Revenue – Primarily Federal Revenue[2]	255.1	485.5	540.7	373.6	444.1	462.5	377.3	430.3	464.7	343.9	423.8	1,041.4	5,642.8
Total Revenues	774.4	976.0	1,234.7	898.7	890.7	966.0	1,057.8	751.0	866.2	1,240.5	920.7	1,876.1	12,452.8
Expenditures[2]:													
Payroll	121.2	126.9	115.0	115.0	115.5	96.0	113.2	109.3	110.7	107.2	108.7	125.6	1,364.3
Medical Assistance	348.8	352.9	292.9	287.1	345.2	292.4	197.4	316.8	251.1	420.3	418.6	280.2	3,803.6
Public School Distribution	845.0	4.1	665.4	1.8	1.8	810.1	2.9	0.3	810.5	0.3	0.2	2.1	3,144.6
Higher Education Distribution	--	46.8	--	4.0	1.6	14.8	--	--	--	--	--	(0.8)	66.4
Grants and Contracts	49.5	281.1	336.4	159.2	246.8	304.7	259.8	249.6	282.8	246.8	253.7	285.8	2,956.3
Other	108.3	223.3	85.8	110.0	100.6	292.7	125.7	92.1	85.8	(20.1)	(79.9)	247.35	1,371.4
Total Expenditures:	(1,472.8)	(1,035.1)	(1,495.5)	(677.1)	(811.5)	(1,810.7)	(699.1)	(768.0)	(1,540.9)	(754.5)	(701.3)	(940.2)	(12,706.6)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(652.4)	(59.1)	(260.8)	221.6	79.2	(844.7)	358.7	(17.0)	(674.7)	486.0	219.4	936.0	(207.8)
Revenue Accrual Adjustment	119.9	(44.6)	7.2	46.7	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	41.5
Expenditure Accrual Adjustment	(213.1)	97.7	(1.5)	(88.1)	20.4	(6.3)	17.6	(11.3)	8.8	45.9	(13.8)	(191.1)	(334.7)
Extraordinary Items Impacting Cash:													
TABOR refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(1.0)	--	--	(1.0)
The Series 2010A Notes – Including Interest	--	--	--	--	--	500	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Reserve Transfer to Capital Construction Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
Actual/Projected Monthly Cash Change	(745.6)	(6.0)	(255.1)	180.2	67.6	(346.5)	378.3	(28.6)	(667.9)	541.1	153.1	727.3	(502.8)
General Fund Cash Balance End of Month	**$ (745.6)**	**$ (751.6)**	**$(1,006.7)**	**$(826.5)**	**$(758.9)**	**$(1,105.4)**	**$ (727.0)**	**$ (755.6)**	**$(1,423.5)**	**$ (882.3)**	**$ (729.2)**	**$ (502.8)**	

[1] General Fund revenues are derived from the OSPB September 2010 Revenue Forecast, and all other amounts for November 2010 and thereafter are estimates made by the Treasurer's office. No representation or guaranty is made herein that such forecasted amounts will be realized.

[2] Balances do not reflect receipt or expenditure of Recovery Act funds.

Source: State Treasurer's Office

APPENDIX D
DTC BOOK-ENTRY SYSTEM

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

None of the State, the State Treasurer, the Deputy 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 2010B 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 2010B Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2010B Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2010B Notes. The Series 2010B 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 2010B Note certificate will be issued for the Series 2010B Notes, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and 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 2010B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010B 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 2010B 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 2010B Notes except in the event that use of the book-entry system for the Series 2010B Notes is discontinued.

To facilitate subsequent transfers, all Series 2010B 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 2010B 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 2010B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010B 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 2010B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2010B Notes, such as redemptions, defaults and proposed amendments to the State Resolution. For example, Beneficial Owners of Series 2010B Notes may wish to ascertain that the nominee holding the Series 2010B 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.

Redemption notices will be sent to DTC. If less than all of the Series 2010B Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2010B 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 2010B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2010B 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 2010B 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 2010B 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 2010B Note certificates are required to be printed and delivered as provided in the State Resolution.

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 2010B Notes. In that event, Series 2010B Note certificates will be printed and delivered to DTC.

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STATE OF COLORADO

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1876

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

The Honorable Cary Kennedy
Treasurer of the State of Colorado

$325,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2010B

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 2010B," in the aggregate principal amount of $325,000,000 dated as of the date of their issuance (the "Notes").

The Notes mature, bear interest, are transferable and payable, as to principal and interest at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on December 7, 2010, 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 2010 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 2010 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 nor included in adjusted current earnings for purposes of the federal alternative minimum tax. The opinion in the preceding sentence assumes 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 Notes 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.

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