NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2011A Notes is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2011A Notes (the "Tax Code"), except that such interest is required to be included in calculating the "adjusted current earnings adjustment" applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and interest on the Series 2011A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; and interest on the Series 2011A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the Series 2011A Notes as described herein. See "TAX MATTERS."

$500,000,000
STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2011A

Dated: Date of Delivery **Maturity Date: June 27, 2012**

The Series 2011A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the State's General Fund in the State's July 1, 2011 - June 30, 2012 Fiscal Year and paying the costs of issuing the Series 2011A Notes, as described herein.

The Series 2011A 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 2011A Notes. Beneficial Ownership Interests in the Series 2011A 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 2011A 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 2011A Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2011A Notes specified above. The Series 2011A Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP© No.[1]
$500,000,000	2.00%	101.724%	0.16%	196729 BM8

[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 2011A Notes.

The Series 2011A Notes are special, limited obligations of the State payable solely from and secured by a pledge of Pledged Revenues consisting of cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2011-12 that are subject to appropriation for Fiscal Year 2011-12 and not credited to the General Fund as of the date of issuance of the Series 2011A Notes, unexpended proceeds, if any, of the Series 2011A Notes and any parity obligations that may be issued hereafter and, to the extent permitted by law, proceeds of internal borrowing from other State funds, all as described herein. The Series 2011A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the constitution or laws of the State.

An investment in the Series 2011A 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 2011A Notes are offered when, as and if issued, subject to the approving opinion of Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. It is expected that the Series 2011A Notes will be available for delivery through the facilities of DTC on or about July 19, 2011.

Dated: July 12, 2011

NOTICES

This Official Statement does not constitute an offer to sell the Series 2011A Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State, the State Treasurer or the Financial Advisor to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State or any other person.

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

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

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2011A Notes is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2011A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2011A 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 "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW," "BORROWABLE RESOURCES," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS" and "APPENDIX C – STATE PENSION SYSTEM," contains statements relating to future results that are "forward looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward looking statements. The achievement of certain results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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APPENDICES:
- A - State of Colorado Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010
- B - Certain State Economic and Demographic Information
- C - State Pension System
- D - DTC Book-Entry System
- E - Form of Opinion of Bond Counsel

OFFICIAL STATEMENT

Relating to

$500,000,000
STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2011A

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 2011A Notes to potential investors is made only by means of the entire Official Statement.

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated July 5, 2011, including, without limitation, the interest rate, price, reoffering yield, CUSIP© number, original purchasers of and the purchase price paid by such original purchasers for the Series 2011A 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 $500,000,000 State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2011A (the "Series 2011A Notes"). See "THE SERIES 2011A NOTES" and "THE STATE."

The Series 2011A Notes are issued pursuant to the Funds Management Act of 1986 (the "Funds Management Act"), being Title 24, Article 75, Part 9, Colorado Revised Statutes, as amended ("C.R.S."); the Supplemental Public Securities Act (the "Supplemental Public Securities Act"), being Title 11, Article 57, Part 2, C.R.S.; and a resolution (the "Authorizing Resolution") adopted by the Treasurer of the State (the "State Treasurer"). The Funds Management Act provides a means of compensating for fluctuations in revenues and expenditures that result in temporary cash flow shortfalls that occur during the fiscal year in the State's General Fund (the "General Fund"), which is the State's principal operating fund. The State's fiscal year (the "Fiscal Year") is the 12-month period commencing July 1 and ending the following June 30. See "THE SERIES 2011A NOTES – Authorization."

The Series 2011A Notes

Purpose. The Series 2011A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the General Fund in the Fiscal Year ending June 30, 2012 ("Fiscal Year 2011-12") and paying the costs of issuing the Series 2011A Notes. See "APPLICATION OF SERIES 2011A NOTE PROCEEDS."

General Provisions. The Series 2011A Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 27, 2012 (the "Maturity Date"). Interest on the Series 2011A Notes, at the rate per annum set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months), will accrue from the Closing Date and will be payable on the Maturity Date. The Series 2011A Notes are <u>not</u> subject to redemption prior to maturity. See "THE SERIES 2011A NOTES – General Provisions."

Book-Entry Only System. The Series 2011A 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 2011A Notes. Ownership interests in the Series 2011A 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 2011A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2011A 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 2011A 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 2011A Notes are special, limited obligations of the State payable solely from and secured by a pledge of the "Pledged Revenues," consisting of the following, which the State Treasurer believes will be sufficient for the repayment of the Series 2011A Notes:

- Any cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2011-12 that are subject to appropriation for Fiscal Year 2011-12 and not yet credited to the General Fund as of the Closing Date ("Current General Fund Revenues"). Current General Fund Revenues are comprised generally of receipts from corporate and individual income taxes, sales and use taxes, certain excise taxes, estate taxes, insurance taxes, federal funds, interest on investments of certain State funds and revenues from pari-mutuel wagering, courts, charges for services and other sources.

- Unexpended proceeds, if any, of the Series 2011A Notes and any additional general fund tax and revenue anticipation notes issued pursuant to the Funds Management Act and in accordance with the Authorizing Resolution that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the Series 2011A Notes ("Additional Notes").

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

Pursuant to the Authorizing Resolution, a restricted account within the General Fund (the "Note Payment Account") established by the State Controller (the "State Controller") is pledged to the registered owners of the Series 2011A Notes and any Additional Notes. The State Treasurer covenants in the Authorizing Resolution to credit the Pledged Revenues to the Note Payment Account so that the amount therein will be sufficient to pay the principal of and interest on the Series 2011A Notes and any Additional Notes due on the Maturity Date, and to take certain measures required by the Authorizing Resolution if and to the extent that the Note Payment Account contains less than the required amount. The registered owners of the Series 2011A Notes will be equally and ratably secured by a first lien on the Note Payment Account and the moneys and investments deposited therein, which lien will be on a parity with the lien thereon in favor of the registered owners of any Additional Notes that may be issued hereafter.

The Series 2011A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State within the meaning of any applicable provision of the constitution or statutes of the State. The registered owners and Beneficial Owners of the Series 2011A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2011A Notes.

See generally "THE SERIES 2011A NOTES – Security and Sources of Payment – Additional Notes," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW" and "BORROWABLE RESOURCES."

Legal and Tax Matters

Sherman & Howard L.L.C., Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2011A 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 Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2011A Notes is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2011A Notes (the "Tax Code"), except that such interest is required to be included in calculating the "adjusted current earnings adjustment" applicable to corporations for purposes of computing the alternative minimum taxable income of corporations; and interest on the Series 2011A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; and interest on the Series 2011A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the Series 2011A Notes as described herein. See also "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX E – FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

In accordance with Subsection (d)(3) of Securities and Exchange Commission Rule 15c2-12, promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), which Subsection applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2011A Notes, the State will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement, but will undertake in the Authorizing Resolution to provide notice of the occurrence of certain events as described in "THE SERIES 2011A NOTES – Security and Sources of Payment – *Note Payment Account*" and "CONTINUING DISCLOSURE."

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared by Development Research Partners, Inc. for use by the State. See "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION." Development Research Partners, Inc. has consented to the inclusion of such information in this Official Statement. Neither the State nor the Underwriter assumes responsibility for the accuracy, completeness or fairness of such information. The information in "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" has been included in the Official Statement in reliance upon the authority of Development Research Partners, Inc. as experts in the preparation of economic and demographic analyses. Potential investors should read such appendix in its entirety for information with respect to the economic and demographic status of the State.

Additional Information

Brief descriptions of the Series 2011A Notes, the State, the Authorizing Resolution, the Funds Management Act and certain other statutes, reports, documents and instruments are included in this Official Statement. The descriptions of the statutes, reports, documents or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute, report, document or other instrument. Copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from Stifel, Nicolaus & Company, Incorporated (the "Financial Advisor"), 1125 Seventeenth Street, Suite 1600, Denver, Colorado 80202, Attention: Vicki Mattox or Sara Brown, telephone number (303) 291-5230.

Investment Considerations

An investment in the Series 2011A 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 "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW," "BORROWABLE RESOURCES," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS" and "APPENDIX C – STATE PENSION SYSTEM," contains statements relating to future results that are "forward looking statements" 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 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 2011A Notes.

APPLICATION OF SERIES 2011A NOTE PROCEEDS

The Series 2011A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the General Fund in Fiscal Year 2011-12 and paying the costs of issuing the Series 2011A Notes.

Timing differences between revenue collections and disbursements have caused the State to engage in interfund borrowing and the issuance of General Fund tax and revenue anticipation notes from time to time in order to meet the obligations of the General Fund in a timely manner. Without interfund borrowing or the issuance of the Series 2011A Notes, the State forecasts that the General Fund would incur cumulative cash shortfalls in Fiscal Year 2011-12. The proceeds of the Series 2011A Notes after payment of costs and expenses relating to the issuance and sale of the Series 2011A Notes, or approximately $508,460,300, will be deposited in the General Fund and used both to alleviate cash flow shortfalls and finance the State's daily operations in anticipation of taxes and other revenues to be received later in Fiscal Year 2011-12. The costs and expenses relating to the issuance and sale of the Series 2011A Notes, including underwriting discount, are approximately $159,700.

See "THE SERIES 2011A NOTES – Authorization," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW," "BORROWABLE RESOURCES" and "UNDERWRITING."

THE SERIES 2011A NOTES

The following is a summary of certain provisions of the Series 2011A Notes during such time as the Series 2011A Notes are subject to the DTC book-entry system. Reference is hereby made to the Authorizing Resolution in its entirety for the detailed provisions pertaining to the Series 2011A Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2011A Notes are being issued pursuant to the Funds Management Act, the Supplemental Public Securities Act and the Authorizing Resolution.

The Funds Management Act authorizes the State Treasurer to issue and sell notes from time to time payable from the anticipated revenues of any one or more funds or groups of accounts to which State moneys are credited to accomplish any of the purposes of such Act, including the alleviation of cash flow shortfalls in any such fund or group of accounts. The aggregate principal amount of outstanding notes payable from any fund or group of accounts is limited to 50% of the amount of revenues of such fund or group of accounts anticipated but not yet credited to the fund or group of accounts for the applicable Fiscal Year, excluding the proceeds of notes or other borrowing credited to such fund or group of accounts and any income from the investment of revenues or the proceeds of such borrowings. It is forecast that approximately $7,137.0 million of revenues (excluding the proceeds of the Series 2011A Notes or other borrowings and investment income of revenues and such proceeds) will be credited to the General Fund for Fiscal Year 2011-12, thereby imposing a limit of approximately $3,568.5 million in General Fund notes for Fiscal Year 2011-12. See "Additional Notes" below.

General Provisions

The Series 2011A 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 2011A Notes. Beneficial Ownership Interests in the Series 2011A 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 2011A 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 2011A Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2011A Notes will be dated as of the Closing Date, mature on the 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) specified on the cover page of this Official Statement. Interest on the Series 2011A Notes will accrue from the Closing Date and will be payable on the Maturity Date. The principal of and interest on the Series 2011A Notes will be payable by the State Treasurer, as paying agent for the Series 2011A Notes, on the Maturity Date to Cede & Co., as the registered owner of the Series 2011A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX D – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2011A Notes will cease to accrue on the Maturity Date.

The Series 2011A Notes are <u>not</u> subject to redemption prior to the Maturity Date.

The Deputy State Treasurer will serve as the registrar for the Series 2011A Notes, subject to the provisions of the DTC book-entry system.

Neither the State, the State Treasurer, the Deputy State Treasurer, the Chief Financial Officer of the Department of the Treasury nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2011A Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2011A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2011A Notes or (v) any other related matter.

Security and Sources of Payment

Limited Obligations. The Series 2011A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, which the State Treasurer believes will be sufficient for the repayment of the Series 2011A Notes. The State pledges to the payment of principal of and interest on the Series 2011A Notes Pledged Revenues in an amount sufficient to pay the principal of and interest on the Series 2011A Notes on the Maturity Date. The Series 2011A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State within the meaning of any applicable provision of the constitution or statutes of the State. The registered owners and Beneficial Owners of the Series 2011A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2011A Notes.

The Pledged Revenues. The Pledged Revenues consist of (i) Current General Fund Revenues, (ii) the unexpended proceeds, if any, of the Series 2011A Notes and any Additional Notes and (iii) Borrowable Resources.

Current General Fund Revenues. Current General Fund Revenues are comprised of any cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2011-12 that are subject to appropriation for Fiscal Year 2011-12 and not yet credited to the General Fund as of the Closing Date. Current General Fund Revenues include, generally, receipts from corporate and individual income taxes, sales and use taxes, certain excise taxes, estate taxes, insurance taxes, federal funds, interest on investments of certain State funds and revenues from pari-mutuel wagering, courts, charges for services and other sources.

Current General Fund Revenues do not include the proceeds of the Series 2011A Notes or Additional Notes or certain moneys that are legally required to be paid to other funds, including, among others: (i) those moneys or revenues that are required to be credited to the Old Age Pension Fund, the State Education Fund, the Stabilization Fund and the Health and Medical Care Fund, except to the extent determined to be in excess of the requirements of such funds and transferred to the General Fund; (ii) that portion of sales tax revenues required to be credited to municipalities and counties of the State; and (iii) moneys received from the federal government that are not subject to appropriation or are restricted to a particular purpose or use. In addition, the Series 2011A Notes are not payable from General Fund or other State revenues that are subject to accrual to the General Fund in any Fiscal Year after Fiscal Year 2011-12. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE" and "GENERAL FUND CASH FLOW."

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

Note Payment Account. The Note Payment Account of the General Fund is created pursuant to the Authorizing Resolution and is to be held by the State Treasurer on behalf of the State and used solely to pay the Series 2011A Notes and any Additional Notes. The Note Payment Account is pledged to the payment of the principal of and interest on the Series 2011A Notes and any Additional Notes on the Maturity Date, and the registered owners of the Series 2011A Notes and any Additional Notes are equally and ratably secured by an exclusive first lien on the Note Payment Account and the moneys deposited therein. Moneys held in the Note Payment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers.

In order to provide for the payment of the principal of and interest on the Series 2011A Notes and any Additional Notes, the State Treasurer covenants to credit Pledged Revenues to the Note Payment Account in such amount as will cause the balance in the Note Payment Account on June 15, 2012, to be at least equal to the principal of and interest on the Series 2011A Notes and any Additional Notes due on the Maturity Date.

If on June 15, 2012, the balance in the Note Payment Account is less than the amount required, the State Treasurer covenants to: (i) give notice of such deficiency to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access (EMMA) system and to DTC or any successor depository; and (ii) until the balance in the Note Payment Account satisfies such requirement, (a) credit to the Note Payment Account all Current General Fund Revenues then available and thereafter received, and (b) borrow (to the extent permitted by law) for credit to the Note Payment Account from other State funds. Such notice is to be given by electronic transmission unless the designated recipient thereof has otherwise requested the State Treasurer to use another means of transmission. In the event the designated recipient does not utilize electronic transmission and has not otherwise requested a specific means of transmission from the State Treasurer, such notice is to be by first-class mail, postage prepaid.

The State Treasurer covenants that moneys in the Note Payment Account not immediately needed will be invested only in investments maturing on or before the Maturity Date and authorized by (i) the Funds Management Act, (ii) Title 24, Article 36, C.R.S., or (iii) to the extent applicable, Title 24, Article 75, Part 6, C.R.S. Investment earnings on moneys held in the Note Payment Account are to be retained in the Note Payment Account until the balance therein equals or exceeds the principal of and interest due on the Series 2011A Notes and Additional Notes, if any, on the Maturity Date. See "FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment Policies – Investment of the State Pool."

The State Treasurer covenants to prepare, on or about the 25th day of October 2011, January 2012, April 2012 and May 2012, written projections of Current General Fund Revenues, Current General Fund Expenditures, General Fund balances and legally available amounts in other State funds for each month remaining in the Current Fiscal Year, which projections are to be based on the quarterly revenue projections approved by the Governor's Office of State Planning and Budgeting ("OSPB") or any successor in function. See "FINANCIAL OPERAIONS – Budget Process and Other Considerations" and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Revenue Estimation – OSPB Revenue and Economic Forecasts."

If at any time such projections show that Current General Fund Revenues will be insufficient to permit the required credits to the Note Payment Account, the State Treasurer covenants in the Authorizing Resolution to: (i) immediately give notice of such determination to the MSRB and to DTC or any successor securities depository; and (ii) until there has been credited to the Note Payment Account an amount equal to the amount by which the required credits are projected to be insufficient, (a) credit all Current General Fund Revenues then available and thereafter received to the Note Payment Account to the extent required, and (b) transfer from other State funds (to the extent permitted by law) for credit to the Note Payment Account to the extent required. The State Treasurer also covenants in the Authorizing Resolution to make no repayment of moneys transferred from any other funds of the State unless after taking into account the amount of the repayment, the amount credited to the Note Payment Account will equal or exceed the principal and interest due on the Series 2011A Notes on the Maturity Date. See also "CONTINUING DISCLOSURE."

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

Additional Notes

Subject to the limitation on the amount of General Fund notes that may be issued pursuant to the Funds Management Act as discussed in "Authorization" above, the Authorizing Resolution authorizes the State Treasurer to issue Additional Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on a parity with (but not superior to) the pledge in favor of the registered owners of the Series 2011A Notes. The Additional Notes may have such details as the State Treasurer may determine; provided, however, that the Additional Notes are required to be (i) non-redeemable prior to the Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the Note Payment Account. The State Treasurer currently does not anticipate issuing any Additional Notes, but reserves the right to do so.

Defaults and Remedies

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

- Payment of the principal of or interest on any of the Series 2011A Notes is not made on the Maturity Date;

- The balance credited to the Note Payment Account on June 15, 2012, is less than the principal and interest due on the Series 2011A Notes and Additional Notes, if any, on the Maturity Date; or

- The State fails to observe or perform any condition, agreement or covenant contained in the Authorizing Resolution or the Series 2011A Notes and such failure continues for 15 days after receipt of written notice by the State Treasurer from any registered owner of the Series 2011A Notes.

Upon the occurrence of any Event of Default, the Authorizing Resolution provides that any registered owner of the Series 2011A Notes may: (i) sue or commence an action or proceeding to collect sums due and owing on the Series 2011A Notes or to enforce and protect such registered owner's rights under the Authorizing Resolution and the Series 2011A Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the Authorizing Resolution or the Series 2011A Notes; or (iii) examine the books and records of the State and require the State Treasurer to account for all moneys and investments constituting the Pledged Revenues as if the State Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2011A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Note Payment Account are not sufficient to pay the principal of and interest on the Series 2011A Notes and Additional Notes, if any, the State Treasurer is to ratably apply the moneys in the Note Payment Account to the payment of the principal and interest then due and unpaid upon the Series 2011A Notes and Additional Notes, if any, without preference or priority of principal over interest or of interest over principal, or of any Series 2011A Note or Additional Notes, if any, over any other Series 2011A Note or Additional Notes, if any, according to the amounts due, respectively, for principal and interest to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the Authorizing Resolution for the benefit of the registered owners of the Series 2011A Notes that the State Treasurer will not take any action or omit to take any action with respect to the Series 2011A Notes, the proceeds thereof or other funds of the State if such action or omission would (i) cause the interest on the Series 2011A Notes to lose its exclusion from gross income for federal income tax purposes under the Tax Code, (ii) cause interest on the Series 2011A Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income, or (iii) cause interest on the Series 2011A Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. This covenant is to remain in full force and effect notwithstanding the payment in full of the Series 2011A Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Tax Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2011A 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 2011A Notes.

Limited Obligations

The Series 2011A Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues, consisting of (i) Current General Fund Revenues, (ii) the unexpended proceeds, if any, of the Series 2011A Notes and any Additional Notes and (iii) Borrowable Resources. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2011A Notes. The Series 2011A 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, and no governmental entity has pledged its faith and credit for the payment of the Series 2011A Notes. If an Event of Default under the Authorizing Resolution should occur, the State may not have sufficient Pledged Revenues to pay the principal of and/or the interest on the Series 2011A Notes. See "THE SERIES 2011A NOTES – Security and Sources of Payment – Defaults and Remedies."

Budgets and Revenue Forecasts

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

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, OSPB is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on June 20, 2011 (the "OSPB June 2011 Revenue Forecast"), and is summarized in this Official Statement. See "HISTORICAL AND PROJECTED GENERAL FUND OPERATIONS – Revenue Estimation – OSPB Revenue and Economic Forecasts." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which does not take into account the timing of when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2011-12, it may adversely affect the State's ability to repay the Series 2011A Notes. See "FINANCIAL OPERATIONS – Budget Process and Other Considerations," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Revenue Estimation" and "GENERAL FUND CASH FLOW."

The next OSPB revenue forecast will be released in September 2011. General Fund revenue projections in the new forecast may be materially different from the OSPB June 2011 Revenue Forecast and may project a revenue shortfall or a revenue surplus if economic conditions change markedly. Due to the volatility in the State and national economies, OSPB's forecasts of General Fund revenues over the last several years have fluctuated from forecast to forecast, and in some cases have been significantly lower or higher than the immediately preceding forecast, and such volatility may be reflected in the September 2011 forecast. If a revenue shortfall is projected for Fiscal Year 2011-12, which would result in a budgetary shortfall, budget cuts will be necessary to ensure the balanced budget. See "FINANCIAL OPERATIONS – Budget Process and Other Considerations," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Revenue Estimation – OSPB Revenue and Economic Forecasts" and "GENERAL FUND CASH FLOW."

Additional Notes

The Authorizing Resolution permits the State to issue Additional Notes upon satisfaction of certain conditions provided therein and in the Funds Management Act. If Additional Notes are issued, they would be payable from and secured by a pledge of the Pledged Revenues on a parity with the pledge securing the Series 2011A Notes and could therefore adversely impact the investment security for the Series 2011A Notes. The State Treasurer currently does not anticipate issuing any Additional Notes, but reserves the right to do so. See "THE SERIES 2011A NOTES – Authorization – Additional Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2011A Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the Authorizing Resolution.

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately five million. The State's major economic sectors include agriculture, 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 COMPREHENSIVE ANNUAL FINANCIAL REPORT 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 terms of such officials commenced in January of 2011 and will expire on the second Tuesday in January of 2015, following a general election to be held in November of 2014. No elected executive official may serve more than two consecutive terms in the same office. 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.

FINANCIAL OPERATIONS

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 and fees 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 "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment Policies." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Tax and Revenue Anticipation Notes

The Funds Management Act authorizes the State Treasurer, on behalf of the State, to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since 1984, with the exception of each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State has issued tax and revenue anticipation notes, such as the Series 2011A Notes, pursuant to the Funds Management Act in order to fund cash flow shortfalls in the General Fund. For each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State funded cash flow shortfalls by use of Borrowable Resources. All tax and revenue anticipation notes issued by the State have been paid in full when due. See also "THE SERIES 2011A NOTES."

Taxpayer's Bill of Rights

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 is estimated to be $264.7 million, which includes $70.7 million of State real property designated in the Long Bill and the portion of the $100 million Wildlife Cash Fund that is not in the form of cash or liquid assets, which amount will not be known until the State's audited financial statements for Fiscal Year 2010-11 are released in December 2011. In March of 2010, a citizen filed a suit asserting that the State's funding of the TABOR Reserve does not comply with TABOR. In particular, the plaintiff claims that the TABOR Reserve is required to be funded with cash, liquid assets or a combination thereof instead of State properties or moneys in other funds that would have to be transferred by the General Assembly in an emergency. See "LITIGATION – Current Litigation" for a more detailed discussion of this litigation.

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 Revenues Cap" and allowing the State to retain and spend revenue up to the new Excess State Revenues Cap (as adjusted) which new cap never ratchets down. Revenue collected above the Excess State Revenues 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.

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

Colorado Economic Recovery Act of 2005. During the 2005 legislative session, the General Assembly and the Governor agreed to four pieces of legislation that mitigated the effects of TABOR in an effort to relieve State budget challenges. Three of these measures, 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 Years 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 Revenues 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.

As a result of Referendum C, in Fiscal Years 2005-06, 2006-07 and 2007-08 the State was allowed to retain $1.116 billion, $1.308 billion and $1.169 billion, respectively, in excess of the TABOR limit on State fiscal year spending. State revenues did not exceed the TABOR limit in either Fiscal Year 2008-09 or Fiscal Year 2009-10, and based on the OSPB June 2011 Revenue Forecast, State revenues are not expected to exceed the TABOR limit in either of Fiscal Years 2010-11 or 2011-12. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Overview of Historical and Projected General Fund Operations."

Effect of TABOR on the Series 2011A Notes. Voter approval under TABOR is not required for the issuance of the Series 2011A 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 2011A Notes and any Additional Notes.

Budget Process and Other Considerations

Phase I (Executive). The budget process begins in June of each year when State departments reporting to the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor's office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November 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 2011-12 was adopted by the General Assembly on April 26, 2011.

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 2011-12 was approved in part and disapproved in part by the Governor on May 6, 2011. On May 11, 2011, the Senate and the House voted to override the Governor's vetoes.

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

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

The OSPB June 2011 Revenue Forecast shows that the Fiscal Year 2010-11 budget is balanced and that the State will end Fiscal Year 2010-11 with General Fund revenue of $325.0 million in excess of the required 2.3% Unappropriated Reserve level, which surplus is to be applied as described in the previous paragraph. The OSPB June 2011 Revenue Forecast further states that the strong growth in revenue in Fiscal Year 2010-11 is expected to be one-time in nature, and that Fiscal Year 2011-12 General Fund revenue is forecast to be essentially flat. As a result, based on current law appropriations, the OSPB forecasts that the State will end Fiscal Year 2011-12 with an Unappropriated Reserve equal to 3.7% of appropriations, which is $22.4 million below the required 4.0% Unappropriated Reserve level.

See also "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Overview of Historical and Projected General Fund Operations – Revenue Estimation."

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution requires that expenditures for any Fiscal Year not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years discussed in this Official Statement 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 may be exceeded for a given Fiscal Year upon the declaration of a State fiscal emergency by the General Assembly, which may be declared by the passage of a joint resolution approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The excess funds appropriated as the result of such declaration are not to be included in calculating the maximum level of General Fund appropriations in subsequent Fiscal Years.

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

Fiscal Year Spending and Emergency Reserves. TABOR 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, 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 for budget reporting.

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 Comprehensive Annual Financial Report (the "Fiscal Year 2009-10 CAFR") appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

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

Financial Audits

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

The State's Fiscal Year 2009-10 CAFR, including the State Auditor's Opinion thereon, is appended to this Official Statement. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor's report included herein, any procedures on the financial statements presented in the Fiscal Year 2009-10 CAFR, nor has the Office of 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 Fiscal Year 2009-10 CAFR appended to this Official Statement and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment of the State Pool."

HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE

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 (after the State Education Fund diversion) comprised approximately 63.9% of gross General Fund revenues, and general sales and use taxes contributed approximately 30.7% of gross General Fund revenues. Total General Fund revenue is forecast by OSPB to increase by $682.3 million (10.6%), to $7,140.0 million, between Fiscal Year 2009-10 and Fiscal Year 2010-11, and decrease by $3.0 million (0.0%), to $7,137.0 million, between Fiscal Year 2010-11 and Fiscal Year 2011-12. See "Overview of Historical and Projected General Fund Operations" below.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. Individual income tax revenues comprised 63.2% of gross General Fund revenues in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 64.6% of gross General Fund revenues in Fiscal Year 2010-11 and 65.0% of gross General Fund revenues in Fiscal Year 2011-12 (in both cases before State Education Fund diversions). Individual income tax revenues increased by 17.9% in Fiscal Year 2005-06, 11.3% in Fiscal Year 2006-07 and 2.1% in Fiscal Year 2007-08, followed by decreases of 12.9% in Fiscal Year 2008-09 and 5.8% in Fiscal Year 2009-10. The OSPB forecasts that individual income tax revenues will increase by 13.0% in Fiscal Year 2010-11 and by 0.5% in Fiscal Year 2011-12.

Corporate Income Tax. Corporate income tax revenues accounted for 5.8% of gross General Fund revenues in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 5.3% of gross General Fund revenues in Fiscal Year 2010-11 and 5.0% of gross General Fund revenues in Fiscal Year 2011-12 (in both cases before State Education Fund diversions). Corporate tax receipts are the most volatile revenue source for the General Fund. In Fiscal Year 2005-06, corporate income tax receipts increased 42.1% 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 and 2.0% in Fiscal Year 2007-08, followed by a decrease of 42.4% in Fiscal Year 2008-09 and an increase of 27.2% in Fiscal Year 2009-10. The OSPB forecasts that corporate income tax revenues will increase by 1.0% in Fiscal Year 2010-11 and then decrease by 4.5% in Fiscal Year 2011-12.

Sales and Use Taxes. Sales and use tax receipts accounted for 30.7% of General Fund revenue in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 30.7% of gross General Fund revenues in Fiscal Year 2010-11 and 30.4% of gross 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, followed by decreases of 9.1% in Fiscal Year 2008-09 and 6.0% in Fiscal Year 2009-10. 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 are required 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. The vendor discount is restored effective with Fiscal Year 2011-12, although, per SB 11-223, at a lower percentage rate. The OSPB forecasts that sales and use tax revenues will increase by 10.7% in Fiscal Year 2010-11 and then decrease by 1.1% in Fiscal Year 2011-12.

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 in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 1.3% of gross General Fund revenues in Fiscal Year 2010-11 and 1.2% of gross General Fund revenues in Fiscal Year 2011-12. Other excise tax revenues decreased 4.9% in Fiscal Year 2005-06, increased 2.0% in Fiscal Year 2006-07, decreased 0.8% in Fiscal Year 2007-08, decreased 1.9% in Fiscal Year 2008-09 and increased 0.9% in Fiscal Year 2009-10. The OSPB forecasts that other excise tax receipts will decrease by 2.8% in Fiscal Year 2010-11 and by 0.9% in Fiscal Year 2011-12.

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 4.0% of gross General Fund revenues in Fiscal Year 2009-10, and are forecast by the OSPB to comprise 3.4% of gross General Fund revenues in Fiscal Year 2010-11 and 3.6% of gross 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 0.2% in Fiscal Year 2008-09, followed by an increase of 0.1% in Fiscal Year 2009-10. 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. SB 11-159 amended Section 12-47.1-701, C.R.S., to provide that, commencing with Fiscal Year 2010-11, 50% of the amount remaining in the Limited Gaming Fund at the end of each Fiscal Year (the "State Share") is to be transferred to the General Fund or such other fund as the General Assembly shall provide. Of the State Share, the first $19.2 million and any amount in excess of $48.5 million is to be transferred to the General Fund. The OSPB forecasts that other revenues will decrease by 6.9% in Fiscal Year 2010-11 and then increase by 7.1% 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.

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	$4,613.0	$4,636.5
Change from Prior Year	17.9%	11.3%	2.1%	(12.9)%	(5.8)%	13.0%	0.5%
Corporate Income Tax	$ 447.5	$497.9	$507.9	$292.5	$372.1	$375.6	$358.7
Change from Prior Year	42.1%	11.3%	2.0%	(42.4)%	27.2%	1.0%	(4.5)%
Sales and Use Tax[2,3]	$2,123.2	$2,209.5	$2,317.8	$2,107.8	$1,980.7	$2,192.4	$2,167.5
Change from Prior Year	5.7%	4.1%	4.9%	(9.1)%	(6.0)%	10.7%	(1.1)%
Other Excise Taxes	$92.2	$94.0	$93.3	$91.6	$92.4	$89.8	$89.0
Change from Prior Year	(4.9)%	2.0%	(0.8)%	(1.9)%	0.9%	(2.8)%	(0.9)%
Other Revenues[4]	$282.9	$262.5	$258.1	$257.4	$257.7	$239.9	$256.9
Change from Prior Year	(17.3)%	(7.2)%	(1.7)%	(0.2)%	0.1%	(6.9)%	7.1%

[1] OSPB June 2011 Revenue Forecast.

[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 and thereafter. The full amount of sales and use taxes collected is reported in this table although the amount diverted to the Highway Users Tax Fund is deducted from available revenues in the General Fund Overview table under the heading "Overview of Historical and Projected General Fund Operations."

[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. The vendor allowance was totally eliminated in Fiscal Years 2009-10 and 2010-11 per SB 09-275. SB 11-223 sets the vendor allowance at 2.22% in Fiscal Years 2011-12 through 2013-14. HB 09-1342 and HB 11-1296 eliminated the cigarette sales tax exemption for Fiscal Years 2009-10 through 2012-13.

[4] The amount of gaming revenue to the General Fund in Fiscal Years 2010-11 and thereafter incorporates the new distribution of gaming revenue per SB 11-159.

Source: Office of State Planning and Budgeting

Overview of Historical and Projected General Fund Operations

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 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 June 2011 Revenue Forecast. The overview incorporates the Governor's budget request for Fiscal Year 2011-12. See the inside cover of this Official Statement regarding forward-looking statements.

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. 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 $355.1 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 "FINANCIAL OPERATIONS – 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
Fiscal Years 2005-06 through 2011-12

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

	Actual (Unaudited) [1]					OSPB Forecast	
	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
REVENUE:							
Beginning Reserve	$ 237.4	$ 251.7	$ 267.0	$ 283.5	$ 443.3	$ 137.4	$ 156.7
Gross General Fund Revenue	6,964.6	7,539.8	7,742.9	6,742.7	6,457.7	7,140.0	7,137.0
Diversion to the Highway Users Tax Fund [2]	(220.4)	(228.6)	(238.1)	--	--	--	--
Net Transfers to (from) the General Fund [3]	155.1	--	(5.0)	813.3	(47.6)	151.3	124.7
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	7,139.5	7,562.9	7,766.9	7,839.5	6,853.5	7,428.8	7,418.4
EXPENDITURES:							
Appropriation Subject to Limit [4]	6,292.7	6,675.6	7,087.8	7,387.1	6,631.6	6,811.1	6,982.3
Appropriations Change From Prior Year	*361.2*	*382.9*	*412.3*	*299.3*	*(755.5)*	*179.5*	*171.2*
Percent Change From Prior Year	*6.1%*	*6.1%*	*6.2%*	*4.2%*	*(10.2)%*	*2.7%*	*2.5%*
Exemptions to the Appropriations Limit [5]	5.0	11.1	31.9	12.2	--	--	--
Spending Outside the Appropriations Limit:	153.4	360.0	320.2	210.6	84.5	136.1	179.3
TABOR Refund	--	--	--	--	--	--	--
Rebates and Expenditures [6]	*153.4*	*164.6*	*173.8*	*136.0*	*141.9*	*123.0*	*128.4*
Homestead Exemption [7]	--	*74.2*	*79.8*	*85.6*	*1.3*	*1.6*	*1.6*
Transfer to Capital Construction Fund [8]	*10.1*	*145.9*	*93.7*	*24.9*	*0.2*	*12.0*	*49.3*
Reversions and Accounting Adjustments [9]	*(10.1)*	*(24.7)*	*(27.1)*	*(36.0)*	*(56.2)*	--	--
Enhanced Medicaid Match (Reduces General Fund Expenditures) [10]	--	--	--	(223.9)	(2.7)	(0.5)	--
TOTAL GENERAL FUND OBLIGATIONS	6,451.1	7,046.6	7,439.9	7,386.0	6,716.0	6,947.1	7,161.6
RESERVES							
Year-End General Fund Balance	688.4	516.3	327.0	443.8	137.4	481.7	256.9
Year-End Excess General Fund Balance as a Percent of Appropriations	*10.9%*	*7.7%*	*4.6%*	*2.0%*	*2.1%*	*7.1%*	*3.7%*
General Fund Statutory Reserve [11]	251.7	267.0	283.5	148.2	132.6	156.7	279.3
Excess Moneys Above (Below) Statutory Reserve [12]	436.7	249.3	43.4	295.5 [13]	4.8	325.0	(22.4)
Transfer to Highway Users Tax Fund (2/3) [14]	*291.1*	*166.2*	*29.0*	--	--	--	--
Transfer to Capital Construction Fund (1/3) [14]	*145.6*	*83.1*	*14.5*	--	--	--	--
Note: Deposit to the State Education Fund [12,15]	*357.2*	*395.1*	*407.9*	*339.9*	*329.0*	*628.2*	*381.3*

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

[2] For Fiscal Years 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 for Fiscal Year 2009-10 and subsequent years.

[3] This figure represents the total net transfers to or from the General Fund, including statutorily required transfers into the General Fund from various cash funds.

[4] Per SB 09-228, for Fiscal Year 2009-10 this appropriation limit was revised from the lesser of (i) 5% of Colorado Personal Income as reported by the U.S. Bureau of Economic Analysis or (ii) 6% growth applied to appropriated amounts from the General Fund during the prior Fiscal Year, to just 5% of Colorado Personal Income. The significant increases to the limit reflected in the table beginning in Fiscal Year 2009-10 are primarily attributable to this legislative revision.

[5] 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 "FINANCIAL OPERATIONS – Budget Process and Other Considerations – *Expenditures; The Balanced Budget and Statutory Spending Limitation*."

[Notes continued on next page]

[6] This generally includes the Cigarette Rebate, Old Age Pension Fund, Property Tax, Heat and Rent Credit and Fire and Police Pensions. Per SB 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund appropriation growth limit and are included in the amounts shown for 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 through 2011-12 per SB 09-203, SB 09-227 and SB 11-221.

[7] The senior Homestead Exemption property tax credit was suspended for Fiscal Year 2005-06, reinstated for Fiscal Years 2006-07 through 2008-09 and again suspended (except for an exemption for qualified disabled veterans) for Fiscal Years 2009-10 through 2011-12.

[8] 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.

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

[10] The table reflects the infusion of federal stimulus 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.

[11] Per SB 09-219 and S8 09-277, the Unappropriated Reserve required by Section 24-75-201.1, C.R.S., was lowered from 4.0% to 2.0% for Fiscal Year 2009-10, and per SB 11-156, the Unappropriated Reserve requirement is 2.3% for Fiscal Year 2010-11. The Unappropriated Reserve requirement is to revert to 4.0% for Fiscal Year 2011-12.

[12] Per SB 11-156, for Fiscal Year 2010-11, any surplus above the 2.3% Unappropriated Reserve requirement is to be credited to the State Education Fund, and per SB 11-230, for Fiscal Year 2010-11, the amount by which the estimate of Fiscal Year 2010-11 General Fund revenue forecast in the OSPB June 2011 Revenue Forecast exceeds the amount forecast by OSPB in its March 2011 revenue forecast, up to $67.5 million, is to be transferred to the State Public School Fund and the balance is to be credited to the State Education Fund. See "FINANCIAL OPERATIONS – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*."

[13] 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.

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

[15] 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. See also Note 13 above. In Fiscal Year 2011-12, the State Education Fund will also receive an estimated $9.7 million from the tax amnesty program created by SB 11-184.

Sources: State Treasurer's Office and OSPB June 2011 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. General Fund revenues declined by 4.2% in Fiscal Year 2009-10 compared to a decline of 12.9% in Fiscal Year 2008-09. In Fiscal Year 2009-10, sales and use tax revenue declined by 6.0% compared to a decline of 9.1% in Fiscal Year 2008-09. Other excise tax revenue increased by 0.9% compared to a decline of 1.9% in Fiscal Year 2008-09. Corporate and individual income tax collections declined 3.7% in Fiscal Year 2009-10 compared to a decline of 15.6% in Fiscal Year 2008-09. Other revenues increased 0.1% in Fiscal Year 2009-10 compared to a decline of 0.2% in Fiscal Year 2008-09. Total funds available for expenditure in Fiscal Year 2009-10 were $6,853.5 million and total obligations were $6,716.0 million. In accordance with Amendment 23, $329.0 million was diverted to the State Education Fund. The General Fund statutory reserve was $132.6 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

Fiscal Year 2008-09. General Fund revenues declined 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 declined by 9.1% compared to an increase of 4.9% in Fiscal Year 2007-08. Other excise tax revenue declined 1.9% compared to a decline of 0.8% in Fiscal Year 2007-08. Corporate and individual income tax collections declined 15.6% in Fiscal Year 2008-09 compared to an increase of 2.1% in Fiscal Year 2007-08. Other revenues declined 2.2% in Fiscal Year 2008-09 compared to a decline of 1.7% in Fiscal Year 2007-08. Total funds available for expenditure in Fiscal Year 2008-09 (which excludes the amount deposited into the State Education Fund) were $7,826.3 million and total obligations were $7,386.3 million. In accordance with Amendment 23, $339.9 million was diverted to the State Education Fund. The General Fund statutory reserve was $148.2 million. Per SB 09-277, the Unappropriated Reserve was lowered to 2.0% of Fiscal Year appropriations.

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

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

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.

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 variables. Forecasts of national variables were provided by Moody's Investors Analytics for the OSPB June 2011 Revenue Forecast. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

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 revenues are determined using the modified accrual basis of accounting in accordance with the standards promulgated by GASB, with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon current forecasts, there is anticipated to be an Unappropriated Reserve, the State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on a modified accrual basis, which 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 next OSPB revenue forecast will be released in September 2011. General Fund revenue projections in the new forecast may be materially different from the OSPB June 2011 Revenue Forecast and may project a revenue shortfall or a revenue surplus if economic conditions change markedly. Due to the volatility in the State and national economies, OSPB's forecasts of General Fund revenues over the last several years have fluctuated from forecast to forecast, and in some cases have been significantly lower or higher than the immediately preceding forecast, and such volatility may be reflected in the September 2011 forecast. If a revenue shortfall is projected for Fiscal Year 2011-12 and subsequent forecasted years, which would result in a budgetary shortfall, budget cuts will be necessary to ensure the balanced budget. See "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts."

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2010-11 through 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 June 20, 2011, and the forecast for Fiscal Years 2010-11 and 2011-12 is summarized below. The complete OSPB June 2011 Revenue Forecast may be viewed at http://www.colorado.gov/cs/Satellite/OSPB/GOVR/1218709343298.

The OSPB June 2011 Revenue Forecast shows that the Fiscal Year 2010-11 budget is balanced and that the State will end Fiscal Year 2010-11 with General Fund revenue of $325.0 million in excess of the 2.3% required Unappropriated Reserve level. As discussed in "FINANCIAL OPERATIONS – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*" and Notes 12 and 15 to the table in "Overview of Historical and Projected General Fund Operations" above, under current law this surplus is to be credited to funds used for public schools. However, the OSPB June 2011 Revenue Forecast states that the strong growth in revenue in Fiscal Year 2010-11 is expected to be one-time in nature, and that Fiscal Year 2011-12 General Fund revenue is forecast to be essentially flat. As a result, based on current law appropriations, the OSPB forecasts that the State will end Fiscal Year 2011-12 with an Unappropriated Reserve equal to 3.7% of appropriations, which is $22.4 million below the required 4.0% Unappropriated Reserve level.

The OSPB revenue forecasts also include both State and national economic forecasts. The OSPB June 2011 Revenue Forecast states that, despite recent weakening, which has thus far mostly been seen at the national level, the State and national economies are expected to continue to grow. Recoveries from major financial crises are often marked by ups and down as the economy slowly repairs itself. However, because of the persistent negative forces weighing on the economy and the hazards that high sovereign debt levels pose to the global financial system, heightened risk remains that economic conditions could worsen. For the complete economic forecast, see the OSPB June 2011 Revenue Forecast.

The following are historical and forecast key economic indicator variables from the OSPB June 2011 Revenue Forecast. See also "APPENDIX B – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information relating to State's economy.

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

	Actual				Forecast	
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
Current Income:						
Personal Income (billions)	$205.2	$215.0	$210.5	$215.3	$221.1	$227.8
Change from Prior Year	5.6%	4.7%	(2.1)%	2.3%	2.7%	3.0%
Wage and Salary Income (billions)	$113.0	$117.2	$112.8	$113.9	$116.0	$119.4
Change from Prior Year	6.7%	3.7%	(3.7)%	1.0%	1.8%	2.9%
Per Capita Income ($/person)	$42,619.8	$43,910.9	$42,338.1	$42,669.6	$43,169.7	$43,754.4
Change from Prior Year	4.2%	3.0%	(3.6)%	0.8%	1.2%	1.4%
Population and Employment:						
Population (thousands)	4,815.7	4,895.7	4,972.2	5,044.8	5,122.7	5,206.2
Change from Prior Year	1.7%	1.7%	1.6%	1.5%	1.6%	1.6%
Net Migration (thousands)	37.4	40.3	37.9	36.1	40.3	43.5
Civilian Unemployment Rate	3.7%	4.8%	8.3%	8.9%	9.0%	8.7%
Total Nonagricultural Employment (thousands)	2,331.5	2,350.6	2,245.0	2,219.9	2,231.0	2,251.9
Change from Prior Year	2.3%	0.8%	(4.5)%	(1.1)%	0.5%	0.9%
Construction Variables:						
Total Housing Permits Issued (thousands)	29.5	19.0	9.4	11.6	10.6	12.0
Change from Prior Year	(23.2)%	(35.5)%	(50.8)%	23.9%	(8.9)%	13.9%
Nonresidential Construction Value (millions)	4,610.5	3,849.3	3,026.4	2,717.6	2,579.1	2,602.7
Change from Prior Year	16.8%	(16.5)%	(21.4)%	(10.2)%	(5.1)%	0.9%
Prices and Sales Variables:						
Retail Trade Sales (billions)	$75.4	$74.8	$66.3	$70.6	$74.3	$77.4
Change from Prior Year	7.0%	(0.8)%	(11.3)%	6.4%	5.2%	4.2%
Denver-Boulder-Greeley CPI (1982-84=100)	202.0	209.9	208.5	212.4	219.9	225.1
Change from Prior Year	2.2%	3.9%	(0.6)%	1.9%	3.5%	2.4%

Source: OSPB June 2011 Revenue Forecast

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

Investment of the State Pool

General. The investment of public funds by the State Treasurer is subject to the general limitations discussed in "FINANCIAL OPERATIONS – 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 Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State pool as of the end of each month in Fiscal Years 2009-10 and 2010-11 for which information is available.

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 and other moneys that are invested by the State Treasurer.

Source: State Treasurer's Office

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

	July 2010	Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	Apr 2011	May 2011
Agency CMOs	$ 306.0	$ 299.2	$ 291.7	$ 283.8	$ 276.4	$ 268.4	$ 260.7	$ 253.5	$ 246.1	$ 238.2	$230.4
Commercial Paper	118.0	205.0	322.0	65.0	223.0	294.9	155.0	0.0	60.0	205.0	193.0
U.S. Treasury Notes	675.2	675.1	675.1	675.1	665.1	680.2	680.1	739.8	769.3	759.3	759.4
Federal Agencies	3,348.0	2,813.0	2,772.0	2,829.1	2,718.0	3,663.7	4,282.4	4,109.4	4,142.1	4,585.2	4,478.6
Asset-Backed Securities	386.5	367.1	350.4	316.0	298.4	286.7	267.8	253.0	239.9	222.1	197.4
Money Market	200.0	185.0	200.0	160.0	25.0	170.0	80.0	80.0	50.0	40.0	--
Corporates	364.6	357.9	370.8	368.3	388.7	437.4	449.4	455.3	510.2	531.1	598.6
Certificates of Deposit	25.8	24.0	21.8	21.5	14.1	14.4	4.4	4.4	4.4	5.4	4.2
Totals	$5,424.1	$4,926.3	$5,003.8	$4,718.8	$4,608.7	$5,815.7	$6,189.8	$5,895.4	$6,022.0	$6,586.3	$6,461.6

[1] This table includes all moneys in the State pool, which includes the General Fund 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 to use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "THE SERIES 2011A NOTES – Authorization," "FINANCIAL OPERATIONS – The Treasurer" and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE."

The following tables present on a cash basis the actual and estimated cash flows of the General Fund for Fiscal Year 2010-11, and the estimated cash flows for the General Fund for Fiscal Year 2011-12, by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on the modified accrual basis of accounting, with accounting adjustments made by the State Treasurer to arrive at a cash basis presentation, and should be read in conjunction with the information set forth in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE."

Monthly cash flow projections for Fiscal Years 2010-11 and 2011-12 are based upon (i) the General Fund appropriations for Fiscal Years 2010-11 and 2011-12 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB June 2011 Economic Forecast discussed in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – OSPB Revenue and Economic Forecasts." Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of estimated cash flows. Additionally, the timing of transactions from month to month may vary from the forecasts. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. See the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado
Actual and Estimated General Fund Cash Flow
Fiscal Year 2010-11
Current Law

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

	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:													
Sales and Use Tax	184.9	$ 163.1	$ 189.2	$ 186.5	$ 170.8	$ 186.6	$ 206.9	$ 166.3	$ 178.7	$ 190.4	$ 175.8	$ 193.2	$ 2,192.4
Individual Income Tax	288.0	300.9	406.0	286.2	287.1	432.3	481.6	148.3	238.1	653.7	290.7	429.4	4,242.3
Corporate Income Tax	(10.9)	9.4	86.2	13.5	(8.6)	54.0	12.1	(5.1)	45.2	79.0	2.0	98.8	375.6
Other	57.3	17.1	12.6	38.9	38.5	(8.9)	17.9	48.0	23.5	45.8	19.5	19.5	329.7
Total General Fund Revenue	519.3	490.5	694.0	525.1	487.8	664.0	718.5	357.5	485.5	968.9	488.0	740.9	7,140.0
Augmenting Revenue – Primarily Federal Revenue[2]	255.1	485.5	540.7	373.6	451.2	564.0	469.8	460.7	605.7	444.3	515.4	476.8	5,642.8
Total Revenues	774.4	976.0	1,234.7	898.7	939.0	1,228.0	1,188.3	818.2	1,091.2	1,413.2	1,003.4	1,217.7	12,782.8
Expenditures[2]:													
Payroll	121.2	126.9	115.0	115.0	115.1	116.1	116.8	117.9	116.2	116.9	116.9	116.7	1,410.7
Medical Assistance	348.8	352.9	292.9	287.1	343.4	355.4	349.6	341.9	353.7	321.2	390.0	319.3	4,056.2
Public School Distribution	845.0	4.1	665.4	1.8	16.2	845.3	54.8	34.4	771.0	69.5	45.7	67.8	3,421.0
Higher Education Distribution	--	46.8	--	4.0	4.0	41.0	0.3	0.3	0.3	1.1	1.1	--	98.9
Grants and Contracts	49.5	281.1	336.4	159.2	220.4	12.8	202.5	182.2	231.6	171.2	191.3	201.7	2,239.9
Other	108.3	223.3	85.8	110.0	105.8	215.9	93.2	89.7	110.5	106.2	107.0	(11.8)	1,343.9
Total Expenditures;	(1,460.8)	(1,035.1)	(1,495.5)	(677.1)	(804.9)	(1,586.5)	(817.2)	(766.4)	(1,583.3)	(786.1)	(852.0)	(693.8)	(12,558.7)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(640.4)	(59.1)	(260.8)	221.6	134.1	(358.5)	371.1	51.8	(492.1)	627.1	151.4	523.9	270.1
Revenue Accrual Adjustment	119.9	(44.6)	7.2	46.7	(69.1)	28.8	15.4	(7.5)	(24.2)	78.6	(22.5)	(17.6)	111.1
Expenditure Accrual Adjustment	(213.1)	97.7	(1.5)	(88.1)	72.1	(95.7)	126.5	(14.1)	40.8	(49.4)	12.0	(291.5)	(404.3)
Extraordinary Items Impacting Cash:													
TABOR refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	151.3	151.3
Homestead Exemption	--	--	--	--	--	--	--	--	--	--	--	--	--
General Fund Notes – Including Interest	--	--	--	--	--	500.0	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(12.0)	--	--	--	--	--	--	--	--	--	--	--	(12.0)
Actual/Projected Monthly Cash Change	(745.6)	(6.0)	(255.1)	180.2	137.1	74.6	513.0	30.2	(475.5)	656.3	140.9	(134.7)	115.4
General Fund Cash Balance End of Month	**$ (745.6)**	**$ (751.6)**	**$(1,006.7)**	**$(826.5)**	**$(689.4)**	**$ (614.8)**	**$ (101.8)**	**$ (71.6)**	**$ (547.1)**	**$ 109.2**	**$ 250.1**	**$ 115.4**	

[1] General Fund revenues are derived from the OSPB June 2011 Revenue Forecast. The amounts for June 2011 are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the inside cover of this Official Statement regarding forward-looking statements.

[2] 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 2011-12
Current Law

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

	Jul 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	Jun 2012	Total
Beginning Cash and Investments Balance	$ 115.4												$ 115.4
Revenues:													
General Fund Revenue:													
Sales and Use Tax	183.4	$ 183.9	$ 191.2	$ 184.4	$ 173.4	$ 175.7	$ 210.7	$ 159.5	$ 161.9	$ 180.8	$ 174.8	$ 187.8	2,167.5
Individual Income Tax	349.1	289.8	406.2	371.1	330.8	351.2	456.8	122.9	180.5	516.2	357.3	472.9	4,204.9
Corporate Income Tax	5.7	3.3	78.1	29.3	(22.5)	31.8	26.8	4.2	43.8	70.7	14.4	73.0	358.7
Other	21.8	4.1	13.3	(25.6)	(9.1)	(25.8)	25.9	52.7	38.7	181.0	(20.7)	149.7	405.9
Total General Fund Revenue	560.0	481.2	688.8	559.2	472.6	532.8	720.2	339.4	424.8	948.8	525.8	883.4	7,137.0
Federal Revenue	209.7	394.3	504.5	400.2	516.0	537.3	438.3	499.9	539.9	399.6	492.3	709.9	5,642.2
Total Revenues	769.7	875.5	1,193.3	959.4	988.6	1,070.2	1,158.5	839.3	964.7	1,348.4	1,018.2	1,593.3	12,779.2
Expenditures:													
Payroll	136.0	125.0	117.0	117.7	116.7	97.0	114.3	110.4	111.8	108.3	109.8	126.9	1,390.8
Medical Assistance	265.2	329.8	239.7	236.5	357.5	302.8	204.5	328.2	260.1	375.3	323.6	290.2	3,513.5
Public School Distribution	829.0	7.2	820.4	0.2	1.8	815.5	3.0	0.3	815.8	0.3	0.2	2.1	3,295.8
Higher Education Distribution	0.0	17.1	0.0	3.2	1.6	14.8	0.0	0.0	0.0	0.0	0.0	(0.8)	35.8
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	272.6	2,838.8
Other	393.2	258.6	42.4	90.4	70.3	227.1	105.2	64.5	29.9	8.9	1.3	216.5	1,508.4
Total Expenditures	(1,666.6)	(993.9)	(1,523.9)	(651.4)	(783.3)	(1,747.8)	(674.8)	(741.3)	(1,487.3)	(728.3)	(676.9)	(907.5)	(12,583.1)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	(781.5)	(118.4)	(330.6)	308.0	205.3	(677.6)	483.7	98.0	(522.6)	620.1	341.3	685.8	311.5
Revenue Accrual Adjustment	(107.5)	(14.1)	1.5	4.6	(22.4)	3.1	1.4	(0.2)	(1.4)	7.2	(36.7)	(12.3)	(176.9)
Expenditure Accrual Adjustment	63.9	22.5	(0.5)	(15.4)	16.8	(5.1)	14.4	(9.3)	7.2	37.6	(11.3)	(156.7)	(35.9)
Extraordinary Items Impacting Cash:													
TABOR Refund	--	--	--	--	--	--	--	--	--	--	--	--	--
Net Transfer In/Out – From/To Cash Funds Per Statute	--	--	--	--	--	--	--	--	--	--	--	124.7	124.7
Homestead Exemption	--	--	--	--	--	--	--	--	--	(1.6)	--	--	(1.6)
Series 2011A Notes – Including Interest	500.0	--	--	--	--	--	--	--	--	--	--	(500.8)	(0.8)
Capital Construction Transfer	(49.3)	--	--	--	--	--	--	--	--	--	--	--	(49.3)
Actual/Projected Monthly Cash Change	(374.4)	(110.0)	(329.6)	297.2	199.6	(679.6)	499.5	88.6	(516.7)	663.3	293.2	140.6	171.8
General Fund Cash Balance End of Month	**$ (374.4)**	**$ (484.4)**	**$ (814.0)**	**$ (516.8)**	**$ (317.1)**	**$ (996.7)**	**$ (497.2)**	**$ (408.6)**	**$ (925.4)**	**$ (262.1)**	**$ 31.1**	**$ 171.8**	

[1] General Fund revenues are derived from the OSPB June 2011 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the inside cover of this Official Statement regarding forward-looking statements.

Source: State Treasurer's Office

BORROWABLE RESOURCES

The Pledged Revenues include, to the extent permitted by law, any Borrowable Resources.

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 "FINANCIAL OPERATIONS – Investment and Deposit of State Funds" and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment of the State Pool."

The ability of the State Treasurer to pay the Series 2011A Notes from Borrowable Resources will depend upon the availability of funds in the State Treasury that are eligible for investment. See "GENERAL FUND CASH FLOW" above. In addition, the availability of Borrowable Resources may be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual and estimated Borrowable Resources for Fiscal Year 2010-11 and estimated Borrowable Resources for Fiscal Year 2011-12. 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 the inside cover of this Official Statement regarding forward-looking statements.

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State of Colorado

Actual and Estimated Borrowable Resources

Fiscal Year 2010-11[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	$ 224.2	$ 238.4	$ 242.4	$ 247.0	$ 256.2	$ 270.7	$ 280.4	$ 252.3
Mineral Impact Fund	96.2	106.2	65.6	79.3	90.1	76.8	85.6	95.6	87.3	101.2	112.9	94.3
College Scholarship Fund	--	134.2	16.2	16.2	40.9	161.5	159.1	107.2	40.4	43.5	42.6	9.2
Hospital Provider Fee	72.4	21.4	22.8	30.7	37.7	44.4	55.9	69.3	68.2	78.1	87.6	73.0
School Capital Construction Assistance	78.3	90.1	87.8	86.4	90.4	93.1	95.6	108.9	101.3	101.9	109.2	109.2
Colorado Student Obligation Bond Authority – Administration	22.9	23.3	28.8	28.0	26.8	22.1	23.5	23.0	23.1	22.9	23.2	26.9
Aviation Fund	28.7	29.3	29.8	28.6	30.2	29.9	29.0	30.6	31.9	30.6	30.3	30.0
Water Conservation Construction Fund	71.0	72.5	83.4	82.1	80.3	84.7	82.6	79.8	83.4	89.1	91.3	93.7
Capital Construction Fund	74.3	78.3	76.9	72.8	67.6	64.1	55.7	44.5	38.9	47.5	30.1	26.3
Lottery Fund	49.8	55.0	37.5	47.2	55.5	45.1	53.3	56.9	37.9	48.0	58.4	40.4
Limited Gaming Fund	45.9	2.9	4.7	8.1	12.0	15.7	19.8	24.2	28.3	33.4	38.4	43.6
Hazardous Substance Fund	12.7	12.6	13.0	13.0	12.9	12.6	12.9	12.7	12.6	12.8	12.9	12.8
Workers' Compensation Fund	2.1	17.2	22.2	19.9	19.9	13.7	10.8	8.1	5.0	1.8	--	--
State Public School Fund	571.5	303.9	701.7	386.6	80.7	399.8	129.8	14.9	488.1	241.1	153.5	20.5
Higher Education Funds	948.2	1,166.9	1,286.9	1,246.3	1,196.6	1,143.8	1,271.5	1,321.2	1,321.3	1,266.7	1,185.5	1,325.5
Tobacco Tax Funds	104.1	112.0	94.7	109.0	114.4	101.7	113.6	117.8	102.1	112.0	115.5	59.9
Other Borrowable Resources	676.6	672.8	763.4	654.7	720.6	1,224.4	1,171.5	1,175.9	1,157.0	1,107.4	1,224.1	564.5
Total Borrowable Resources	3,101.7	3,144.6	3,566.9	3,149.0	2,900.8	3,771.8	3,612.6	3,537.6	3,883.0	3,608.7	3,595.9	2,781.9
Total General Fund	(745.6)	(751.6)	(1,006.7)	(826.5)	(689.4)	(614.8)	(101.8)	(71.6)	(547.1)	109.2	250.1	115.4
Less: Notes Issued and Outstanding	--	--	--	--	--	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	--
Net Borrowable Resources	$2,356.1	$2,393.0	$2,560.2	$2,322.5	$2,211.4	$2,657.0	$3,010.8	$2,966.0	$2,835.9	$3,217.9	$3,346.0	$2,897.4

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

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

[3] Amounts for June 2011 are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such estimates will be realized.

Source: State Treasurer's Office

State of Colorado
Estimated Borrowable Resources
Fiscal Year 2011-12[1,2,3]

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

	July 2011	Aug 2011	Sept 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012	May 2012	June 2012
State and Local Severance Tax Funds	$ 249.0	$ 246.5	$ 214.7	$ 217.9	$ 213.9	$ 214.6	$ 210.4	$ 211.7	$ 207.5	$ 164.2	$ 162.3	$ 157.6
Mineral Impact Fund	95.1	98.6	67.0	69.5	69.8	61.1	64.8	73.0	59.2	68.7	76.4	63.8
College Scholarship Fund	15.0	124.2	24.2	21.9	20.9	119.1	108.4	88.5	65.6	38.1	37.8	8.2
Hospital Provider Fee	73.0	71.4	72.8	80.7	87.7	94.4	105.9	119.3	118.2	128.1	137.6	135.0
School Capital Construction Assistance	102.0	99.1	96.6	95.0	99.4	102.4	105.2	119.8	111.4	112.1	120.1	119.0
Colorado Student Obligation Bond Authority – Administration	25.0	23.5	29.1	28.3	27.1	22.3	23.7	23.2	23.3	23.1	23.4	27.2
Aviation Fund	30.5	29.3	29.8	28.6	30.2	29.9	29.0	30.6	31.9	30.6	30.3	30.0
Water Conservation Construction Fund	88.0	89.4	90.8	89.7	87.8	90.4	93.5	92.4	93.9	73.8	75.7	77.7
Capital Construction Fund	27.0	25.5	22.8	21.1	19.9	18.4	17.7	16.6	15.1	14.7	13.3	11.6
Lottery Fund	42.0	51.7	30.7	39.6	48.9	26.3	40.0	51.9	33.7	47.1	57.2	39.5
Limited Gaming Fund	43.7	3.1	5.9	9.2	13.2	16.0	19.9	24.7	29.3	34.3	39.5	44.7
Hazardous Substance Fund	12.7	12.8	12.7	13.2	13.6	14.1	14.4	14.1	13.9	14.1	14.0	13.9
Workers' Compensation Fund	2.1	2.3	2.3	1.7	2.0	1.8	1.3	2.3	0.7	0.3	0.2	0.0
State Public School Fund	553.0	204.8	758.5	409.8	57.5	620.5	275.0	16.6	480.2	227.0	85.0	11.4
Higher Education Funds	1,075.0	990.7	1,086.1	1,087.9	991.7	1,026.9	1,272.4	1,270.6	1,186.8	1,113.3	1,084.0	1,212.0
Tobacco Tax Funds	105.0	110.2	110.0	106.7	108.2	103.8	104.3	106.1	94.6	101.3	106.9	55.4
Other Borrowable Resources	655.0	744.9	675.8	682.0	677.3	1,002.7	1,005.9	967.9	999.2	1,081.8	1,184.2	546.0
Total Borrowable Resources	3,193.1	2,927.9	3,329.8	3,002.8	2,569.2	3,564.7	3,491.9	3,229.2	3,564.5	3,272.6	3,247.7	2,553.0
Total General Fund	(374.4)	(484.4)	(814.0)	(516.8)	(317.1)	(996.7)	(497.2)	(408.6)	(925.4)	(262.1)	31.1	171.8
Less: Notes Issued and Outstanding	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	
Net Borrowable Resources	**$2,318.7**	**$1,943.6**	**$2,015.8**	**$1,986.0**	**$1,752.1**	**$2,068.0**	**$2,494.7**	**$2,320.6**	**$2,139.1**	**$2,510.5**	**$2,778.9**	**$2,724.7**

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

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

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

Source: State Treasurer's Office

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. Accordingly, the State currently has, and upon issuance of the Series 2011A 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 $80.8 million in Fiscal Year 2011-12. On December 16, 2010, the State entered into an additional annually renewable lease-purchase agreement to finance K-12 school construction pursuant to the State's "Building Excellent Schools Today" (BEST) program. For Fiscal Year 2011-12, the BEST December 2010 issuance added $15.2 million to the previously existing $11.9 million of Net Base Rent due in that year under the BEST program. See Notes 24 and 40 to the financial statements included in the State's Fiscal Year 2009-10 CAFR appended to this Official Statement for a discussion of the State's notes, bonds and certificates payable and material subsequent events that occurred after June 30, 2010, but before publication of the financial statements.

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 $88.3 million and $74.4 million, respectively.

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 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 Fiscal Year 2009-10 CAFR appended to this Official Statement.

Pension and Post-Employment Benefits

The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX C –

STATE PENSION SYSTEM," the "Plan"), a defined contribution plan and a limited healthcare plan. Each plan is administered by the Public Employees' Retirement Association ("PERA"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each category of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits. Most State employees participate in the Plan. For a general description of the Plan and PERA, see "APPENDIX C – STATE PENSION SYSTEM." For a detailed discussion of the Plan, the defined contribution plan and PERA, see Notes 18, 19 and 20 to the State's Fiscal Year 2009-10 CAFR appended to this Official Statement and PERA's Comprehensive Annual Financial Report for calendar year 2010 (the "PERA 2010 CAFR"). The information in the State's Fiscal Year 2009-10 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2009; however, the information under this caption has been updated with information from the PERA 2010 CAFR released in June 2011.

The Plan is funded with payments made by the State and by each participating State employee, the amounts of which are determined and established by statute. See "APPENDIX C – STATE PENSION SYSTEM – Funding and Contributions." Although the State has made all statutorily required contributions ("SRC") to the Plan, as of December 31, 2010 (the latest period for which audited information for the Plan is available), the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were $12.8 billion and $20.4 billion, respectively, resulting in an unfunded actuarial accrued liability ("UAAL") of $7.6 billion and a funded ratio of 62.8%. The UAAL at December 31, 2010, would amortize over a 47-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC)[*]. See "APPENDIX C – STATE PENSION SYSTEM – Funding and Contributions" and Table 1 therein for details on the State's SRC and ARC, and supplemental contributions made by the State to address funding shortfalls.

The actuarial value of assets for the Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 62.8%. The funded ratio of the Plan at December 31, 2010, based on the market value of assets, was 61.3%, representing an unfunded accrued liability of $7.9 billion. See "APPENDIX C – STATE PENSION SYSTEM – Plan Assets, Liabilities and Funding Levels" for historical information regarding the Plan's assets, liabilities and funding levels. See also "Management's Discussion and Analysis" and Notes 18, 19 and 20 to the State's Fiscal Year 2009-10 CAFR appended to this Official Statement. Calculation of the UAAL and the ARC is based on numerous assumptions, including future retiree participation and contribution rates, discount rates, investment rates and life expectancy rates. No assurance can be given that the AAL and UAAL of the Plan will not materially increase or that the actuarial or market values of the Plan assets will not materially decrease.

Because the State's annual contributions with respect to the Plan are set by statute and funded in the State's annual budget, such contributions are not affected in the short term by changes in the actuarial valuation of the Plan assets or funding ratio of the Plan. Accordingly, the State does not believe that the State's current pension liability or any change in the State's pension liability will adversely affect the State's ability to fully pay the Series 2011A Notes.

The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance is provided under the PERA Health Care Trust Fund in which members from all divisions of PERA may participate. It is a cost-sharing, multiple employer

[*] For purposes of calculating the actuarial annual required contribution (ARC) under the Plan for accounting purposes, GAAP requires that the UAAL be amortized over a maximum period of 30 years. As a result, the ARC is higher than the SRC because it results in a 30-year amortization of the UAAL instead of a 47-year amortization of the UAAL at December 31, 2010.

plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees, and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members to purchase non-covered employment service credits and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2010, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.4 billion, a funded ratio of 17.5% and a 42-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, the actuary has not determined the portion of the UAAL that applies to each division participant. However, the State Division, which is itself a cost-sharing, multiple employer participant in the Health Care Trust Fund, represented approximately 34% of the covered payroll reported for the Health Care Trust Fund at December 31, 2010. Although at December 31, 2010, the funded ratio of the Health Care Trust fund was 17.5%, the benefit is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 10 and 11 to the PERA 2010 CAFR for additional information regarding the Health Care Trust Fund.

State Authorities

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

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

Note Issues of the State

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes, such as the Series 2011A 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 for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes and education loan anticipation notes that have been issued by the State have been paid in full and on time. See Note 40 to the financial statements included in the State's Fiscal Year 2009-10 CAFR appended to this Official Statement for a discussion of the State's tax and revenue anticipation notes and education loan anticipation notes issued in Fiscal Year 2010-11.

LITIGATION

No Litigation Affecting the Series 2011A 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 2011A Notes or questioning or affecting the validity of the Series 2011A Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to adopt the Authorizing Resolution and to secure the Series 2011A Notes in the manner provided in the Authorizing Resolution and the Funds Management Act.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State or State 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 39 to the financial statements included in the State's Fiscal Year 2009-10 CAFR appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of the pending material litigation in which the State is or was a defendant, see Note 39 to the financial statements included in the State's Fiscal Year 2009-10 CAFR appended to this Official Statement. In addition, the State is a defendant in a lawsuit contesting the funds and assets that comprise the TABOR emergency reserve. See Note 8B to the financial statements included in the State's Fiscal Year 2009-10 CAFR appended to this Official Statement for a description of the Fiscal Year 2009-10 emergency reserve. The citizen lawsuit asserts the TABOR emergency reserve, which is currently estimated in the Fiscal Year 2010-11 Long Bill to be $264.7 million for Fiscal Year 2010-11, must be funded in cash and/or liquid assets. Plaintiff seeks declaratory judgment for additional cash to be allocated to the TABOR emergency reserve. For Fiscal Year 2010-11, such amount includes $70.7 million of State properties designated in the Long Bill and the portion of the $100.0 million Wildlife Fund designated net assets that is not in the form of cash or liquid assets. The latter amount will not be known until the State's financial statements are prepared and audited in December 2011. The State believes it has a reasonable probability of a favorable outcome in the case, but the ultimate outcome cannot presently be determined. The State Attorney General does not believe that the above action or any remaining actions described in Note 39 to the financial statements included in the State's Fiscal Year 2009-10 CAFR appended to this Official Statement, 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 security for the Series 2011A Notes. Further, the State Attorney General 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 security for the Series 2011A Notes.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc., have assigned to the Series 2011A Notes the ratings set forth on the cover page of this Official Statement. No other ratings have been applied for.

A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2011A Notes, the State and its financial condition and operations, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2011A Notes. Neither the State Treasurer nor its Financial Advisor undertakes any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

In accordance with Subsection (d)(3) of Rule 15c2-12, which Subsection applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2011A Notes, the State will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement, but will undertake in the Authorizing Resolution to provide: (i) notice of any actual or projected deficiency in the Note Payment Account, as discussed in "THE SERIES 2011A NOTES – Security and Sources of Payment – *Note Payment Account*"; and (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the events enumerated in Subsection (b)(5)(i)(C) of Rule 15c2-12 with respect to the Series 2011A Notes, including, without limitation, principal and interest payment delinquencies, nonpayment related defaults (if and to the extent determined by the State Treasurer to be material), adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability and certain other material notices or determinations with respect to the tax status of the Series 2011A Notes or events affecting the tax status of the Series 2011A Notes, modifications to rights of the registered owners of the Series 2011A Notes (if and to the extent determined by the State Treasurer to be material), tender offers, defeasances and rating changes. Some of the foregoing notices are also required to be provided to DTC.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the registered owners and Beneficial Owners of the Series 2011A Notes, and, if necessary, may be enforced by such registered owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations of the undertaking does not constitute an Event of Default under the Authorizing Resolution, and none of the rights and remedies provided in the Authorizing Resolution for Events of Default will be available to the registered owners or Beneficial Owners of the Series 2011A Notes in such event.

Except as discussed below, during the previous five years the State Treasurer has complied, in all material respects, with the continuing disclosure undertakings entered into by the State Treasurer pursuant to the requirements of Rule 15c2-12. From January 2011 to May 2011, the State Treasurer failed to file with the MSRB monthly cash flow schedules for the State's General Fund Tax and Revenue Anticipation Notes, Series 2010A (the "Series 2010A Notes"), which were issued on December 14, 2010, and paid in full at maturity. Although such monthly filings were not required by Rule 15c2-12, the authorizing resolution for the Series 2010A Notes included an affirmative covenant by the State Treasurer to do so. See "THE SERIES 2011A NOTES – Security and Sources of Payment – *Note Payment Account*" for a discussion of the provisions of the Authorizing Resolution for the Series 2011A Notes regarding the preparation of periodic cash flow projections, which do not include a covenant by the State Treasurer to disseminate such projections.

LEGAL MATTERS

In connection with the issuance of the Series 2011A Notes, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel, will deliver an opinion substantially in the form included in this Official Statement as "APPENDIX E – FORM OF OPINION OF BOND COUNSEL." See also "TAX MATTERS" below. 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 2011A Notes.

TAX MATTERS

Federal Tax Treatment of Interest on the Series 2011A Notes

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2011A Notes is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2011A Notes (the "Tax Code"), and interest on the Series 2011A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the Series 2011A Notes in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2011A Notes. These requirements include: (a) limitations as to the use of proceeds of the Series 2011A Notes;

(b) limitations on the extent to which proceeds of the Series 2011A Notes may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2011A Notes above the yield on the Series 2011A Notes to be paid to the United States Treasury. The State Treasurer has covenanted and represented in the Authorizing Resolution not to take or omit to take any action with respect to the Series 2011A Notes, the proceeds thereof or any other funds of the State if such action or omission would cause the interest on the Series 2011A Notes to lose its exclusion from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations) under the Tax Code. Bond Counsel's opinion as to the exclusion of interest on the Series 2011A Notes from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the State Treasurer to comply with these requirements could cause the interest on the Series 2011A Notes to be included in gross income and alternative minimum taxable income from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the State Treasurer and other certifications and representations furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications or representations by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2011A Notes.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2011A Notes. Owners of the Series 2011A Notes should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal consequences. Certain of the Series 2011A Notes may be sold at a premium, representing a difference between the original offering price of those Series 2011A Notes and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such Series 2011A Notes (if any) may realize a taxable gain upon their disposition, even though such Series 2011A Notes are sold or redeemed for an amount equal to the owner's acquisition cost. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2011A Notes made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Series 2011A Notes may be sold at a premium, representing a difference between the original offering price of those Series 2011A Notes and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such Series 2011A Notes may realize a taxable gain upon their disposition, even if such Series 2011A Notes are sold or redeemed for an amount equal to the owner's acquisition cost.

IRS Audit Program

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2011A Notes. If an audit is commenced, the market value of the Series 2011A Notes may be adversely affected. Under current audit procedures, the Service will treat the State as the taxpayer and the Owners may have no right to participate in such procedures. The State Treasurer has covenanted in the Authorizing Resolution not to take any action that would cause the interest on the Series 2011A Notes to lose its exclusion from gross income for federal income tax purposes. None of the State, the Financial Advisor or Bond Counsel is responsible for paying or reimbursing any Owner or beneficial owner for any audit or litigation costs relating to the Series 2011A Notes.

Colorado Tax Treatment of Series 2011A Notes

In the opinion of Bond Counsel, interest on the Series 2011A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date of delivery of the Series 2011A Notes.

Other

Bond Counsel's opinion relates only to the exclusion of interest on the Series 2011A Notes from gross income and alternative minimum taxable income under federal and Colorado income tax laws as described above and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership or disposition of the Series 2011A Notes. Owners of the Series 2011A Notes should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2011A Notes. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to federal and state tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Series 2011A Notes, the exclusion of interest on the Series 2011A Notes from gross income, alternative minimum taxable income, Colorado taxable income, Colorado alternative minimum taxable income or any combination thereof from the date of issuance of the Series 2011A Notes or any other date, or which could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the Series 2011A Notes. Owners of the Series 2011A Notes are advised to consult with their own tax advisors with respect to such matters.

UNDERWRITING

The Series 2011A Notes will be purchased from the State by J.P. Morgan Securities LLC and Citigroup Global Markets Inc. pursuant to a competitive sale conducted by the State for an aggregate purchase price of $508,545,300, being the principal amount of the Series 2011A Notes plus an aggregate original issue premium of $8,620,000 and less an aggregate underwriting discount of $74,700.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2011A 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 2011A 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 2011A 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 2011A Notes, copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at Stifel, Nicolaus & Company, Incorporated, 1125 Seventeenth Street, Suite 1600, Denver, Colorado 80202, Attention: Vicki Mattox or Sara Brown, telephone number (303) 296-2300. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

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

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

APPENDIX A

STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Pagination reflects the original printed document)

Comprehensive Annual Financial Report

Bill Ritter, Jr.
Governor

For the Fiscal Year Ended June 30, 2010

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, 2010

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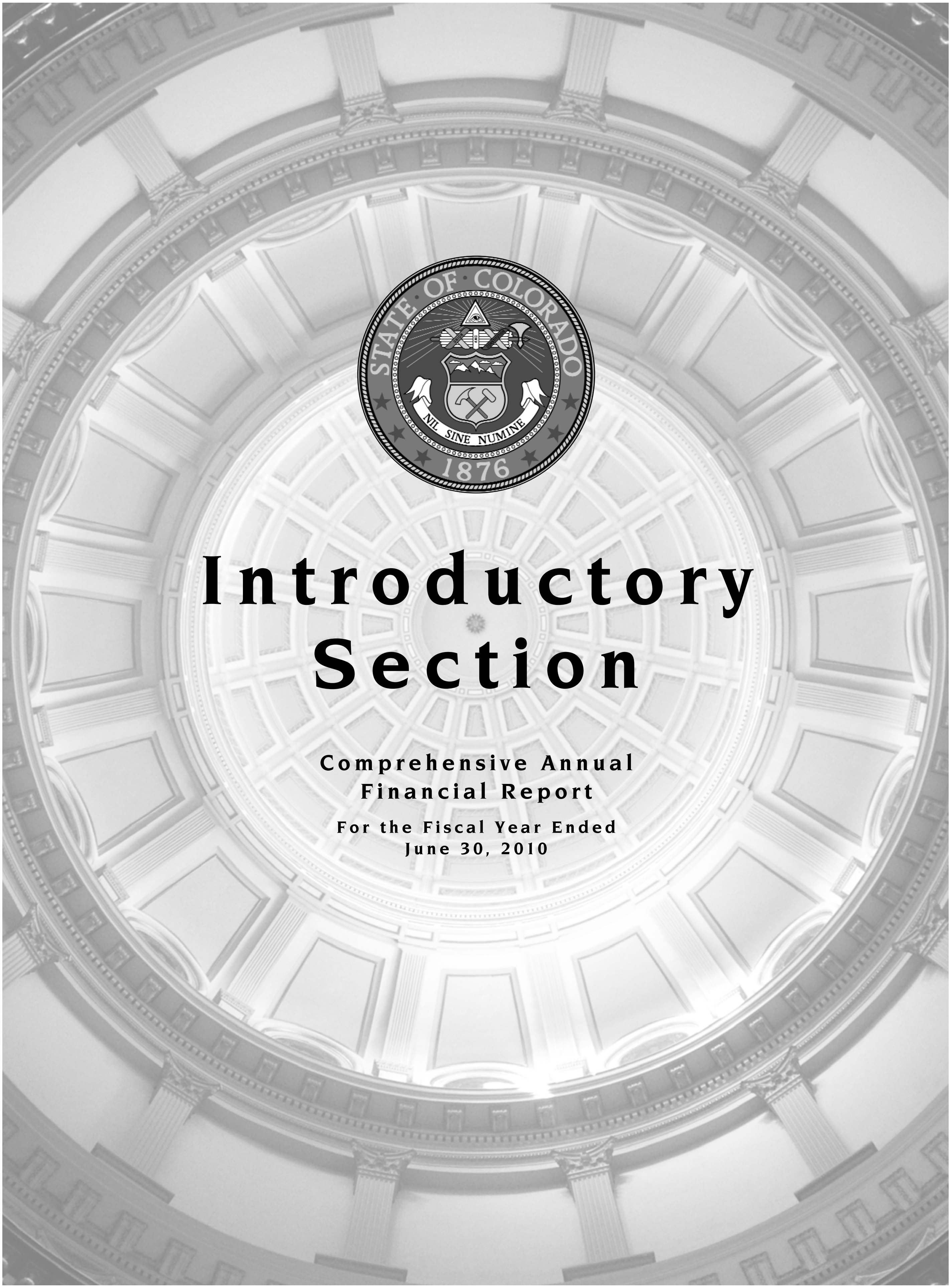


Introductory Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2010

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 17, 2010

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, 2010. 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. Except for certain institutions of higher education, 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 19, 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 39 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
- Statewide Internet Portal Authority

Additional information about these component units and other related entities is presented in Note 2 of the financial statements (see page 71). 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 103,718 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,315 to 14,433 feet above sea level. The 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.

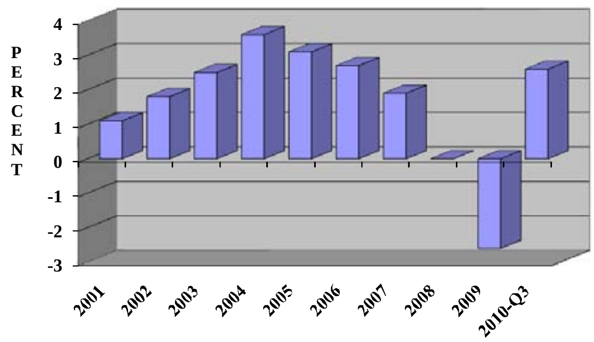
The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives who are also term limited. It is a citizen legislature whose general session lasts 120 days beginning in January of each year. Special sessions may be called by the Governor at his discretion and are limited to the topics identified by the Governor. The Legislature's otherwise plenary power is checked by the requirement for the Governor to sign 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 or the General Assembly 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 21 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 2009-10; General Fund revenues decreased by $69.0 million (1.1 percent) from the prior year. This decline followed a 13.1 percent decline in Fiscal Year 2008-09. In absolute dollars, the Office of State Planning and Budgeting (OSPB) reports personal income in the State decreased by approximately 2.2 percent for 2009 and is forecast to increase by 1.7 percent for 2010. State nonagricultural employment levels significantly declined with 106,100 jobs lost in 2009 and 37,200 forecast to be lost in 2010.

PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



The Bureau of Economic Analysis reports that inflation adjusted national gross domestic product (GDP) declined at an annual rate of (2.6) percent in calendar year 2009 but grew at an annualized rate 2.6 percent in the third quarter of 2010. Inflation adjusted GDP increased 3.2 percent from the third quarter of 2009 to the third quarter of 2010 (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 over two-thirds of GDP and were up 2.0 percent, while private domestic investment (including nonresidential structures, equipment and software, residential investments, and changes in inventories) was up 23.4 percent in aggregate. The largest increase in the private domestic investment category was equipment and software investments which increased by 19.1 percent. However, residential investment declined 5.6 percent (which would have been the eighteenth consecutive quarter of decline – if not for a 4.8 percent increase in the second quarter of 2010) and private domestic investment related to nonresidential structures declined by 14.0 percent. Government spending lagged the quarter-over-quarter growth rate at 1.2 percent largely related to a 1.2 percent decrease in state and local government, which comprises about 60 percent of government spending, even though nondefense federal expenditures increased 8.2 percent. Quarter-over-quarter exports increased by 12.6 percent and imports grew by 16.1 percent, resulting in a net reduction impact on GDP.

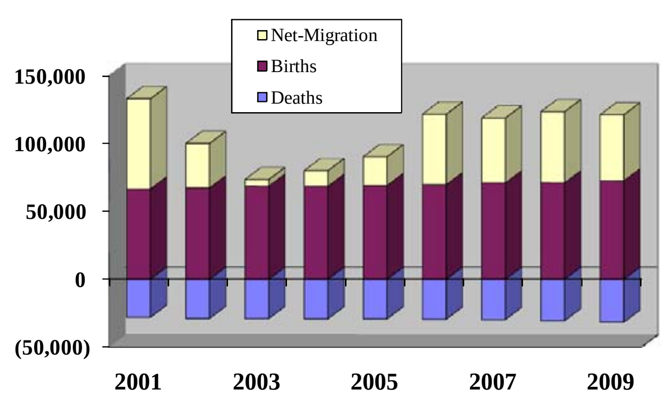
The national economy is continuing through a prolonged, anemic recovery resulting from the credit and housing boom and bust of the past two decades. The September, 2010 Economic and Revenue Forecast of the Colorado Legislative Council observed that:

> "…credit remains constrained, home values are flat or falling, construction is at record low levels, and unemployment remains uncomfortably high. Though the economy has slowed since its initial recovery trajectory as fiscal stimulus and the rebuilding of inventories have waned, it is still growing and businesses continue to add workers, albeit gradually. Exports of the nation's products continue to increase, especially to Asia and other areas that are growing robustly, helping the nation's manufacturing sector to expand. These positive factors, among others, such as sustained increases in consumer spending, relatively high levels of business spending on equipment and software, and early signs of a loosening of credit, will help the economy to continue growing. However, economic and job growth will be restrained by reduced credit availability and major adjustments in the housing and consumer sectors. Higher levels of uncertainty and cautiousness are also contributing to the current sluggish economy."

The recovery of the Colorado economy from the recession continues at a slow pace. According to the Office of State Planning and Budgeting (OSPB), uncertainties remain as to the strength of the recovery at the national level and Colorado has yet to experience significant job growth which leaves households in a weaker financial state and the consumer reluctant to spend. Businesses remain uncertain as to the path of the recovery, and that uncertainty coupled with tight credit-market conditions has left businesses unwilling to spend and undertake new investments. Mixed signals exist regarding the pace of economic recovery in Colorado, and employment has yet to develop a discernable trend.

Historically, Colorado economic activity and in-migration have been interdependent. However unlike the recession in 2001-2002, the recession in 2008-2009 has not resulted in a decreasing in-migration, which has averaged approximate 50,200 from 2006 to 2009. It remains slightly off its nine-year peak amount of about 66,400, which occurred in 2001, but is significantly in excess of its low of about 4,900 in 2003. International in-migration decreased from approximately 13,248 to 13,078 for 2008 and 2009, respectively, while in-migration from other states decreased more significantly from about 38,500 to about 35,600 for 2008 and 2009, respectively. The persistently strong in-migration is likely related to Colorado's economy being

COMPONENTS OF COLORADO'S POPULATION CHANGE



stronger and its unemployment being lower than most other regions of the United States. The information in the adjacent chart is based on current Census Bureau estimates, all of which were revised again during the past year.

The OSPB September 20, 2010 quarterly estimate predicts that Colorado's recovery from the recession will continue throughout calendar years 2010 and 2011, albeit at a slow rate until employment conditions improve and increases in personal income are realized. OSPB has made the following calendar year forecast for Colorado's major economic variables:

- Unemployment will average 7.9 percent for 2010 compared with 7.3 percent and 4.9 percent in 2009 and 2008, respectively, and it is expected to slightly decrease in 2011 to 7.7 percent.
- Wages and salary income will increase by 0.4 percent in 2010 and by 4.7 percent in 2011 before increasing to 5.0 percent growth in 2012.
- Total personal income will increase by 1.7 percent in 2010 before increasing by 4.2 percent in 2011.
- Net in-migration is expected to be 43,700 in 2010 and 39,200 in 2011 with total population growth of about 1.7 percent and 1.6 percent in each year, respectively.
- Retail trade sales will increase 5.4 percent in 2010 before increasing by 7.2 percent in 2011.
- Colorado inflation will increase to 1.0 percent in 2010 and 1.8 percent in 2011.

MAJOR GOVERNMENT FISCAL INITIATIVES

The General Assembly enacted and the Governor signed a large number of bills during the 2010 session. However, in a declining revenue environment, resources available for major initiatives were very limited. Colorado is constitutionally required to maintain a balanced budget as well as a positive General Fund fund balance on the budgetary basis. As a result, the main focus of the session was on near term budget balancing and revenue issues.

The General Assembly enacted the following measures which had significant financial impacts:

- In an effort to address the declining funded status of the State and other divisions of the Public Employees' Retirement Association (PERA), the General Assembly authorized modifications to the level of contributions and benefits of the plan. Those modifications included increasing the amounts to be contributed by employers over the long term and decreasing employer contribution in the short term, increasing employee contributions in the short term, reducing retirees' annual increases, modifying benefit calculations and eligibility, and creating new contribution guidelines for working retirees.
- Due to changes in federal law regarding the guarantees of student loans, the General Assembly 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. The change resulted in CollegeInvest selling its student loan portfolio and related revenue bonds at a loss. The loans and bonds were each reported at approximately $1.7 million in Fiscal Year 2009-10.
- In light of recurring reductions in discretionary budget allocations to institutions of higher education, the General Assembly provided the institution governing boards with authority to set tuition rates within a 9 percent annual increase limit, which can be exceeded with approval from the Colorado Commission on Higher Education. Changes were also enacted regarding admissions, financial aid, exemption from State fiscal rules, capital construction, and real estate acquisitions.
- The State Medical Marijuana Licensing Authority was created in the Department of Revenue; related fees will be used in part to cover the costs of licensing, regulation, audit, and investigation of marijuana cultivators, manufacturers, and dispensaries. A portion of the sales tax generated by medical marijuana will be used to support substance abuse programs and to regulate the industry.
- The General Assembly appropriated $36.0 million over the next three years to purchase Colorado's allocation of water from the Animas-LaPlata Project in Southwest Colorado for potential reallocation under contract to local governments.
- An amendment to the "Public School Finance Act of 1994" was enacted to modify the funding for K-12 public schools in Fiscal Year 2010-11, and resulted in a total reduction of $365.4 million, or 6.35 percent of total program funding for school districts and institute charter schools. A reduction for Fiscal Year 2011-12 is also expected, but an amount has not yet been specified.
- The General Assembly decreased General Fund expenditures by an estimated $188.2 million over the next two years by removing the seniors' property tax exemption. It also increased General Fund revenues by an estimated $55.5 million over the next two years by placing a cap on tax credits for conservation easements donated through 2013, and it increased General Fund revenues by an indeterminate amount through five bills that removed other income tax credits or similar tax provisions. Eight House bills were enacted that affected sales taxes primarily by removing sales tax

exemptions, which is estimated to increase revenue $189.1 million over the next two years. A total of 41 House and Senate bills were enacted increasing fee revenue by an estimated $17.6 million over the next two years.

The State expended $2,461.8 million of American Recovery and Reinvestment Act (ARRA) funds in Fiscal Year 2009-10 – a significant portion of which backfilled shortfalls in General Fund general-purpose revenue. Notwithstanding the refinancing of general funds to federal ARRA funds, the State carried out the following major actions to maintain service levels.

- The General Assembly authorized the transfer of $418.4 million from various cash funds in Fiscal Year 2009-10 to augment General Fund revenues and to prevent a deficit fund balance. The General Fund required reserve was maintained at two percent, which is half the normal four percent reserve and less than one third of the reserve required by statutes that increase the reserve to 6.5 percent in Fiscal Year 2016-17 and beyond.
- The General Assembly reduced the Fiscal Year 2009-10 appropriation for the State's share of local school district's total program funding by approximately $177.0 million of funding from the State Education Fund, which was offset with approximately $216.0 million of federal ARRA funds resulting in a Fiscal Year 2009-10 net supplemental appropriation increase of approximately $39.0 million.
- The General Assembly enacted various transfers and diversions of tobacco Master Settlement Agreement money and refinancing of the Children's Basic Health Plan with cash funds resulting in approximately $11.5 million in additional General Fund money and reduced spending obligations for Fiscal Years 2009-10 through 2011-12. The General Assembly declared a State fiscal emergency for Fiscal Year 2010-11 allowing the use of Amendment 35 tobacco tax moneys for health-related purpose including the Children's Basic Health Plan and Medicaid. As a result, $55.6 million of General Funded Medicaid expenditures were refinanced with tobacco tax moneys. Similar refinancing totaling $53.9 million was enacted for Fiscal Year 2010-11.

Additional information on the current and long-term impact of some of these initiatives can be found in the Management Discussion and Analysis and Notes to the Financial Statements.

BUDGETARY AND OTHER CONTROL SYSTEMS

The General Assembly appropriates the annual State budget for 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 the State Controller is convinced to approve an appropriation rollforward based on extenuating circumstances. Capital construction appropriations are normally effective for three years.

The State records the budget and certain nonappropriated spending authority (including most institutions of higher education activity) 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 available 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 16 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, 2009. This was the thirteenth 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, 2009

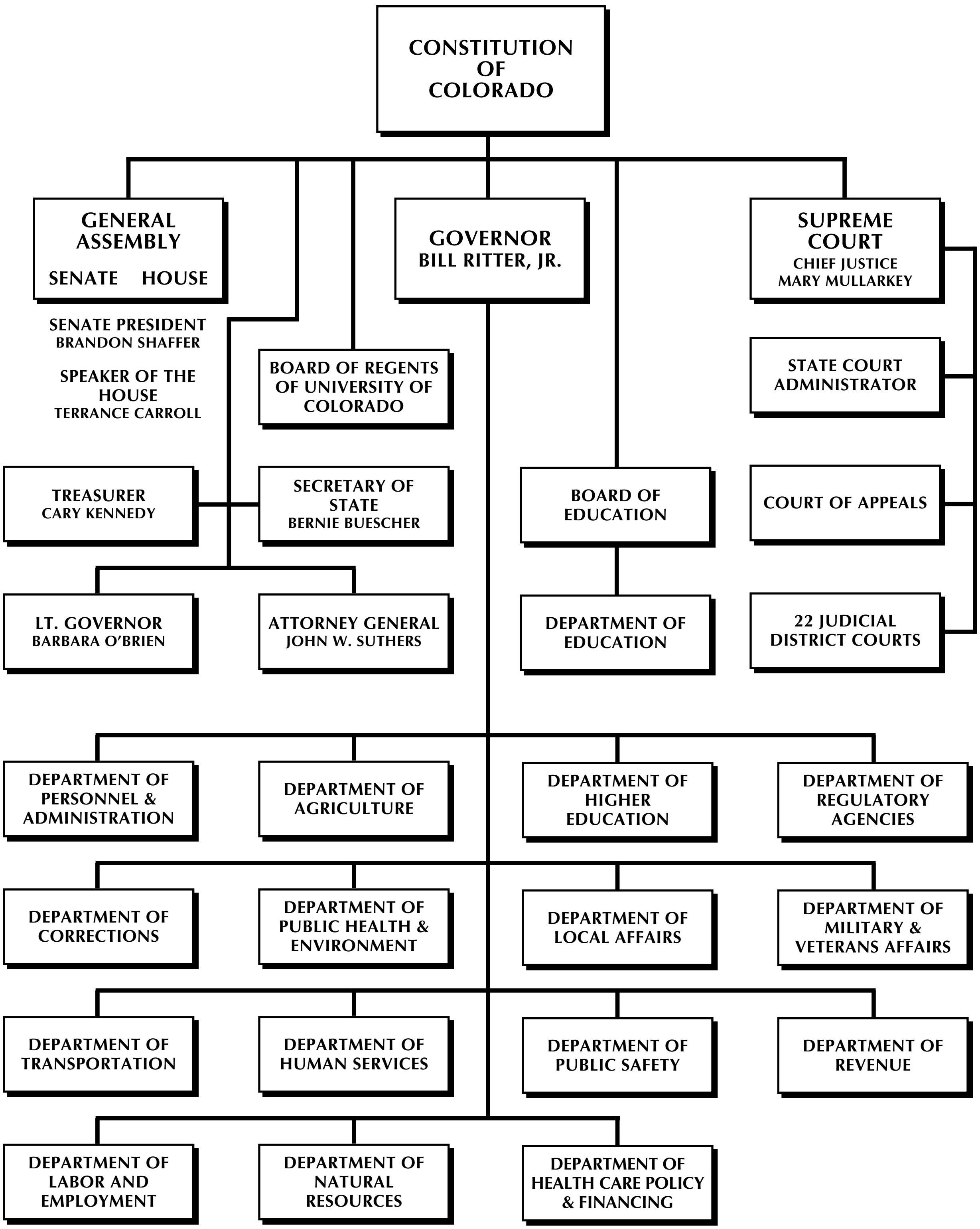
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

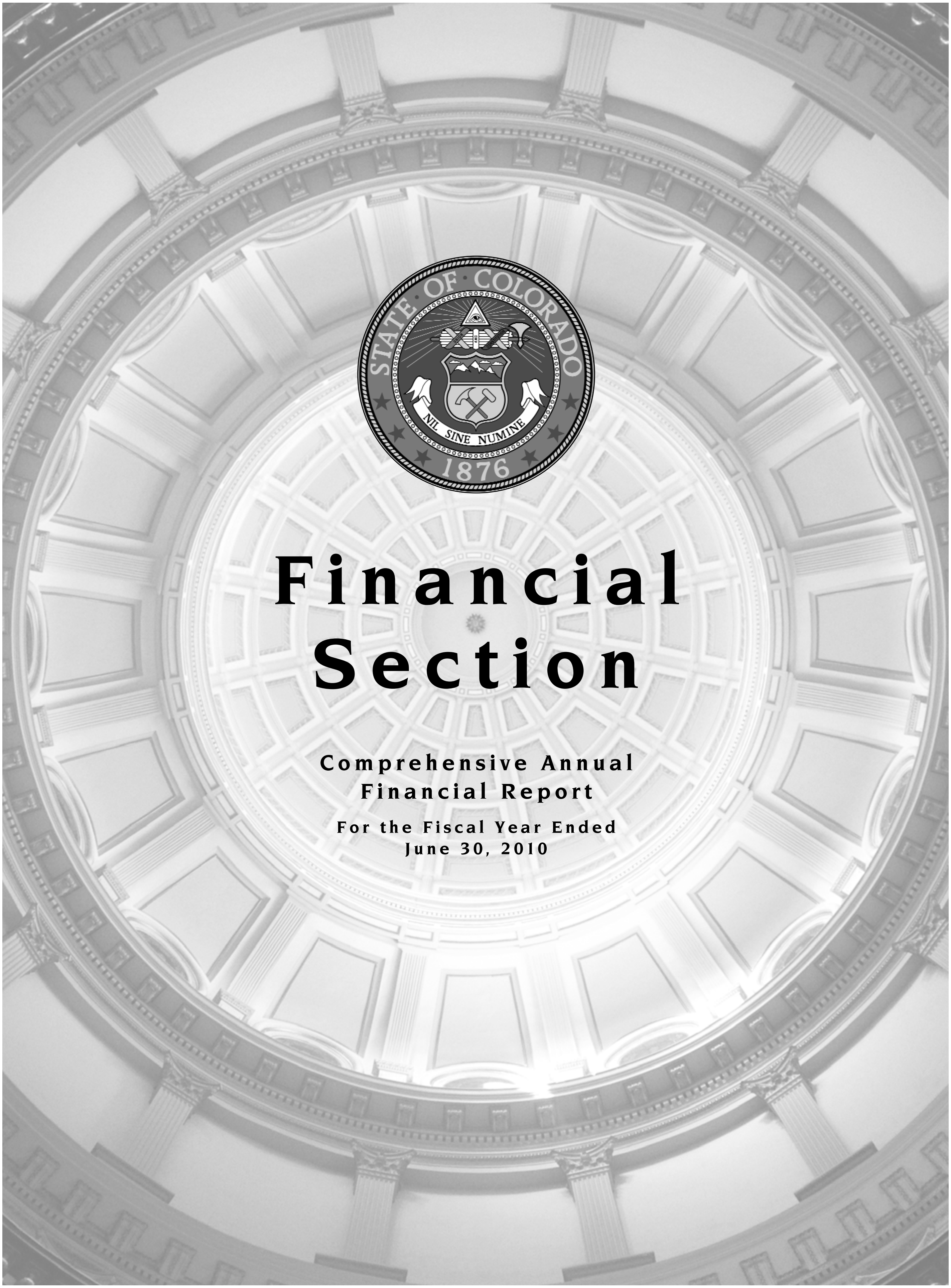
President

Jeffrey R. Esser

Executive Director

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2010

Office of the State Auditor

Sally Symanski, CPA
State Auditor

December 17, 2010

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 (the State) as of and for the fiscal year ended June 30, 2010, 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 revenues 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 approximately 3 percent of the total assets, 5 percent of the net assets, and 8 percent of the total revenues of Higher Education Institutions, a major enterprise fund, and approximately 3 percent of the total assets, 4 percent of the net assets, and 5 percent of the total revenues 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., is 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 audited in accordance with auditing standards generally accepted in the United States but were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures

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in the financial statements, 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, 2010, 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 described in Note 29 to the financial statements, in Fiscal Year 2009-10 the Colorado Department of Transportation changed from the modified approach to the depreciation approach for the State's roadway infrastructure because resources were no longer available to maintain the roads at the established condition level. In the process of changing to the depreciation approach, the beginning net asset balance for roads was decreased by approximately $601 million to correct for an error in the valuation of roads when infrastructure was recorded in Fiscal Year 2001-02. This is reported as a prior period adjustment. The change to the depreciation approach also resulted in a decrease to the beginning net asset balance for roads of approximately $449 million because of removal of roads that were under the capitalization threshold or fully depreciated, which is reported as a change in accounting principle. In addition, as described in Note 16, under the change in approach the roads were depreciated in the current fiscal year, which is considered a change in accounting estimate.

In accordance with *Government Auditing Standards*, we will issue a separate 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. 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 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, supplementary information, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and other auditors 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 by us and other auditors 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 $13,455.3 million, a decrease of $2,021.9 million as compared to the prior year amount of $15,477.2 million. The largest portion of the decrease was a reduction in capital assets of $1,513.4 million. This decrease was primarily due to $869.3 million of first year depreciation related to the Colorado Department of Transportation transitioning from the modified approach to the depreciation approach for reporting its roadways infrastructure. That transition also resulted in a $600.7 million prior period adjustment and a $448.7 million change in accounting principle. The $600.7 million adjustment is the result of errors in the initial valuation of roadways recorded at the inception of GASB Statement No. 34 in Fiscal Year 2001-02. The $448.7 million reduction was related to removing roadways from the accounting records for which the most recent construction was before the State's maximum infrastructure depreciation period. These reductions were offset by $524.1 million of capital asset additions, primarily Construction in Progress. Additional causes of the decrease in Net Assets include a reduction in cash and restricted cash balances of $495.2 million, primarily related to using existing resources in the General Fund ($248.4 million), the Capital Projects Fund ($149.5 million), and the State Education Fund ($141.0 million) to complete construction projects and to backfill general-purpose revenue shortfalls. Assets of the State's business-type activities exceeded liabilities by $4,746.5 million, a decrease of $133.6 million as compared to the prior year amount of $4,880.1 million. The overall decrease was the result of the following net asset changes: an increase of $410.8 million in Higher Education Institutions, a decrease of $508.8 million in Unemployment Insurance, a decrease of $100.6 million in CollegeInvest, and an increase of $63.3 million in Other Enterprises. In total, net assets of the State decreased by $2,155.5 million to $18,201.8 million.

Fund Level:

Governmental fund assets exceeded liabilities resulting in total fund balance of $4,676.3 million (prior year $4,785.1 million), of which, $3,241.2 million (prior year $3,308.3 million) was reserved, and the balance of $1,435.1 million (prior year $1,476.8 million) was unreserved. In total, governmental fund balances decreased $108.8 million from the prior year due to decreases in the General Fund, the Highways Users Tax Fund (HUTF), and the State Education Fund, which were partially offset by increases in the Capital Projects Fund and the Other Governmental Funds. The General Fund decrease included use of the statutory reserve to offset revenue shortfalls. While all revenues and expenditures contributed to the $319.6 million decrease in the General Fund fund balance, the change included a reduction in augmenting transfers from $815.3 million in Fiscal Year 2008-09 to $418.4 million in Fiscal Year 2009-10. The HUTF decreased primarily due to the discontinuation of statutory transfers from other governmental funds including the General Fund, Capital Projects Fund, and the Gaming Fund. The Capital Projects Fund increased primarily due to proceeds of Certificates of Participation from the Ralph L. Carr Justice Complex and Colorado History Center projects. The Other Governmental Funds increased due to $187.7 million of Certificates of Participation from the Build Excellent Schools Today (BEST) program and because revenues and transfers-in increased more than expenditures and transfers-out. On the basis of generally accepted accounting principles (GAAP), the unreserved undesignated fund balance of the General Fund was a deficit of ($30.8) million and a surplus of $155.4 million at June 30, 2010, and June 30, 2009, respectively. In addition (on the GAAP basis), the State was $132.6 million short of the amount of net assets required for the statutorily mandated two percent reserve. The reserve requirement was reduced through legislation from four percent to two percent for Fiscal Years 2008-09 and 2009-10; that legislation restored the reserve to four percent for Fiscal Years 2010-11 and 2011-12 and required it to increase by 0.5 percent each fiscal year from Fiscal Year 2012-13 through 2016-17. Thereafter, the reserve is to be maintained at 6.5 percent.

Enterprise Fund assets exceeded liabilities resulting in total net assets of $4,746.5 million (prior year $4,880.1 million), of which, $3,586.6 million (prior year $3,850.7 million) was restricted or invested in capital assets, and the balance of $1,159.9 million (prior year $1,029.4 million) was unrestricted. The total decrease of $133.6 million in Enterprise Fund net assets primarily occurred in the Unemployment Insurance Fund, a reduction of $508.8 million due to borrowing from the federal government to support benefits paid, and lower investment balances in the CollegeInvest Fund made necessary by a $79.6 million loss on disposal of their student loan portfolio and a $44.8 million transfer to the General Fund. These decreases were partially offset by a $410.8 million increase in the Higher Education Institutions net assets primarily in the form of capital assets, cash, and investments that resulted from unrealized gains on investments, capital contributions, and other transfers from the State, as well as gifts and donations. Cash and capital assets also increased in the Other Enterprise Funds resulting in a net asset increase of $63.3 million. This increase occurred primarily in the Wildlife Fund ($31.7 million) and the newly created Statewide Bridge Enterprise Fund ($47.0 million).

Debt Issued and Outstanding:

The outstanding governmental activities' notes, bonds, and Certificates of Participation at June 30, 2010, were $2,197.4 million (prior year $1,784.0 million), which is 33.8 percent (prior year 27.0 percent) of financial assets (cash, receivables, and investments) and 11.9 percent (prior year 8.9 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 $2,783.3 million (prior year $4,003.0 million). The $1,219.7 million reduction in revenue bonds from the prior year is primarily related to CollegeInvest retiring, as required by statute, $1,701.3 million of bonds that previously supported the purchase and origination of student loans. The remaining outstanding revenue bonds are primarily invested in 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 revenues in excess of the TABOR limit for Fiscal Year 2009-10; 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, 2010. (See page 27 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 comparisons and funding progress for other post-employment benefits 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 financially, 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 current 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 71.

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, the Capital Projects Fund, 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 generally 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 increase or reduction 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 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.

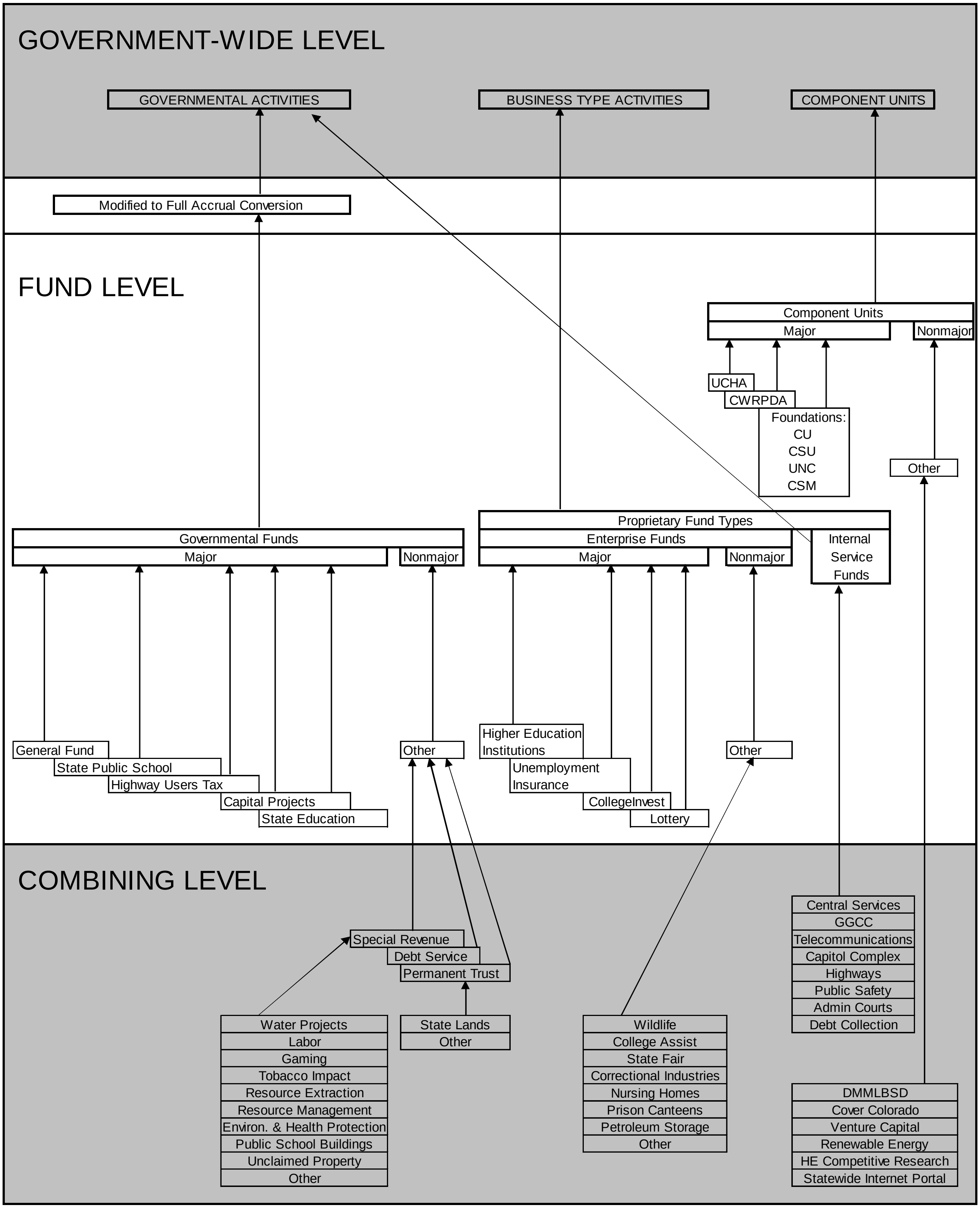
Notes to Basic Financial Statements

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 a schedule of funding progress for other post-employment benefits.

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
HE Competitive Research
Statewide Internet Portal

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Noncapital Assets	$ 7,208,926	$ 7,252,573	$ 4,180,622	$ 5,894,571	$ 11,389,548	$13,147,144
Capital Assets	11,327,140	12,840,474	5,119,819	4,522,626	16,446,959	17,363,100
Total Assets	18,536,066	20,093,047	9,300,441	10,417,197	27,836,507	30,510,244
Current Liabilities	2,551,854	2,488,460	1,482,306	1,243,341	4,034,160	3,731,801
Noncurrent Liabilities	2,528,940	2,127,382	3,079,433	4,293,744	5,608,373	6,421,126
Total Liabilities	5,080,794	4,615,842	4,561,739	5,537,085	9,642,533	10,152,927
Invested in Capital Assets, Net of Related Debt	10,118,621	11,631,061	2,854,803	2,665,270	12,973,424	14,296,331
Restricted	2,284,632	2,483,122	731,810	1,185,405	3,016,442	3,668,527
Unrestricted	1,052,019	1,363,022	1,159,867	1,029,437	2,211,886	2,392,459
Total Net Assets	$13,455,272	$15,477,205	$ 4,746,480	$ 4,880,112	$ 18,201,752	$20,357,317

The following table was derived from the current and prior year government-wide *Statement of Net Assets*. 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 $12,973.4 million or 71.3 percent of the State's total net assets, which represents a decrease of $1,322.9 million from the prior year, primarily related to the State's conversion from the modified approach to the depreciation approach for roadway infrastructure. This change resulted in a prior-period adjustment of $600.7 million for errors in the valuation of the roadways at the inception of GASB Statement No. 34. The change also resulted in an accounting principle change of $448.7 million related to removing roadways from the accounting records for which the most recent construction was before the State's maximum infrastructure depreciation period. This line item shows the original cost of capital assets reduced by depreciation to date and any remaining debt or lease liabilities the State incurred to obtain the assets. If not for the error correction and accounting principle change, capital assets would have increased by $133.3 million. Without the prior period adjustment, 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. 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 $3,016.4 million or 16.6 percent of net assets, which represents a decrease of $652.1 million from 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 $198.5 million of the decrease and business-type activities accounted for the remaining $453.6 million. The largest individual restriction decreases were related to Highway Construction and Maintenance ($21.7 million), Court Awards and Other Purposes (Tobacco Impact Mitigation Fund - $59.2 million), State Education ($143.8 million), and Unemployment Insurance ($393.0 million).

The Unrestricted Net Assets of $2,211.9 million represents 12.2 percent of total net assets and is the amount by which total assets exceed total liabilities after all restrictions and capital asset exclusions are considered. This represents a decrease of $180.6 million from the prior fiscal year. The governmental activities unrestricted net assets account for approximately $311.0 million of this decrease offset by an increase of $130.4 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 $978.6 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 $108.8 million. Program revenue of the governmental activities increased by $1,395.3 million (21.5 percent) related to increased grants and charges for services, and general-purpose revenues decreased by $634.2 million (7.6 percent) primarily due to declining tax collections, while expenses increased by $1,346.9 million (8.9 percent) from the prior year primarily due to spending under the American Recovery and Reinvestment Act (ARRA). 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 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total Primary Government 2010	Total Primary Government 2009
Program Revenues:						
Charges for Services	$ 1,398,714	$ 945,338	$ 3,991,677	$ 3,886,908	$ 5,390,391	$ 4,832,246
Operating Grants and Contributions	5,885,657	5,065,429	3,957,310	2,214,186	9,842,967	7,279,615
Capital Grants and Contributions	607,383	485,711	24,619	20,220	632,002	505,931
General Revenues:						
Taxes	6,739,757	7,346,588	-	-	6,739,757	7,346,588
Restricted Taxes	873,287	880,625	-	-	873,287	880,625
Unrestricted Investment Earnings	10,215	22,591	-	-	10,215	22,591
Other General Revenues	112,138	119,748	-	-	112,138	119,748
Total Revenues	15,627,151	14,866,030	7,973,606	6,121,314	23,600,757	20,987,344
Expenses:						
General Government	189,865	308,410	-	-	189,865	308,410
Business, Community, and Consumer Affairs	662,854	705,037	-	-	662,854	705,037
Education	5,096,032	5,208,705	-	-	5,096,032	5,208,705
Health and Rehabilitation	659,187	644,699	-	-	659,187	644,699
Justice	1,527,857	1,543,310	-	-	1,527,857	1,543,310
Natural Resources	144,445	137,159	-	-	144,445	137,159
Social Assistance	6,091,958	5,220,295	-	-	6,091,958	5,220,295
Transportation	2,105,688	1,376,215	-	-	2,105,688	1,376,215
Interest on Debt	33,203	20,393	-	-	33,203	20,393
Higher Education Institutions	-	-	4,451,541	4,153,282	4,451,541	4,153,282
Unemployment Insurance	-	-	2,496,188	1,138,621	2,496,188	1,138,621
CollegeInvest	-	-	68,650	78,647	68,650	78,647
Lottery	-	-	456,352	435,156	456,352	435,156
Wildlife	-	-	105,037	112,369	105,037	112,369
College Assist	-	-	410,027	399,576	410,027	399,576
Other Business-Type Activities	-	-	170,410	171,635	170,410	171,635
Total Expenses	16,511,089	15,164,223	8,158,205	6,489,286	24,669,294	21,653,509
Excess (Deficiency) Before Contributions, Transfers, and Other Items	(883,938)	(298,193)	(184,599)	(367,972)	(1,068,537)	(666,165)
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(94,993)	(114,685)	94,993	114,685	-	-
Special Item	-	(5,616)	(79,575)	-	(79,575)	(5,616)
Total Contributions, Transfers, and Other Items	(94,993)	(120,301)	15,418	114,685	(79,575)	(5,616)
Total Changes in Net Assets	(978,574)	(418,494)	(169,181)	(253,287)	(1,147,755)	(671,781)
Net Assets - Beginning	15,477,205	15,830,190	4,880,112	5,127,090	20,357,317	20,957,280
Prior Period Adjustment	(594,624)	(118,647)	35,549	6,309	(559,075)	(112,338)
Accounting Changes	(448,735)	184,156	-	-	(448,735)	184,156
Net Assets - Ending	$13,455,272	$ 15,477,205	$ 4,746,480	$ 4,880,112	$18,201,752	$20,357,317

Business-type activities' expenses exceeded revenues and net transfers-in by $169.2 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 $1,852.3 million while expenses increased by $1,668.9 million. Most of the program revenue increase occurred in Higher Education Institutions Operating Grants ($612.6 million) and in Unemployment Insurance's Operating Grants ($1,083.5 million). Net transfers from the governmental activities to the business-type activities decreased from $114.7 million to $95.0 million. The increase in expenses is primarily attributable to a 119.1 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 2009-10 is the seventeenth year of State operations under Article X, Section 20 of the State Constitution revenue limitations, which is also known as TABOR. 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.

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.

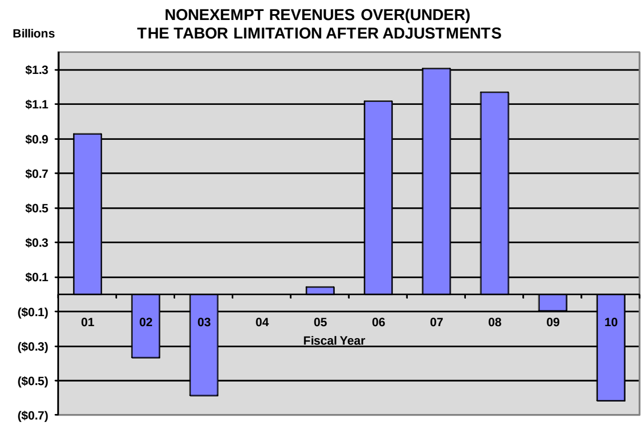
In the first three years of operations under TABOR, the State did not exceed the revenue limitation. In Fiscal Years 1996-97 through 2000-01, State revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million, and $927.2 million, respectively. The economic 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 2009-10, 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 2009-10, unaudited State revenues subject to TABOR were $8,567.9 million, which was ($615.5) million under the adjusted current year limit. During Fiscal Year 2009-10, Adams State College and Mesa State College requalified as TABOR enterprises because they received less than 10 percent of revenues from the State, and the Unemployment Insurance Program became a TABOR enterprise as authorized by statute. As required by TABOR, the State Controller makes the qualification or requalification of enterprises neutral in the excess revenue calculation by removing the newly qualified or requalified enterprise's nonexempt revenues from the TABOR base before adjusting for allowable growth. In Fiscal Year 2009-10, the TABOR limit was decreased by $424.3 million related to enterprise qualifications.

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.

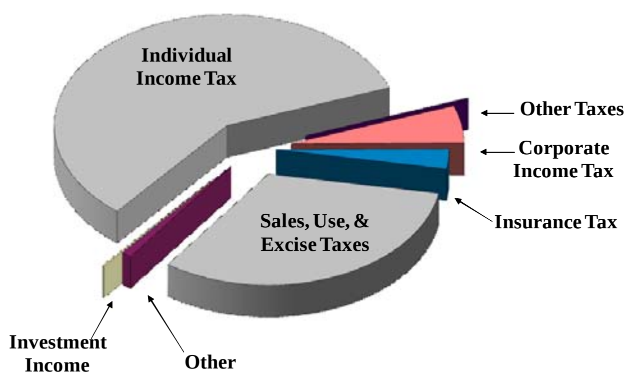
The amount of revenues in excess of the limit cannot be known for certain until the completion of the TABOR audit, which is generally not available until up to six months after fiscal year-end. Currently, due to declining economic conditions the State's revenues are not expected to exceed the TABOR limit during Fiscal Year 2009-10. Therefore no moneys were retained under Referendum C during Fiscal Year 2009-10. Neither the Legislative Council nor the Governor's economic forecast projects TABOR revenue in excess of the TABOR limit from Fiscal Years 2010-11 through 2012-13.

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.

GENERAL-PURPOSE REVENUES BY SOURCE

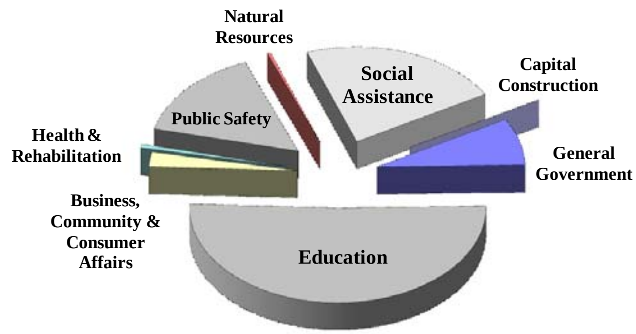


The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $15.8 million, including statutorily reserved and designated amounts – a decrease of $319.6 million from the prior year. While the State was able to fund the General Fund Reserve for Statutory Purposes of $132.6 million on the budget basis due to the deferral of certain expenditures into the following fiscal year, the required reserve on a GAAP basis was zero and the Unreserved Undesignated Fund Balance was a deficit of ($30.8) million. On both the budget basis and the GAAP basis, the General Fund received augmenting transfers of $418.4 million in Fiscal Year 2009-10 ($815.3 million Fiscal Year 2008-09) to address the State's budget crisis. Without the augmenting transfers, the General Fund fund balance on the budget basis would have been a deficit which is prohibited by the State's constitution. The General Fund's $426.6 million year-end cash balance decreased $248.4 million from the prior year.

General-purpose revenues for Fiscal Years 2009-10 and 2008-09 were $6,456.1 million (see page 159) and $6,525.4 million, respectively – a decrease of $69.3 million or 1.1 percent. Individual income tax revenue decreased by $243.8 million or 6.1 percent. The major categories of individual income tax, that contributed to the decrease, were estimated payments (down 33.9 percent), and withholding payments (down 2.3 percent.). The increase in cash with income tax returns (up 16.3 percent) and the reduction in income tax refunds (down 5.3 percent) partially offset the revenue decreases. The significant percentage decrease in estimated tax payments is normally associated with declining self-employment income, reduced taxpayers' investment earnings, or taxpayer cash flow difficulties; the decrease in withholding reflects job losses and limited wage inflation. Corporate income tax receipts increased by $84.9 million or 32.0 percent reflecting corporate cost cutting and improved profitability. Sales, use, and excise taxes increased by $89.9 million or 4.5 percent, which is consistent with the 1.7 percent projected increase in personal income in 2010. Other revenue increased by $4.4 million or 7.9 percent primarily related to a $2.1 million increase in business license and permit receipts.

On the budgetary basis, total expenditures and transfers-out (excluding transfers not appropriated by department) funded from general-purpose revenues during Fiscal Years 2009-10 and 2008-09 were $6,727.7 million (see page 159) and $7,370.8 million, respectively. For Fiscal Year 2008-09, the total annual increase in general-funded appropriations was limited to the lesser of five percent of personal income or six percent over the previous year appropriations 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; however, legislation was enacted that changed the growth limitation to be based solely on 5.0 percent of Colorado personal income beginning in Fiscal Year 2009-10. In Fiscal Year 2009-10, revenues were not sufficient to support the allowed appropriation growth and budget cuts were enacted that resulted in the budget decreasing by 7.1 percent.

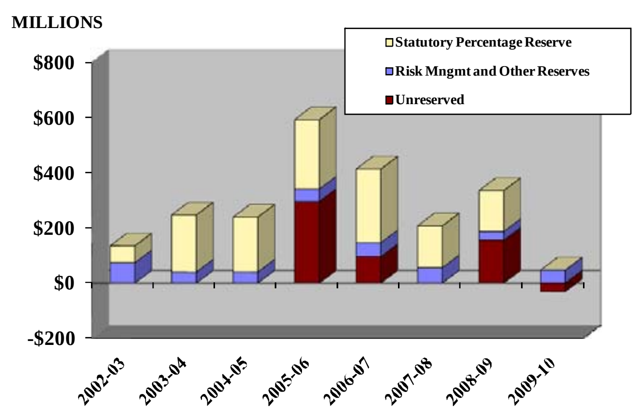
EXPENDITURES BY FUNCTION FROM GENERAL PURPOSE REVENUES



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 82.3 percent of all Fiscal Year 2009-10 general-funded expenditures, which is an increase of 1.8 percent from the prior year. The Department of Education's general-funded expenditures increased by 0.7 percent ($23.9 million), and it was the only department with an increase of over $1.0 million. 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 Departments of Health Care Policy and Financing, Higher Education, and Human Services' general-funded expenditures decreased by 12.2 percent, 35.2 percent, and 3.3, respectively. 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 $39.4 million to $0.2 million), the Highways Users Tax Fund (down from $29.0 million to $0.0), and the Senior Property Tax Exemption program (down from $85.6 million to $1.3 million) were significantly lower in Fiscal Year 2009-10 than in Fiscal Year 2008-09. Of the departments with substantial General Fund expenditures, the major decreases were in the Department of Corrections ($73.7 million or 11.6 percent), the Department of Health Care Policy and Financing ($159.5 million or 12.2 percent), the Department of Higher Education ($233.2 million or 35.2 percent), the Department of Natural Resources ($5.0 million or 16.5 percent), the Department of Revenue ($12.9 million or 19.2 percent), and the Department of Human Services ($25.2 million or 3.3 percent). Most of the general-funded expenditure decreases were offset by American Recovery and Reinvestment Act (ARRA) funding as detailed in the section on Analysis of Budget variances.

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. This change results in an ongoing difference between the GAAP fund balance and budgetary basis fund balance of the General Fund. During Fiscal Year 2009-10, the State met the statutory required reserve on a budgetary basis, but not on the GAAP basis. 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 2009-10 for the GAAP basis financial statements since the General Fund reserve was only met on a budgetary basis. Deferring payroll expenditures moved $88.7 million of expenditures into the following year, while deferring Medicaid related expenditures moved $229.7 million of expenditures into the following year. Revenues related to the deferral of the Medicaid expenditures were also deferred in the amount of $150.1 million. In total, the effect was to increase General Fund budgetary fund balance by $168.2 million, which was $28.1 million more than the effect of deferring Fiscal Year 2008-09 expenditures into Fiscal Year 2009-10.

GENERAL FUND - FUND BALANCE



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 2009-10 require a two percent fund balance reserve of $132.6 million; however, as previously discussed, the General Fund did not have adequate resources to meet the required two percent reserve on the GAAP basis and ended the year with a ($30.8) million shortfall. Statutory compliance was achieved on a budgetary basis by deferring $168.2 million of payroll and Medicaid costs into Fiscal Year 2010-11. The deferral of payroll and Medicaid costs has been in place since Fiscal Year 2002-03, and has prevented shortfalls in the budget basis statutory reserve in each year except Fiscal Years 2005-06 and 2006-07 when adequate resources were available for a positive budgetary reserve without the deferral. In Fiscal Year 2008-09 the statutorily required reserve was lowered from four percent to two percent of appropriations. The unreserved fund balance shown for Fiscal Year 2008-09 was larger than would have been possible with General Fund revenues because of a $458.1 million transfer into the fund on June 30, 2009. Declining economic conditions during Fiscal Year 2009-10 also required a series of augmenting transfers from various cash funds to prevent the General Fund from incurring a deficit fund balance on the budgetary basis.

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 $3,144.5 million and $2,999.8 million in Fiscal Year 2009-10 and 2008-09, respectively.

Highway Users Tax Fund

The Highway Users Tax Fund (HUTF) fund balance decreased by $61.3 million from the prior year due in part to a reduction of transfers-in of $68.0 million related to the termination of transfers-in from the General Fund, Capital Construction Fund, and the Gaming Fund. The General Fund Surplus transfer to the HUTF decreased from $29.0 million in Fiscal Year 2008-09 to $0.0 million in Fiscal Year 2009-10. Legislation in response to the economic downturn 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 HUTF shows an Unreserved Fund Balance Reported in Special Revenue Funds of $24.5 million. This amount is the residual after a $960.9 million reserve for encumbrances and a $213.6 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 increased by $155.4 million from the prior fiscal year primarily due to the issuance of $379.1 million of Certificates of Participation to construct the Ralph L. Carr Justice Complex and the Colorado History Center Projects (totaling $338.8 million) and to refund existing Certificates of Participation previously issued for the Colorado State Penitentiary II ($33.0 million). Fund expenditures of $222.2 million primarily related to previously appropriated projects and net transfers out of $39.4 offset the certificate issuance inflows. Investment income declined by $9.2 million. Capital outlay expenditures decreased by $105.5 million offset by increases in General Government expenditures of $8.2 million and Justice expenditures of $43.2 million. The Capital Projects Fund had a deficit Unreserved Undesignated Fund Balance of $35.6 million at fiscal year-end due to the Reserve for Encumbrances related to construction contracts to be funded from future federal and cash fund sources.

State Education Fund

The State Education Fund fund balance decreased by $143.8 million during Fiscal Year 2009-10. Except for investment income, revenues of the fund are fixed as a percentage of taxpayer tax liability, and the fund's portion of those receipts decreased in Fiscal Year 2009-10 by $10.9 million from the prior year. Investment income decreased by $8.7 million from the prior year primarily due to a decrease in the fund's cash balance on deposit with the State Treasurer. Unrealized losses made up 10.0 percent of reported 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 decreased by $121.4 million which compounded the decline in revenues. Expenditures of the fund were $475.0 million and $488.8 million in Fiscal Year 2009-10 and 2008-09, respectively.

Higher Education Institutions

Current period activity and prior period adjustments together increased the net assets of the Higher Education Institutions by $410.8 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 $38.9 million, sales of goods and services decreased by $89.1 million, federal revenues increased by $396.5 million, and other revenues increased by $11.4 million. In addition, investment income (including an increase in fair value of investments) was $141.4 million. Overall, revenues increased by 13.2 percent and expenses increased by 3.8 percent The State made capital contributions of $32.8 million and $113.8 million in Fiscal Years 2009-10 and 2008-09, respectively, that were funded by the Capital Projects Fund and transferred $174.5 million ($181.4 million in Fiscal Year 2008-09) 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 $362.6 million of funding from American Recovery and Reinvestment Act (ARRA) moneys in the State Fiscal Stabilization Fund to institutions of higher education. The money was used to fund normal operations and 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 were in deficit by ($115.8) million because the fund's current liabilities exceeded the fund's assets. This represents a decrease in net assets of $508.7 million, and occurred because unemployment benefits paid increased by $1,357.0 million, or 119.1 percent, due to the economic downturn. The net asset decrease was mitigated by an increase of $1,105.7 million in federal grants (including ARRA funds) received to extend the duration of unemployment benefits. The change in net assets was also affected by a $22.0 million decrease in investment earnings related to declining cash balance in the fund and a $128.5 million increase in the amount of unemployment insurance premiums received. 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 2008-09 to 2009-10 by $347.1 million (from $349.8 million to $2.7 million). In addition, the fund reports a $173.1 million payable to the federal government for borrowing to support the State's share of unemployment benefit payments.

CollegeInvest

CollegeInvest's net assets decreased by $100.5 million or 56.1 percent primarily related to losses incurred in selling the fund's student loan portfolio and retiring all of its revenue bonds, some of which were retired as part of the sale. The sale of the student loan portfolio and related bonds was required by House Bill 10-1428 which declared that the Department of Higher Education, of which the CollegeInvest program is a part, shall no longer be involved in student loans that are guaranteed by the federal government. The fund transferred $44.8 million to the General Fund in Fiscal Year 2009-10 to augment general-purpose revenues of the General Fund. CollegeInvest will maintain its college savings plans and certain other activities.

The fund experienced a $15.5 million increase in Federal Grants and Contracts, $12.1 million of Investment Income, and an $11.7 million decrease in Other Revenue. CollegeInvest's debt service decreased $22.7 million related to declining interest rates on variable rate debt held before the bonds sale or retirement. Assets of the fund decreased from $2,064.6 million to $331.9 million, primarily related to the sale of the student loan portfolio, while liabilities decreased from $1,885.3 million to $253.1 million primarily related to the retirement or sale of the bonds previously issued to purchase or originate student loans. The amount Due to Other Governments increased by $70.7 million primarily related to a participation program in which CollegeInvest placed student loans with the federal Department of Education in exchange for cash to be used for loan origination. With the termination of the guaranteed loan program the related student loans will be sold to the federal Department of Education.

State Lottery

The Lottery produced operating income of $113.8 million ($120.9 million in Fiscal Year 2008-09) on sales of $512.3 million ($500.5 million in Fiscal Year 2008-09). The change represents a 5.9 percent decrease in operating income. The Lottery distributed $56.4 million ($54.3 million in Fiscal Year 2008-09) to the Great Outdoors Colorado program, a related organization, and transferred $57.1 million ($65.9 million in Fiscal Year 2008-09) to other State funds, of which, $11.3 million was used to fund operations of the State's Division of Parks and Recreation and $45.2 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 159. 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 $12.6 million.

- Department of Corrections – The department's original budget exceeded the final budget by $114.4 million. The primary reason for the decrease was $89.0 million of federal funds received under the American Reinvestment and Recovery Act (ARRA), which allowed for a corresponding General Fund budget reduction (refinancing). The department's final budget also decreased $11.7 million in the In-Private Prison Program related to an increased use of $1.7 million of federal funds from the State Criminal Alien Assistance Program and a $10 million reduction related to lower than projected offender population. The general-funded budget also decreased by $5.4 million related to reduced medical costs associated with lower utilization of services by a declining offender population and a $5.5 million reduction in the Education Subprogram related to the use of $2.5 million from the Canteen Cash Fund and a $3.0 million funding reduction.
- Department of Health Care Policy and Financing – The department's original budget exceeded the final budget by $524.7 million. That amount includes the following significant line item reductions:
  - Purchased Medical Services – $395.4 million net reduction comprising an increased of $20.5 million for the repeal of Senate Bill 09-265 which required delay of the final weekly Medicaid payment in June 2010, and the following reductions: $252.9 million refinanced to ARRA funds, $43.7 million refinanced to the Health Care Expansion Fund, $27.4 million refinanced to Tobacco Tax moneys, $27.3 million reduction for the delay of June Medicaid Management Information System payments, $17.1 million for a reduction in nursing facility reimbursement rates, and an $8.2 million caseload reduction.
  - Community Services for the Developmentally Disabled – reduced $34.6 million primarily related to refinancing to federal ARRA moneys.
  - Medicare Modernization Act (MMA) State Payments – reduced $31.3 million due to a refinance to federal ARRA moneys related to a federal decision to allow retroactive federal funding of payments back to 2008.
  - Capitation Based Medically Eligible Clients – reduced $27.7 million primarily related to $23.7 million refinanced to federal ARRA moneys, $8.3 million related to delaying managed care provider and capitation payments, and an increase of $6.7 million related to the repeal of previously planned delays in payment to Fiscal Year 2010-11.
  - Safety Net Provider Payments – reduced $13.1 million for the combined effect of a change in cost estimating procedures and the removal of the General Fund from the funding for payments to private hospitals.

- Department of Higher Education – The Department of Higher Education's original budget exceeded the final budget by $231.7 million. The decrease was primarily a result of $231.3 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 Human Services – The department's original budget exceeded the final budget by $23.8 million. The American Reinvestment and Recovery Act (ARRA) Temporary Assistance to Needy Families (TANF) block grant provided $29.0 million, which allowed for some General Fund budget refinancing. The Child Welfare Services line item was reduced by $11.0 million, comprising a $3.0 million refinance to TANF funds, a $4.0 million refinancing to various cash funds, and a $4.0 million reduction that was not refinanced. Several adjustments resulted in net reduction of $4.1 million in the Purchased and Contract Placement line item of the Division of Youth Corrections, the most significant of which was a $4.3 million General Fund reduction related to the use of lower-cost State facilities beyond their capacity rather than purchasing services from nonstate entities at a higher cost. The County Tax Base Relief line item in the County Administration group was reduced by $3.0 million as a budget balancing measure by removing two of the three tiers under which certain counties received additional funds depending on their property tax base. The Division of Child Welfare was reduced $2.6 million when the appropriation for Functional Family Therapy was eliminated.

- Judicial Branch – The Judicial Branch's original budget exceeded the final budget by $12.6 million. The decrease was primarily due to reductions to address the State's revenue shortfall and, per the Joint Budget Committee's appropriation report, included $8.2 million in personal services reductions including 109 full-time equivalents (FTE) in trial court staff, 60 FTE in probation staff, and 39 FTE in public defender staff. The reductions were distributed across a number of line items in the Judicial Branch, none of which exceeded $1.0 million.

- Department of Revenue – The department's original budget exceeded the final budget by $15.6 million. The decrease was primarily due to a $12.2 million reduction of general-funded appropriations to the State's Division of Motor Vehicles, driver and vehicle services – one-third of which was refinanced to be funded from the Highway Users Tax Fund and two-thirds of which was to be funded by the Licensing Services Cash Fund. The department's executive director's office centrally appropriated line items were reduced by $4.0 million and refinanced to be funded from the Licensing Services Cash Fund.

Differences Between Final Budget and Actual Expenditures

Overexpenditures for all funds totaled $128.5 million for Fiscal Year 2009-10. General-funded overexpenditures are discussed in detail in Note 8A on page 83 at the individual line item appropriation level. In total, State departments reported general-funded appropriation reversions of $37.9 million; the reversion would have been $46.5 million if not for a $8.6 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 $9.7 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 $1.8 million (0.3 percent) primarily due to lower than expected personal services costs because of difficulties in hiring qualified applicants in the drug and alcohol treatment and sex offender treatment programs. Property and liability insurance expenditures were also lower for the year, and pharmaceutical purchases reflected a slightly less than anticipated usage for the offender caseload.

- Department of Health Care Policy and Financing – The department reverted $31.2 million (2.7 percent) after reduction for the $869,226 of statutorily authorized overexpenditures in the Medicaid program detailed in Note 8A. Of the reversion amount, $28.7 million was in the Medical Services Premium line item and was largely the result of the decision by the Director of the Governor's Office of State Planning and Budgeting and the State Controller to delay, for budget purposes only, the posting of Medicaid payments for the last two weeks of June until July 1, 2010. The delay in Medicaid payments was authorized by State statute and was necessary to prevent a deficit General Fund fund balance on the budget basis. Such a deficit would have been a violation of the State Constitution. The department also reverted $0.6 million from its Information Technology Contracts and Projects group of line items due to a delay in federal approval of fraud detection software and due to delays in contracts to implement provider rate reductions and other projects. In addition, the department reverted $1.4 million from its Services for People with Disabilities – Regional Centers because the receipt of additional federal ARRA funds required a restriction of General Fund appropriation.

- Department of Human Services – The department's $3.4 million (0.5 percent) reversion comprises numerous smaller amounts, the most significant of which were:
  - $1.7 million of the Purchased and Contract Placements appropriation in the Community Programs group caused by actual caseload that was 7.2 percent below the budget estimate,
  - $0.3 million of the Parole Program Services appropriation in the Community Programs group caused by receipt of federal ARRA funds that became available after the budget could be adjusted,
  - $0.3 million of the Colorado Trails appropriation in the Information Technology Services group resulting from an unreleased restriction related to a prior year overexpenditure, and
  - $0.2 million of the Treatment and Detoxification Contracts in the Treatment Services group caused by actual caseload that was below the budget estimate.
- Legislative Branch – The Legislative Branch reverted $2.7 million (7.7 percent) primarily due to $1.4 million related to amounts budgeted for a Special Session which did not occur and related to restrictions the General Assembly placed on Legislative Branch's spending on personal services, interim committees, travel, and leased computers. The Office of the State Auditor reverted $1.1 million primarily due to State agencies reimbursing the Auditor for contract audit costs that were budgeted as general-funded.
- Department of Public Safety – The department reverted $2.5 million (3.0 percent) of which $1.7 million was related to the Diversion Program within Community Corrections The department believes the appropriation reverted primarily due to legislative changes that decreased felony crimes subject to community corrections referral.
- Department of Revenue – The General Fund Surplus Schedule shows the department reverted ($6.5) million, which would have been $2.1 million (1.2 percent) if not for the $8.6 million negative reversion related to Old Age Pension expenditures discussed above. The department reverted $1.0 million of the Old Age Heat and Fuel refunds appropriation primarily because increased legal presence documentation resulted in fewer taxpayers qualifying for the rebate than was originally estimated. The department also reverted $0.6 million of the Cigarette Tax Rebate appropriation due to decreased tax collections during Fiscal Year 2008-09. The department reverted $0.2 million from its Pueblo Data Entry line item due to reduced data entry demand related to a smaller number of oil and gas severance tax forms and income tax forms, and due to efficiencies gained from the department's new GenTax system – a part of the Colorado Integrated Tax Architecture being developed.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's investment in capital assets at June 30, 2010, was $16.4 billion ($17.4 billion in Fiscal Year 2008-09). Included in this amount were $13.6 billion of depreciable capital assets after reduction for $5.1 billion of accumulated depreciation. Also included was $2.8 billion of land, construction in progress, and nondepreciable infrastructure and other assets. The State added $1,362.7 million and $1,157.3 million of capital assets in Fiscal Year 2009-10 and 2008-09, respectively. Of the Fiscal Year 2009-10 additions, $524.1 million was recorded by governmental funds and $838.7 million was recorded by business-type activities. General-purpose revenues funded $89.6 million of capital and controlled maintenance expenditures during Fiscal Year 2009-10 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 capital assets at June 30, 2010 and 2009, were (see Note 16 for additional detail):

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	Restated 2009	2010	Restated 2009	2010	Restated 2009
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 154	$ 151	$ 360	$ 341	$ 514	$ 492
Collections	9	9	18	16	27	25
Construction in Progress	613	458	829	597	1,442	1,055
Infrastructure	861	838	-	-	861	838
Total Capital Assets Not Being Depreciated	1,637	1,456	1,207	954	2,844	2,410
Capital Assets Being Depreciated						
Buildings and Related Improvements	1,662	1,651	5,483	5,020	7,145	6,671
Software	173	165	74	36	247	201
Vehicles and Equipment	646	622	815	810	1,461	1,432
Library Books, Collections, and Other Capital Assets	41	38	481	468	522	506
Infrastructure	9,313	9,079	21	21	9,334	9,100
Total Capital Assets Being Depreciated	11,835	11,555	6,874	6,355	18,709	17,910
Accumulated Depreciation	(2,145)	(1,203)	(2,961)	(2,761)	(5,106)	(3,964)
Total	$ 11,327	$ 11,808	$ 5,120	$ 4,548	$ 16,447	$ 16,356

The State's major commitments for capital expenditures are reported in the attached financial statements as fund balances reserved for encumbrances. At June 30, 2010, the State had commitments of $91.7 million in the Capital Projects Fund ($128.0 million in Fiscal Year 2008-09) and $960.9 million in the Highway Users Tax Fund ($915.4 million in Fiscal Year 2008-09). 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 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 shortfalls. 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. TABOR 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 2009-10
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 97.1	$ 30.9	$ 992.4	$ 190.7	$ 690.0	$ 595.1	$ 1,779.5	$ 816.7
Business-Type Activities	83.4	31.3	2,306.7	1,776.2	432.7	241.5	2,822.8	2,049.0
Total	$ 180.5	$ 62.2	$ 3,299.1	$ 1,966.9	$ 1,122.7	$ 836.6	$ 4,602.3	$ 2,865.7

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

In Fiscal Year 2008-09, the total principal amount of capital leases, revenue bonds, and COPs was 41.5 percent of assets other than capital assets. In Fiscal Year 2009-10, that measure decreased to 40.4 percent because noncapital assets decreased 13.4 percent while the principal amount of capital leases, revenue bonds, and COPs decreased by 15.6 percent. Both the principal amount and the noncapital net assets were reduced by CollegeInvest's sale of its $1.7 billion student loan portfolio and related revenue bonds; without the sale the capital leases, revenue bonds, and COPs would have been 48.6 percent of noncapital assets. The significant increase is related to several financed construction projects including local schools under the Build Excellent Schools Today (BEST) program, the Ralph L. Carr Justice Center, and the Colorado History Museum. Total per capita borrowing including bonds, Certificates of Participation, mortgages, notes, and capital leases was $1,068, $1,247, $1,168, $1,051, and $982 per person in Fiscal Years 2009-10, 2008-09, 2007-08, 2006-07, and 2005-06, respectively.

INFRASTRUCTURE ASSETS PREVIOUSLY REPORTED UNDER THE MODIFIED APPROACH

The State previously reported bridge and roadway infrastructure owned and maintained by the State's Department of Transportation under the modified approach. The main feature of the modified approach is that annual maintenance and preservation costs were reported rather than depreciation. Bridges were taken off the modified approach (as discussed below) in Fiscal Year 2007-08, and roadways were taken off the modified approach in Fiscal Year 2009-10.

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 depreciation method. Although the modified approach is no longer used, 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 5.48 percent, which sets the percent rated as Good or Fair at 94.52 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
	2010	2009	2008	2007	2006	2005	2004	2003
Percent Rated Poor	5.48	5.62	6.21	5.81	5.61	3.39	3.84	4.37

In 2008 CDOT removed structures that are not vehicular bridges from the condition reporting. Removing these structures caused the restatement of the prior year percentages.

Beginning in Fiscal Year 2009-10, the Department of Transportation reported that due to several years of decreases in General Fund diversions and transfers, available resources were no longer adequate to maintain the State's roadways at the established condition level as required by the modified approach. Therefore, the State began reporting depreciation of its roadways in Fiscal Year 2009-10. A prior period adjustment is reported in the Fiscal Year 2009-10 financial statements to correctly state the beginning balance of a portion of the roadways that were valued incorrectly at the State's implementation of GASB Statement No. 34 in Fiscal Year 2001-02. An accounting change was also reported to remove $448.7 million of roadways for which the department determined that the most recent construction was before the State's maximum infrastructure depreciation period, and therefore, those roadways will not be reported or depreciated prospectively. Although the modified approach is no longer used, the following information is included to show historical condition levels through the current fiscal year.

	2010	2009	2008	2007	2006	2005	2004	2003
Percent Rated Good/Fair	48	50	53	59	63	65	61	58
Percent Rated Poor	52	50	47	41	37	35	39	42

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the State that were included in the Fiscal Year 2008-09 Management Discussion and Analysis continue to affect the State at the end of Fiscal Year 2009-10, as follows:

- 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 have been required to refund to State taxpayers. Due to the shortfall in current and prior year revenues, no amounts were retained in Fiscal Years 2008-09 or 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. Referendum C created an Excess State Revenue Cap (ESRC) that increases each year for inflation and population growth and allows the State to retain and spend amounts above the TABOR limit and below the ESRC. This provision removes the effect of the ratchet down provision of TABOR (discussed earlier in this MDA). However, State revenue growth rates in excess of the population and inflation adjustment could result in future refunds of TABOR revenues in excess of the new ESRC.

- 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 was partially offset by a positive 17.4 percent return on investments in 2009 and 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 at December 31, 2007 to 67.0 percent at December 31, 2009. Because of the four-year smoothing, the full effect of the negative return and partial recovery 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, 2009, the amortization period for the plan was 43 years, which means that at the existing contribution level and using the currently applicable actuarial assumptions the liability associated with existing benefits will be fully funded by December 31, 2052. The employer contribution rate of 13.85 percent for most State employees as of June 30, 2010, was 2.4 percentage points (or 21.0 percent) above the average during the 1990s. However, based on the 2007, 2008, and 2009 valuations, PERA's actuary estimated that the employer contribution rate would need to have been 17.91, 20.16, and 16.09 percent, respectively, for 2009, 2010, and 2011 to achieve the 30-year amortization period required by the Governmental Accounting Standards Board.

  - In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that adds three percentage points to the annual contribution (from amounts otherwise available for employee salary increases) in addition to the three percentage points required by the Amortization Equalization Disbursement (AED), which was approved in the 2004 session. In the 2010 legislative session, the General Assembly extended the increases required by the AED and SAED. The AED will continue to increase 0.4 percentage points from calendar years 2013 through 2017. The SAED will continue to increase one-half percentage point from calendar years 2014 through 2017. These legislative changes increase the employer's annual contribution for most employees from 15.65 percent in 2012 to 20.15 percent in 2017 and beyond. If the funding ratio of the plan reaches 103 percent, both the AED and SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent of salary.

- To provide budgetary relief, Senate Bill 10-146 requires that beginning July 1, 2010, members contribute an additional 2.5 percent of salary to their member accounts and the employer contribution rate be reduced to 11.35 percent. This legislation sunsets as of June 30, 2011, after which member contribution rates will return to the 8.0 percent level in effect prior to July 1, 2010, and State employer contributions will increase to 14.75 percent including the AED and SAED. However, the Governor's most recent budget balancing plan recommends extending the 2.5 percent swap.

- Senate Bill 10-001 made significant changes to the plan provisions that will affect the State over the long-term by improving the funded status of the plan. The most significant changes affecting the State Division of the plan include reducing the current 3.5 percent annual increase for retiree benefits to the lesser of the consumer price index or 2.0 percent, changing the timing of the annual increase, and making the annual increase contingent on the plan's funded status; extending the AED and SAED as discussed above; requiring future early retirement adjustments to be actuarially neutral; limiting annual increases in the highest average salary calculation for future retirees to 8.0 percent; removing the indexing of benefits for future retirees who become inactive with more than 25 years of service; changing the vesting period required for employer matching contributions; increasing the combined age and years of service requirement for current nonvested employees to 85, to 88 for new hires after 2011, to 90 for new hires after 2017, and increasing the related minimum retirement age; and requiring retirees returning to work for a PERA employer to pay member contributions that are not refundable and that do not increase service credits. Some of the changes authorized by Senate Bill 10-001 are the subject of a class action lawsuit naming the Governor and certain PERA Board members in claiming the changes are unconstitutional and seeking a mandatory injunction requiring payment of the annual increase in effect before the passage of Senate Bill 10-001.

- <u>Election 2000 Amendment 23</u> – 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 Years 2008-09 and 2009-10, 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 $333.7 million will be diverted from general-purpose tax revenue in Fiscal Year 2010-11 under this requirement. The amendment requires the General Assembly to increase funding of education by one percent over inflation through Fiscal Year 2010-11 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.

- <u>Cash Basis Accounting</u> – 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. In Fiscal Year 2009-10 this treatment was extended to two weeks of Medicaid payments, and the Governor's October 22, 2010, proposed budget balancing plan for Fiscal Year 2010-11 extends this deferral to three weeks. 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 ($168.2 million net of related deferred revenue in Fiscal Year 2009-10) 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. Without these expenditure deferrals the State would not have met its statutory General Fund reserve requirement in Fiscal Year 2009-10.

- General Fund Liquidity – The General Fund shows a cash balance of $426.6 million at June 30, 2010, providing apparent liquidity. However, as noted previously, this amount was augmented by $418.4 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 $23.0 million of the cash belongs to the Risk Management Funds reported in the General Fund leaving a deficit balance of approximately ($111.4) million of disposable cash in the fund. When this cash deficit is combined with nontax receivables it is still significantly less than the $558.7 million of accounts payable and accrued liabilities that it must service in the near term. These conditions indicate that the General Fund increasingly comprises tax receivables ($999.9 million) net of tax refunds payable ($657.1 million) and deferred revenue ($194.0 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 legally has access to short-term borrowing of the cash balances of other funds; additional cash transfers are scheduled for Fiscal Year 2010-11 and beyond.

- Debt Service

  - Principal and interest payments on the remaining $873.1 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. The Department of Transportation reports significant projected shortfalls in the funding needed to meet transportation infrastructure demand, and legislation increasing fees to provide other sources of transportation funding was enacted for Fiscal Year 2009-10. However, the department is in the process of issuing $300 million of enterprise fund revenue bonds to be paid from this revenue stream, and it has additional large issuances planned.

  - In Fiscal Year 2009-10, the State's governmental funds entered lease purchase agreements of $617.6 million where a trustee issued Certificates of Participation to finance or refinance all or a portion of various construction projects including the Ralph L. Carr Justice Center, the Colorado History Museum, a prison, a hospital building, and a number of school buildings in local school districts. These commitments increased the related debt service to maturity by approximately $889 million. There is no general obligation associated with these lease purchases and the investors' sole recourse is the leased asset; however, if the revenue streams intended to fund this debt service do not materialize, the State will need to find other ways to pay for the service potential represented by these capital assets.

- Intergovernmental Fiscal Dependency – The State expended $8,871.0 million (unaudited) in federal awards during Fiscal Year 2009-10 which represents 36.0 percent of the $24,669.3 million expended by the State in total, which is up from the 33.3 percent reported in Fiscal Year 2008-09. 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 2011 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 $7.2 billion dollars in ARRA funds with approximately $3.5 billion overseen or distributed by State government. The State expended $533.5 million of ARRA funds in Fiscal Year 2008-09 and $2,461.8 million in Fiscal Year 2009-10 – the most significant Fiscal Year 2009-10 amounts were:

  - $1,355.2 million of Unemployment Benefits,
  - $415.3 million of increased Medicaid funding,
  - $382.1 million of State Fiscal Stabilization Funds expended by the Higher Education Institutions,
  - $87.3 million of State Fiscal Stabilization Funds expended by the Department of Corrections, and
  - $93.1 million distributed to local school districts by the Colorado Department of Education.

  Although Congress authorized an additional $144.5 million of Medicaid Funds and $156.3 million of Educator Jobs Funds, which the State will expend in Fiscal Year 2010-11, the State is nearing the end of the ARRA funding that prevented significant reductions State services to date in the economic downturn.

BASIC FINANCIAL STATEMENTS

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	$ 1,962,934	$ 1,176,181	$ 3,139,115	$ 196,130
Investments	15,224	253,270	268,494	58,291
Taxes Receivable, net	857,246	90,005	947,251	2
Contributions Receivable, net	-	-	-	36,476
Other Receivables, net	158,060	282,053	440,113	172,877
Due From Other Governments	516,248	158,787	675,035	1,456
Internal Balances	14,153	(14,153)	-	-
Due From Component Units	84	14,474	14,558	-
Inventories	16,468	42,779	59,247	15,414
Prepaids, Advances, and Deferred Charges	38,591	19,244	57,835	11,944
Total Current Assets	3,579,008	2,022,640	5,601,648	492,590
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,572,925	353,164	1,926,089	114,975
Restricted Investments	687,314	239,719	927,033	254,314
Restricted Receivables	195,753	239,041	434,794	19,213
Investments	529,059	1,206,671	1,735,730	2,014,094
Contributions Receivable, net	-	-	-	52,395
Net Pension Asset	-	-	-	6,922
Other Long-Term Assets	644,867	119,387	764,254	1,162,154
Depreciable Capital Assets and Infrastructure, net	9,689,916	3,912,771	13,602,687	684,165
Land and Nondepreciable Infrastructure	1,637,224	1,207,048	2,844,272	33,410
Total Noncurrent Assets	14,957,058	7,277,801	22,234,859	4,341,642
TOTAL ASSETS	18,536,066	9,300,441	27,836,507	4,834,232
DEFERRED OUTFLOW OF RESOURCES:	-	7,778	7,778	-
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	664,781	-	664,781	-
Accounts Payable and Accrued Liabilities	847,550	596,926	1,444,476	85,212
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	232,371	360,775	9,277
Accrued Compensated Absences	10,287	13,035	23,322	16,406
Claims and Judgments Payable	44,181	-	44,181	14,171
Leases Payable	11,384	6,672	18,056	598
Notes, Bonds, and COP's Payable	642,445	100,329	742,774	68,598
Other Current Liabilities	20,432	126,232	146,664	136,731
Total Current Liabilities	2,551,854	1,482,306	4,034,160	332,388
Noncurrent Liabilities:				
Deposits Held In Custody For Others	13	-	13	225,449
Accrued Compensated Absences	138,224	196,295	334,519	-
Claims and Judgments Payable	347,394	29,461	376,855	-
Capital Lease Payable	85,746	76,702	162,448	2,746
Derivative Instrument Liability	-	7,778	7,778	-
Notes, Bonds, and COP's Payable	1,554,964	2,682,987	4,237,951	1,489,101
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	86,538
Total Noncurrent Liabilities	2,528,940	3,079,433	5,608,373	1,803,834
TOTAL LIABILITIES	5,080,794	4,561,739	9,642,533	2,136,222
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	10,118,621	2,854,803	12,973,424	214,989
Restricted for:				
Highway Construction and Maintenance	1,198,849	-	1,198,849	-
State Education	194,586	-	194,586	-
Debt Service	4,093	6,100	10,193	-
Emergencies	94,000	16,257	110,257	21
Permanent Funds and Endowments:				
Expendable	11,130	6,825	17,955	643,086
Nonexpendable	643,148	71,738	714,886	601,122
Court Awards and Other Purposes	138,826	630,890	769,716	512,294
Unrestricted	1,052,019	1,159,867	2,211,886	726,498
TOTAL NET ASSETS	$ 13,455,272	$ 4,746,480	$ 18,201,752	$ 2,698,010

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS) Functions/Programs	Expenses: Expenses	Expenses: Indirect Cost Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 211,927	$ (22,062)	$ 119,989	$ 244,173	$ -
Business, Community, and Consumer Affairs	659,007	3,847	134,095	305,201	-
Education	5,094,566	1,466	18,136	662,815	232
Health and Rehabilitation	657,964	1,223	79,932	393,293	-
Justice	1,522,098	5,759	186,666	152,708	1,511
Natural Resources	142,793	1,652	116,917	78,699	277
Social Assistance	6,089,932	2,026	348,599	3,939,709	-
Transportation	2,104,101	1,587	394,380	109,059	605,363
Interest on Debt	33,203	-	-	-	-
Total Governmental Activities	16,515,591	(4,502)	1,398,714	5,885,657	607,383
Business-Type Activities:					
Higher Education	4,448,904	2,637	2,625,172	2,012,682	21,923
Unemployment Insurance	2,496,188	-	495,664	1,486,326	-
CollegeInvest	68,650	-	64,644	27,843	-
Lottery	455,829	523	513,292	1,237	-
Wildlife	104,231	806	87,495	23,218	2,325
College Assist	409,928	99	3,053	397,985	-
Other Business-Type Activities	169,973	437	202,357	8,019	371
Total Business-Type Activities	8,153,703	4,502	3,991,677	3,957,310	24,619
Total Primary Government	24,669,294	-	5,390,391	9,842,967	632,002
Component Units:					
University of Colorado Hospital Authority	688,893		795,977	2,494	2,643
Colorado Water Resources and Power Development Authority	94,931		47,488	37,967	-
University of Colorado Foundation	91,476		5,100	141,741	-
Colorado State University Foundation	33,867		-	38,428	-
Colorado School of Mines Foundation	13,617		-	29,158	-
University of Northern Colorado Foundation	9,989		-	1,769	-
Other Component Units	94,176		66,858	2,204	442
Total Component Units	$ 1,026,949	$ -	$ 915,423	$ 253,761	$ 3,085

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 (See Note 33)
(Transfers-Out) / Transfers-In
Permanent Fund Additions

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Beginning
- Prior Period Adjustment (See Note 29)
- Accounting Changes (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	
(223,558)	-	(223,558)	
(4,414,849)	-	(4,414,849)	
(185,962)	-	(185,962)	
(1,186,972)	-	(1,186,972)	
51,448	-	51,448	
(1,803,650)	-	(1,803,650)	
(996,886)	-	(996,886)	
(33,203)	-	(33,203)	
(8,619,335)	-	(8,619,335)	
-	208,236	208,236	
-	(514,198)	(514,198)	
-	23,837	23,837	
-	58,177	58,177	
-	8,001	8,001	
-	(8,989)	(8,989)	
-	40,337	40,337	
-	(184,599)	(184,599)	
(8,619,335)	(184,599)	(8,803,934)	
-	-	-	112,221
-	-	-	(9,476)
-	-	-	55,365
-	-	-	4,561
-	-	-	15,541
-	-	-	(8,220)
-	-	-	(24,672)
-	-	-	145,320
1,987,576	-	1,987,576	-
244,344	-	244,344	-
3,770,597	-	3,770,597	-
360,852	-	360,852	-
376,388	-	376,388	-
305,595	-	305,595	-
23,358	-	23,358	-
542,883	-	542,883	-
1,451	-	1,451	-
10,215	-	10,215	117,066
112,138	-	112,138	-
-	-	-	36,123
-	(79,575)	(79,575)	-
(94,993)	94,993	-	-
357	-	357	-
7,640,761	15,418	7,656,179	153,189
(978,574)	(169,181)	(1,147,755)	298,510
15,477,205	4,880,112	20,357,317	2,399,500
(594,624)	35,549	(559,075)	-
(448,735)	-	(448,735)	-
$ 13,455,272	$ 4,746,480	$ 18,201,752	$ 2,698,010

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	GENERAL	STATE PUBLIC SCHOOL	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 426,601	$ 25,092	$ 31,722
Taxes Receivable, net	999,855	-	-
Other Receivables, net	45,102	-	3,726
Due From Other Governments	489,965	4,285	279
Due From Other Funds	25,187	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	$ 2,017,684	$ 35,409	$ 1,423,913
LIABILITIES:			
Tax Refunds Payable	$ 657,130	$ -	$ 2,568
Accounts Payable and Accrued Liabilities	558,702	153	94,003
TABOR Refund Liability (Note 8B)	706	-	-
Due To Other Governments	41,192	-	59,764
Due To Other Funds	28,457	-	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	12,262	-	25
Deposits Held In Custody For Others	8	-	-
TOTAL LIABILITIES	2,001,900	2,734	181,384
FUND BALANCES:			
Reserved for:			
Encumbrances	5,721	-	960,899
Noncurrent Assets	-	-	18,826
Debt Service	-	-	-
Statutory Purposes	-	-	-
Risk Management	23,031	-	-
Emergencies	-	-	-
Funds Reported as Restricted	-	-	213,605
Unreserved Undesignated, Reported in:			
General Fund	(30,822)	-	-
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	15,784	32,675	1,242,529
TOTAL LIABILITIES AND FUND BALANCES	$ 2,017,684	$ 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	$ -	$ 1,359,550	$ 1,944,016
-	-	51,433	1,051,288
8,074	-	100,237	157,139
6,078	-	15,486	516,093
7,973	-	215,457	254,863
-	-	-	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	-	431,719	450,657
-	-	20,088	20,088
$ 424,412	$ 200,366	$ 3,345,952	$ 7,447,736
$ -	$ -	$ 5,083	$ 664,781
37,113	5,550	117,654	813,175
-	-	-	706
-	-	80,728	181,684
233	230	229,268	259,304
487	-	107,184	322,057
-	-	-	33
-	-	135	648
-	-	-	515,000
1,520	-	233	14,040
-	-	5	13
39,353	5,780	540,290	2,771,441
91,673	-	-	1,058,293
112	-	565,890	584,828
-	-	4,093	4,093
325,463	-	-	325,463
-	-	-	23,031
-	-	94,000	94,000
-	188,247	749,596	1,151,448
-	-	-	(30,822)
-	-	-	57,148
(35,611)	-	-	(35,611)
-	-	1,302,178	1,302,178
-	-	10,586	10,586
3,422	6,339	-	52,341
-	-	40,778	40,778
-	-	38,541	38,541
385,059	194,586	2,805,662	4,676,295
$ 424,412	$ 200,366	$ 3,345,952	$ 7,447,736

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET ASSETS
JUNE 30, 2010

		(A)	(B)	(C)	(D)	(E)	(F)	
(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	INTERNAL SERVICE FUNDS	CAPITAL ASSET BALANCES	DEBT RELATED BALANCES	CENTRALIZED RISK MANAGEMENT LIABILITIES	OTHER MEASUREMENT FOCUS ADJUSTMENTS	INTERNAL BALANCES ELIMINATION	STATEMENT OF NET ASSETS TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 1,944,016	$ 18,913	$ -	$ -	$ -	$ 5	$ -	$ 1,962,934
Investments	-	-	-	-	-	15,224	-	15,224
Taxes Receivable, net	1,051,288	-	-	-	-	(194,042)	-	857,246
Other Receivables, net	157,139	858	-	-	-	63	-	158,060
Due From Other Governments	516,093	155	-	-	-	-	-	516,248
Due From Other Funds	254,863	511	-	-	-	-	(241,221)	14,153
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	3,976,716	22,263	-	-	-	(178,750)	(241,221)	3,579,008
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	450,657	107	-	-	-	194,103	-	644,867
Depreciable Capital Assets and Infrastructure, net	-	88,559	9,601,357	-	-	-	-	9,689,916
Land and Nondepreciable Infrastructure	20,088	-	1,617,136	-	-	-	-	1,637,224
Total Noncurrent Assets	3,471,020	88,666	11,218,493	-	-	178,879	-	14,957,058
TOTAL ASSETS	7,447,736	110,929	11,218,493	-	-	129	(241,221)	18,536,066
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	664,781	-	-	-	-	-	-	664,781
Accounts Payable and Accrued Liabilities	813,175	6,057	-	10,233	-	18,085	-	847,550
TABOR Refund Liability (Note 8B)	706	-	-	-	-	-	-	706
Due To Other Governments	181,684	-	-	-	-	-	-	181,684
Due To Other Funds	259,304	2	-	-	-	(18,085)	(241,221)	-
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	14,040	-	-	-	-	6,392	-	20,432
Total Current Liabilities	2,771,428	19,558	-	135,997	31,829	(165,737)	(241,221)	2,551,854
Noncurrent Liabilities:								
Deposits Held In Custody For Others	13	-	-	-	-	-	-	13
Accrued Compensated Absences	-	2,578	-	-	-	135,646	-	138,224
Claims and Judgments Payable	-	-	-	-	-	347,394	-	347,394
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	793,743	-	2,528,940
TOTAL LIABILITIES	2,771,441	88,917	-	1,709,926	123,725	628,006	(241,221)	5,080,794
NET ASSETS:								
Invested in Capital Assets, Net of Related Debt	20,088	8,713	11,218,493	(1,128,673)	-	-	-	10,118,621
Restricted for:								
Highway Construction and Maintenance	1,198,849	-	-	-	-	-	-	1,198,849
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	2,371,575	13,299	-	(581,253)	(123,725)	(627,877)	-	1,052,019
TOTAL NET ASSETS	$ 4,676,295	$ 22,012	$ 11,218,493	$ (1,709,926)	$ (123,725)	$ (627,877)	$ -	$ 13,455,272

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	$ 3,776,848	$ -	$ -
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	6,020,197	-	630,188
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	99,639	7,286	46,578
TOTAL REVENUES	12,623,209	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	486,029	-	9,045
Justice	1,154,142	-	84,378
Natural Resources	54,325	-	-
Social Assistance	4,236,131	-	-
Transportation	-	-	1,015,931
Capital Outlay	17,086	-	26,399
Intergovernmental:			
Cities	28,346	-	133,552
Counties	1,937,857	-	184,883
School Districts	699,165	3,144,500	-
Special Districts	30,874	-	54,965
Federal	1,908	-	-
Other	51,056	-	757
Debt Service	8,672	-	-
TOTAL EXPENDITURES	10,375,493	3,144,500	1,520,024
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,247,716	(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	(315,634)	8,510	(61,271)
FUND BALANCE, FISCAL YEAR BEGINNING	335,433	24,165	1,303,800
Prior Period Adjustment (See Note 29)	(4,015)	-	-
FUND BALANCE, FISCAL YEAR END	$ 15,784	$ 32,675	$ 1,242,529

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 306,928	$ -	$ 4,083,776
-	22,025	-	372,093
-	-	24,844	2,003,945
-	-	151,964	787,216
-	-	203,627	392,796
6	-	373,126	733,649
25	-	384,450	551,587
-	-	77,817	79,518
7,393	9,221	122,545	199,427
28,390	-	344,547	7,023,322
-	-	357	357
-	-	42,155	42,155
462	88	37,866	191,919
36,276	338,262	1,763,298	16,461,760
19,016	-	42,011	774,638
531	-	173,510	368,818
20,070	32,661	30,655	855,014
391	-	87,400	582,865
50,009	-	26,520	1,315,049
1,445	-	69,791	125,561
346	-	216,263	4,452,740
-	-	1,402	1,017,333
129,930	-	66,876	240,291
153	-	119,021	281,072
48	-	130,608	2,253,396
-	441,467	80,155	4,365,287
-	-	33,636	119,475
-	-	1,724	3,632
233	915	42,814	95,775
-	-	185,330	194,002
222,172	475,043	1,307,716	17,044,948
(185,896)	(136,781)	455,582	(583,188)
27,924	-	988,397	5,332,849
(67,321)	(6,998)	(1,342,721)	(5,388,601)
371,790	-	186,830	558,620
7,295	-	880	8,175
-	-	-	355
-	-	8	16
1,563	-	253	4,184
341,251	(6,998)	(166,353)	515,598
155,355	(143,779)	289,229	(67,590)
229,704	338,365	2,553,646	4,785,113
-	-	(37,213)	(41,228)
$ 385,059	$ 194,586	$ 2,805,662	$ 4,676,295

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

(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	$ 4,083,776	$ -	$ -	$ -	$ (6,349)	$ 4,077,427
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	392,796	-	-	-	4,884	397,680
Licenses, Permits, and Fines	733,649	-	-	-	(27)	733,622
Charges for Goods and Services	551,587	-	-	-	-	551,587
Rents	79,518	-	-	-	-	79,518
Investment Income (Loss)	199,427	27	-	-	(13)	199,441
Federal Grants and Contracts	7,023,322	-	-	-	(169)	7,023,153
Additions to Permanent Funds	357	-	-	-	-	357
Unclaimed Property Receipts	42,155	-	-	-	-	42,155
Other	191,919	-	61	-	1,200	193,180
TOTAL REVENUES	16,461,760	27	61	-	(6,049)	16,455,799
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	582,865	(223)	5,826	-	(298)	588,170
Justice	1,315,049	(1,696)	(10,087)	-	(1,274)	1,301,992
Natural Resources	125,561	(647)	7,685	-	969	133,568
Social Assistance	4,452,740	(1,570)	8,065	-	181	4,459,416
Transportation	1,017,333	151	630,296	-	(509)	1,647,271
Capital Outlay	240,291	-	(214,791)	-	-	25,500
Intergovernmental:						
Cities	281,072	-	-	-	-	281,072
Counties	2,253,396	-	-	-	-	2,253,396
School Districts	4,365,287	-	-	-	-	4,365,287
Special Districts	119,475	-	-	-	-	119,475
Federal	3,632	-	(2,751)	-	-	881
Other	95,775	-	-	-	-	95,775
Debt Service	194,002	3,084	-	(108,768)	-	88,318
TOTAL EXPENDITURES	17,044,948	(5,334)	449,608	(108,768)	(4,287)	17,376,167
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(583,188)	5,361	(449,547)	108,768	(1,762)	(920,368)
OTHER FINANCING SOURCES (USES):						
Transfers-In	5,332,849	2,363	-	-	-	5,335,212
Transfers-Out	(5,388,601)	(5,108)	-	-	-	(5,393,709)
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)	515,598	(2,745)	(4,685)	(567,137)	-	(58,969)
Internal Service Fund Charges to BTAs	-	763	-	-	-	763
NET CHANGE FOR THE YEAR	$ (67,590)	$ 3,379	$ (454,232)	$ (458,369)	$ (1,762)	$ (978,574)

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	$ 2,664
Investments	249,180	-
Premiums Receivable, net	-	90,005
Student and Other Receivables, net	239,349	7,163
Due From Other Governments	145,138	8,734
Due From Other Funds	7,603	270
Due From Component Units	14,474	-
Inventories	28,854	-
Prepaids, Advances, and Deferred Charges	13,962	-
Total Current Assets	1,613,708	108,836
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	1,006,241	-
Total Noncurrent Assets	6,559,416	-
TOTAL ASSETS	8,173,124	108,836
DEFERRED OUTFLOW OF RESOURCES:	7,778	-
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	498,002	37,453
Due To Other Governments	-	173,129
Due To Other Funds	12,012	304
Due To Component Units	466	-
Deferred Revenue	200,296	-
Compensated Absences Payable	12,022	-
Leases Payable	6,422	-
Notes, Bonds, and COP's Payable	59,589	-
Other Current Liabilities	68,575	13,708
Total Current Liabilities	857,384	224,594
Noncurrent Liabilities:		
Accrued Compensated Absences	186,245	-
Claims and Judgments Payable	29,461	-
Capital Lease Payable	73,822	-
Derivative Instrument Liability	7,778	-
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	3,028,552	-
TOTAL LIABILITIES	3,885,936	224,594
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	2,550,432	-
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	1,055,125	(115,758)
TOTAL NET ASSETS	$ 4,294,966	$ (115,758)

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	$ 171,840	$ 1,176,181	$ 18,913
3,527	-	563	253,270	-
-	-	-	90,005	-
462	19,982	15,042	281,998	858
-	-	4,915	158,787	155
-	-	4,172	12,045	511
-	-	-	14,474	-
-	1,270	12,655	42,779	1,284
145	3,983	1,154	19,244	542
48,215	67,683	210,341	2,048,783	22,263
-	-	76,500	353,164	-
43,110	-	-	239,719	-
201,368	-	37,673	239,041	-
38,414	-	-	1,206,671	-
767	-	2,228	119,387	107
67	3,830	113,621	3,912,771	88,559
-	-	200,807	1,207,048	-
283,726	3,830	430,829	7,277,801	88,666
331,941	71,513	641,170	9,326,584	110,929
-	-	-	7,778	-
12,429	3,634	22,969	574,487	6,057
202,239	15	30,892	406,275	-
5,680	30,254	332	48,582	2
-	-	-	466	-
-	-	32,075	232,371	389
-	23	990	13,035	45
-	-	250	6,672	8,870
-	-	40,740	100,329	4,195
4,788	30,083	9,078	126,232	-
225,136	64,009	137,326	1,508,449	19,558
159	952	8,939	196,295	2,578
-	-	-	29,461	-
-	-	2,880	76,702	58,452
-	-	-	7,778	-
-	-	10,049	2,682,987	8,329
-	-	-	2,501	-
-	-	-	47,259	-
27,828	74	-	36,450	-
27,987	1,026	21,868	3,079,433	69,359
253,123	65,035	159,194	4,587,882	88,917
67	3,830	300,474	2,854,803	8,713
-	-	-	6,100	-
-	-	16,257	16,257	-
-	-	-	6,825	-
-	-	-	71,738	-
-	-	26,144	630,890	-
78,751	2,648	139,101	1,159,867	13,299
$ 78,818	$ 6,478	$ 481,976	$ 4,746,480	$ 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 Premiums	$ -	$ 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	761,870	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	4,344,744	2,497,090
OPERATING INCOME (LOSS)	(594,229)	(522,230)
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	22	2,258
Investment Income (Loss)	140,467	5,774
Rental Income	8,251	1
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	8,033
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	177,174	(514,197)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	66,420	-
Special and/or Extraordinary Item (See Note 33)	-	-
Transfers-In	174,473	-
Transfers-Out	(9,564)	(2,031)
TOTAL CONTRIBUTIONS AND TRANSFERS	231,329	(2,031)
CHANGE IN NET ASSETS	408,503	(516,228)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	3,884,214	392,984
Prior Period Adjustments (See Note 29)	2,249	7,486
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 4,294,966	$ (115,758)

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	80,690	80,821	-
-	-	221	1,800,683	-
-	-	-	(421,868)	-
71	512,327	154,739	1,839,257	110,905
-	-	-	(21,181)	-
12,076	-	3,795	16,809	-
-	-	1,305	15,654	11,343
-	-	-	25,978	-
15,934	-	432,895	2,869,444	-
-	-	11,465	25,996	-
64,571	875	4,082	297,175	609
92,652	513,266	689,192	7,020,485	122,857
2,763	8,562	178,842	3,339,870	35,521
3,823	56,087	445,247	3,763,409	59,188
2,246	12,689	30,427	197,637	7,937
129	621	8,356	256,455	15,093
36,123	-	5,167	75,100	283
23,732	-	16,105	39,837	-
-	321,495	764	322,704	-
68,816	399,454	684,908	7,995,012	118,022
23,836	113,812	4,284	(974,527)	4,835
-	-	26,125	26,125	-
-	-	557	2,837	-
-	1,237	4,240	151,718	27
-	25	718	8,995	-
-	-	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)	33,165	757,441	(479)
23,836	58,652	37,449	(217,086)	4,356
-	-	3,562	69,982	1,768
(79,575)	-	-	(79,575)	-
162	-	4,726	179,361	2,363
(44,843)	(57,088)	(8,337)	(121,863)	(5,109)
(124,256)	(57,088)	(49)	47,905	(978)
(100,420)	1,564	37,400	(169,181)	3,378
179,338	4,914	418,662	4,880,112	51,091
(100)	-	25,914	35,549	(32,457)
$ 78,818	$ 6,478	$ 481,976	$ 4,746,480	$ 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	1,491,513
Loan and Note Repayments	334,609	-
Unemployment Insurance Taxes	-	629,096
Income from Property	22,599	-
Other Sources	93,176	-
Cash Payments to or for:		
Employees	(2,970,434)	-
Suppliers	(1,003,745)	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(2,478,032)
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	171,177	(358,324)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	174,473	-
Transfers-Out	(9,564)	(2,031)
Receipt of Deposits Held in Custody	535,992	-
Release of Deposits Held in Custody	(534,653)	-
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	(2,031)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(694,980)	-
Capital Contributions	30,480	-
Capital Gifts, Grants, and Contracts	26,295	-
Proceeds from Sale of Capital Assets	6,495	-
Capital Debt Proceeds	556,218	-
Capital Debt Service Payments	(211,891)	-
Capital Lease Payments	(57,852)	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(345,235)	-

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	$ -
1,318	-	194,847	1,280,980	108,860
-	513,229	54,461	597,380	1,079
215,601	-	435,411	3,873,229	241
201,412	-	-	536,021	-
-	-	-	629,096	-
1,537,674	25	2,250	1,562,548	11,367
-	939	28,819	122,934	682
(2,819)	(8,104)	(121,170)	(3,102,527)	(35,014)
(23,720)	(31,405)	(175,878)	(1,234,748)	(71,891)
-	(357,386)	(5,734)	(363,120)	(731)
-	-	-	(2,478,032)	-
-	-	-	(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	34,351	1,660,681	14,198
162	-	4,726	179,361	2,363
(44,843)	(57,088)	(8,337)	(121,863)	(5,109)
-	-	7	535,999	-
-	-	(123)	(534,776)	-
-	-	1,547	108,885	-
-	(54,220)	-	(65,883)	-
-	-	24	24	-
(1,713,512)	-	(573)	(1,714,554)	-
(1,758,193)	(111,308)	(2,729)	(1,612,807)	(2,746)
-	(1,748)	(18,437)	(715,165)	(24,765)
-	-	-	30,480	-
-	-	-	26,295	-
-	16	1,386	7,897	16,084
-	-	40,010	596,228	-
-	-	(599)	(212,490)	(6,313)
-	-	(395)	(58,247)	(1,403)
-	(1,732)	21,965	(325,002)	(16,397)

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	5,773
Proceeds from Sale/Maturity of Investments	3,463,088	-
Purchases of Investments	(3,434,787)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	8,006	1
NET CASH FROM INVESTING ACTIVITIES	98,969	5,774
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	186,365	(354,581)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,005,030	349,759
Prior Period Adjustment	417	7,486
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,191,812	$ 2,664
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (594,229)	$ (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	2,259
(Gain)/Loss on Disposal of Capital and Other Assets	744	-
Compensated Absences	11,985	-
Interest and Other Expense in Operating Income	(58,825)	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(53,942)	(9,573)
(Increase) Decrease in Inventories	677	-
(Increase) Decrease in Other Operating Assets	3,240	-
Increase (Decrease) in Accounts Payable	25,528	208,406
Increase (Decrease) in Other Operating Liabilities	(39,950)	(37,186)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 171,177	$ (358,324)
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 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	77,002	69
95,641	-	-	3,558,729	-
(1,064)	-	-	(3,435,851)	-
475	374	2,057	10,913	(42)
96,720	1,237	8,093	210,793	27
34,716	5,485	61,680	(66,335)	(4,918)
9,465	36,963	187,281	1,588,498	23,831
(100)	-	(621)	7,182	-
$ 44,081	$ 42,448	$ 248,340	$ 1,529,345	$ 18,913
$ 23,836	$ 113,812	$ 4,284	$ (974,527)	$ 4,835
129	621	8,356	256,455	15,093
(12,076)	-	(3,795)	(15,871)	-
-	25	27,855	658,739	141
-	-	743	1,487	-
(26)	34	7	12,000	(2)
23,732	-	(773)	(35,866)	195
1,592,703	745	10,593	1,540,526	(346)
-	238	(1,120)	(205)	(258)
605	86	247	4,178	(325)
71,716	(932)	(7,957)	296,761	(4,714)
(4,430)	2,659	(4,089)	(82,996)	(421)
$ 1,696,189	$ 117,288	$ 34,351	$ 1,660,681	$ 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	-	-	222,167
Due To Other Funds	-	-	47
Deferred Revenue	-	6,856	-
Claims and Judgments Payable	17,873	-	622
Other Current Liabilities	-	-	724,508
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	$ 22,125	$ 114,874	$ 27,169
Investments	-	-	-
Taxes Receivable, net	-	-	-
Contributions Receivable, net	-	-	21,604
Other Receivables, net	89,304	78,842	213
Due From Other Governments	-	1,456	-
Inventories	15,414	-	-
Prepaids, Advances, and Deferred Charges	9,688	-	2,017
Total Current Assets	136,531	195,172	51,003
Noncurrent Assets:			
Restricted Cash and Pooled Cash	-	114,023	-
Restricted Investments	20,300	234,014	-
Restricted Receivables	15,053	4,160	-
Investments	510,937	-	985,509
Contributions Receivable, net	-	-	24,976
Net Pension Asset	6,922	-	-
Other Long-Term Assets	10,912	1,133,353	-
Depreciable Capital Assets and Infrastructure, net	553,054	10	3,124
Land and Nondepreciable Infrastructure	13,154	-	-
Total Noncurrent Assets	1,130,332	1,485,560	1,013,609
TOTAL ASSETS	1,266,863	1,680,732	1,064,612
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	57,595	17,128	5,550
Due To Other Governments	-	1,395	-
Deferred Revenue	-	651	469
Compensated Absences Payable	16,406	-	-
Claims and Judgments Payable	-	-	-
Leases Payable	-	-	598
Notes, Bonds, and COP's Payable	13,591	54,780	-
Other Current Liabilities	15,252	111,292	10,177
Total Current Liabilities	102,844	185,246	16,794
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	201,109
Capital Lease Payable	-	-	2,746
Notes, Bonds, and COP's Payable	513,541	974,592	-
Other Long-Term Liabilities	27,591	13,202	17,594
Total Noncurrent Liabilities	541,132	987,794	221,449
TOTAL LIABILITIES	643,976	1,173,040	238,243
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	68,171	10	(220)
Restricted for:			
Emergencies	-	-	-
Permanent Funds and Endowments:			
Expendable	-	-	467,479
Nonexpendable	-	-	302,991
Court Awards and Other Purposes	16,004	443,256	-
Unrestricted	538,712	64,426	56,119
TOTAL NET ASSETS	$ 622,887	$ 507,692	$ 826,369

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
$ 1,231	$ 10,666	$ 1,572	$ 18,493	$ 196,130
-	-	-	58,291	58,291
-	-	-	2	2
3,013	6,926	690	4,243	36,476
-	2,820	367	1,331	172,877
-	-	-	-	1,456
-	-	-	-	15,414
203	-	-	36	11,944
4,447	20,412	2,629	82,396	492,590
-	952	-	-	114,975
-	-	-	-	254,314
-	-	-	-	19,213
232,992	181,962	83,599	19,095	2,014,094
16,614	9,953	852	-	52,395
-	-	-	-	6,922
485	287	109	17,008	1,162,154
272	299	1,023	126,383	684,165
-	-	-	20,256	33,410
250,363	193,453	85,583	182,742	4,341,642
254,810	213,865	88,212	265,138	4,834,232
1,040	1,284	1,424	1,191	85,212
-	-	-	-	1,395
-	-	-	8,157	9,277
-	-	-	-	16,406
-	-	-	14,171	14,171
-	-	-	-	598
-	-	-	227	68,598
-	-	-	10	136,731
1,040	1,284	1,424	23,756	332,388
10,692	12,952	696	-	225,449
-	-	-	-	2,746
-	-	-	968	1,489,101
872	10,455	224	16,600	86,538
11,564	23,407	920	17,568	1,803,834
12,604	24,691	2,344	41,324	2,136,222
272	299	1,023	145,434	214,989
-	-	-	21	21
106,926	50,221	18,460	-	643,086
121,063	120,869	56,199	-	601,122
-	-	-	53,034	512,294
13,945	17,785	10,186	25,325	726,498
$ 242,206	$ 189,174	$ 85,868	$ 223,814	$ 2,698,010

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	$ 5,100
Sales of Goods and Services	771,489	-	-
Investment Income (Loss)	-	15,153	-
Rental Income	-	-	-
Gifts and Donations	-	-	91,229
Federal Grants and Contracts	-	6,764	-
Other	24,488	17	771
TOTAL OPERATING REVENUES	795,977	69,405	97,100
OPERATING EXPENSES:			
Salaries and Fringe Benefits	304,757	1,302	-
Operating and Travel	163,208	42,639	20,795
Cost of Goods Sold	159,956	-	-
Depreciation and Amortization	36,342	5	-
Debt Service	-	50,985	-
Foundation Program Distributions	-	-	70,682
TOTAL OPERATING EXPENSES	664,263	94,931	91,477
OPERATING INCOME (LOSS)	131,714	(25,526)	5,623
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	39,434	-	80,157
Gifts and Donations	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	235	-	-
Debt Service	(23,606)	-	-
Other Expenses	(1,024)	-	-
Other Revenues	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	15,039	-	80,157
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	146,753	(25,526)	85,780
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	4,902	31,203	-
TOTAL CONTRIBUTIONS AND TRANSFERS	4,902	31,203	-
CHANGE IN NET ASSETS	151,655	5,677	85,780
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	471,232	502,015	740,589
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 622,887	$ 507,692	$ 826,369

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
$ -	$ -	$ -	$ 66,140	$ 118,711
-	-	-	-	771,489
-	-	-	(142)	15,011
-	-	-	717	717
27,307	13,196	4,145	-	135,877
-	-	-	2,204	8,968
4	253	1,510	2,529	29,572
27,311	13,449	5,655	71,448	1,080,345
-	-	-	-	306,059
1,963	2,626	3,095	90,061	324,387
-	-	-	-	159,956
-	-	-	4,103	40,450
-	-	-	-	50,985
31,904	10,991	6,893	-	120,470
33,867	13,617	9,988	94,164	1,002,307
(6,556)	(168)	(4,333)	(22,716)	78,038
25,843	19,739	8,732	832	174,737
-	-	-	9,339	9,339
-	-	-	-	235
-	-	-	-	(23,606)
-	-	-	(12)	(1,036)
-	-	-	24,698	24,698
25,843	19,739	8,732	34,857	184,367
19,287	19,571	4,399	12,141	262,405
-	-	-	-	36,105
-	-	-	-	36,105
19,287	19,571	4,399	12,141	298,510
222,919	169,603	81,469	211,673	2,399,500
$ 242,206	$ 189,174	$ 85,868	$ 223,814	$ 2,698,010

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:			
Fees	$ 118,711	Charges for Services	$ 118,712
Sales of Goods and Services	771,489	Charges for Services	771,489
Investment Income (Loss)	15,011	Unrestricted Investment Earnings	15,011
Rental Income	717	Charges for Services	717
Gifts and Donations	135,877	Operating Grants & Contributions	135,877
Federal Grants and Contracts	8,968	Operating Grants & Contributions	8,968
Other	29,572	Charges for Services	24,505
		Operating Grants & Contributions	2,537
		Payment from State	2,530
TOTAL OPERATING REVENUES	1,080,345		
OPERATING EXPENSES:			
Salaries and Fringe Benefits	306,059	Expenses	306,059
Operating and Travel	324,387	Expenses	324,387
Cost of Goods Sold	159,956	Expenses	159,956
Depreciation and Amortization	40,450	Expenses	40,450
Debt Service	50,985	Expenses	50,985
Foundation Program Distributions	120,470	Expenses	120,470
TOTAL OPERATING EXPENSES	1,002,307		
OPERATING INCOME (LOSS)	78,038		
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	174,737	Unrestricted Investment Earnings	102,055
		Operating Grants & Contributions	72,682
Gifts and Donations	9,339	Payment from State	9,339
Gain/(Loss) on Sale or Impairment of Capital Assets	235	Operating Grants & Contributions	235
Debt Service	(23,606)	Expenses	(23,606)
Other Expenses	(1,036)	Expenses	(1,036)
Other Revenues	24,698	Payment from State	24,255
		Capital Grants & Contributions	442
TOTAL NONOPERATING REVENUES (EXPENSES)	184,367		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	262,405		
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	36,105	Operating Grants & Contributions	33,462
		Capital Grants & Contributions	2,643
TOTAL CONTRIBUTIONS AND TRANSFERS	36,105		
CHANGE IN NET ASSETS	298,510		298,510
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	2,399,500		2,399,500
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 2,698,010		$ 2,698,010

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 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
  - Statewide Internet Portal 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 Statewide Internet Portal

Authority is included because it manages a single point of access to electronic government information, and therefore, 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

Statewide Internet Portal Authority
633 17th Street, Suite 1610
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
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 upon 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 institutions of higher education, 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, Certificates of Participation, 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 in State government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or business-type activities. 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 premiums 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 business-type activities, 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. There were no significant receivable and payable balances between the primary government and those component units with the same 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, the Higher Education Competitive Research Authority, and the Statewide Internet Portal 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 owned 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, related federal support, 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 and implemented during Fiscal Year 2009-10 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 Colorado Revised Statutes. 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 and the State agencies or departments comprising each are:

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, 2010.

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.

Four of the six 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 and the Statewide Internet Portal Authority which are presented as of June 30, 2010.

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, 2010.

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, the Colorado State University Foundation, and the Colorado School of Mines 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. Foundation management believes the investment policy is prudent for the long-term welfare of the foundation.

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 developed)	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, except for right-of-way and fiber optic infrastructure, owned by the Department of Transportation and other infrastructure primarily owned by the Department of Natural Resources, are capitalized and depreciated. The Department of Transportation depreciates infrastructure over 40 years.

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, 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 governmental 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. The State pays the actual costs of unemployment benefits paid to separated employees rather than unemployment insurance premiums.

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).

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

<u>Invested in Capital Assets Net of Related Debt</u> – 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.

<u>Restricted for Highway Construction and Maintenance</u> – 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.

<u>Restricted for State Education</u> – The entire net assets balance of the State Education Fund, a major governmental fund, is restricted for education purposes 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.

<u>Restricted for Unemployment Insurance</u> – The entire net assets balance of the Unemployment Insurance Fund is normally reported as restricted because federal regulations limit nearly all the balance to paying unemployment insurance claims. However, in Fiscal Year 2009-10, the net asset balance is in deficit due to a significant increase in the unemployment claims paid by the State and a normal lag in the receipt of additional employer unemployment insurance premiums. The deficit of approximately $115.8 million is reported as unrestricted.

<u>Restricted for Debt Service</u> – 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 net assets of the governmental activities are held by the Department of Personnel & Administration and the Department of Treasury on behalf of the Build Excellent Schools Today (BEST) program. The Higher Education Institutions Fund also reports certain balances restricted for principal and interest payments on revenue-bonded debt.

<u>Restricted for Emergencies</u> – 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 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).

<u>Restricted Permanent Funds and Endowments</u> – 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 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.

<u>Restricted for Court Awards and Other Purposes</u> – 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.

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 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 unreserved 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 fund balance of the governmental activities is held by the Department of Personnel & Administration 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.

A Reserve for Statutory Purposes is only presented when the unreserved undesignated fund balance is greater than zero. In Fiscal Year 2009-10, on a GAAP basis, the resources available in the General Fund (exclusive of other reserves) were not sufficient to support all appropriated expenditures or to fund any portion of the required two percent statutory reserve. In addition, expenditures exceeded the available resources of the fund causing a $30.8 million deficit unreserved undesignated fund balance on the *Balance Sheet - Governmental Funds*. As shown on the *Schedule of Revenues, Expenditures, and Changes in General Fund Surplus – Budget and Actual – Budgetary Basis,* 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 premiums 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. 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 business-type activities 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 business-type activities 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 included in the Reserve for Encumbrances, and based on a three-year appropriation, the moneys 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's institutions of higher education 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. In the General Fund and Capital Projects Fund, 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 151. Differences noted between departmental reversions or overexpended amounts on the budgetary schedules and the overexpended amounts 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. Such a 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 $128,450,778 as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- <u>Medicare Modernization Act of 2003 State Contribution</u> – 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.
- <u>Medicaid Mental Health Capitation Payments</u> – The Department of Health Care Policy and Financing overexpended this line item by $738,969 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.
- <u>Colorado Autism Treatment Fund</u> – 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.
- <u>Breast and Cervical Cancer Prevention & Treatment Fund</u> – 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:

- <u>Department of Higher Education (State Historical Society) – Cumbres & Toltec Railroad Commission</u> – 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 .
- <u>Department of Education – Start Smart Nutrition Program</u> – 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 the program's 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 $21,144 of reappropriated funds and $586 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 $246,900. 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 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 $2,758,797 when it deferred (for budget purposes only) $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 for budget purposes only is authorized in CRS 25.5-8-108(5). 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.

The General Fund Surplus Schedule (page 159) shows a negative reversion of $6.5 million for the Department of Revenue. Negative reversions normally represent an overexpenditure; however, in this instance the amount is not an overexpenditure. The reversion amount is related to $8.6 million of excess expenditures of the Old Age Pension program, which is continuously appropriated in statute but for which an estimate is shown in the appropriations act. The Department does not record the additional continuously appropriated spending authority for the excess expenditure so that the General Fund Surplus Schedule and the General Fund Reversion Report will show that the appropriations act estimate was less than the actual expenditures. The Schedule also shows a $0.23 million negative reversion for the Department of Higher Education. This negative reversion is due to overexpenditures at the Department included in the discussion above.

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 the State and its 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 limit 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 statutory 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 ($615.5) 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.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2009-10 that amount was $257,038,227.

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 $16,282,458, and that amount is shown as restricted for emergencies on the *Combining Statement of Net Assets*. The remaining $83,717,542 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.

The estimate of the needed reserve was based on the December 2009 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 $18,061,773 more than required by the State Constitution.

In the event that an emergency exceeds 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.

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 $5,886.9 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 an accounting system cash deposit balance of $358.3 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, $63.6 million of the State's total bank balance of $344.8 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 $22.1 million at June 30, 2010, and a related bank balance of $31.8 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 of the Capital Projects Fund 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 result in increases or decreases in investment balances, and therefore, are reported as noncash transactions. The unrealized gain/loss schedule in 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.
- Gain on Debt Defeasance – When the repurchase price (that is payment to the escrow agent) is less than the carrying value of defeased debt, a gain on defeasance is recorded, and no cash is exchanged for this portion of the transaction.
- Derivative Instrument – When the State enters into a derivative instrument that qualifies as a hedge and has reported a deferred inflow or deferred outflow, the *Statement of Net Assets* also 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 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,*
- $51.4 million recorded in nonmajor Special Revenue Funds, of which, approximately $11.0 million is from gaming tax, $18.1 million is severance tax, and $20.2 million is insurance premium tax, and
- $90.0 million of unemployment insurance premiums recorded in the Unemployment Insurance Fund.

In addition, $53.3 million of Taxes Receivable, $40.2 million of Other Receivables, and $88.3 million of intergovernmental receivables were recorded in the Highway Users Tax 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 $440.1 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.
- $45.1 million of receivables recorded in the General Fund, of which $24.2 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $11.8 million related primarily to rebates from drug companies and overpayments to healthcare providers. The Colorado Mental Health Institutes recorded $2.6 million of patient receivables.
- $100.2 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, $7.1 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, $201.4 million of student loan receivables of CollegeInvest are reported as restricted receivables that would otherwise be reported primarily as Other Long-Term Assets. These receivables are restricted for sale to the federal government under a loan participation program to satisfy an advance of cash. There are also $40.2 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 $771.5 million, which it recorded net of third-party contractual allowances ($1,602.0 million), indigent and charity care ($201.7 million), provision for bad debt ($49.0 million), and self-pay discounts ($47.0 million). 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 hospital participates in the Colorado Disproportionate Share Hospital Program, and it received reimbursements from the State of $34.2 million for Fiscal Year 2009-10. In 2010, the Colorado Health Care Affordability Act was modified, authorizing the Department of Health Care Policy and Financing to collect a fee from hospital providers in order to expand Medicaid coverage. The hospital was charged $11.3 million out of $302.9 million collected by the State in hospital provider fees for Fiscal Year 2009-10.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (27 percent), Medicaid (11 percent), managed care (41 percent), other commercial insurance (2 percent), and self-pay and medically indigent (14 percent). However, the hospital'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 2009-10 was approximately $242.6 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. As of June 30, 2010, the hospital reported $5.3 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 $21.6 million and $25.0 million are reported as Contributions Receivable current and noncurrent, respectively, in the *Statement of Net Assets – Component Units*. At June 30, 2010, the amount reported as contributions receivable includes $55.3 million of unconditional promises to give which were offset by a $7.3 million allowance for uncollectible contributions and a $1.4 million unamortized pledge discount using discount rates ranging from .18 percent to 6.31 percent.

At June 30, 2010, the Contributions Receivables amount shown for the Colorado State University Foundation included contributions of $23.7 million, which were offset by $3.8 million of unamortized pledge discounts calculated using the five-year U.S. Treasury note rate and $0.3 million of allowance for uncollectible pledges. At June 30, 2010, contributions from one donor represented approximately 46 percent of total contributions receivable for the foundation.

At June 30, 2010, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $16.9 million was offset by $0.8 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 50 percent of the foundation's contributions receivable at June 30, 2010, consists of pledges from one donor in 2010, and approximately $3.2 million is due from irrevocable remainder trusts.

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 recorded $19.5 million, and
- $21.0 million of consumable supplies inventories, of which, $9.3 million was recorded by the Higher Education Institutions, $7.8 million was recorded by the Highway Users Tax 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 Other 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 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 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)	$	358,347
Investments:		
Governmental Activities		7,119,114
Business-Type Activities		1,698,899
Fiduciary Activities		3,310,605
Total	$	12,486,965
Financial Statement Amounts		
Net Cash and Pooled Cash	$	4,111,242
Add: Warrants Payable Included in Cash		207,772
Total Cash and Pooled Cash		4,319,014
Add: Restricted Cash		1,926,089
Add: Restricted Investments		927,033
Add: Investments		5,314,829
Total	$	12,486,965

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 Other Governmental funds primarily comprises the issuance trustees' deposit of proceeds from Certificates of Participation issued for local school district capital construction ($150.0 million – Build Excellent Schools Today program primarily reported in the Public School Buildings Fund, a nonmajor Special Revenue Fund), Ralph L. Carr Justice Complex ($207.4 million reported in the Capital Projects Fund), and the Colorado History Center ($54.8 million reported in the Capital Projects Fund). The trustees have selected the State Treasurer's pool as their primary 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.

None of the securities listed in the table below 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	-	342,962	675,030
Mutual Funds	190,000	-	-	37,663	227,663
Other	-	-	-	415,197	415,197
TOTAL INVESTMENTS	$ 5,886,953	$ 5,477	$ 53,179	$ 1,173,505	$ 7,119,114

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 primary 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	240,007	-	240,007	36,856
TOTAL INVESTMENTS	$ 1,613,848	$ 85,051	$ 1,698,899	$ 3,310,605

	Higher Education Institutions	College Invest	Total	Fiduciary
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 primary 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
Very Speculative	-	-	14,219	-	-	-	-	-	-	14,219
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	$ -	$ 16,365	$ 15,458	$ 55,892	$ 230,965	$ 398	$ -	$ 234	$ 433,811
High Grade	1,815	-	61,885	-	2,607	-	2,736	-	1,885	70,928
Upper Medium	-	13,496	85,332	-	4,202	-	133	-	1,664	104,827
Lower Medium	-	-	34,907	-	2,795	-	50	-	-	37,752
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	-	4,047	-	41,817	75,459	105,628	-	59	284,812
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	$ 40,097	$ -	$ -	$ -	$ 589,452
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; prior to retiring its bonds in Fiscal Year 2009-10, it used laddering to ensure cash flow and liquidity were 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. The 15.56-year weighted average maturity reported in the Fiduciary Funds represents the Lottery's laddering of U.S. Government bonds to match a prize annuity. The Lottery plans to hold these investments to maturity.

(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	$ 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, separate of the State, issued Certificates of Participation for the Higher Education Institutions Lease Purchase Financing Program ($104.5 million reported in the Higher Education Institutions Fund), the Building Excellent Schools Today (BEST) program ($150.0 million primarily reported in the Public School Buildings Fund, a nonmajor Special Revenue Fund), the Ralph L. Carr Justice Complex ($235.7 million reported in the Capital Projects Fund), and the Colorado History Center ($63.6 million reported in the Capital Projects Fund). In each instance the trustees selected the State Treasurer's pool as their primary 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	7.89
U.S. Treasury Strips	980	19.48
U.S. Government Agency Notes	113,393	1.31
U.S. Government Agency Strips	57,433	0.44
Municipal Bonds	3,842	10.98
Corporate Bonds	125,444	4.84
Asset Backed Securities	154,458	2.59
Bond Mutual Funds	104,798	1.53
Colorado State University:		
Bond Mutual Funds	$ 622	1.89
Colorado School of Mines:		
Bond Mutual Funds	$ 2,680	5.00
Private Purpose Trust:		
CollegeInvest:		
Money Market Mutual Fund-1	$ 61,722	4.00
Money Market Mutual Fund-2	258,442	1.90
Money Market Mutual Fund-3	345,777	4.40
Money Market Mutual Fund-4	25,807	4.40
Money Market Mutual Fund-5	533,631	4.50

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
Highways (Internal Service)	(1)	12
Business-Type Activities:		
Major Funds		
Higher Education Institutions	75,707	(103,822)
CollegeInvest	6,237	2,062
Lottery	374	337
NonMajor Funds:		
Wildlife	355	604
College Assist	659	649
State Fair Authority	4	12
Correctional Industries	46	74
State Nursing Homes	8	55
Prison Canteens	24	59
Petroleum Storage Tank	(21)	129
Other Enterprise Activities	924	76
Fiduciary:		
Pension/Benefits Trust	397	527
Private Purpose Trust	413,976	(137,296)
	$ 542,889	$ (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, 2010:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
Cash Equivalents	$ 32,439
U.S. Government Securities	111,697
Corporate Bonds	53,840
Corporate Securities	213,752
Asset Backed Securities	8,001
Mutual Funds	108,152
Guaranteed Investment Contracts	19,017
Other	(5,034)
TOTAL INVESTMENTS	$ 541,864

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, 2010:

(Amounts In Thousands)

	U.S. Govt. Agencies	Corporate Bonds	Asset Backed Securities	Guaranteed Investment Contract	Total
Long-term Ratings					
Gilt Edge	$ 18,404	$ 1,140	$ -	$ 3,896	$ 23,440
High Grade	-	25,566	8,001	15,123	48,690
Upper Medium	-	26,160	-	-	26,160
Speculative	-	974	-	-	974

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, 2010:

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
U.S. Government Securities	$ 38,801	2.853
Corporate Bonds	53,840	2.781
Asset Backed Securities	8,001	2.110

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cash flow 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 cash flow 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, 2010, the authority had the following foreign currency exposures in United States dollars: Euro Dollar - $12,646,000, British Pound - $7,819,000, Swiss Franc - $3,364,000, Chinese Yuan - $2,601,000, Japanese Yen - $2,438,000, Brazilian Real - $1,602,000, Canadian Dollar - $1,580,000, Danish Krone - $1,069,000, and South Korean Wan - $1,026,000. An additional $6,704,000 was held in various international currencies, none of which exceeded $1.0 million.

Concentration of Credit Risk

At June 30, 2010, 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 also uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates.

At June 30, 2010, the University of Colorado Hospital Authority was party to a floating-to-fixed rate swap having a notional value of $71.6 million and a floating-to-fixed rate swap having a notional value of $101.9 million. At June 30, 2010, the agreements had fair values of ($9,786,000) and ($15,525,000), respectively, and are scheduled to terminate in 2031 and 2033, respectively.

In September 2009, the hospital sold a fixed-to-floating rate swap with a notional value of $50.0 million for $1,780,000, net of commissions and other transactions costs.

Realized and unrealized gains and losses on the swap agreements are reported as investment income on the *Statement of Revenue, Expenditures, and Changes in Fund Net Assets – Component Units*. During Fiscal Year 2009-10, the three swaps produced a net cash outflow of approximately $5.04 million. None of the hospital's swaps qualified for hedge accounting.

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, 2010, the University of Colorado Foundation held $129.1 million of domestic equity securities, $154.0 million of international equity securities, $177.2 million of fixed income securities, $419.9 million of alternative investments including real estate, private equities, hedge funds, absolute return funds, venture capital, oil and gas assets, and other investments. 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 gain of $78.2 million is net of $5.2 million of investment fees and comprises $9.9 million of interest and dividends, $20.3 million of realized gains, and $53.2 million of unrealized gains.

At June 30, 2010, the Colorado State University Foundation held $94.6 million of equity securities, $73.4 million of alternative investments (comprised of absolute return and long/short investments), $13.5 million of fixed income securities, and $50.8 million of other investments (comprised of natural resources and private equity investments).

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, 2010, the CSMF held bonds and bond mutual funds totaling $35.1 million, stocks and stock mutual funds totaling $53.0 million, and investments in limited partnerships and real estate totaling $65.2 million in its long-term investments pool.

Of the foundation's $182.0 million of investments, $15.5 million, or 8.5 percent, was related to split interest agreements. CSMF is also the beneficiary of an endowment valued at $6.6 million and several long-term trusts valued at $1.1 million which are reported as Investments on the *Statement of Net Assets – Component Units.* Forty-one 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, 2010, the University of Northern Colorado Foundation held $41.3 million of equity securities, $21.5 million of bonds, and $11.9 million of other investments. The foundation's investment gain of $8.7 million is net of $0.4 million of management fees and comprises $6.7 million of net realized and unrealized gains, 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 $20.6 million of interest incurred during the construction of capital assets. The entire amount was capitalized by Higher Education Institutions.

The beginning balance of the Governmental Activities nondepreciable Infrastructure line was reduced by approximately $9,024.5 million due to a Department of Transportation change from the modified approach to depreciation for roadway infrastructure. The change moved approximately $7,975.1 million of roadway infrastructure from nondepreciable to depreciable.

An accounting principle change of $448.7 million was recorded for roadways where the most recent construction on the asset occurred before the beginning of the State's maximum 40-year depreciation period, resulting in zero remaining useful life. Generally accepted accounting principles prohibit reporting at transition accumulated depreciation for infrastructure converted from the modified approach to the depreciation approach. As a result, these assets were removed from the State's accounting records and will not be depreciated. The infrastructure change also resulted in a prior period adjustment of approximately $600.7 million on the government-wide statements related to errors in valuing roadway assets at the implementation of GASB Statement No. 34 in Fiscal Year 2001-02 (see Note 29).

The beginning balances of the Governmental and Business-Type Activities Vehicles and Equipment lines decreased by $131.8 million and $35.9 million, respectively, to separately report Software of an equivalent amount. The related Accumulated Depreciation lines segregated by $39.8 million and $25.1 million, respectively.

The beginning balance of the Governmental Activities Software line (previously reported as Vehicles and Equipment) increased by $32.9 million related to a prior period adjustment at the Department of Transportation for software costs incurred in prior years that had not previously been capitalized (see Note 29). The related Accumulated Depreciation line increased by $16.2 million.

The schedule on the following page 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	164,658	4,809	3,919	10	173,396
Vehicles and Equipment	622,106	41,850	2,309	(20,191)	646,074
Library Materials and Collections	5,806	507	-	(135)	6,178
Other Capital Assets	32,614	2,583	-	(490)	34,707
Infrastructure	9,079,045	738	234,460	(1,669)	9,312,574
Total Capital Assets Being Depreciated	11,554,753	71,035	257,634	(48,464)	11,834,958
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(50,962)	(4,113)	-	211	(54,864)
Buildings	(615,255)	(39,676)	-	13,911	(641,020)
Software	(55,949)	(20,482)	-	(718)	(77,149)
Vehicles and Equipment	(369,489)	(45,367)	-	26,833	(388,023)
Library Materials and Collections	(3,792)	(371)	-	135	(4,028)
Other Capital Assets	(18,462)	(1,709)	-	(743)	(20,914)
Infrastructure	(88,990)	(870,604)	-	550	(959,044)
Total Accumulated Depreciation	(1,202,899)	(982,322)	-	40,179	(2,145,042)
Total Capital Assets Being Depreciated, net	10,351,854	(911,287)	257,634	(8,285)	9,689,916
TOTAL GOVERNMENTAL ACTIVITIES	11,807,738	(458,253)	-	(22,345)	11,327,140
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	325,624	12,567	4,339	(667)	341,863
Land Improvements	15,452	1,539	917	-	17,908
Collections	15,693	2,534	-	(52)	18,175
Construction in Progress (CIP)	597,388	669,542	(436,595)	(1,259)	829,076
Infrastructure	-	-	26	-	26
Total Capital Assets Not Being Depreciated	954,157	686,182	(431,313)	(1,978)	1,207,048
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	388,619	3,696	40,282	(50)	432,547
Buildings	4,631,978	39,283	386,110	(8,447)	5,048,924
Software	35,949	19,474	-	18,996	74,419
Vehicles and Equipment	809,555	69,484	4,921	(68,666)	815,294
Library Materials and Collections	458,258	20,468	-	(7,498)	471,228
Other Capital Assets	10,101	75	-	(81)	10,095
Infrastructure	20,911	-	-	-	20,911
Total Capital Assets Being Depreciated	6,355,371	152,480	431,313	(65,746)	6,873,418
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(177,983)	(17,916)	-	45	(195,854)
Buildings	(1,657,820)	(150,871)	-	3,650	(1,805,041)
Software	(25,070)	(3,577)	-	(1,755)	(30,402)
Vehicles and Equipment	(569,054)	(63,370)	-	47,756	(584,668)
Library Materials and Collections	(320,810)	(20,133)	-	7,472	(333,471)
Other Capital Assets	(65)	(69)	-	(307)	(441)
Infrastructure	(10,251)	(519)	-	-	(10,770)
Total Accumulated Depreciation	(2,761,053)	(256,455)	-	56,861	(2,960,647)
Total Capital Assets Being Depreciated, net	3,594,318	(103,975)	431,313	(8,885)	3,912,771
TOTAL BUSINESS-TYPE ACTIVITIES	4,548,475	582,207	-	(10,863)	5,119,819
TOTAL CAPITAL ASSETS, NET	$ 16,356,213	$ 123,954	$ -	$ (33,208)	$ 16,446,959

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	32,106
Natural Resources	6,399
Social Assistance	8,878
Transportation	891,052
Internal Service Funds (Charged to programs and BTAs based on useage)	15,094
Total Depreciation Expense Governmental Activities	982,322
BUSINESS-TYPE ACTIVITIES	
Higher Education Institutions	247,349
CollegeInvest	129
State Lottery	621
Other Enterprise Funds	8,356
Total Depreciation Expense Business-Type Activities	256,455
Total Depreciation Expense Primary Government	$ 1,238,777

Component Units

At June 30, 2010, the University of Colorado Hospital Authority reported $13.2 million of nondepreciable assets, including land and construction in progress. Depreciable assets included buildings and improvements of $662.4 million and equipment of $238.3 million. Accumulated depreciation related to these capital assets was $347.6 million resulting in net depreciable capital assets of $553.1 million.

During Fiscal Year 2009-10, the hospital implemented a fully integrated electronic medical record system and standardized its human resources and financial systems as part of an IT strategic plan to upgrade key systems used in the hospital over the next five years. Costs incurred as of June 30, 2010, for the overall project approximated $19.8 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 $3.1 million, net of accumulated depreciation of $8.5 million, at June 30, 2010.

NOTE 17 – OTHER LONG-TERM ASSETS

The $764.3 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 Restricted Receivables, respectively, and the taxes receivables are offset by Deferred Revenue.

The $450.7 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 ($400.1 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 the defined contribution plan is the same amount as the contribution 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.

<u>Money Purchase Retirement Benefit</u>

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.

<u>Service Requirement and Termination</u>

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.

<u>Disability and Survivor Benefits</u>

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 otherwise available to increase 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 Trust 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	20.16%	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.

C. OTHER PENSION CONTRIBUTIONS

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 $139,000 to this plan in Fiscal Year 2009-10. 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 $19.2 million in Fiscal Year 2009-10 to this plan. The amount of the actuarially computed net periodic pension cost was $19.5 million. In Fiscal Year 2008-09, the hospital elected to contribute additional moneys to the plan resulting in a net pension asset of $6.9 million as of June 30, 2010, which will be used to offset funding requirements in future periods. The net pension asset is reported on the *Statement of Net Assets – Component Units.* At July 1, 2009, 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, 2007. The authority also provides three other retirement plans, as discussed in Note 20.

Employees of the Colorado Water Resources and Power Development Authority, CoverColorado, and the Statewide Internet Portal Authority 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-2) 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

<u>PERA Health Care Trust Fund</u>

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 of service 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.

<u>University of Colorado – Other Postemployment Benefits Plan</u>

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.

<u>Colorado State University – Other Postemployment Benefits Plans</u>

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, CoverColorado, and the Statewide Internet Portal Authority 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.

The financial statements for the PERA Deferred Compensation Plan, the PERA 401k Plan, and the PERA Defined Contribution Plan can be found within PERA's financial statements as referenced on page 104.

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 State's 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, 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 29)	(352,795)	(18,649)	(10)	(371,454)
FISCAL YEAR ENDING	$ -	$ -	$ 25,295	$ 25,295

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

Component Units

Employees of the Colorado Water Resources and Power Development Authority and the Statewide Internet Portal 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 hospital to make matching contributions of $6.1 million in Fiscal Year 2009-10. The hospital also provides a single employer tax deferred plan (457b) that did not require hospital contributions. All three plans are administered by third-party investment companies. The financial statements of these pension plans are available from the hospital.

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.

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) 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 medical premiums 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 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.

University of Colorado 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	92	91	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 for claims arising within the State). The trust also provides coverage of $1.0 million for claims arising outside the State 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 2009-10, the hospital recorded premium and administrative expenses of $719,000. The trust had a fund balance of $2.2 million, which was net of approximately $4.6 million 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 (Before Depreciation)

	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 that 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	$ 44,168	$ 17,618	$ 15,728	$ 10,808
2012	36,420	12,427	15,369	10,202
2013	31,164	10,162	13,333	9,873
2014	25,538	8,322	11,722	9,411
2015	22,915	7,222	10,350	8,806
2016 to 2020	58,096	18,810	33,950	37,839
2021 to 2025	131	4,322	17,985	20,841
2026 to 2030	108	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	218,961	84,338	128,070	114,686
Less: Imputed Interest Costs			30,940	31,312
Present Value of Minimum Lease Payments	$ 218,961	$ 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 $5.2 million for Fiscal Year 2009-10. Future minimum lease payments for these leases at June 30, 2010, are:

(Amounts in Thousands)

Fiscal Year	Amount
2011	$ 3,082
2012	2,560
2013	2,494
2014	2,178
2015	1,964
Thereafter	4,176
Total Minimum Obligations	$ 16,454

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 into 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 $3.3 million at June 30, 2010. Total minimum lease payments including interest at June 30, 2010, were $4.3 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 $2.0 million, net of accumulated depreciation of $3.8 million, as of June 30, 2010.

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, 2010 was $194,043. The total minimum rental commitment under the leases was $0.8 million at June 30, 2010.

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 and net of interest costs of 0.45 percent. The notes were issued to meet short-term cash flow 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 and lend the proceeds to 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 average net interest costs of 0.58 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 average net interest costs of 0.28 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.

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		Ending Balance June 30
		Additions	Reductions	
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 institutions of higher education, 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. Except for the Department of Corrections which receives Capital Projects Fund appropriations for lease payments related to COPs, 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 also 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 $470.5 million of available net revenue after operating expenses to meet the $132.4 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 institutions of higher education, $23.7 million of interest on revenue bonds issued by CollegeInvest that were liquidated before 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 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	$ 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	-
Accrued Capital Appreciation Certificates	-	-	-	-	39	-	39	-
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		Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 57,065	$ 108,115	$ 40,464	$ 509	$ 2,450	$ 21,520	$ 99,979	$ 130,144
2012	64,865	106,552	474	147	9,964	21,028	75,303	127,727
2013	85,870	104,712	438	129	18,149	20,507	104,457	125,348
2014	69,330	101,700	453	110	18,954	19,715	88,737	121,525
2015	70,560	98,877	474	89	19,834	18,933	90,868	117,899
2016 to 2020	376,840	446,389	1,585	131	114,194	79,549	492,619	526,069
2021 to 2025	446,900	353,638	65	11	143,909	46,684	590,874	400,333
2026 to 2030	427,975	242,583	7	-	93,390	13,202	521,372	255,785
2031 to 2035	386,675	134,905	-	-	12,825	321	399,500	135,226
2036 to 2040	230,400	44,009	-	-	-	-	230,400	44,009
2041 to 2045	37,990	6,032	-	-	-	-	37,990	6,032
Subtotals	2,254,470	1,747,512	43,960	1,126	433,669	241,459	2,732,099	1,990,097
Unamortized Prem/Discount	25,221	-	(35)	-	(971)	-	24,215	-
Unaccreted Interest	(15,858)	-	-	-	-	-	(15,858)	-
Totals	$ 2,263,833	$ 1,747,512	$ 43,925	$ 1,126	$ 432,698	$ 241,459	$ 2,740,456	$ 1,990,097

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.

In August 2009, the University of Colorado Hospital Authority issued $51.8 million of Series 2009A Revenue Bonds with an average interest rate of 5.75 percent. Proceeds from the bonds will be used to fully refund the Series 2006B bonds (see Note 26).

During Fiscal Year 2009-10, the hospital met all the financial ratio requirements of its bond indentures. The hospital's interest payments in Fiscal Year 2009-10 were $22.3 million.

The aggregate maturities of long-term debt for the University of Colorado Hospital Authority at June 30, 2010, are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2011	$ 13,591	$ 23,609	$ 37,200
2012	12,755	23,272	36,027
2013	13,380	22,647	36,027
2014	12,748	22,129	34,877
2015	13,180	21,553	34,733
2016 to 2020	71,515	98,594	170,109
2021 to 2025	90,570	79,607	170,177
2026 to 2030	115,580	54,590	170,170
2031 to 2035	119,170	29,494	148,664
2036 to 2040	78,345	8,828	87,173
Total Long-Term Debt Payments	540,834	$ 384,323	$ 925,157
Less: Unamortized Discount	(1,954)		
Deferred Amount on Refunding of			
Series 1997 A Bonds	(3,610)		
Series 2008 B Bonds	(7,888)		
Series 2009 A Bonds	(250)		
Total Carrying Amount of Long-Term Debt	$ 527,132		

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, 2010.

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	17,086	(20,818)	391,575	44,181
Capital Lease Obligations	91,813	17,123	(11,806)	97,130	11,384
Bonds Payable	1,106,973	-	(114,537)	992,436	119,385
Certificates of Participation	162,052	566,894	(38,974)	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	658,341	(240,069)	2,724,798	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	1,717	(12,116)	83,374	6,672
Derivative Instrument Liabilities	-	7,778	-	7,778	-
Bonds Payable	3,551,588	606,984	(1,851,879)	2,306,693	57,415
Certificates of Participation	446,657	389,766	(403,724)	432,699	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	1,069,591	(2,307,829)	3,164,258	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	$2,076,133	$ (2,559,941)	$ 6,675,687	$ 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 Postemployment Benefits, Derivative Instrument Liabilities, or Other Long-Term Liabilities (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	$ 528,812	$ 10,926	$ (12,606)	$ 527,132	$ 13,591
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 1,068,803	$ 15,735	$ (55,165)	$ 1,029,373	$ 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, 2010, the foundation held $53.6 million of split interest agreement investments with $33.2 million of related liabilities and reported $3.8 million of net beneficial interest in charitable trusts held by others.

At June 30, 2010, the University of Colorado Foundation held $206.0 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, 2010, total life income agreement assets of CSUF were $662,531. Life income agreements payable at the same date totaled $872,493. 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, 2010, the foundation held $10.7 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, 2010, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust and pooled income assets of $15.5 million; related liabilities of $10.2 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 $10.2 million shown above and total $5.0 million. At June 30, 2010, CSMF reported $13.0 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 17.88 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 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 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 (University of Colorado Denver Health Sciences Center 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.

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-level *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 and 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 percent 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 its 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 variable rate 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. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Assets*.

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

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* decreased by $1,043,358,720 due to the following adjustments:

- A decrease of $600,696,527 when the Department of Transportation changed from the modified approach to the depreciation approach for roadway infrastructure. Beginning in Fiscal Year 2009-10, the department reported that available resources were no longer adequate to maintain the State's roadways at the established condition level as required by the modified approach. In the process of identifying the roadway infrastructure amounts to be depreciated, the department determined that a portion of the roadways recorded in Fiscal Year 2001-02 at the implementation of GASB Statement No. 34 were valued incorrectly. This adjustment has been recorded to correctly state the beginning balance of the roadways.

- A decrease of $448,735,322 to reflect a change in accounting principle related to the change from the modified approach to the depreciation approach for roadway infrastructure. In the process of identifying the roadway infrastructure amounts to be depreciated, the department determined that the most recent construction on some roadways was before the State's maximum infrastructure depreciation period, and therefore, those roadways should not be included in amounts to be depreciated. This adjustment has been recorded to correctly state the beginning balance of the roadways.

- An increase of $16,696,077 as a result of the Department of Transportation correcting errors related to software costs incurred in prior years that were inappropriately expensed rather than capitalized and depreciated.

- Decreases of $7,475,191 and $11,192 for the Unemployment Revenue Fund and the Employee Leasing Company Certification Fund, respectively, both of which were previously reported as Special Revenue funds. The decreases are the result of the Department of Labor and Employment converting the funds to TABOR enterprises as required by statute. These changes also decreased the beginning fund balance of the Other Special Revenue Funds on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.*

- A decrease of $4,014,613 due to the Department of Health Care Policy and Financing reducing federal receivables accrued in Fiscal Year 2008-09 at an incorrect federal reimbursement rate related to certain Medicaid payments. This error also decreased the beginning fund balance of the General Fund on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.*

- An increase of $778,085 in the Medicaid Nursing Facilities Cash Fund, a portion of the nonmajor 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. This error also increased the beginning fund balance of the Other Special Revenue Funds on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.*

- 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 part of the Environment and Health Protection Fund, a nonmajor Special Revenue Fund. This change also increased the beginning fund balance of the Other Special Revenue Funds on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.*

The beginning net assets of the Business-Type Activities on the government-wide *Statement of Activities* increased by $35,548,863 due to the following adjustments:

- An increase of $25,913,867 in the Wildlife Cash Fund, a portion of the nonmajor Wildlife Enterprise Fund. The increase was related to the Department of Natural Resources' failure to record the value of donated land and easements received in prior fiscal years. The correction of this error also increased the beginning fund balance of the Other Enterprise Funds on the fund-level *Statement of Net Assets – Proprietary Funds.*

- Increases of $7,475,191 and $11,192 for the Unemployment Revenue Fund and the Employee Leasing Company Certification Fund, respectively, which became Enterprise Funds, and were previously reported as Special Revenue funds. The increases are the result of the Department of Labor and Employment converting the funds to TABOR enterprises as required by statute. These changes also increased the beginning fund balance of the Unemployment Insurance Fund on the fund-level *Statement of Net Assets – Proprietary Funds.* This reclassification also increased beginning cash of the Unemployment Fund on the *Statement of Cash Flows – Proprietary Funds.*
- 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 nonmajor Special Revenue Fund. This change also decreased the beginning balance of the CollegeInvest Fund on the fund-level *Statement of Net Assets – Proprietary Funds.*
- An increase of $2,248,576 related to Pueblo Community College, a portion of the Higher Education Institutions, acquiring the net assets of San Juan Basin Technical College. This addition also increased the beginning balance of the Higher Education Institutions on the fund-level *Statement of Net Assets – Proprietary Funds.* This acquisition of net assets also increased beginning cash of the Higher Education Institutions on the *Statement of Cash Flows – Proprietary Funds* in the amount of $417,325.

Additional changes reported on the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* that did not affect the *Statement of Activities* are as follows:

In Fiscal Year 2008-09, the Unclaimed Property Fund, which previously had been reported as a trust fund, was reported as a nonmajor 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 nonmajor Permanent Fund.

The beginning balance of the Unclaimed Property Fund, a nonmajor Special Revenue Fund, decreased by $36,331,983 due to the reclassification of unclaimed property activity from the Unclaimed Property Fund to assets held in trust for claimants in the Unclaimed Property Trust Fund, a nonmajor Private Purpose Trust Fund in the amount of $30,605,232. An additional $5,726,751 of net assets was moved from the Unclaimed Property Fund to the State Lands Trust Fund, a nonmajor Permanent Fund.

Additional changes reported on the *Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds* are as follows:

The beginning fund balance of the General Government Computer Center Fund, a nonmajor 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 nonmajor Internal Service Fund, decreased by $32,392,020 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 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 the 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 nonmajor 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 nonmajor 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 fiduciaries, 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.

As previously discussed, unclaimed property activity was reclassified from a Special Revenue Fund to a Private Purpose Trust Fund. As a result, the beginning balance of the Unclaimed Property Trust Fund, a nonmajor Private Purpose Trust Fund, increased by $61,237,355 of cash moved from the Unclaimed Property Fund, a nonmajor Special Revenue Fund, and represents the full amount of the estimate of claims payable at the beginning of Fiscal Year 2009-10. The estimate of claims payable comprises $30,632,123 previously reported as current liabilities in the Unclaimed Property Fund and $30,605,232 of long-term liabilities previously reported only on the Government-Wide *Statement of Net Assets.* Neither the current nor the long-term portion of the liability is shown in the Unclaimed Property Trust Fund because the assets are reported as Net Assets Held in Trust for Individuals, Organizations, and Other Entities. The beginning net assets on the government-wide statements were not affected because the increase related to the removal of the long-term liability was offset by an equivalent decrease related to the movement of cash from the governmental activities to the fiduciary activities, which are not reported on the *Statement of Activities.*

The beginning balance of the Other Enterprise Funds on the *Statement of Cash Flows – Proprietary Funds* shows an increase to beginning cash of $25,292,806 that comprises the increase discussed above for the Wildlife Cash Fund, a nonmajor fund, in the amount of $25,913,867, as well as a decrease in the State Nursing Homes Fund, a nonmajor fund, in the amount of $621,061. The State Nursing Home Fund reduction decreased cash to correct a prior year misclassification of investments as cash. This decrease did not affect net assets or any other financial statements.

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
Unemployment Insurance	-	-	-	-
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
Water Projects	193	-	121	-
Labor	220	-	-	-
Gaming	7	-	-	-
Tobacco Impact Mitigation	5	-	-	-
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	$ 28,457	$ 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 $24.1 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	$ -	$ 24,106	$ 25,187
-	-	-	6,032	6,032
-	-	-	-	214
7,973	-	-	-	7,973
-	-	-	-	18
-	-	-	4,632	7,603
-	-	-	270	270
-	-	-	1,247	1,561
-	-	-	-	220
-	-	-	-	7
-	-	-	-	5
-	-	-	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	$ 229,953	$ 307,935

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
MAJOR FUNDS:			
General Fund	$ -	$ 3,076,278	$ -
Public School	1,942	-	-
Highway Users	53,396	-	-
Capital Projects	41,957	-	46
State Education	124	-	-
Higher Education Institutions	8,980	-	-
CollegeInvest	44,843	-	-
Lottery	529	-	-
NONMAJOR FUNDS			
SPECIAL REVENUE FUNDS:			
Water Projects	1,378	-	-
Labor	55,039	-	-
Gaming	17,257	-	-
Tobacco Impact Mitigation	259,363	-	-
Resource Extraction	170,909	56,628	-
Resource Management	22,009	-	-
Environment and Health Protection	304,425	-	-
Public School Buildings	17	-	-
Unclaimed Property	31,711	-	-
Other Special Revenue	101,572	-	-
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	-	-	-
Nursing Homes	896	-	-
Prison Canteens	419	-	-
Petroleum Storage	781	-	-
Other Enterprise	2,346	-	302
INTERNAL SERVICE FUNDS:			
Central Services	1,399	-	-
General Government Computer Center	391	-	-
Telecommunications	551	-	-
Capitol Complex	740	-	-
Administrative Hearings	327	-	-
Debt Collection	164	-	-
Other Internal Service	5	-	-
FIDUCIARY FUNDS:			
Group Benefit Plans	300	-	-
Other Fiduciary	106	-	-
TOTAL	$ 1,128,881	$ 3,187,299	$ 348

(Amounts in Thousands)

TRANSFER-IN FUND

Capital Projects	Higher Education Institutions	CollegeInvest	All Other Funds	TOTAL
$ 169	$ 124,505	$ 162	$ 493,258	$ 3,694,372
-	-	-	39,667	41,609
2,647	-	-	179,537	235,580
-	8,685	-	16,633	67,321
-	5,396	-	1,478	6,998
8	-	-	576	9,564
-	-	-	-	44,843
-	-	-	56,559	57,088
-	-	-	329	1,707
1,790	-	-	-	56,829
2,641	-	-	16,112	36,010
8,000	17,150	-	62,114	346,627
188	17,355	-	41,589	286,669
2,081	-	-	75	24,165
-	-	-	41,400	345,825
-	-	-	3,535	3,552
-	-	-	-	31,711
10,044	594	-	932	113,142
-	102	-	34,971	89,499
-	686	-	6,282	6,968
-	-	-	17	17
-	-	-	296	5,183
-	-	-	-	85
355	-	-	-	355
-	-	-	-	896
1	-	-	-	420
-	-	-	-	781
-	-	-	-	2,648
-	-	-	1,217	2,616
-	-	-	-	391
-	-	-	-	551
-	-	-	315	1,055
-	-	-	-	327
-	-	-	-	164
-	-	-	-	5
-	-	-	-	300
-	-	-	-	106
$ 27,924	$ 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, 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 that 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 charter 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:

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. CollegeInvest's remaining loan portfolio was sold to the federal government as part of a participation agreement that previously provided cash to CollegeInvest (see Note 40). 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 also 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 institutions of higher education 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 fees 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 $572.7 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.

- $30.2 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.

- $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.

- $11.4 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 28.5 percent of the total auxiliary revenue streams; $245.0 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	947,626	477,126	470,499	46,650	85,723	132,373
	$ 2,051,811	$ 1,413,320	$ 638,490	$ 159,950	$ 140,414	$ 300,364

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 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 twelve 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, the Higher Education Competitive Research Authority, and the Statewide Internet Portal 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 407 beds with five outpatient primary care clinics, and six specialty care clinics 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 2009-10, it received $5.1 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, 2010, the foundation distributed $70.7 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 2009-10, the foundation transferred $32.2 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 provide financial resource development and support to the University of Northern Colorado. The foundation's primary revenue is derived from contributions and investment income. During Fiscal Year 2009-10, the foundation granted $4.5 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 General Assembly 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 of 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. See Note 40 for additional information on a subsequent event involving the VCA.

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 moneys 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 institutions of higher education for federally sponsored research projects. The authority received all of its funding for Fiscal Year 2009-10 through an appropriation to the Department of Higher Education. As of June 30, 2010, the authority has made commitments to provide matching funds for nine research proposals, four of which, totaling $6.8 million, are currently funded.

The Statewide Internet Portal Authority was formed in the 2004 legislative session to provide a single point of access to electronic government information. The authority has partnered with Colorado Interactive, a subsidiary of NIC, Inc., to design, implement, and maintain a statewide portal to provide an alternate way to transact business with State and local governments. The agreement with Colorado Interactive provides for fees and charges assessed to the users of the portal to be passed on to the participating governmental agencies, as well as a base fee and percentage of revenue to fund the authority's operations. The agreement expires May 2014. For the Fiscal Year ended June 30, 2010, the authority recognized $1.1 million in fee revenue.

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 and it requires payment of interest at 3 percent; 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 CUF Boulder I, LLC and CUF Boulder II, LLC (the LLCs). The LLCs were formed in September 2009 for the purposes of purchasing specific buildings near the University of Colorado at Boulder. At June 30, 2010, the LLCs held property for the foundation of $1.7 million and $22.2 million, respectively.

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, 2010, the LLC had capital assets of $13.6 million, other assets of $6.0 million, long-term debt of $23.2 million, and current liabilities of $1.1 million. The total liabilities of the foundation exceeded its total assets by $3.7 million. The LLC owed the University of Northern Colorado $465,147 for a working capital loan at June 30, 2010.

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 $9.2 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 on the Anschutz Medical Campus. An original ground lease, entered into in 1998 for a period of 30 years, provided for approximately 18.4 acres of property acquired by the University of Colorado Regents from the U.S. Department of Education pursuant to a quitclaim deed. Subsequent agreements between the parties have provided additional land to the hospital to continue the development of the Anschutz Medical Campus allowing the hospital to expand its facilities with an office tower, parking garage, inpatient tower, and additional staff and patient parking. The hospital is planning to continue development with a second inpatient tower and parking garages on its current leased space to meet growing demand for inpatient services.

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 $31.7 million for these services in Fiscal Year 2009-10. 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 $2.6 million in Fiscal Year 2009-10. In total, the UCD paid the hospital $10.8 million in Fiscal Year 2009-10.

The hospital has contracted with University Physicians, Inc., a blended component unit of the State's Higher Education Institutions Fund to provide support for faculty administrative services and recruitment support. The hospital passed through $5.2 million of government external funds and paid UPI an additional $45.9 million for services in Fiscal Year 2009-10.

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 $4.0 million were billed to CRC for the cost of these services during Fiscal Year 2009-10. The amount due from University of Colorado Denver, including CRC, was $0.6 million at June 30, 2010.

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 $0.6 million in July 2010.

The hospital and two other entities participate in Colorado Access, a Colorado not-for-profit 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 $2.9 billion, of the $11.6 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 $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 $8.0 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 anticipates 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 repaying the Centers for Medicare and Medicaid Services (CMS) $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 was denied, but the department is considering whether to pursue further appeal.

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 $17.9 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, which is currently scheduled to commence August 1, 2011. Estimates of plaintiff attorney fees and costs currently exceed $1.0 million.

The Department of Human Services has been sued by a behavioral health clinic seeking damages of $25.0 million plus additional legal costs. The plaintiff claims the department's licensing actions adversely affected their ability to operate their business. The licensing actions were overturned by an administrative law judge. The department is vigorously contesting the claims, and the State is unable to estimate the likelihood of an adverse outcome.

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

Primary Government

A. DEBT ISSUANCES AND REFUNDINGS

On August 12, 2010, Colorado State University issued $98,915,000 of Systemwide Enterprise Revenue Bonds Series 2010A-C. The university will use the bond proceeds for the costs of constructing, acquiring, renovating, and equipping school facilities. The coupon rates range from 4.0 percent to 6.06 percent with a final maturity in Fiscal Year 2039-2040.

On October 5, 2010, the Colorado Community College System issued $6,545,000 of Series 2010C Systemwide Revenue Bonds (interest rate of 4 percent and yields ranging from 0.77 percent to 2.03 percent) and $31,455,000 of Series 2010D Taxable Systemwide Revenue Bonds (qualified as Build America Bonds with interest and yield rates ranging from 3.37 percent to 5.50 percent). The proceeds will be used to finance the construction, improvement, and equipping of the Student Learning and Success Building on the Community College of Denver campus and the Learning Resources Center at Pueblo Community College.

On October 28, 2010, the University of Colorado issued a series of fixed rate revenue bonds totaling $96.8 million. $35,510,000 of Taxable University Enterprise Revenue Bonds Series 2010A (Build America Bonds – Direct Payment) were issued at coupon rates ranging from 0.76 percent to 5.60 percent with a final maturity in Fiscal Year 2021-22. $56,905,000 Tax-Exempt University Enterprise Refunding Revenue Bonds Series 2010B were issued at coupon rates ranging from 2.0 percent to

5.0 percent with a final maturity in Fiscal Year 2022-23. $4,375,000 in Taxable University Enterprise Revenue Bonds Series 2010C (Qualified Energy Conservation Bonds – Direct Payment) were issued at coupon rates ranging from 1.16 to 5.6 percent with a final maturity in Fiscal Year 2019-20. The issuances will be used to refinance existing debt, purchase and remodel University property, and make energy conservation improvements.

On October 28, 2010, the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Finance Authority (see Section B) issued $54.9 million of bonds to finance the College's Hotel and Hospitality Learning Center (HLC). The issuance comprised $49,640,000 of Taxable Revenue Bonds Series 2010A (Build America Bonds – Direct Payment), $4,500,000 Tax-Exempt Revenue Bonds Series 2010B, and $745,000 Taxable Revenue Bonds Series 2010C. The Series 2010A bonds had both serial and term components maturing between Fiscal Year 2019-20 and Fiscal Year 2042-43. The Series 2010B bonds had maturities between Fiscal Years 2015-16 and 2019-20 and interest rates of 3 percent and 4 percent with yields ranging from 1.9 percent to 3.0 percent. The Series 2010C bonds mature in Fiscal Years 2014-15 and 2015-16 and have interest rates ranging from 1.98 percent to 2.33 percent. The College has unconditionally guarateed the debt service on the bond issuance.

On October 28, 2010, the Colorado School of Mines issued $11,195,000 of Series 2010B Institutional Enterprise Revenue Bonds (Taxable Direct Payment Build America Bonds). The proceeds will be used for construction related to a new academic wing of Marquez Hall and provide additional facilities. The interest rates on the bonds range from 6.06 percent to 6.16 percent with a principle repayment of $2.4 million beginning in Fiscal Year 2035-36 and $8.8 million in Fiscal Year 2040-41. The school will receive a 35 percent federal subsidy, resulting in effective interest rates of between 3.94 percent and 4.01 percent.

During November 2010, the Colorado School of Mines issued $42,860,0000 of Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds Series 2010A to refund Series 2008A bonds. The Swap Agreement associated with the Series 2008A bonds (see Note 28) remains in effect on the Series 2010A variable rate bonds. The final payment is December 1, 2013 and the variable rates are based on the London Interbank Offering Rate (LIBOR).

On December 10, 2010, the State Treasurer issued $325,000,000 of Education Loan Program Tax and Revenue Anticipation Notes (ETRAN) Series 2010B. The notes have a coupon rate of 2.0 percent, which will result in approximately $3.6 million of interest due at maturity. However, the notes were issued with a $3.0 million premium resulting in net interest costs of $ 601,361. The notes mature on June 30, 2011.

On December 14, 2010, the State Treasurer issued $500,000,000 of General Fund Tax Revenue Anticipation Notes Series 2010. The notes are due and payable on June 27, 2011, at a coupon rate of 2.0 percent. The total interest related to this issuance will be $5.4 million. However, the notes were issued at a premium of $4.6 million resulting in net interest costs of $808,611 and a yield of 0.29 percent. The notes are issued for cash management purposes.

On December 15, 2010, the Colorado Bridge Enterprise of the Department of Transportation issued $300.0 million of Senior Taxable Build America Series 2010A Revenue Bonds. The bonds were issued at an average coupon rate of 6.08 percent with principal repayment beginning in Fiscal Year 2025-26 and final maturity in Fiscal Year 2040-41. The proceeds of the bonds will be used for design and construction costs related to bridge projects approved by the Bridge Enterprise Board.

On December 16, 2010, the State of Colorado acting by and through the State Treasurer issued a total of $217,530,000 of its State of Colorado Building Excellent Schools Today Certificates of Participation (COPs). The issuance comprises $95,690,000 of Taxable Qualified School Construction Series 2010D Certificates, $119,840,000 of Taxable Build America Series 2010E Certificates, and $2,000,000 of Tax-Exempt Series 2010F Certificates. The Series 2010D COPs mature in Fiscal Year 2027-28 (interest rate of 6.8 percent), the Series 2010E COPs have latest maturity in Fiscal Year 2030-31 (interest rates ranging from 4.5 percent to 7.0 percent), and the Series 2010F COPs mature in Fiscal Year 2011-12 (coupon rate of 2.0 percent and yield rate of 1.0 percent). Combined, the three series result in interest costs of $226,841,643, which is offset by federal direct payments for the Series 2010D and 2010E of $129,120,595.

B. OTHER

On August 17, 2010, the Board of Trustee's at Metropolitan State College of Denver approved the incorporation of a special purpose entity known as HLC@Metro, Inc. The corporation was created for the purpose of acquiring, constructing, and maintaining a hotel, hospitality learning center, conference center, and parking structure that will serve as a fully functioning hotel and a learning laboratory for students of the college.

On September 1, 2010, the Board of Trustee's at Metropolitan State College of Denver formed the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Finance Authority for the purpose of issuing bonds necessary for the HLC project. Both HLC@Metro, Inc., and the finance authority are component units of the college.

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, serve, or administer any new student loans guaranteed by the federal government (see Note 33). As a result, CollegeInvest sold its loan portfolio and related revenue bonds; CollegeInvest had previously participated approximately $200 million of its loan portfolio with the U.S. Department of Education (USDE) for cash flow purposes. On September 24, 2010, CollegeInvest sold $200.3 million of student loans to the USDE as part of its participation agreement. This amount includes the par amount of the loans, accrued interest, a one percent origination fee previously paid to the USDE, and a fixed amount of $75 per loan.

In January 2010, the State fully expended its balance in the federal Unemployment Insurance Trust Fund and began borrowing from the federal government to continue paying benefits to Colorado workers. The balance due to the federal government was $173.8 million and $368.5 million at June 30 and November 30, 2010, respectively. Projections show that cash outflows for benefits will exceed cash inflows from employer unemployment insurance premiums through March 2015. After recurring payments to reduce the amount due to the federal government, the projected balance reaches its maximum each year in March as follows: $707.4 million, $803.5 million, $745.2 million, $544.6 million, and $170.5 million in 2011, 2012, 2013, 2014, and 2015, respectively. Interest charges begin to accrue in the second year of the borrowing.

Component Units

On July 1, 2010, the University of Colorado Hospital Authority entered into an agreement with University Physician's Inc. (UPI) and the University of Colorado Denver (UCD) to begin a self-insurance trust for the benefit of eligible employees of UCD, UPI, and the hospital. The trust, known as Colorado Health and Welfare Trust, will be managed by a third-party administrator and will provide healthcare coverage and manage the Healthcare Flexible Spending Plans of the three organizations.

In 2010, the Venture Capital Authority established Colorado Fund II, LP with residual proceeds from its 2005 sale of premium tax credits. The authority 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

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	3,238,932	416
Governor	14,283	13,863	13,827	36
Health Care Policy and Financing	1,612,335	1,151,517	1,120,304	31,213
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	7,194,548	37,648
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	55,463	33,639	21,824
Human Services	-	11,477	6,432	5,045
Military and Veterans Affairs	109	7,797	3,354	4,443
Personnel & Administration	2,012	12,317	7,199	5,118
Public Health and Environment	-	184	1	183
Public Safety	-	5,226	3,799	1,427
Revenue	10,177	17,108	12,890	4,218
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	184,449	131,617	52,832
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 8,156,837	$ 7,416,645	7,326,165	$ 90,480
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (436,756)	

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, 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			1,634,177	
Interest Earnings			128,964	
Other Revenues			2,891,718	
Transfers-In			6,356,011	
TOTAL REVENUES AND TRANSFERS-IN			14,608,202	
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	3,055,448	2,891,169	2,644,580	246,589
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	321,666	307,814
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
Budgets/Transfers Not Booked by Department	-	4,660	1,323	3,337
SUB-TOTAL OPERATING BUDGETS	15,877,579	15,056,442	13,437,206	1,619,236
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	321	322	(1)
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	2,812,324	1,077,962	1,734,362
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 18,294,491	$ 17,868,766	14,515,168	$ 3,353,598
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 93,034	

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, 2010

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 8,971,021	
TOTAL REVENUES AND TRANSFERS-IN			8,971,021	
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	2,532,885	57,098
Higher Education	187,055	1,287,407	1,118,883	168,524
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	5,722,980	11,500,854	9,223,210	2,277,644
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,722,980	$ 11,500,854	9,223,210	$ 2,277,644
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (252,189)	

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, 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	1,127,611	3,194,619	1,655,372	554,700	339,535	3,076,295
Federal	6,021,710	-	630,188	29,576	-	342,207
Sub-Total Revenues and Transfers-In	14,027,656	3,194,619	2,285,560	595,350	339,535	3,418,502
Expenditures/Expenses and Transfers-Out						
General Funded	7,194,716	-	-	131,449	-	-
Cash Funded	1,109,498	3,186,109	1,817,824	285,520	482,298	2,684,247
Federally Funded	6,021,441	-	630,254	21,527	-	344,433
Expenditures/Expenses and Transfers-Out	14,325,655	3,186,109	2,448,078	438,496	482,298	3,028,680
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	(297,999)	8,510	(162,518)	156,854	(142,763)	389,822
BUDGETARY BASIS ADJUSTMENTS:						
Increase/(Decrease) for Unrealized Gains/Losses	6,915	-	8,090	(2,514)	(1,016)	32,724
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-	-	37,878
Increase/(Decrease) for GAAP Expenditures Not Budgeted	97,078	-	93,157	146,342	-	(112,278)
Increase/(Decrease) for GAAP Revenue Adjustments	(121,628)	-	-	(145,327)	-	(58,917)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(315,634)	8,510	(61,271)	155,355	(143,779)	289,229
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)	(4,015)	-	-	-	-	(37,213)
FUND BALANCE/NET ASSETS, JUNE 30	$ 15,784	$ 32,675	$ 1,242,529	$ 385,059	$ 194,586	$ 2,805,662

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	501,438	2,394	514,115	320,182	129,537	982,329	14,608,202
16,958	1,481,454	15,934	-	432,896	98	-	8,971,021
2,227,033	1,982,892	18,328	514,115	753,078	129,635	982,329	30,468,632
-	-	-	-	-	-	-	7,326,165
2,025,769	1,042,414	127,507	514,001	257,895	122,619	859,467	14,515,168
304,351	1,436,642	-	-	464,464	98	-	9,223,210
2,330,120	2,479,056	127,507	514,001	722,359	122,717	859,467	31,064,543
(103,087)	(496,164)	(109,179)	114	30,719	6,918	122,862	(595,911)
(2,563)	-	6,236	373	1,999	(42)	414,373	464,575
-	-	-	1,732	15,677	1,266	-	56,553
138,773	(20,064)	(79,050)	(655)	(11,354)	(4,764)	11	247,196
-	-	81,573	-	359	-	-	(243,940)
375,380	-	-	-	-	-	-	375,380
408,503	(516,228)	(100,420)	1,564	37,400	3,378	537,246	303,853
3,884,214	392,984	179,338	4,914	418,662	51,091	3,204,750	12,921,066
2,249	7,486	(100)	-	25,914	(32,457)	(310,217)	(348,353)
$ 4,294,966	$ (115,758)	$ 78,818	$ 6,478	$ 481,976	$ 22,012	$ 3,431,779	$ 12,876,566

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 83 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	3,776,847		
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	6,456,094		
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	3,239,324	3,238,906	418	1,234
Governor	14,283	13,864	13,828	36	7
Health Care Policy and Financing	1,676,228	1,151,502	1,120,334	31,168	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	572
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	6,765,598	6,727,716	$ 37,882	$ 9,700
Variance Between Actual and Estimated Budgets	(464,648)	(34,260)	-		
TOTAL ESTIMATED BUDGET	7,234,900	6,731,338	6,727,716		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	(74,900)	(338,338)	(271,622)		
EXCESS AUGMENTING REVENUES			9,700		
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			(305,908)		
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	15,600	15,584		
Prior Period Adjustment (see Note 29)			(4,015)		
ENDING GENERAL FUND SURPLUS	-	(74,496)	4,793		
RECONCILIATION TO GAAP UNRESERVED FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2010-11 for Budget			(229,688)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2010-11 for Budget			(88,688)		
GAAP Revenues Related to Deferred Payroll and Medicaid Expenditures			150,133		
GAAP Basis - Shortfall in Statutory Reserve			132,628		
ENDING GAAP UNRESERVED FUND BALANCE			$ (30,822)		

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 151 to 154). 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 retroactively 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. In the General Fund and Capital Projects Fund, 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 156) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 151 to 154) relate to the change in fund balances/net assets for the funds presented in the fund-level statements (see pages 48 to 65).

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 107 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								
	2009-10	1/1/2009	-	$ 25,187,719	$ 25,187,719	0.0%	$ 241,508,200	10.4%
	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								
	2009-10	1/1/2009	-	$ 55,863,780	$ 55,863,780	0.0%	N/A	N/A
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								
	2009-10	1/1/2009	-	$ 2,899,120	$ 2,899,120	0.0%	N/A	N/A
	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								
	2009-10	1/1/2009	-	$ 12,218,851	$ 12,218,851	0.0%	N/A	N/A
	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] –The CSU-RMPS, CSU-URX, and CSU-LTD plans' contributions are not based on salaries or covered payroll.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 1,359,550	$ -	$ -	$ 1,359,550
Taxes Receivable, net	51,433	-	-	51,433
Other Receivables, net	87,472	-	12,765	100,237
Due From Other Governments	15,146	340	-	15,486
Due From Other Funds	209,586	-	5,871	215,457
Inventories	423	-	-	423
Prepaids, Advances, and Deferred Charges	17,647	-	-	17,647
Restricted Cash and Pooled Cash	157,667	218	89,420	247,305
Restricted Investments	69,355	-	564,780	634,135
Restricted Receivables	12,938	-	-	12,938
Investments	235,999	3,535	-	239,534
Other Long-Term Assets	429,355	-	2,364	431,719
Land and Nondepreciable Infrastructure	81	-	20,007	20,088
TOTAL ASSETS	$ 2,646,652	$ 4,093	$ 695,207	$ 3,345,952
LIABILITIES:				
Tax Refunds Payable	$ 5,083	$ -	$ -	$ 5,083
Accounts Payable and Accrued Liabilities	117,331	-	323	117,654
Due To Other Governments	80,723	-	5	80,728
Due To Other Funds	213,375	-	15,893	229,268
Deferred Revenue	102,483	-	4,701	107,184
Claims and Judgments Payable	135	-	-	135
Other Current Liabilities	233	-	-	233
Deposits Held In Custody For Others	5	-	-	5
TOTAL LIABILITIES	519,368	-	20,922	540,290
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	543,519	-	22,371	565,890
Debt Service	-	4,093	-	4,093
Emergencies	94,000	-	-	94,000
Funds Reported as Restricted	146,809	-	602,787	749,596
Unreserved Undesignated, Reported in:				
Nonmajor Special Revenue Funds	1,302,178	-	-	1,302,178
Nonmajor Permanent Funds	-	-	10,586	10,586
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Nonmajor Special Revenue Funds	40,778	-	-	40,778
Reported in Nonmajor Permanent Funds	-	-	38,541	38,541
TOTAL FUND BALANCES	2,127,284	4,093	674,285	2,805,662
TOTAL LIABILITIES AND FUND BALANCES	$ 2,646,652	$ 4,093	$ 695,207	$ 3,345,952

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 24,844	$ -	$ -	$ 24,844
Excise	151,964	-	-	151,964
Other Taxes	203,627	-	-	203,627
Licenses, Permits, and Fines	373,126	-	-	373,126
Charges for Goods and Services	384,450	-	-	384,450
Rents	7,590	-	70,227	77,817
Investment Income (Loss)	77,510	-	45,035	122,545
Federal Grants and Contracts	344,547	-	-	344,547
Additions to Permanent Funds	-	-	357	357
Unclaimed Property Receipts	42,155	-	-	42,155
Other	37,853	-	13	37,866
TOTAL REVENUES	1,647,666	-	115,632	1,763,298
EXPENDITURES:				
Current:				
General Government	40,951	-	1,060	42,011
Business, Community, and Consumer Affairs	173,510	-	-	173,510
Education	30,655	-	-	30,655
Health and Rehabilitation	87,400	-	-	87,400
Justice	26,520	-	-	26,520
Natural Resources	69,696	-	95	69,791
Social Assistance	216,263	-	-	216,263
Transportation	1,402	-	-	1,402
Capital Outlay	66,876	-	-	66,876
Intergovernmental:				
Cities	119,021	-	-	119,021
Counties	130,599	-	9	130,608
School Districts	80,155	-	-	80,155
Special Districts	33,636	-	-	33,636
Federal	1,724	-	-	1,724
Other	42,814	-	-	42,814
Debt Service	76	185,254	-	185,330
TOTAL EXPENDITURES	1,121,298	185,254	1,164	1,307,716
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	526,368	(185,254)	114,468	455,582
OTHER FINANCING SOURCES (USES):				
Transfers-In	799,608	188,789	-	988,397
Transfers-Out	(1,246,237)	-	(96,484)	(1,342,721)
Face Amount of Bond/COP Issuance	186,830	-	-	186,830
Bond/COP Premium/Discount	880	-	-	880
Sale of Capital Assets	-	-	8	8
Insurance Recoveries	253	-	-	253
TOTAL OTHER FINANCING SOURCES (USES)	(258,666)	188,789	(96,476)	(166,353)
NET CHANGE IN FUND BALANCES	267,702	3,535	17,992	289,229
FUND BALANCE, FISCAL YEAR BEGINNING	1,902,522	558	650,566	2,553,646
Prior Period Adjustment (See Note 29)	(42,940)	-	5,727	(37,213)
FUND BALANCE, FISCAL YEAR END	$ 2,127,284	$ 4,093	$ 674,285	$ 2,805,662

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 local governments' pre-kindergarten through 12th grade public school buildings. Prior to Fiscal year 2007-08, these activities were primarily reported as Other Special Revenue Funds.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. 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. Per statute, the owner's legal rights to the asset are protected in perpetuity. However, the assets ultimately expected to be claimed and paid are reported as Net Assets Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of 249 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 216 for a detail listing of these funds that have net assets in excess of $200,000.)

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR	GAMING	TOBACCO IMPACT MITIGATION
ASSETS:				
Cash and Pooled Cash	$ 101,320	$ 41,325	$ 137,510	$ 43,021
Taxes Receivable, net	-	20,166	11,018	-
Other Receivables, net	14,964	1,160	51	46,150
Due From Other Governments	488	-	-	-
Due From Other Funds	1,561	220	7	5
Inventories	-	-	-	-
Prepaids, Advances, and Deferred Charges	60	-	25	-
Restricted Cash and Pooled Cash	-	24,645	-	88,303
Restricted Investments	-	69,355	-	-
Restricted Receivables	-	-	-	12,911
Investments	-	38,175	-	-
Other Long-Term Assets	400,081	-	-	-
Land and Nondepreciable Infrastructure	-	-	-	-
TOTAL ASSETS	$ 518,474	$ 195,046	$ 148,611	$ 190,390
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ 3
Accounts Payable and Accrued Liabilities	2,107	1,200	3,749	10,054
Due To Other Governments	-	-	19,618	199
Due To Other Funds	167,457	222	32,555	2,094
Deferred Revenue	-	-	437	-
Claims and Judgments Payable	-	68	-	-
Other Current Liabilities	-	-	17	-
Deposits Held In Custody For Others	-	-	4	-
TOTAL LIABILITIES	169,564	1,490	56,380	12,350
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	346,926	-	-	-
Emergencies	-	94,000	-	-
Funds Reported as Restricted	-	-	10,787	93,216
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Nonmajor Special Revenue Funds	1,984	10,142	2,693	2,441
Undesignated	-	89,414	78,751	82,383
TOTAL FUND BALANCES	348,910	193,556	92,231	178,040
TOTAL LIABILITIES AND FUND BALANCES	$ 518,474	$ 195,046	$ 148,611	$ 190,390

RESOURCE EXTRACTION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	PUBLIC SCHOOL BUILDINGS	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 378,695	$ 44,186	$ 144,871	$ 76,314	$ 69,081	$ 323,227	$ 1,359,550
18,124	-	-	-	-	2,125	51,433
1,747	7,108	6,308	280	366	9,338	87,472
448	499	7,840	22	-	5,849	15,146
167,332	3,100	4,574	3,924	-	28,863	209,586
-	403	-	-	-	20	423
14	1,867	-	-	-	15,681	17,647
-	-	13,226	-	-	31,493	157,667
-	-	-	-	-	-	69,355
-	-	8	-	-	19	12,938
-	-	-	146,423	51,401	-	235,999
13,311	-	-	-	-	15,963	429,355
-	-	-	-	-	81	81
$ 579,671	$ 57,163	$ 176,827	$ 226,963	$ 120,848	$ 432,659	$ 2,646,652
$ 4,961	$ -	$ -	$ -	$ -	$ 119	$ 5,083
3,851	4,201	52,592	10,855	1,221	27,501	117,331
39,748	250	799	6,934	-	13,175	80,723
283	1,363	4,978	-	-	4,423	213,375
11,308	1,851	7,491	-	-	81,396	102,483
-	-	-	-	-	67	135
-	6	210	-	-	-	233
-	-	-	-	-	1	5
60,151	7,671	66,070	17,789	1,221	126,682	519,368
180,630	-	-	-	-	15,963	543,519
-	-	-	-	-	-	94,000
-	-	12,753	-	-	30,053	146,809
7,708	933	2,899	1,546	6,083	4,349	40,778
331,182	48,559	95,105	207,628	113,544	255,612	1,302,178
519,520	49,492	110,757	209,174	119,627	305,977	2,127,284
$ 579,671	$ 57,163	$ 176,827	$ 226,963	$ 120,848	$ 432,659	$ 2,646,652

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR	GAMING	TOBACCO IMPACT MITIGATION
REVENUES:				
Taxes:				
Sales and Use	$ -	$ -	$ -	$ -
Excise	-	-	-	149,783
Other Taxes	-	56,202	107,667	-
Licenses, Permits, and Fines	10	269	697	90,640
Charges for Goods and Services	806	203	530	-
Rents	31	-	373	-
Investment Income (Loss)	12,971	11,348	3,294	4,442
Federal Grants and Contracts	2,185	-	1,162	-
Unclaimed Property Receipts	-	-	-	-
Other	335	135	19	2,344
TOTAL REVENUES	16,338	68,157	113,742	247,209
EXPENDITURES:				
Current:				
General Government	-	-	-	363
Business, Community, and Consumer Affairs	-	18,172	24,751	-
Education	-	-	15,654	90
Health and Rehabilitation	-	-	99	31,986
Justice	-	-	-	-
Natural Resources	14,784	-	-	-
Social Assistance	-	-	-	12,669
Transportation	-	-	-	-
Capital Outlay	431	-	836	57
Intergovernmental:				
Cities	801	-	16,592	1,186
Counties	379	-	18,606	17,757
School Districts	25	-	426	4,310
Special Districts	2,088	-	416	12
Federal	422	-	-	-
Other	384	-	951	8,102
Debt Service	-	-	-	-
TOTAL EXPENDITURES	19,314	18,172	78,331	76,532
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,976)	49,985	35,411	170,677
OTHER FINANCING SOURCES (USES):				
Transfers-In	79,850	25,200	-	126,016
Transfers-Out	(1,707)	(56,829)	(36,010)	(346,627)
Face Amount of Bond/COP Issuance	-	-	-	-
Bond/COP Premium/Discount	-	-	-	-
Insurance Recoveries	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	78,143	(31,629)	(36,010)	(220,611)
NET CHANGE IN FUND BALANCES	75,167	18,356	(599)	(49,934)
FUND BALANCE, FISCAL YEAR BEGINNING	273,743	182,675	92,830	227,974
Prior Period Adjustment (See Note 29)	-	(7,475)	-	-
FUND BALANCE, FISCAL YEAR END	$ 348,910	$ 193,556	$ 92,231	$ 178,040

RESOURCE EXTRACTION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	PUBLIC SCHOOL BUILDINGS	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 24,844	$ 24,844
-	-	-	-	-	2,181	151,964
36,080	-	-	-	-	3,678	203,627
1,093	20,120	44,775	-	-	215,522	373,126
17	9,261	340,414	-	-	33,219	384,450
-	7,147	-	-	-	39	7,590
18,098	1,281	5,982	4,443	5,549	10,102	77,510
129,318	2,646	121,137	-	-	88,099	344,547
-	-	-	-	42,155	-	42,155
292	9,618	428	1,933	6	22,743	37,853
184,898	50,073	512,736	6,376	47,710	400,427	1,647,666
-	-	-	2,062	26,658	11,868	40,951
1,351	99	-	-	-	129,137	173,510
-	-	-	8,274	-	6,637	30,655
-	-	34,042	-	-	21,273	87,400
-	-	78	-	-	26,442	26,520
16,121	30,917	-	-	-	7,874	69,696
-	-	186,837	-	-	16,757	216,263
-	-	-	-	-	1,402	1,402
212	6,220	511	49,166	-	9,443	66,876
52,493	262	875	-	-	46,812	119,021
45,378	394	2,007	-	-	46,078	130,599
6,719	-	26	16,943	-	51,706	80,155
9,034	-	-	-	-	22,086	33,636
-	14	55	-	-	1,233	1,724
2,759	1,675	509	-	-	28,434	42,814
-	-	-	-	-	76	76
134,067	39,581	224,940	76,445	26,658	427,258	1,121,298
50,831	10,492	287,796	(70,069)	21,052	(26,831)	526,368
225,012	20,777	74,659	33,285	68,275	146,534	799,608
(286,669)	(24,165)	(345,825)	(3,552)	(31,711)	(113,142)	(1,246,237)
-	-	-	186,830	-	-	186,830
-	-	-	880	-	-	880
-	253	-	-	-	-	253
(61,657)	(3,135)	(271,166)	217,443	36,564	33,392	(258,666)
(10,826)	7,357	16,630	147,374	57,616	6,561	267,702
530,346	42,135	93,249	61,800	98,343	299,427	1,902,522
-	-	878	-	(36,332)	(11)	(42,940)
$ 519,520	$ 49,492	$ 110,757	$ 209,174	$ 119,627	$ 305,977	$ 2,127,284

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. This fund also includes unclaimed assets from estates or trusts with unknown beneficiaries. Per statute, these assets become property of the State after 21 years.
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, 2010

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 12,765	$ -	$ 12,765
Due From Other Funds	5,871	-	5,871
Restricted Cash and Pooled Cash	81,129	8,291	89,420
Restricted Investments	564,780	-	564,780
Other Long-Term Assets	2,364	-	2,364
Capital Assets Held as Investments	20,007	-	20,007
TOTAL ASSETS	$ 686,916	$ 8,291	$ 695,207
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 322	$ 1	$ 323
Due To Other Governments	5	-	5
Due To Other Funds	15,893	-	15,893
Deferred Revenue	4,701	-	4,701
TOTAL LIABILITIES	20,921	1	20,922
FUND BALANCES:			
Reserved for:			
Noncurrent Assets	22,371	-	22,371
Funds Reported as Restricted	595,959	6,828	602,787
Unreserved:			
Reported in Nonmajor Permanent Funds	38,371	170	38,541
Undesignated	9,294	1,292	10,586
TOTAL FUND BALANCES	665,995	8,290	674,285
TOTAL LIABILITIES AND FUND BALANCES	$ 686,916	$ 8,291	$ 695,207

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Rents	$ 70,227	$ -	$ 70,227
Investment Income (Loss)	44,784	251	45,035
Additions to Permanent Funds	357	-	357
Other	10	3	13
TOTAL REVENUES	115,378	254	115,632
EXPENDITURES:			
Current:			
General Government	1,059	1	1,060
Natural Resources	-	95	95
Intergovernmental:			
Counties	9	-	9
TOTAL EXPENDITURES	1,068	96	1,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	114,310	158	114,468
OTHER FINANCING SOURCES (USES):			
Transfers-Out	(96,467)	(17)	(96,484)
Sale of Capital Assets	8	-	8
TOTAL OTHER FINANCING SOURCES (USES)	(96,459)	(17)	(96,476)
NET CHANGE IN FUND BALANCES	17,851	141	17,992
FUND BALANCE, FISCAL YEAR BEGINNING	642,417	8,149	650,566
Prior Period Adjustment (See Note 29)	5,727	-	5,727
FUND BALANCE, FISCAL YEAR END	$ 665,995	$ 8,290	$ 674,285

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 Fitzsimons, 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, 2010

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 9,518	$ 43,628	$ 1,199
Investments	-	-	-
Student and Other Receivables, net	3,468	830	17
Due From Other Governments	-	2,037	-
Due From Other Funds	34	-	-
Inventories	1,045	-	29
Prepaids, Advances, and Deferred Charges	429	330	109
Total Current Assets	14,494	46,825	1,354
Noncurrent Assets:			
Restricted Cash and Pooled Cash	52,323	24,177	-
Restricted Receivables	4,406	33,267	-
Other Long-Term Assets	-	-	-
Depreciable Capital Assets and Infrastructure, net	58,080	2	11,539
Land and Nondepreciable Infrastructure	188,352	-	595
Total Noncurrent Assets	303,161	57,446	12,134
TOTAL ASSETS	317,655	104,271	13,488
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	8,364	822	441
Due To Other Governments	-	30,673	-
Due To Other Funds	317	-	-
Deferred Revenue	29,229	-	491
Compensated Absences Payable	491	-	-
Leases Payable	-	-	-
Notes, Bonds, and COP's Payable	-	-	-
Other Current Liabilities	1	9,060	7
Total Current Liabilities	38,402	40,555	939
Noncurrent Liabilities:			
Accrued Compensated Absences	4,976	130	124
Capital Lease Payable	-	-	-
Notes, Bonds, and COP's Payable	-	-	-
Total Noncurrent Liabilities	4,976	130	124
TOTAL LIABILITIES	43,378	40,685	1,063
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	246,432	2	12,134
Restricted for:			
Emergencies	16,257	-	-
Court Awards and Other Purposes	-	26,144	-
Unrestricted	11,588	37,440	291
TOTAL NET ASSETS	$ 274,277	$ 63,586	$ 12,425

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 6,068	$ 4,697	$ 5,750	$ 6,958	$ 94,022	$ 171,840
-	563	-	-	-	563
898	1,233	310	2,995	5,291	15,042
209	1,564	-	293	812	4,915
1,973	2,165	-	-	-	4,172
10,731	224	472	-	154	12,655
34	21	-	-	231	1,154
19,913	10,467	6,532	10,246	100,510	210,341
-	-	-	-	-	76,500
-	-	-	-	-	37,673
1,747	320	-	-	161	2,228
3,536	27,999	2,132	491	9,842	113,621
980	4,945	-	-	5,935	200,807
6,263	33,264	2,132	491	15,938	430,829
26,176	43,731	8,664	10,737	116,448	641,170
2,954	4,337	506	4,014	1,531	22,969
-	219	-	-	-	30,892
-	5	10	-	-	332
-	-	-	5	2,350	32,075
66	192	-	10	231	990
-	250	-	-	-	250
-	395	-	-	40,345	40,740
6	-	-	-	4	9,078
3,026	5,398	516	4,029	44,461	137,326
917	1,954	187	321	330	8,939
-	2,880	-	-	-	2,880
-	3,250	-	-	6,799	10,049
917	8,084	187	321	7,129	21,868
3,943	13,482	703	4,350	51,590	159,194
4,516	26,134	2,132	491	8,633	300,474
-	-	-	-	-	16,257
-	-	-	-	-	26,144
17,717	4,115	5,829	5,896	56,225	139,101
$ 22,233	$ 30,249	$ 7,961	$ 6,387	$ 64,858	$ 481,976

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
OPERATING REVENUES:			
License and Permits	$ 73,196	$ -	$ -
Tuition and Fees	3	-	-
Sales of Goods and Services	2,089	-	7,218
Investment Income (Loss)	-	3,795	-
Rental Income	-	-	531
Federal Grants and Contracts	21,246	394,190	-
Intergovernmental Revenue	11,155	-	-
Other	644	3,053	-
TOTAL OPERATING REVENUES	108,333	401,038	7,749
OPERATING EXPENSES:			
Salaries and Fringe Benefits	58,536	44,261	4,183
Operating and Travel	40,059	349,569	4,066
Cost of Goods Sold	-	-	-
Depreciation and Amortization	4,244	8	419
Intergovernmental Distributions	2,666	-	-
Debt Service	-	16,105	-
Prizes and Awards	7	-	757
TOTAL OPERATING EXPENSES	105,512	409,943	9,425
OPERATING INCOME (LOSS)	2,821	(8,905)	(1,676)
NONOPERATING REVENUES AND (EXPENSES):			
Taxes	-	-	-
Fines and Settlements	278	-	-
Investment Income (Loss)	1,273	-	876
Rental Income	462	-	-
Gifts and Donations	1,063	-	446
Gain/(Loss) on Sale or Impairment of Capital Assets	145	-	1
Insurance Recoveries from Prior Year Impairments	-	-	10
Debt Service	(15)	-	-
Other Expenses	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	3,206	-	1,333
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	6,027	(8,905)	(343)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	2,325	-	771
Transfers-In	2,650	-	-
Transfers-Out	(5,183)	(85)	(132)
TOTAL CONTRIBUTIONS AND TRANSFERS	(208)	(85)	639
CHANGE IN NET ASSETS	5,819	(8,990)	296
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	242,544	72,576	12,129
Prior Period Adjustments (See Note 29)	25,914	-	-
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 274,277	$ 63,586	$ 12,425

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 565	$ 6,929	$ 80,690
-	-	-	-	218	221
39,107	39,649	16,690	5	49,981	154,739
-	-	-	-	-	3,795
-	-	-	-	774	1,305
-	12,889	-	2,342	2,228	432,895
-	310	-	-	-	11,465
208	92	22	19	44	4,082
39,315	52,940	16,712	2,931	60,174	689,192
9,592	39,018	5,803	10,653	6,796	178,842
8,169	9,226	1,956	25,392	6,810	445,247
20,106	-	10,177	-	144	30,427
1,080	1,595	113	39	858	8,356
-	2,397	-	-	104	5,167
-	-	-	-	-	16,105
-	-	-	-	-	764
38,947	52,236	18,049	36,084	14,712	684,908
368	704	(1,337)	(33,153)	45,462	4,284
-	-	-	26,125	-	26,125
-	-	-	57	222	557
148	10	208	152	1,573	4,240
249	7	-	-	-	718
-	-	-	-	484	1,993
6	30	-	-	2	184
-	-	-	-	-	10
-	(344)	-	-	(236)	(595)
-	(42)	-	-	(25)	(67)
403	(339)	208	26,334	2,020	33,165
771	365	(1,129)	(6,819)	47,482	37,449
466	-	-	-	-	3,562
4	986	-	-	1,086	4,726
(355)	(896)	(420)	(781)	(485)	(8,337)
115	90	(420)	(781)	601	(49)
886	455	(1,549)	(7,600)	48,083	37,400
21,347	29,794	9,510	13,987	16,775	418,662
-	-	-	-	-	25,914
$ 22,233	$ 30,249	$ 7,961	$ 6,387	$ 64,858	$ 481,976

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 3	$ -	$ -
Fees for Service	69,566	-	5,121
Sales of Products	663	7,091	112
Gifts, Grants, and Contracts	21,583	396,068	-
Income from Property	462	-	531
Other Sources	16,609	3,053	2,628
Cash Payments to or for:			
Employees	(55,361)	(2,046)	(2,242)
Suppliers	(33,425)	(43,254)	(5,695)
Sales Commissions and Lottery Prizes	(5,734)	-	-
Others for Student Loans and Loan Losses	-	(367,827)	-
Other Governments	(2,666)	-	-
Other	(4,594)	-	(887)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,106	(6,915)	(432)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	2,650	-	-
Transfers-Out	(5,183)	(85)	(132)
Receipt of Deposits Held in Custody	1	-	1
Release of Deposits Held in Custody	-	(19)	(1)
Gifts and Grants for Other Than Capital Purposes	1,063	-	-
NonCapital Debt Proceeds	-	-	-
NonCapital Debt Service Payments	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,469)	(104)	(132)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(14,040)	-	(496)
Proceeds from Sale of Capital Assets	-	-	20
Capital Debt Proceeds	-	-	-
Capital Debt Service Payments	(2)	-	-
Capital Lease Payments	-	-	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(14,042)	-	(476)

(Continued)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ 39	$ -	$ -	$ 218	$ 260
9,195	38,464	-	27,114	45,387	194,847
29,320	44	16,696	-	535	54,461
-	13,982	-	2,239	1,539	435,411
249	7	-	-	1,001	2,250
214	30	22	627	5,636	28,819
(9,405)	(37,466)	(5,831)	(3,297)	(5,522)	(121,170)
(28,920)	(10,646)	(12,009)	(32,525)	(9,404)	(175,878)
-	-	-	-	-	(5,734)
-	-	-	-	-	(367,827)
-	(2,527)	-	-	(104)	(5,297)
(86)	(8)	(4)	-	(212)	(5,791)
567	1,919	(1,126)	(5,842)	39,074	34,351
4	986	-	-	1,086	4,726
(355)	(896)	(420)	(781)	(485)	(8,337)
5	-	-	-	-	7
(5)	-	-	-	(98)	(123)
-	-	-	-	484	1,547
-	24	-	-	-	24
-	(573)	-	-	-	(573)
(351)	(459)	(420)	(781)	987	(2,729)
(1,427)	(582)	(125)	(22)	(1,745)	(18,437)
1,082	-	112	-	172	1,386
-	-	-	-	40,010	40,010
-	(24)	-	-	(573)	(599)
-	(395)	-	-	-	(395)
(345)	(1,001)	(13)	(22)	37,864	21,965

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(Continued)

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	918	3,135	872
Increase(Decrease) from Unrealized Gain(Loss) on Investments	355	659	4
NET CASH FROM INVESTING ACTIVITIES	1,273	3,794	876
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(7,132)	(3,225)	(164)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	68,973	71,030	1,363
Prior Period Adjustment	-	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 61,841	$ 67,805	$ 1,199
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 2,821	$ (8,905)	$ (1,676)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	4,244	8	419
Investment/Rental Income and Other Revenue in Operating Income	-	(3,795)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	727	-	456
(Gain)/Loss on Disposal of Capital and Other Assets	703	-	-
Compensated Absences	(163)	(2)	(1)
Interest and Other Expense in Operating Income	-	-	1
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(628)	15,337	116
(Increase) Decrease in Inventories	(6)	-	7
(Increase) Decrease in Other Operating Assets	(26)	(1)	13
Increase (Decrease) in Accounts Payable	(1,007)	(6,489)	141
Increase (Decrease) in Other Operating Liabilities	441	(3,068)	92
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,106	$ (6,915)	$ (432)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	-	-	771
Capital Assets Acquired by Grants or Donations and Payable Increases	2,311	-	-
Loss on Disposal of Capital and Other Assets	703	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
102	2	185	173	649	6,036
46	66	24	(21)	924	2,057
148	68	209	152	1,573	8,093
19	527	(1,350)	(6,493)	79,498	61,680
6,049	4,791	7,100	13,451	14,524	187,281
-	(621)	-		-	(621)
$ 6,068	$ 4,697	$ 5,750	$ 6,958	$ 94,022	$ 248,340
$ 368	$ 704	$ (1,337)	$ (33,153)	$ 45,462	$ 4,284
1,080	1,595	113	39	858	8,356
-	-	-	-	-	(3,795)
255	26	-	26,182	209	27,855
40	-	-	-	-	743
(77)	124	15	104	7	7
-	78	-	-	(852)	(773)
(591)	8	9	861	(4,519)	10,593
(1,115)	(22)	57	-	(41)	(1,120)
(131)	7	-	-	385	247
738	(601)	17	120	(876)	(7,957)
-	-	-	5	(1,559)	(4,089)
$ 567	$ 1,919	$ (1,126)	$ (5,842)	$ 39,074	$ 34,351
-	-	-	-	-	771
361	-	-	-	-	2,672
40	-	-	-	-	743

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, 2010

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 7,285	$ 2,245	$ 3,778
Other Receivables, net	283	517	7
Due From Other Governments	-	-	155
Due From Other Funds	23	477	-
Inventories	738	-	45
Prepaids, Advances, and Deferred Charges	8	377	157
Total Current Assets	8,337	3,616	4,142
Noncurrent Assets:			
Other Long-Term Assets	107	-	-
Depreciable Capital Assets and Infrastructure, net	65,123	1,004	1,641
Total Noncurrent Assets	65,230	1,004	1,641
TOTAL ASSETS	73,567	4,620	5,783
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	2,502	1,435	659
Due To Other Funds	2	-	-
Deferred Revenue	389	-	-
Compensated Absences Payable	4	21	12
Leases Payable	8,101	-	-
Notes, Bonds, and COP's Payable	4,195	-	-
Total Current Liabilities	15,193	1,456	671
Noncurrent Liabilities:			
Accrued Compensated Absences	462	1,124	443
Capital Lease Payable	40,540	-	-
Notes, Bonds, and COP's Payable	8,329	-	-
Total Noncurrent Liabilities	49,331	1,124	443
TOTAL LIABILITIES	64,524	2,580	1,114
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	3,958	1,004	1,641
Unrestricted	5,085	1,036	3,028
TOTAL NET ASSETS	$ 9,043	$ 2,040	$ 4,669

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ 2,458	$ 1,067	$ 464	$ 1,132	$ 484	$ 18,913
35	2	6	1	7	858
-	-	-	-	-	155
10	-	1	-	-	511
234	267	-	-	-	1,284
-	-	-	-	-	542
2,737	1,336	471	1,133	491	22,263
-	-	-	-	-	107
19,195	113	1,443	23	17	88,559
19,195	113	1,443	23	17	88,666
21,932	1,449	1,914	1,156	508	110,929
870	114	54	289	134	6,057
-	-	-	-	-	2
-	-	-	-	-	389
8	-	-	-	-	45
769	-	-	-	-	8,870
-	-	-	-	-	4,195
1,647	114	54	289	134	19,558
269	-	-	245	35	2,578
17,912	-	-	-	-	58,452
-	-	-	-	-	8,329
18,181	-	-	245	35	69,359
19,828	114	54	534	169	88,917
514	113	1,443	23	17	8,713
1,590	1,222	417	599	322	13,299
$ 2,104	$ 1,335	$ 1,860	$ 622	$ 339	$ 22,012

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
OPERATING REVENUES:			
Sales of Goods and Services	$ 53,992	$ 22,920	$ 24,917
Rental Income	-	-	-
Other	357	204	45
TOTAL OPERATING REVENUES	54,349	23,124	24,962
OPERATING EXPENSES:			
Salaries and Fringe Benefits	8,242	12,481	6,277
Operating and Travel	24,168	9,325	17,220
Cost of Goods Sold	7,937	-	-
Depreciation and Amortization	12,641	321	457
Intergovernmental Distributions	-	-	-
TOTAL OPERATING EXPENSES	52,988	22,127	23,954
OPERATING INCOME (LOSS)	1,361	997	1,008
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	66	(39)	-
Federal Grants and Contracts	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	960	7	(10)
Insurance Recoveries from Prior Year Impairments	-	-	-
Debt Service	(2,185)	(12)	(1)
Other Expenses	(70)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,229)	(44)	(11)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	132	953	997
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	1,768	-	-
Transfers-In	1,532	-	532
Transfers-Out	(2,616)	(391)	(551)
TOTAL CONTRIBUTIONS AND TRANSFERS	684	(391)	(19)
CHANGE IN NET ASSETS	816	562	978
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	8,227	1,543	36,083
Prior Period Adjustments (See Note 29)	-	(65)	(32,392)
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 9,043	$ 2,040	$ 4,669

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ -	$ 1,681	$ 144	$ 4,611	$ 2,640	$ 110,905
11,343	-	-	-	-	11,343
3	-	-	-	-	609
11,346	1,681	144	4,611	2,640	122,857
3,009	1,121	45	3,336	1,010	35,521
4,905	1,262	344	747	1,217	59,188
-	-	-	-	-	7,937
1,233	14	412	7	8	15,093
283	-	-	-	-	283
9,430	2,397	801	4,090	2,235	118,022
1,916	(716)	(657)	521	405	4,835
-	-	-	-	-	27
98	-	-	-	-	98
1,519	-	-	-	-	2,476
5	-	-	-	-	5
(815)	-	-	-	(2)	(3,015)
-	-	-	-	-	(70)
807	-	-	-	(2)	(479)
2,723	(716)	(657)	521	403	4,356
-	-	-	-	-	1,768
-	-	299	-	-	2,363
(1,055)	-	(5)	(327)	(164)	(5,109)
(1,055)	-	294	(327)	(164)	(978)
1,668	(716)	(363)	194	239	3,378
436	2,051	2,223	428	100	51,091
-	-	-	-	-	(32,457)
$ 2,104	$ 1,335	$ 1,860	$ 622	$ 339	$ 22,012

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Fees for Service	$ 53,756	$ 21,962	$ 24,918
Sales of Products	231	-	-
Gifts, Grants, and Contracts	-	143	-
Income from Property	-	-	-
Other Sources	535	68	48
Cash Payments to or for:			
Employees	(7,090)	(12,561)	(6,807)
Suppliers	(37,198)	(10,075)	(17,054)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	-
Other	(17)	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,217	(463)	1,105
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	1,532	-	532
Transfers-Out	(2,616)	(391)	(551)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,084)	(391)	(19)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(19,099)	(536)	(344)
Proceeds from Sale of Capital Assets	13,578	-	-
Capital Debt Proceeds	-	-	-
Capital Debt Service Payments	(5,483)	(12)	(1)
Capital Lease Payments	(1,403)	-	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(12,407)	(548)	(345)

(Continued)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ -	$ 831	$ 143	$ 4,611	$ 2,639	$ 108,860
-	848	-	-	-	1,079
98	-	-	-	-	241
11,367	-	-	-	-	11,367
31	-	-	-	-	682
(3,034)	(1,101)	(5)	(3,381)	(1,035)	(35,014)
(4,947)	(1,217)	(345)	(666)	(389)	(71,891)
-	-	-	-	(731)	(731)
(283)	-	-	-	-	(283)
(1)	(2)	-	-	(92)	(112)
3,231	(641)	(207)	564	392	14,198
-	-	299	-	-	2,363
(1,054)	-	(5)	(327)	(165)	(5,109)
(1,054)	-	294	(327)	(165)	(2,746)
(4,773)	(13)	-	-	-	(24,765)
2,506	-	-	-	-	16,084
-	-	-	-	-	-
(815)	-	-	-	(2)	(6,313)
-	-	-	-	-	(1,403)
(3,082)	(13)	-	-	(2)	(16,397)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(Continued)

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	66	2	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	(41)	-
NET CASH FROM INVESTING ACTIVITIES	66	(39)	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(3,208)	(1,441)	741
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	10,493	3,686	3,037
CASH AND POOLED CASH, FISCAL YEAR END	$ 7,285	$ 2,245	$ 3,778
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 1,361	$ 997	$ 1,008
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	12,641	321	457
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	7	4
Compensated Absences	(15)	17	(7)
Interest and Other Expense in Operating Income	70	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	85	(449)	(1)
(Increase) Decrease in Inventories	(327)	-	5
(Increase) Decrease in Other Operating Assets	(7)	(221)	(132)
Increase (Decrease) in Accounts Payable	(3,679)	(629)	(229)
Increase (Decrease) in Other Operating Liabilities	88	(506)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 10,217	$ (463)	$ 1,105
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	1,768	-	-
Loss on Disposal of Capital and Other Assets	-	-	14
Disposal of Capital Assets	-	-	32,392
Assumption of Capital Lease Obligation or Mortgage	16,821	-	-

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
-	1	-	-	-	69
-	(1)	-	-	-	(42)
-	-	-	-	-	27
(905)	(654)	87	237	225	(4,918)
3,363	1,721	377	895	259	23,831
$ 2,458	$ 1,067	$ 464	$ 1,132	$ 484	$ 18,913
$ 1,916	$ (716)	$ (657)	$ 521	$ 405	$ 4,835
1,233	14	412	7	8	15,093
130	-	-	-	-	141
(4)	-	-	6	1	(2)
125	-	-	-	-	195
25	(2)	-	(1)	(3)	(346)
7	57	-	-	-	(258)
-	-	-	35	-	(325)
(198)	6	38	(4)	(19)	(4,714)
(3)	-	-	-	-	(421)
$ 3,231	$ (641)	$ (207)	$ 564	$ 392	$ 14,198
-	-	-	-	-	1,768
-	-	-	-	-	14
-	-	-	-	-	32,392
-	-	-	-	-	16,821

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 moneys 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 moneys 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.
UNCLAIMED PROPERTY	This fund comprises a portion of 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. The fund reports Net Assets Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections. The remaining unclaimed assets are reported in the Unclaimed Property nonmajor Special Revenue Fund.
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, Building Excellent Schools Today (BEST), the Ralph L. Carr Justice Complex, and the Colorado History Center, 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, 2010

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,093	$ 89,744	$ 2,946
Other Receivables, net	-	-	9,177
Due From Other Funds	-	-	5,586
Noncurrent Assets:			
Investments:			
Government Securities	-	-	-
Mutual Funds	-	-	3,262,465
Other Investments	-	-	36,856
TOTAL ASSETS	3,093	89,744	3,317,030
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	-	9,799
Deferred Revenue	-	-	1,287
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	4,210
TOTAL LIABILITIES	-	-	15,296
NET ASSETS:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	3,093	89,744	3,301,734
TOTAL NET ASSETS	$ 3,093	$ 89,744	$ 3,301,734

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ 128	$ -	$ 4,325	$ 100,236
29	-	2,533	11,739
-	-	-	5,586
-	10,679	605	11,284
-	-	-	3,262,465
-	-	-	36,856
157	10,679	7,463	3,428,166
157	-	660	10,616
-	-	5,569	6,856
-	-	-	4,210
157	-	6,229	21,682
-	10,679	1,234	3,406,484
$ -	$ 10,679	$ 1,234	$ 3,406,484

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ADDITIONS:			
Additions By Participants	$ -	$ -	$ 481,748
Investment Income/(Loss)	68	-	379,462
Unclaimed Property Receipts	-	53,700	-
Other Additions	528	-	706
TOTAL ADDITIONS	596	53,700	861,916
DEDUCTIONS:			
Distributions to Participants	-	-	-
Payments in Accordance with Trust Agreements	190	25,193	356,438
Transfers-Out	-	-	-
TOTAL DEDUCTIONS	190	25,193	356,438
CHANGE IN NET ASSETS	406	28,507	505,478
NET ASSETS AVAILABLE:			
FISCAL YEAR BEGINNING	2,687	-	2,796,256
Prior Period Adjustments (Note 29)	-	61,237	-
FISCAL YEAR ENDING	$ 3,093	$ 89,744	$ 3,301,734

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ 185,658	$ -	$ 7,456	$ 674,862
-	1,172	132	380,834
-	-	-	53,700
-	-	1,570	2,804
185,658	1,172	9,158	1,112,200
185,658	386	-	186,044
-	-	9,050	390,871
-	-	106	106
185,658	386	9,156	577,021
-	786	2	535,179
-	9,893	1,232	2,810,068
-	-	-	61,237
$ -	$ 10,679	$ 1,234	$ 3,406,484

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 87,939	$ 2,214,927	$ 2,210,159	$ 92,707
Taxes Receivable, net	114,858	35,234	14,376	135,716
TOTAL ASSETS	$ 202,797	$ 2,250,161	$ 2,224,535	$ 228,423
LIABILITIES:				
Tax Refunds Payable	$ 2,465	$ 4,016	$ 957	$ 5,524
Due To Other Governments	192,568	3,302,576	3,279,632	215,512
Claims and Judgments Payable	84	4,119	3,962	241
Other Long-Term Liabilities	7,680	99	633	7,146
TOTAL LIABILITIES	$ 202,797	$ 3,310,810	$ 3,285,184	$ 228,423

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 97,941	$ 499,664	$ 222,745	$ 374,860
Taxes Receivable, net	4,383	211	405	4,189
Other Receivables, net	628	945	1,059	514
Due From Other Funds	-	1	1	-
Inventories	4	40	41	3
Other Long-Term Assets	17,909	2,588	1,113	19,384
TOTAL ASSETS	$ 120,865	$ 503,449	$ 225,364	$ 398,950
LIABILITIES:				
Tax Refunds Payable	$ 264	$ 257	$ 171	$ 350
Accounts Payable and Accrued Liabilities	1,116	14,894	13,970	2,040
Due To Other Governments	6,470	118,310	118,126	6,654
Due To Other Funds	15	15,124	15,092	47
Deferred Revenue	-	182	182	-
Claims and Judgments Payable	374	47	40	381
Notes, Bonds, and COP's Payable	-	242	242	-
Other Current Liabilities	107,956	405,178	128,046	385,088
Deposits Held In Custody For Others	3,891	1,294	1,495	3,690
Other Long-Term Liabilities	779	4	83	700
TOTAL LIABILITIES	$ 120,865	$ 555,532	$ 277,447	$ 398,950

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 319,646	$ 488,220	$ 435,889	$ 371,977
Due From Other Funds	8,510	15,039	8,510	15,039
TOTAL ASSETS	$ 328,156	$ 503,259	$ 444,399	$ 387,016
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ -	$ 122	$ 122	$ -
Other Current Liabilities	271,208	504,568	436,356	339,420
Deposits Held In Custody For Others	56,948	467	9,819	47,596
TOTAL LIABILITIES	$ 328,156	$ 505,157	$ 446,297	$ 387,016

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 505,526	$ 3,202,811	$ 2,868,793	$ 839,544
Taxes Receivable, net	119,241	35,445	14,781	139,905
Other Receivables, net	628	945	1,059	514
Due From Other Funds	8,510	15,040	8,511	15,039
Inventories	4	40	41	3
Other Long-Term Assets	17,909	2,588	1,113	19,384
TOTAL ASSETS	$ 651,818	$ 3,256,869	$ 2,894,298	$ 1,014,389
LIABILITIES:				
Tax Refunds Payable	$ 2,729	$ 4,273	$ 1,128	$ 5,874
Accounts Payable and Accrued Liabilities	1,116	15,016	14,092	2,040
Due To Other Governments	199,038	3,420,886	3,397,758	222,166
Due To Other Funds	15	15,124	15,092	47
Deferred Revenue	-	182	182	-
Claims and Judgments Payable	458	4,166	4,002	622
Notes, Bonds, and COP's Payable	-	242	242	-
Other Current Liabilities	379,164	909,746	564,402	724,508
Deposits Held In Custody For Others	60,839	1,761	11,314	51,286
Other Long-Term Liabilities	8,459	103	716	7,846
TOTAL LIABILITIES	$ 651,818	$ 4,371,499	$ 4,008,928	$ 1,014,389

COMPONENT UNITS

The following statements present the nonmajor component units aggregated in the combined component unit statements beginning on page 66. Descriptions of each of the nonmajor component units can be found in Note 37 on page 143.

COMBINING STATEMENT OF NET ASSETS
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2010

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,020	$ 9,257	$ 6,007
Investments	-	58,291	-
Taxes Receivable, net	2	-	-
Contributions Receivable, net	-	-	4,243
Other Receivables, net	76	1,010	23
Prepaids, Advances, and Deferred Charges	21	-	-
Total Current Assets	2,119	68,558	10,273
Noncurrent Assets:			
Investments	-	-	16,117
Other Long-Term Assets	408	-	16,600
Depreciable Capital Assets and Infrastructure, net	126,327	18	-
Land and Nondepreciable Infrastructure	20,256	-	-
Total Noncurrent Assets	146,991	18	32,717
TOTAL ASSETS	149,110	68,576	42,990
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	100	1,026	30
Deferred Revenue	-	3,878	4,243
Claims and Judgments Payable	-	14,171	-
Notes, Bonds, and COP's Payable	227	-	-
Other Current Liabilities	10	-	-
Total Current Liabilities	337	19,075	4,273
Noncurrent Liabilities:			
Notes, Bonds, and COP's Payable	968	-	-
Other Long-Term Liabilities		-	16,600
Total Noncurrent Liabilities	968	-	16,600
TOTAL LIABILITIES	1,305	19,075	20,873
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	145,378	18	-
Restricted for:			
Emergencies	21	-	-
Court Awards and Other Purposes	-	49,483	-
Unrestricted	2,406	-	22,117
TOTAL NET ASSETS	$ 147,805	$ 49,501	$ 22,117

RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
$ 14	$ 559	$ 636	$ 18,493
-	-	-	58,291
-	-	-	2
-	-	-	4,243
-	-	222	1,331
-	-	15	36
14	559	873	82,396
2,978	-	-	19,095
-	-	-	17,008
-	-	38	126,383
-	-	-	20,256
2,978	-	38	182,742
2,992	559	911	265,138
-	-	35	1,191
-	-	36	8,157
-	-	-	14,171
-	-	-	227
-	-	-	10
-	-	71	23,756
-	-	-	968
-	-	-	16,600
-	-	-	17,568
-	-	71	41,324
-	-	38	145,434
-	-	-	21
2,992	559	-	53,034
-	-	802	25,325
$ 2,992	$ 559	$ 840	$ 223,814

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OTHER COMPONENT UNITS (NONMAJOR) FOR THE YEAR ENDED JUNE 30, 2010

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY
OPERATING REVENUES:			
Fees	$ -	$ 65,053	$ -
Investment Income (Loss)	-	-	(150)
Rental Income	717	-	-
Federal Grants and Contracts	-	2,204	-
Other	-	-	-
TOTAL OPERATING REVENUES	717	67,257	(150)
OPERATING EXPENSES:			
Operating and Travel	111	86,670	108
Depreciation and Amortization	4,091	12	-
TOTAL OPERATING EXPENSES	4,202	86,682	108
OPERATING INCOME (LOSS)	(3,485)	(19,425)	(258)
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	1	678	153
Gifts and Donations	-	5,000	4,339
Other Expenses	(12)	-	-
Other Revenues	442	24,256	-
TOTAL NONOPERATING REVENUES (EXPENSES)	431	29,934	4,492
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(3,054)	10,509	4,234
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Transfers-In	-	-	-
Transfers-Out	-	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	-	-	-
CHANGE IN NET ASSETS	(3,054)	10,509	4,234
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	150,859	38,992	17,883
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 147,805	$ 49,501	$ 22,117

RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
$ -	$ -	$ 1,087	$ 66,140
6	2	-	(142)
-	-	-	717
-	-	-	2,204
1,200	1,329	-	2,529
1,206	1,331	1,087	71,448
1,426	804	942	90,061
-	-	-	4,103
1,426	804	942	94,164
(220)	527	145	(22,716)
-	-	-	832
-	-	-	9,339
-	-	-	(12)
-	-	-	24,698
-	-	-	34,857
(220)	527	145	12,141
-	-	-	-
-	-	-	-
-	-	-	-
(220)	527	145	12,141
3,212	32	695	211,673
$ 2,992	$ 559	$ 840	$ 223,814

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, 2010

(DOLLARS IN THOUSANDS)	LAND	LAND AND LEASEHOLD IMPROVEMENTS	BUILDINGS	LIBRARY BOOKS AND COLLECTIONS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ 92	$ -	$ -
Legislature	-	13	-	-
Military Affairs	1,655	1,726	30,473	-
Personnel & Administration	5,739	2,434	79,096	-
Revenue	-	1,816	1,220	-
Subtotal	7,394	6,081	110,789	-
BUSINESS, COMMUNITY & CONSUMER AFFAIRS				
Agriculture	102	-	1,755	-
[1]GOV, GEO, OED	-	-	-	27
Labor and Employment	543	218	7,390	-
Local Affairs	-	94	1,284	-
Regulatory Agencies	-	-	-	-
Revenue	536	-	1,055	-
State	-	-	-	-
Subtotal	1,181	312	11,484	27
EDUCATION				
Education	152	69	7,082	1,545
Higher Education	1,842	1,166	5,376	8,928
Subtotal	1,994	1,235	12,458	10,473
HEALTH AND REHABILITATION				
Public Health and Environment	188	76	6,127	-
Human Services	3,068	4,321	27,769	-
Subtotal	3,256	4,397	33,896	-
JUSTICE				
Corrections	3,872	3,268	491,272	-
DHS, Division of Youth Services	1,675	1,323	101,091	-
Judicial	1,605	391	-	605
Law	-	-	-	-
Public Safety	1,399	353	22,056	-
Subtotal	8,551	5,335	614,419	605
NATURAL RESOURCES				
Natural Resources	106,770	38,337	34,921	-
SOCIAL ASSISTANCE				
Human Services	-	479	1,574	-
Military Affairs	36	2,010	2,200	-
Health Care Policy and Finance	-	-	-	-
Subtotal	36	2,489	3,774	-
TRANSPORTATION				
Transportation	15,086	170	95,686	-
TOTAL CAPITAL ASSETS	$ 144,268	$ 58,356	$ 917,427	$ 11,105

[1]Governor's Office, Governor's Energy Office, and the Office of Economic Development and International Trade

VEHICLES AND EQUIPMENT	SOFTWARE	OTHER CAPITAL ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 27,536	$ 5,311	$ 560	$ -	$ -	$ 33,499
442	69	-	-	-	524
492	8	-	9,926	-	44,280
62,116	125	-	157	-	149,667
2,093	8,719	-	10,533	-	24,381
92,679	14,232	560	20,616	-	252,351
1,548	90	-	254	-	3,749
80	-	-	-	-	107
1,861	1,225	2,794	3,006	-	17,037
239	262	-	-	-	1,879
208	71	-	-	-	279
30	2	-	-	-	1,623
3,491	-	-	-	-	3,491
7,457	1,650	2,794	3,260	-	28,165
1,136	1,275	-	49,166	-	60,425
1,842	16	-	36,604	56	55,830
2,978	1,291	-	85,770	56	116,255
3,475	400	2,452	6,934	-	19,652
2,345	-	61	17,835	-	55,399
5,820	400	2,513	24,769	-	75,051
8,521	43	695	158,351	-	666,022
373	-	-	185	-	104,647
3,139	485	798	15,660	-	22,683
105	-	-	-	-	105
7,054	405	143	1,287	-	32,697
19,192	933	1,636	175,483	-	826,154
6,207	31	6,290	4,784	33,118	230,458
3,485	65,747	-	83,930	-	155,215
8	-	-	-	-	4,254
35	(2)	-	-	-	33
3,528	65,745	-	83,930	-	159,502
120,190	11,965	-	214,773	9,181,334	9,639,204
$ 258,051	$ 96,247	$ 13,793	$ 613,385	$ 9,214,508	$ 11,327,140

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, 2010

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
OTHER PERMANENT FUNDS				
Wildlife for Future Generations (Nonexpendable)	33-1-112(7)	$ 6,141	$ -	$ 6,141
Wildlife for Future Generations (Expendable)	33-1-112	1,316	1	1,315
Other Permanent-Nonexpendable	Various	760	-	760
Veterans Monument Preservation	24-80-1401	65	-	65
Hall Historical Marker-Nonexpendable	24-80-209	9	-	9
Total Other Permanent Funds		$ 8,291	$ 1	$ 8,290
OTHER PRIVATE PURPOSE TRUST FUNDS				
Supplemental Purse & Breeders Awards	12-60-704	606	-	606
Early Intervention Services	27-10.5-706	6,436	6,206	230
Brand Estray Fund	35-41-102	203	1	202
Americans with Disabilities Act Contractor Settlement	24-34-301	151	-	151
Colorado Combined Campaign Administration	Restricted	67	22	45
Total Other Private Purpose Funds		$ 7,463	$ 6,229	$ 1,234
OTHER ENTERPRISE FUNDS				
Statewide Bridge Enterprise Special Revenue Fund	43-4-805(3)	87,186	40,229	46,957
Capitol Parking Fund	None	15,429	7,678	7,751
Transportation Enterprise Special Revenue Fund	43-4-806(3)	4,416	80	4,336
Brand Inspection Fund	35-41-102	4,981	3,163	1,818
Transportation Enterprise Operating Fund	43-4-806(4)	1,852	59	1,793
Business Enterprise Program	None	820	98	722
Grounds Cash Fund	26-1-133.5(2)	844	148	696
Clean Screen Authority	42-3-304(19)	503	-	503
Enterprise Services	24-80-209	313	114	199
Work Therapy	None	71	20	51
Other Enterprise Funds	Various	21	-	21
Conference & Training	None	12	1	11
Total Other Enterprise Funds		$ 116,448	$ 51,590	$ 64,858
OTHER SPECIAL REVENUE FUNDS				
Aviation Fund	43-10-109	31,324	2,989	28,335
Travel and Tourism Additional	24-49.7-106	19,180	470	18,710
Species Conservation-Capital Account	24-33-111(2)	18,480	-	18,480
Gear Up Scholarship Trust Fund	Restricted	16,325	3	16,322
Federal Tax Relief Act - 2003	Restricted	13,609	153	13,456
Supreme Court Committee	Court Rule 227	17,400	4,239	13,161
Victims Assistance	24-4.2-104	11,712	27	11,685
Species Conservation-Operating & Maintance Account	24-33-111(2)	11,759	199	11,560
Clean Energy Fund	24-75-1201(1)	10,078	866	9,212
Victims Compensation	24-4.1-124	8,289	22	8,267
Help America Vote Fund	HAVA 2002	7,431	325	7,106
Justice Center Cash Fund	13-32-101(7)	6,679	-	6,679
Disaster Emergency Fund	24-32-2106	5,492	-	5,492
Consumer Protection -Custodial Funds	6-1-103	5,463	-	5,463
Auto Theft Prevention Cash Fund	42-5-112(4A)	6,074	663	5,411
Economic Development Fund	None	5,518	240	5,278
Ballot Information Publication & Distribution Fund	1-40-124.5	5,009	1	5,008
Old Age Pension Stabilization	26-2-116	5,000	-	5,000
Offender Services	16-11-214	4,990	-	4,990
Secretary of State Fees	24-21-104	8,108	3,256	4,852
Judicial Stabilization Cash Fund	13-32-101	4,058	-	4,058

(continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2010

(Dollars in Thousands)

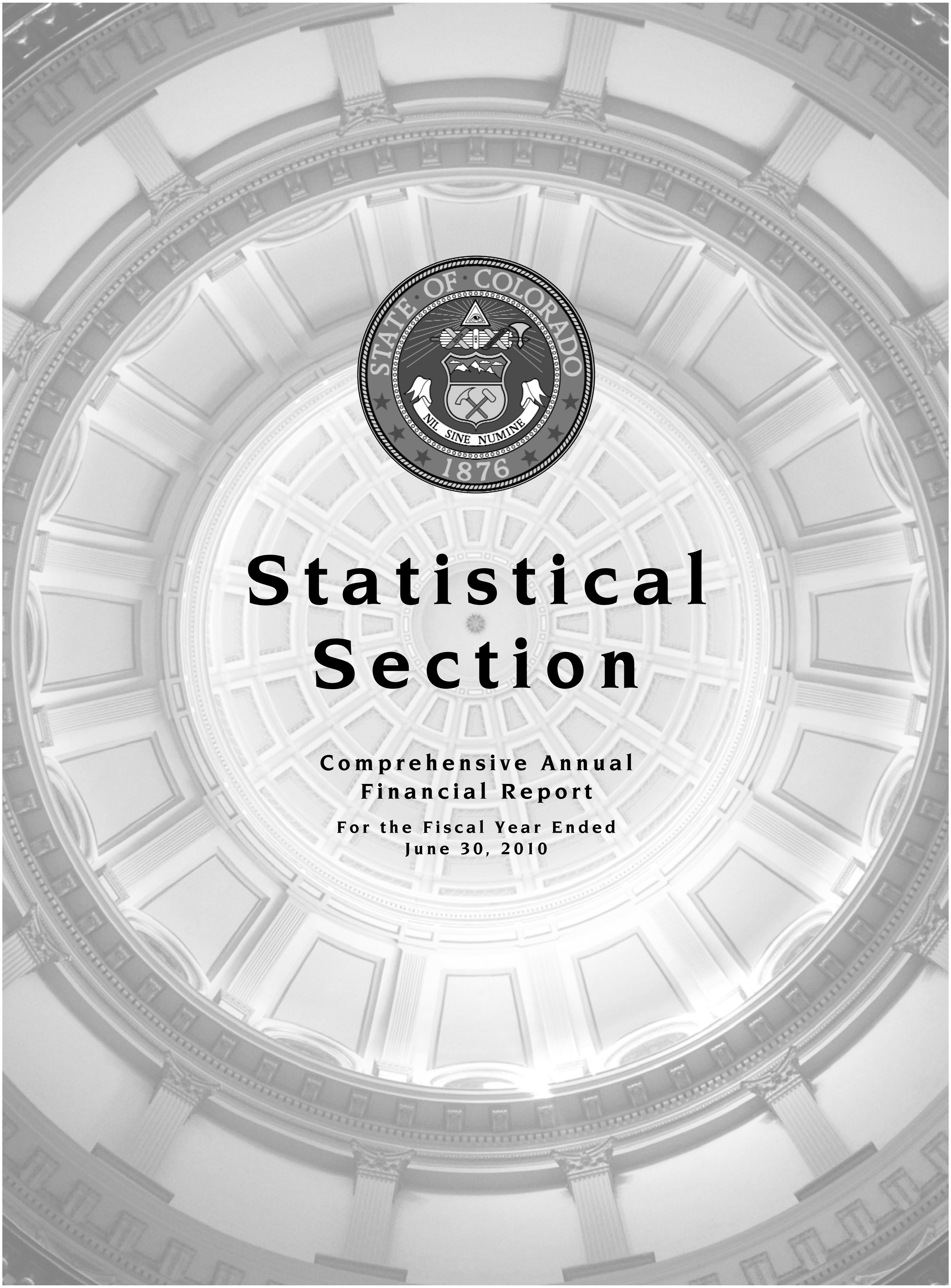
FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Other Expendable Trusts	Various	31,297	27,520	3,777
Operating Vouchers	None	3,700	504	3,196
Conveyance Safety Fund	9-5.5-111(2)	3,186	-	3,186
Cumulative Surplus-HUD Section 8 Voucher	29-4-708(K)	3,131	67	3,064
Court Security Cash Fund	13-1-204(1)	3,360	977	2,383
Division of Registrations Cash Fund	24-34-105	18,459	16,127	2,332
Housing Rehabilitation Revolving Loans	29-4-728	2,261	-	2,261
Parks Aquatic Nuisance Species	33-10.5-108	2,493	412	2,081
Donations	25-1-107(U)	11,131	9,068	2,063
Alternative Fuels Rebate	39-33-105	2,010	-	2,010
Innovative Higher Education Research Fund	23-19.7-104	1,988	-	1,988
Patient Benefit Fund	None	1,990	3	1,987
Real Estate Proceeds	28-3-106	1,955	5	1,950
Travel and Tourism Additional	24-49.7-106	1,982	36	1,946
Traumatic Brain Injury Fund	26-1-210(1)	2,653	724	1,929
Fixed Utilities	40-2-114	2,634	768	1,866
Victims' Assistance	24-33.5-506	2,032	213	1,819
Texaco Oil Overcharge Fund	None	1,671	-	1,671
Transportation Renovation	43-1-210 6(B)	1,665	-	1,665
Small Business Loan Investment and Development	36-1-153(1)	1,711	56	1,655
Inspection & Consumer Service Cash Fund	35-1-106.5	2,484	893	1,591
Fire Safety Inspection	24-35.5-1207	1,609	87	1,522
State Supplemental Security Income Stabilizaton	26-2-210(1)	1,519	-	1,519
Collaborative Management Incentive	24-1.9-104(1)	1,654	157	1,497
Motor Carrier	40-2-110.5	1,739	264	1,475
Violent Offender Identification Fund	24-33.5-415	1,432	46	1,386
Law Examiner Board Fund	Court Rule 201	1,363	-	1,363
Persistent Drunk Driver	42-3-130.5	1,603	240	1,363
Colorado Bureau of Investigation Identification Unit	Restricted	1,824	512	1,312
Electronic Procurement Program	24-102-202.5	1,268	5	1,263
Agriculture Management	35-1-106.9	1,193	32	1,161
State Patrol Contraband	24-33.5-225	1,308	210	1,098
Library Trust Fund	24-90-105	1,103	7	1,096
Section 8 Pre-Federal Fiscal Year 2004	None	1,085	-	1,085
Colorado Dealer License Board	12-6-123	1,246	163	1,083
Drug Offender Surcharge Fund	18-19-103(4)	1,700	637	1,063
Waste Tire Cleanup Fund	24-32-114(1)	1,003	3	1,000
Abandoned Mine Reclamation	34-34-102(1)	966	16	950
Public School Transportation	22-51-103(1)	1,249	341	908
Domestic Abuse Program	39-22-802	924	23	901
Continuing Legal Education Fund Balance	Court Rule 260	873	-	873
Advance Technology Fund	25-16.5-105	1,094	235	859
Agriculture Value-Added Fund	35-75-205	918	77	841
Liquor Law Enforcement	24-35-401	946	136	810
Uniform Commercial Credit Code Custodial Funds	Restricted	810	5	805
Howard Fund	26-8-104(1)C	717	1	716
Judicial Performance Cash Fund	13-5.5-107	831	121	710
Drug Offender Treatment Fund	18-19-103	682	-	682

(continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2010

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Division of Securities Cash Fund	11-51-707	2,058	1,440	618
Older Coloradans Cash Fund	26-11-205.5	1,680	1,078	602
Attorney's Fees And Costs	24-31-108(2)	589	-	589
Historical Society Unrestricted	24-80-209	592	5	587
Judicial Information Technology Cash	13-32-114	579	-	579
Home Grant Revolving Loan Fund	None	7,273	6,696	577
Public Deposit Administration	11-10.5-112	885	309	576
Conservation District Grants	35-1-106.7(1)	599	34	565
Policie Officers Standards Training Board	24-31-303(2)	602	45	557
Alcohol/Drug Driving Safety	42-4-1301.3	550	-	550
Plant Health, Pest Control, and Environmental Protection	35-1-106.3(1)	2,274	1,731	543
Waste Tire Recycling Fund	25-17-202(3)	531	1	530
Public School Energy Efficiciency	39-29-109.5	528	25	503
Colorado Innovation Investment Tax Credit	24-48.5-112	463	8	455
Charter School Capital Construction Assistance	22-30.5-515	445	-	445
Colorado Family Support Loan	27-10.5-502	432	-	432
Exxon Oil Overcharge Funds	None	414	-	414
Western Slope Military Veterans' Cemetary	28-5-708	339	(65)	404
Legislative Expenses Fund	2-3-1002(1)	379	-	379
Process & End Users Waste Tire	Various	374	-	374
Uniform Consumer Credit Code	5-6-204	464	90	374
Housing Development Grant Fund	24-32-721	767	422	345
Diseased Livestock Fund	35-50-140.5	332	-	332
Building Regulation Fund	24-32-3309	372	44	328
Foreclosure Prevention Grants	24-32-719	333	10	323
Agricultural Products Inspectn	35-23-114(3)	661	349	312
Public Safety Inspection	8-1-151	306	-	306
Conservation Trust Fund	Ex. Order 56-87	12,491	12,191	300
Educator Licensure Cash Fund	22-60.5-112	396	111	285
Racing Cash Fund	12-60-205	381	109	272
Identity Theft Financial Fraud	None	299	38	261
Start Smart Nutrition Program	22-82.7-105	297	37	260
Colorado Bureau of Investigation Contraband	24-33.5-415	261	2	259
Organ & Tissue Donation Awareness	42-2-107(4)	255	-	255
Diamond Shamrock Settlement	None	242	-	242
Closing Achievement Gap Fund	22-7-613	280	40	240
Low Income Telephone Assistance	40-3.4-108(2)	234	-	234
Financial Services Cash Fund	11-40-106(2)	948	715	233
Controlled Maintenance Trust-Nonexpendable	24-75-302.5	223	-	223
Vickers Oil Overcharge Funds	Executive Order 56-8	219	-	219
Notary Administration	12-55-102.5	236	23	213
Family Support Registry Fund	26-13-115.5	207	-	207
Supplier Database Cash Fund	24-102-202.5	212	11	201
138 Funds with Net Assets Below $200,000		32,227	27,039	5,188
Total Other Special Revenue Funds		$ 432,659	$ 126,682	$ 305,977



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

STATISTICAL SECTION

This section of the State of Colorado's Comprehensive Annual Financial Report presents detailed current and historical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

FINANCIAL TRENDS	These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time at both the entity wide and fund-level perspectives.
REVENUE CAPACITY	These schedules contain information to help the reader assess the factors affecting the State's ability to generate and retain major revenue streams including income and sales taxes.
DEBT CAPACITY	These schedules present information to help the reader assess the sustainability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.
DEMOGRAPHIC AND ECONOMIC INFORMATION	These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.
OPERATING INFORMATION	These schedules contain information about the State's operations and resources to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

GOVERNMENT-WIDE
SCHEDULE OF NET ASSETS
PRIMARY GOVERNMENT
Last Nine Fiscal Years

(DOLLARS IN THOUSANDS)

	2009-10	2008-09	2007-08
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 1,962,934	$ 2,217,711	$ 2,632,601
Investments	15,224	1,498	565
Taxes Receivable, net	857,246	920,086	946,077
Other Receivables, net	158,060	182,540	188,347
Due From Other Governments	516,248	475,997	355,519
Internal Balances	14,153	14,617	14,545
Due From Component Units	84	66	63
Inventories	16,468	16,183	16,703
Prepaids, Advances, and Deferred Charges	38,591	33,244	23,790
Total Current Assets	3,579,008	3,861,942	4,178,210
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	1,572,925	1,813,365	2,061,543
Restricted Investments	687,314	694,311	620,325
Restricted Receivables	195,753	184,120	187,018
Investments	529,059	98,815	96,743
Other Long-Term Assets	644,867	600,020	442,911
Depreciable Capital Assets and Infrastructure, net	9,689,916	2,360,036	2,282,645
Land and Nondepreciable Infrastructure	1,637,224	10,480,438	10,291,250
Total Noncurrent Assets	14,957,058	16,231,105	15,982,435
TOTAL ASSETS	18,536,066	20,093,047	20,160,645
DEFERRED OUTFLOW OF RESOURCES:	-	-	-
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	664,781	633,722	561,117
Accounts Payable and Accrued Liabilities	847,550	779,008	837,311
TABOR Refund Liability (Note 8B)	706	706	706
Due To Other Governments	181,684	223,415	183,696
Due To Component Units	-	-	-
Deferred Revenue	128,404	150,632	97,174
Accrued Compensated Absences	10,287	8,930	9,776
Claims and Judgments Payable	44,181	36,936	37,775
Leases Payable	11,384	8,227	6,002
Notes, Bonds, and COP's Payable	642,445	637,066	574,150
Other Current Liabilities	20,432	9,818	11,794
Total Current Liabilities	2,551,854	2,488,460	2,319,501
Noncurrent Liabilities:			
Deposits Held In Custody For Others	13	16	16
Accrued Compensated Absences	138,224	140,675	128,760
Claims and Judgments Payable	347,394	358,371	335,636
Capital Lease Payable	85,746	83,586	54,029
Capital Lease Payable To Component Units	-	-	-
Derivative Instrument Liability	-	-	-
Notes, Bonds, and COP's Payable	1,554,964	1,146,960	1,274,720
Due to Component Units	-	-	-
Other Postemployment Benefits	-	-	-
Other Long-Term Liabilities	402,599	397,774	217,793
Total Noncurrent Liabilities	2,528,940	2,127,382	2,010,954
TOTAL LIABILITIES	5,080,794	4,615,842	4,330,455
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	10,118,621	11,631,061	11,348,995
Restricted for:			
Highway Construction and Maintenance	1,198,849	1,220,524	1,350,485
State Education	194,586	338,365	353,149
Unemployment Insurance	-	-	-
Debt Service	4,093	558	558
Emergencies	94,000	93,550	93,000
Permanent Funds and Endowments:			
Expendable	11,130	8,588	2,333
Nonexpendable	643,148	623,619	587,733
Court Awards and Other Purposes	138,826	197,918	231,532
Unrestricted	1,052,019	1,363,022	1,862,405
TOTAL NET ASSETS	$ 13,455,272	$ 15,477,205	$ 15,830,190

(Continued)

GOVERNMENTAL ACTIVITIES

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 2,455,425	$ 2,334,948	$ 1,944,751	$ 1,387,469	$ 712,256	$ 571,293
998	12,637	10,440	10,209	-	-
956,149	845,241	731,647	738,769	758,887	809,839
153,218	153,916	146,906	143,717	104,475	125,181
280,637	264,688	307,704	282,252	515,860	378,906
13,756	26,313	18,122	22,070	(98,203)	20,287
65	56	110	-	-	-
14,053	14,906	18,266	16,696	17,580	16,895
28,527	28,735	23,700	29,628	27,413	99,893
3,902,828	3,681,440	3,201,646	2,630,810	2,038,268	2,022,294
1,689,703	1,349,184	1,199,258	1,360,083	1,236,865	1,306,432
552,211	491,780	465,819	408,790	571,970	-
279,140	335,774	311,462	347,245	-	-
80,695	48,173	24,162	4,055	152,495	1,142,818
425,886	395,612	356,325	325,376	332,964	244,499
1,288,308	1,322,945	1,348,957	1,208,235	1,191,785	1,138,996
11,799,975	11,649,792	11,613,109	11,583,157	11,032,850	10,827,222
16,115,918	15,593,260	15,319,092	15,236,941	14,518,929	14,659,967
20,018,746	19,274,700	18,520,738	17,867,751	16,557,197	16,682,261
-	-	-	-	-	-
486,576	457,124	476,445	425,610	431,132	384,040
694,602	633,685	679,425	687,136	684,956	569,102
727	2,917	41,064	-	-	48,920
176,864	247,548	192,611	172,239	151,989	172,691
-	-	-	-	-	-
65,389	66,290	73,609	84,431	114,149	84,906
9,533	9,437	7,900	7,992	7,394	6,123
40,948	49,415	38,738	12,084	14,743	35,576
2,807	1,461	3,403	2,821	3,492	1,298
457,250	526,235	628,395	419,778	21,125	19,530
9,615	10,318	25,092	37,152	33,987	37,050
1,944,311	2,004,430	2,166,682	1,849,243	1,462,967	1,359,236
17	17	16	10	8	12
116,262	112,860	111,418	112,104	113,548	112,027
295,874	343,452	430,978	29,200	29,200	-
27,649	16,021	18,905	13,219	5,054	2,175
-	-	-	-	-	-
-	-	-	-	-	-
1,390,671	1,503,686	1,467,924	1,540,053	1,309,153	1,328,072
-	-	-	-	-	-
-	-	-	-	-	-
206,972	210,369	198,520	516,756	501,390	263,034
2,037,445	2,186,405	2,227,761	2,211,342	1,958,353	1,705,320
3,981,756	4,190,835	4,394,443	4,060,585	3,421,320	3,064,556
11,804,908	11,662,529	11,771,877	11,747,276	11,444,442	10,633,044
1,196,903	824,698	679,440	559,450	509,354	1,376,522
225,818	153,043	123,867	147,286	218,545	303,827
-	-	-	-	-	-
558	580	3,298	7,965	5,241	6,495
85,760	79,800	71,000	172,202	150,762	81,917
1,782	1,642	1,953	1,297	986	810
515,997	460,473	433,538	392,542	378,369	356,004
299,777	198,996	141,933	134,658	95,135	16,006
1,905,487	1,702,104	899,389	644,490	333,043	843,080
$ 16,036,990	$ 15,083,865	$ 14,126,295	$ 13,807,166	$ 13,135,877	$ 13,617,705

GOVERNMENT-WIDE
SCHEDULE OF NET ASSETS
PRIMARY GOVERNMENT
Last Nine Fiscal Years

(DOLLARS IN THOUSANDS)

	2009-10	2008-09	2007-08
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 1,176,181	$ 1,220,190	$ 1,555,782
Investments	253,270	386,948	272,804
Taxes Receivable, net	90,005	73,326	82,431
Other Receivables, net	282,053	245,768	239,790
Due From Other Governments	158,787	142,961	125,894
Internal Balances	(14,153)	(14,617)	(14,545)
Due From Component Units	14,474	12,630	16,348
Inventories	42,779	42,467	42,271
Prepaids, Advances, and Deferred Charges	19,244	20,091	17,055
Total Current Assets	2,022,640	2,129,764	2,337,830
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	353,164	368,308	446,681
Restricted Investments	239,719	201,025	259,115
Restricted Receivables	239,041	1,916,974	1,716,722
Investments	1,206,671	1,154,901	1,008,382
Other Long-Term Assets	119,387	123,599	119,650
Depreciable Capital Assets and Infrastructure, net	3,912,771	3,594,383	3,464,979
Land and Nondepreciable Infrastructure	1,207,048	928,243	576,755
Total Noncurrent Assets	7,277,801	8,287,433	7,592,284
TOTAL ASSETS	9,300,441	10,417,197	9,930,114
DEFERRED OUTFLOW OF RESOURCES:	7,778	-	-
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	-
Accounts Payable and Accrued Liabilities	596,926	506,318	467,741
TABOR Refund Liability (Note 8B)	-	-	-
Due To Other Governments	406,275	182,922	26,885
Due To Component Units	466	930	1,112
Deferred Revenue	232,371	207,551	190,528
Accrued Compensated Absences	13,035	12,753	12,745
Claims and Judgments Payable	-	-	7,398
Leases Payable	6,672	6,282	5,976
Notes, Bonds, and COP's Payable	100,329	85,456	75,567
Other Current Liabilities	126,232	241,129	208,542
Total Current Liabilities	1,482,306	1,243,341	996,494
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	-
Accrued Compensated Absences	196,295	185,420	166,402
Claims and Judgments Payable	29,461	27,541	28,482
Capital Lease Payable	76,702	83,206	83,113
Capital Lease Payable To Component Units	-	4,285	4,285
Derivative Instrument Liability	7,778	-	
Notes, Bonds, and COP's Payable	2,682,987	3,917,559	3,466,484
Due to Component Units	2,501	723	1,233
Other Postemployment Benefits	47,259	31,689	15,775
Other Long-Term Liabilities	36,450	43,321	40,756
Total Noncurrent Liabilities	3,079,433	4,293,744	3,806,530
TOTAL LIABILITIES	4,561,739	5,537,085	4,803,024
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,854,803	2,665,270	2,411,662
Restricted for:			
Highway Construction and Maintenance	-	-	-
State Education	-	-	-
Unemployment Insurance	-	392,984	765,533
Debt Service	6,100	111,778	180,409
Emergencies	16,257	21,282	33,716
Permanent Funds and Endowments:			
Expendable	6,825	6,935	9,592
Nonexpendable	71,738	70,420	74,479
Court Awards and Other Purposes	630,890	582,006	491,492
Unrestricted	1,159,867	1,029,437	1,160,207
TOTAL NET ASSETS	$ 4,746,480	$ 4,880,112	$ 5,127,090

(Continued)

BUSINESS-TYPE ACTIVITIES

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 1,430,836	$ 1,188,953	$ 872,618	$ 678,233	$ 754,879	$ 1,193,338
326,087	328,466	670,346	182,572	-	-
81,745	105,973	103,598	92,485	46,597	36,237
219,488	209,497	206,946	180,707	219,048	884,919
126,391	99,040	95,170	86,355	98,017	74,061
(13,756)	(26,313)	(18,122)	(22,070)	98,203	(20,287)
15,334	11,141	9,294	5,406	-	
38,000	35,747	34,797	33,065	33,861	35,315
15,751	13,148	13,723	18,396	19,138	22,441
2,239,876	1,965,652	1,988,370	1,255,149	1,269,743	2,226,024
149,811	187,895	160,283	121,764	114,642	40,136
555,310	424,826	453,876	243,390	114,292	140,074
1,408,588	1,173,312	1,015,134	889,108	-	-
972,922	887,302	225,329	577,619	888,232	663,412
112,693	108,606	119,359	99,358	832,622	74,237
2,851,692	2,718,135	2,719,778	2,623,814	2,259,846	1,899,066
835,182	561,525	403,037	371,552	520,085	651,292
6,886,198	6,061,601	5,096,796	4,926,605	4,729,719	3,468,217
9,126,074	8,027,253	7,085,166	6,181,754	5,999,462	5,694,241
-	-	-	-	-	-
-	-	-	-	-	-
413,788	380,194	350,347	334,136	332,990	188,839
-	-	-	-	-	-
38,501	30,749	38,472	37,120	26,570	45,626
273	1,067	1,607	703	-	-
183,805	171,411	145,432	131,496	138,313	138,382
12,578	14,284	14,103	9,719	10,582	8,526
11,717	7,430	8,233	-	-	-
4,950	4,851	6,039	5,537	5,283	3,840
62,998	83,271	85,672	80,127	60,105	97,064
126,574	94,214	107,228	107,611	92,272	89,335
855,184	787,471	757,133	706,449	666,115	571,612
-	-	-	-	-	-
153,320	136,837	131,883	128,635	124,853	121,127
28,220	48,396	20,019	-	-	-
63,671	55,873	84,101	80,994	80,636	43,382
-	-	-	-	-	-
3,100,764	2,488,738	2,062,837	1,578,762	1,546,903	1,199,426
-	-	-	-	-	-
-	-	-	-	-	-
54,097	53,138	52,022	70,174	76,251	144,027
3,400,072	2,782,982	2,350,862	1,858,565	1,828,643	1,507,962
4,255,256	3,570,453	3,107,995	2,565,014	2,494,758	2,079,574
2,256,929	2,256,602	2,238,068	2,195,837	2,142,940	2,045,202
-	-	-	-	-	-
-	-	-	-	-	-
675,574	548,780	321,725	200,311	322,423	653,690
125,656	105,348	122,290	103,602	2,048	2,295
37,472	29,883	27,247	39,277	32,881	38,813
5,313	4,757	16,483	17,449	17,746	47,015
97,821	82,698	76,460	49,659	46,851	49,200
411,112	364,310	303,714	297,765	189,466	198,696
1,260,941	1,064,422	871,184	712,840	750,349	579,756
$ 4,870,818	$ 4,456,800	$ 3,977,171	$ 3,616,740	$ 3,504,704	$ 3,614,667

GOVERNMENT-WIDE
SCHEDULE OF NET ASSETS
PRIMARY GOVERNMENT
Last Nine Fiscal Years

(DOLLARS IN THOUSANDS)

	2009-10	2008-09	2007-08
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,139,115	$ 3,437,901	$ 4,188,383
Investments	268,494	388,446	273,369
Taxes Receivable, net	947,251	993,412	1,028,508
Other Receivables, net	440,113	428,308	428,137
Due From Other Governments	675,035	618,958	481,413
Internal Balances	-	-	-
Due From Component Units	14,558	12,696	16,411
Inventories	59,247	58,650	58,974
Prepaids, Advances, and Deferred Charges	57,835	53,335	40,845
Total Current Assets	5,601,648	5,991,706	6,516,040
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	1,926,089	2,181,673	2,508,224
Restricted Investments	927,033	895,336	879,440
Restricted Receivables	434,794	2,101,094	1,903,740
Investments	1,735,730	1,253,716	1,105,125
Other Long-Term Assets	764,254	723,619	562,561
Depreciable Capital Assets and Infrastructure, net	13,602,687	5,954,419	5,747,624
Land and Nondepreciable Infrastructure	2,844,272	11,408,681	10,868,005
Total Noncurrent Assets	22,234,859	24,518,538	23,574,719
TOTAL ASSETS	27,836,507	30,510,244	30,090,759
DEFERRED OUTFLOW OF RESOURCES:	7,778	-	-
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	664,781	633,722	561,117
Accounts Payable and Accrued Liabilities	1,444,476	1,285,326	1,305,052
TABOR Refund Liability (Note 8B)	706	706	706
Due To Other Governments	587,959	406,337	210,581
Due To Component Units	466	930	1,112
Deferred Revenue	360,775	358,183	287,702
Accrued Compensated Absences	23,322	21,683	22,521
Claims and Judgments Payable	44,181	36,936	45,173
Leases Payable	18,056	14,509	11,978
Notes, Bonds, and COP's Payable	742,774	722,522	649,717
Other Current Liabilities	146,664	250,947	220,336
Total Current Liabilities	4,034,160	3,731,801	3,315,995
Noncurrent Liabilities:			
Deposits Held In Custody For Others	13	16	16
Accrued Compensated Absences	334,519	326,095	295,162
Claims and Judgments Payable	376,855	385,912	364,118
Capital Lease Payable	162,448	166,792	137,142
Capital Lease Payable To Component Units	-	4,285	4,285
Derivative Instrument Liability	7,778	-	-
Notes, Bonds, and COP's Payable	4,237,951	5,064,519	4,741,204
Due to Component Units	2,501	723	1,233
Other Postemployment Benefits	47,259	31,689	15,775
Other Long-Term Liabilities	439,049	441,095	258,549
Total Noncurrent Liabilities	5,608,373	6,421,126	5,817,484
TOTAL LIABILITIES	9,642,533	10,152,927	9,133,479
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	12,973,424	14,296,331	13,760,657
Restricted for:			
Highway Construction and Maintenance	1,198,849	1,220,524	1,350,485
State Education	194,586	338,365	353,149
Unemployment Insurance	-	392,984	765,533
Debt Service	10,193	112,336	180,967
Emergencies	110,257	114,832	126,716
Permanent Funds and Endowments:			
Expendable	17,955	15,523	11,925
Nonexpendable	714,886	694,039	662,212
Court Awards and Other Purposes	769,716	779,924	723,024
Unrestricted	2,211,886	2,392,459	3,022,612
TOTAL NET ASSETS	$ 18,201,752	$ 20,357,317	$ 20,957,280

TOTAL PRIMARY GOVERNMENT

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 3,886,261	$ 3,523,901	$ 2,817,369	$ 2,065,702	$ 1,467,135	$ 1,764,631
327,085	341,103	680,786	192,781	-	-
1,037,894	951,214	835,245	831,254	805,484	846,076
372,706	363,413	353,852	324,424	323,523	1,010,100
407,028	363,728	402,874	368,607	613,877	452,967
-	-	-	-	-	-
15,399	11,197	9,404	5,406	-	-
52,053	50,653	53,063	49,761	51,441	52,210
44,278	41,883	37,423	48,024	46,551	122,334
6,142,704	5,647,092	5,190,016	3,885,959	3,308,011	4,248,318
1,839,514	1,537,079	1,359,541	1,481,847	1,351,507	1,346,568
1,107,521	916,606	919,695	652,180	686,262	140,074
1,687,728	1,509,086	1,326,596	1,236,353	-	-
1,053,617	935,475	249,491	581,674	1,040,727	1,806,230
538,579	504,218	475,684	424,734	1,165,586	318,736
4,140,000	4,041,080	4,068,735	3,832,049	3,451,631	3,038,062
12,635,157	12,211,317	12,016,146	11,954,709	11,552,935	11,478,514
23,002,116	21,654,861	20,415,888	20,163,546	19,248,648	18,128,184
29,144,820	27,301,953	25,605,904	24,049,505	22,556,659	22,376,502
-	-	-	-	-	-
486,576	457,124	476,445	425,610	431,132	384,040
1,108,390	1,013,879	1,029,772	1,021,272	1,017,946	757,941
727	2,917	41,064	-	-	48,920
215,365	278,297	231,083	209,359	178,559	218,317
273	1,067	1,607	703	-	-
249,194	237,701	219,041	215,927	252,462	223,288
22,111	23,721	22,003	17,711	17,976	14,649
52,665	56,845	46,971	12,084	14,743	35,576
7,757	6,312	9,442	8,358	8,775	5,138
520,248	609,506	714,067	499,905	81,230	116,594
136,189	104,532	132,320	144,763	126,259	126,385
2,799,495	2,791,901	2,923,815	2,555,692	2,129,082	1,930,848
17	17	16	10	8	12
269,582	249,697	243,301	240,739	238,401	233,154
324,094	391,848	450,997	29,200	29,200	-
91,320	71,894	103,006	94,213	85,690	45,557
-	-	-	-	-	-
-	-	-	-	-	-
4,491,435	3,992,424	3,530,761	3,118,815	2,856,056	2,527,498
-	-	-	-	-	-
-	-	-	-	-	-
261,069	263,507	250,542	586,930	577,641	407,061
5,437,517	4,969,387	4,578,623	4,069,907	3,786,996	3,213,282
8,237,012	7,761,288	7,502,438	6,625,599	5,916,078	5,144,130
14,061,837	13,919,131	14,009,945	13,943,113	13,587,382	12,678,246
1,196,903	824,698	679,440	559,450	509,354	1,376,522
225,818	153,043	123,867	147,286	218,545	303,827
675,574	548,780	321,725	200,311	322,423	653,690
126,214	105,928	125,588	111,567	7,289	8,790
123,232	109,683	98,247	211,479	183,643	120,730
7,095	6,399	18,436	18,746	18,732	47,825
613,818	543,171	509,998	442,201	425,220	405,204
710,889	563,306	445,647	432,423	284,601	214,702
3,166,428	2,766,526	1,770,573	1,357,330	1,083,392	1,422,836
$ 20,907,808	$ 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 Nine Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2009-10	2008-09	RESTATED 2007-08
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 419,866	$ 386,311	$ 374,521
Service Fees	589,795	184,327	132,822
Education - Tuition, Fees, and Sales	-	53	-
Fines and Forfeits	218,892	203,259	155,692
Rents and Royalties	79,518	85,811	78,889
Sales of Products	3,854	5,040	4,592
Unemployment Surcharge	19,329	19,369	21,512
Other	67,460	61,168	57,622
Operating Grants and Contributions	5,885,657	5,065,429	4,222,670
Capital Grants and Contributions	607,383	485,711	439,693
TOTAL PROGRAM REVENUES	7,891,754	6,496,478	5,488,013
EXPENSES:			
General Government	189,865	308,410	217,939
Business, Community, and Consumer Affairs	662,854	705,037	667,381
Education	5,096,032	5,208,705	5,017,551
Health and Rehabilitation	659,187	644,699	603,296
Justice	1,527,857	1,543,310	1,436,009
Natural Resources	144,445	137,159	131,658
Social Assistance	6,091,958	5,220,295	4,660,287
Transportation	2,105,688	1,376,215	1,459,295
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	33,203	20,393	37,567
Higher Education	-	-	-
Unemployment Insurance	-	-	-
CollegeInvest	-	-	-
Lottery	-	-	-
Wildlife	-	-	-
College Assist	-	-	-
Other Business-Type Activities	-	-	-
TOTAL EXPENSES	16,511,089	15,164,223	14,230,983
NET (EXPENSE) REVENUE	(8,619,335)	(8,667,745)	(8,742,970)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	1,987,576	2,093,113	2,357,807
Excise Taxes	244,344	251,209	257,908
Individual Income Tax	3,770,597	4,024,105	4,591,481
Corporate Income Tax	360,852	322,683	461,390
Other Taxes	376,388	655,478	510,442
Restricted Taxes	873,287	880,625	986,274
Unrestricted Investment Earnings (Losses)	10,215	22,591	42,478
Other General Revenues	112,138	119,748	113,603
Special and/or Extraordinary Items (See Note 33)	-	(5,616)	(6,843)
(Transfers-Out) / Transfers-In	(94,993)	(114,685)	(77,732)
Internal Capital Contributions	-	-	-
Permanent Fund Additions	357	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	7,640,761	8,249,251	9,236,808
TOTAL CHANGES IN NET ASSETS	(978,574)	(418,494)	493,838
NET ASSETS - BEGINNING	15,477,205	15,830,190	16,036,990
Prior Period Adjustment	(594,624)	(118,647)	(393,912)
Accounting Changes	(448,735)	184,156	(306,726)
NET ASSETS - ENDING	$ 13,455,272	$ 15,477,205	$ 15,830,190

[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.

GOVERNMENTAL ACTIVITIES

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 352,819	$ 339,779	$ 357,241	$ 353,628	$ 327,134	$ 310,343
129,980	123,392	128,101	132,644	117,253	105,932
-	-	-	-	-	-
126,612	121,859	117,666	109,341	99,654	87,994
68,270	68,920	61,524	45,340	32,314	31,673
3,703	3,100	2,841	3,164	2,296	3,001
22,346	22,399	21,524	20,112	19,500	19,630
64,964	79,810	54,254	55,216	47,264	72,996
4,122,360	3,909,382	3,684,878	3,601,808	3,552,745	3,166,623
414,602	447,283	409,458	487,442	410,070	352,125
5,305,656	5,115,924	4,837,487	4,808,695	4,608,230	4,150,317
163,412	164,276	141,320	161,588	244,062	210,837
565,769	449,411	367,553	343,589	327,935	253,054
4,771,218	4,394,236	194,723	173,823	194,436	285,636
560,153	524,736	475,668	477,572	475,405	471,198
1,313,767	1,197,334	1,026,282	936,374	971,227	957,320
138,457	112,753	62,638	81,114	103,888	103,801
4,496,696	4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,213,138	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
42,269	31,969	26,925	9,625	16,219	16,750
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,264,879	12,428,737	11,363,677	10,689,957	10,687,102	9,943,621
(7,959,223)	(7,312,813)	(6,526,190)	(5,881,262)	(6,078,872)	(5,793,304)
2,244,000	2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
261,711	266,747	182,726	112,741	86,048	91,761
4,508,845	4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
470,853	422,656	291,583	220,236	205,569	172,257
484,408	568,184	491,214	465,826	371,089	363,190
946,757	922,872	868,251	835,680	731,138	818,234
43,638	35,372	29,736	16,534	16,577	37,236
84,328	84,335	95,912	99,200	146,516	122,527
(25,915)	(13,534)	(1,112)	-	-	(21,000)
(98,926)	(80,894)	[2] (545,175)	(546,580)	(634,674)	(662,141)
-	-	(431)	(20)	(22,855)	25
-	-	-	-	-	-
8,919,699	8,399,300	6,843,982	6,377,578	5,725,385	5,971,750
960,476	1,086,487	317,792	496,316	(353,487)	178,446
15,083,865	14,126,295	13,807,166	13,135,877	13,617,705	5,457,647
(7,351)	(128,917)	1,337	174,973	(128,341)	(172,615)
-	-	-	-	-	8,154,227
$ 16,036,990	$ 15,083,865	$ 14,126,295	$ 13,807,166	$ 13,135,877	$ 13,617,705

(Continued)

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET ASSETS
PRIMARY GOVERNMENT
Last Nine Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2009-10	2008-09	2007-08
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 106,946	$ 119,611	$ 84,395
Service Fees	607,485	681,807	667,504
Education - Tuition, Fees, and Sales	1,999,358	1,957,505	1,867,806
Fines and Forfeits	2,836	1,118	999
Rents and Royalties	24,648	29,908	32,399
Sales of Products	590,758	560,364	579,935
Unemployment Surcharge	491,716	363,241	398,046
Other	167,930	173,354	165,804
Operating Grants and Contributions	3,957,310	2,214,186	1,728,669
Capital Grants and Contributions	24,619	20,220	9,426
TOTAL PROGRAM REVENUES	7,973,606	6,121,314	5,534,983
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	4,451,541	4,153,282	3,865,244
Unemployment Insurance	2,496,188	1,138,621	354,967
CollegeInvest	68,650	78,647	116,286
Lottery	456,352	435,156	447,101
Wildlife	105,037	112,369	109,800
College Assist	410,027	399,576	326,080
Other Business-Type Activities	170,410	171,635	173,928
TOTAL EXPENSES	8,158,205	6,489,286	5,393,406
NET (EXPENSE) REVENUE	(184,599)	(367,972)	141,577
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
Restricted Taxes	-	-	-
Unrestricted Investment Earnings (Losses)	-	-	-
Other General Revenues	-	-	-
Special and/or Extraordinary Items (See Note 33)	(79,575)	-	-
(Transfers-Out) / Transfers-In	94,993	114,685	77,732
Internal Capital Contributions	-	-	-
Permanent Fund Additions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	15,418	114,685	114,695
TOTAL CHANGES IN NET ASSETS	(169,181)	(253,287)	256,272
NET ASSETS - BEGINNING	4,880,112	5,127,090	4,870,818
Prior Period Adjustment	35,549	6,309	-
Accounting Changes	-	-	-
NET ASSETS - ENDING	$ 4,746,480	$ 4,880,112	$ 5,127,090

[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 line.

BUSINESS-TYPE ACTIVITIES

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 84,302	$ 75,388	$ 64,864	$ 66,196	$ 59,426	$ 57,546
575,555	536,261 [2]	273,541	242,809	188,614	153,983
1,734,996	1,622,045 [2]	1,294,488	1,227,187	1,143,890	1,062,083
1,174	729	596	554	1,025	1,379
26,271	28,765	21,527	44,783	16,576	21,084
520,838	522,715	467,088	449,910	440,902	459,317
403,641	504,039	462,416	338,063	190,461	153,024
140,376	162,045	120,145	117,682	130,239	255,970
1,685,417	1,466,045	1,403,928	1,344,191	1,398,401	1,176,005
22,263	16,856	16,667	73,952	28,662	47,202
5,194,833	4,934,888	4,125,260	3,905,327	3,598,196	3,387,593
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,661,270	3,446,716	3,294,154	3,128,126	3,108,493	2,942,776
316,577	305,447	352,712	591,789	742,745	583,508
96,720	73,745	54,453	37,355	45,213	41,351
401,969	402,391	367,474	354,159	341,907	349,955
96,515	91,221 [3]	-	-	-	-
199,677	115,200 [3]	-	-	-	-
163,727	138,773	267,408	246,988	253,633	229,773
4,936,455	4,573,493	4,336,201	4,358,417	4,491,991	4,147,363
258,378	361,395	(210,941)	(453,090)	(893,795)	(759,770)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
39,446	34,728	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(707)	-	-	-	-
98,926	80,894 [2]	545,175	546,580	634,674	662,141
-	-	10,303	15,330	76,210	151,465
-	-	-	-	-	-
138,372	114,915	555,478	561,910	710,884	813,606
396,750	476,310	344,537	108,820	(182,911)	53,836
4,456,800	3,977,171	3,616,740	3,504,704	3,614,667	4,887,925
17,267	3,319	15,894	3,216	72,948	95,811
-	-	-	-	-	(1,422,905)
$ 4,870,817	$ 4,456,800	$ 3,977,171	$ 3,616,740	$ 3,504,704	$ 3,614,667

(Continued)

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET ASSETS
PRIMARY GOVERNMENT
Last Nine Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2009-10	2008-09	RESTATED 2007-08
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 526,812	$ 505,922	$ 458,916
Service Fees	1,197,280	866,134	800,326
Education - Tuition, Fees, and Sales	1,999,358	1,957,558	1,867,806
Fines and Forfeits	221,728	204,377	156,691
Rents and Royalties	104,166	115,719	111,288
Sales of Products	594,612	565,404	584,527
Unemployment Surcharge	511,045	382,610	419,558
Other	235,390	234,522	223,426
Operating Grants and Contributions	9,842,967	7,279,615	5,951,339
Capital Grants and Contributions	632,002	505,931	449,119
TOTAL PROGRAM REVENUES	15,865,360	12,617,792	11,022,996
EXPENSES:			
General Government	189,865	308,410	217,939
Business, Community, and Consumer Affairs	662,854	705,037	667,381
Education	5,096,032	5,208,705	5,017,551
Health and Rehabilitation	659,187	644,699	603,296
Justice	1,527,857	1,543,310	1,436,009
Natural Resources	144,445	137,159	131,658
Social Assistance	6,091,958	5,220,295	4,660,287
Transportation	2,105,688	1,376,215	1,459,295
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	33,203	20,393	37,567
Higher Education	4,451,541	4,153,282	3,865,244
Unemployment Insurance	2,496,188	1,138,621	354,967
CollegeInvest	68,650	78,647	116,286
Lottery	456,352	435,156	447,101
Wildlife	105,037	112,369	109,800
College Assist	410,027	399,576	326,080
Other Business-Type Activities	170,410	171,635	173,928
TOTAL EXPENSES	24,669,294	21,653,509	19,624,389
NET (EXPENSE) REVENUE	(8,803,934)	(9,035,717)	(8,601,393)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	1,987,576	2,093,113	2,357,807
Excise Taxes	244,344	251,209	257,908
Individual Income Tax	3,770,597	4,024,105	4,591,481
Corporate Income Tax	360,852	322,683	461,390
Other Taxes	376,388	655,478	547,405
Restricted Taxes	873,287	880,625	986,274
Unrestricted Investment Earnings (Losses)	10,215	22,591	42,478
Other General Revenues	112,138	119,748	113,603
Special and/or Extraordinary Items (See Note 33)	(79,575)	(5,616)	(6,843)
(Transfers-Out) / Transfers-In	-	-	-
Internal Capital Contributions	-	-	-
Permanent Fund Additions	357	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	7,656,179	8,363,936	9,351,503
TOTAL CHANGES IN NET ASSETS	(1,147,755)	(671,781)	750,110
NET ASSETS - BEGINNING	20,357,317	20,957,280	20,907,808
Prior Period Adjustment	(559,075)	(112,338)	(393,912)
Accounting Changes	(448,735)	184,156	(306,726)
NET ASSETS - ENDING	$ 18,201,752	$ 20,357,317	$ 20,957,280

TOTAL PRIMARY GOVERNMENT

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 437,121	$ 415,167	$ 422,105	$ 419,824	$ 386,560	$ 367,889
705,535	659,653	401,642	375,453	305,867	259,915
1,734,997	1,622,045	1,294,488	1,227,187	1,143,890	1,062,083
127,786	122,588	118,262	109,895	100,679	89,373
94,541	97,685	83,051	90,123	48,890	52,757
524,541	525,815	469,929	453,074	443,198	462,318
425,987	526,438	483,940	358,175	209,961	172,654
205,340	241,855	174,399	172,898	177,503	328,966
5,807,777	5,375,427	5,088,806	4,945,999	4,951,146	4,342,628
436,865	464,139	426,125	561,394	438,732	399,327
10,500,490	10,050,812	8,962,747	8,714,022	8,206,426	7,537,910
163,412	164,276	141,320	161,588	244,062	210,837
565,769	449,411	367,553	343,589	327,935	253,054
4,771,218	4,394,236	194,723	173,823	194,436	285,636
560,153	524,736	475,668	477,572	475,405	471,198
1,313,767	1,197,334	1,026,282	936,374	971,227	957,320
138,457	112,753	62,638	81,114	103,888	103,801
4,496,696	4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,213,138	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
42,269	31,969	26,925	9,625	16,219	16,750
3,661,270	3,446,716	3,294,154	3,128,126	3,108,493	2,942,776
316,577	305,447	352,712	591,789	742,745	583,508
96,720	73,745	54,453	37,355	45,213	41,351
401,969	402,391	367,474	354,159	341,907	349,955
96,515	91,221	-	-	-	-
199,677	115,200	-	-	-	-
163,727	138,773	267,408	246,988	253,633	229,773
18,201,334	17,002,230	15,699,878	15,048,374	15,179,093	14,090,984
(7,700,844)	(6,951,418)	(6,737,131)	(6,334,352)	(6,972,667)	(6,553,074)
2,244,000	2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
261,711	266,747	182,726	112,741	86,048	91,761
4,508,845	4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
470,853	422,656	291,583	220,236	205,569	172,257
523,854	602,912	491,214	465,826	371,089	363,190
946,757	922,872	868,251	835,680	731,138	818,234
43,638	35,372	29,736	16,534	16,577	37,236
84,328	84,335	95,912	99,200	146,516	122,527
(25,915)	(14,241)	(1,112)	-	-	(21,000)
-	-	-	-	-	-
-	-	9,872	15,310	53,355	151,490
-	-	-	-	-	-
9,058,071	8,514,215	7,399,460	6,939,488	6,436,269	6,785,356
1,357,227	1,562,797	662,329	605,136	(536,398)	232,282
19,540,665	18,103,466	17,423,906	16,640,581	17,232,372	10,345,572
9,916	(125,598)	17,231	178,189	(55,393)	(76,804)
-	-	-	-	-	6,731,322
$ 20,907,808	$ 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)

	2009-10	2008-09[3]	2007-08	2006-07
REVENUES:				
Taxes	$ 7,640	$ 8,231	$ 9,203	$ 8,936
Less: Excess TABOR Revenues	-	-	-	-
Licenses, Permits, and Fines	734	701	643	575
Charges for Goods and Services	552	150	104	99
Rents (reported in 'Other' prior to FY05)	80	86	79	68
Investment Income	199	258	316	272
Federal Grants and Contracts	7,023	5,480	4,308	4,073
Unclaimed Property Receipts	42	58	-	-
Other	192	195	179	320
TOTAL REVENUES	16,462	15,159	14,832	14,343
EXPENDITURES:				
Current:				
General Government	775	511	123	251
Business, Community and Consumer Affairs	369	332	311	303
Education	855	879	802	713
Health and Rehabilitation	583	608	561	530
Justice	1,315	1,285	1,195	1,088
Natural Resources	126	121	112	107
Social Assistance	4,454	3,836	3,669	3,400
Transportation	1,017	1,074	1,055	950
Capital Outlay	240	308	243	124
Intergovernmental:				
Cities	281	294	289	239
Counties	2,253	2,043	1,799	1,721
School Districts	4,364	4,143	3,814	3,719
Other	219	185	258	242
Deferred Compensation Distributions	-	-	-	-
Debt Service[2]	194	189	208	213
TOTAL EXPENDITURES	17,045	15,808	14,439	13,600
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(583)	(649)	393	743
OTHER FINANCING SOURCES (USES)				
Transfers-In	5,333	5,179	4,298	4,202
Transfers-Out:				
Higher Education	-	(121)	(131)	(120)
Other	(5,389)	(5,162)	(4,237)	(4,137)
Face Amount of Debt Issued	559	-	-	-
Bond Premium/Discount	8	-	-	-
Capital Lease Debt Issuance	-	11	18	4
Sale of Capital Assets	-	-	1	-
Insurance Recoveries	4	2	2	1
Debt Refunding Issuance	-	-	-	-
Debt Refunding Payments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	515	(91)	(49)	(50)
NET CHANGE IN FUND BALANCE	(68)	(740)	344	693
FUND BALANCE - BEGINNING	4,785	5,312	5,012	4,319
Prior Period Adjustments	(41)	(1)	(44)	-
Accounting Changes	-	214	-	-
FUND BALANCE - ENDING	$ 4,676	$ 4,785	$ 5,312	$ 5,012

[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.

2005-06	2004-05	2003-04	2002-03	2001-02[1]	2000-01
$ 8,396	$ 7,323	$ 6,794	$ 6,261	$ 6,499	$ 7,501
-	(41)	-	-	-	(927)
541	565	551	517	504	534
99	99	108	108	99	109
69	62	-	-	-	-
117	126	54	259	240	314
4,054	3,831	3,880	3,471	3,104	2,809
-	-	-	-	-	-
341	321	358	351	299	308
13,617	12,286	11,745	10,967	10,745	10,648
256	278	267	229	238	224
274	277	296	317	277	426
673	129	119	116	122	112
486	443	450	450	453	467
998	978	897	933	924	851
97	90	85	82	82	137
3,263	3,026	2,969	2,851	2,619	2,367
962	983	1,098	1,105	1,127	1,069
82	92	74	136	276	185
251	218	211	198	209	196
1,616	1,474	1,319	1,328	1,229	1,162
3,455	3,284	3,131	2,947	2,689	2,389
197	157	144	160	158	146
-	-	-	-	-	18
204	114	92	99	85	54
12,814	11,543	11,152	10,951	10,488	9,803
803	743	593	16	257	845
3,645	3,198	2,819	3,507	3,987	676
(128)	(597)	(605)	(695)	(742)	(907)
(3,580)	(3,136)	(2,750)	(3,406)	(3,880)	(655)
-	-	235	-	208	539
-	-	53	-	12	-
132	27	2	12	5	1
4	10	12	3	3	-
1	-	-	-	-	-
-	-	280	443	10	-
-	-	(311)	(436)	(10)	-
74	(498)	(265)	(572)	(407)	(346)
877	245	328	(556)	(150)	499
3,441	3,196	2,827	3,383	4,043	3,523
1	-	41	-	(510)	21
-	-	-	-	-	-
$ 4,319	$ 3,441	$ 3,196	$ 2,827	$ 3,383	$ 4,043

[2] – See additional debt service information including principal and interest components and a ratio of total debt service expenditures to total noncapital expenditures on page 246.

[3] – In Fiscal Years 2008-09 and 2009-10, Unclaimed Property activity was partially 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)

	2009-10	2008-09	2007-08	2006-07
Income Tax:				
Individual	$ 3,777	$ 4,021	$ 4,600	$ 4,510
Less: Excess TABOR Revenues	-	-	-	-
Corporate	350	265	474	464
Net Income Tax	4,127	4,286	5,074	4,974
Sales, Use, and Excise Taxes	2,072	1,982	2,173	2,076
Less: Excess TABOR Revenues	-	-	-	-
Net Sales, Use, and Excise Taxes	2,072	1,982	2,173	2,076
Estate Taxes	-	-	-	1
Insurance Tax	187	192	188	179
Gaming and Other Taxes	16	-	-	7
Investment Income	10	9	18	28
Medicaid Provider Revenues	-	-	-	-
Other	44	56	52	48
TOTAL GENERAL REVENUES	$ 6,456	$ 6,525	$ 7,505	$ 7,313
Percent Change From Previous Year	-1.1%	-13.1%	2.6%	8.4%

(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)

	2009-10	2008-09	2007-08	2006-07
Net Income Tax	63.9%	65.7%	67.6%	68.0%
Sales, Use, and Excise Taxes	32.1	30.4	29.0	28.4
Estate Taxes	0.0	0.0	0.0	0.0
Insurance Tax	2.9	2.9	2.5	2.4
Other Taxes	0.2	0.0	0.0	0.1
Interest	0.2	0.1	0.2	0.4
Medicaid Provider Revenues	0.0	0.0	0.0	0.0
Other	0.7	0.9	0.7	0.7
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
$ 4,044	$ 3,421	$ 3,189	$ 2,945	$ 3,086	$ 3,867
-	-	-	-	-	(209)
422	293	218	214	165	316
4,466	3,714	3,407	3,159	3,251	3,974
1,995	2,146	2,005	1,915	1,962	1,809
-	(41)	-	-	-	(719)
1,995	2,105	2,005	1,915	1,962	1,090
7	26	47	53	73	83
175	189	176	171	155	142
18	40	40	38	34	31
33	28	20	51	25	45
-	-	-	16	11	-
52	59	72	74	61	63
$ 6,746	$ 6,161	$ 5,767	$ 5,477	$ 5,572	$ 5,428
9.5%	6.8%	5.3%	-1.7%	2.7%	4.9%
66.2%	60.3%	59.1%	57.7%	58.3%	65.8%
29.5	34.1	34.8	34.9	35.3	28.5
0.1	0.4	0.8	1.0	1.3	1.3
2.6	3.1	3.1	3.1	2.8	2.2
0.3	0.6	0.7	0.7	0.6	0.5
0.5	0.5	0.3	0.9	0.4	0.7
0.0	0.0	0.0	0.3	0.2	0.0
0.8	1.0	1.2	1.4	1.1	1.0
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)

	2009-10	2008-09	2007-08	2006-07
Department:[1]				
Agriculture	$ 5,915	$ 6,809	$ 7,124	$ 5,197
Corrections	563,570	637,292	626,246	577,482
Education	3,238,882	3,214,951	3,023,255	2,882,876
Governor	13,779	13,342	17,346	11,991
Health Care Policy and Financing	1,152,244	1,311,702	1,482,803	1,369,321
Higher Education	428,784	661,974	747,717	693,999
Human Services	751,149	776,394	749,974	718,366
Judicial Branch	323,146	328,056	300,674	265,161
Labor and Employment	-	-	-	108
Law	9,133	8,705	8,474	8,975
Legislative Branch	32,504	34,944	31,139	29,880
Local Affairs	10,854	12,276	10,895	9,973
Military and Veterans Affairs	5,263	5,637	5,407	5,050
Natural Resources	25,515	30,558	30,086	28,550
Personnel & Administration	5,139	5,337	10,934	9,385
Public Health and Environment	26,548	26,634	23,596	23,081
Public Safety	79,459	78,874	72,806	67,169
Regulatory Agencies	1,429	1,451	1,400	1,273
Revenue	54,187	67,092	73,593	65,398
Transportation	-	-	-	-
Treasury	7,784	10,643	13,902	12,403
Transfer to Capital Construction Fund	169	39,396	183,443	291,467
Transfer to Various Cash Funds	8,000	10,281	327	3,748
Transfer to the Highway Users Tax Fund	-	28,965	166,182	291,179
Other Transfers and Nonoperating Disbursements	20,555	102,966	137,747	130,598
TOTALS	$ 6,764,008	$ 7,414,279	$ 7,725,070	$ 7,502,630
Percent Change	-8.8%	-4.0%	3.0%	13.3%
(AS PERCENT OF TOTAL)				
Education	47.9%	43.4%	39.1%	38.4%
Health Care Policy and Financing	17.0	17.7	19.2	18.3
Higher Education	6.3	8.9	9.7	9.3
Human Services	11.1	10.5	9.7	9.6
Corrections	8.3	8.6	8.1	7.7
Transfer to Capital Construction Fund	0.0	0.5	2.4	3.9
Transfer to Various Cash Funds	0.1	0.1	0.0	0.0
Transfers to the Highway Users Tax Fund	0.0	0.4	2.2	3.9
Judicial	4.8	4.4	3.9	3.5
Revenue	0.8	0.9	1.0	0.9
All Others	3.7	4.6	4.7	4.5
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.

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
$ 4,038	$ 4,107	$ 3,716	$ 8,700	$ 10,118	$ 9,866
534,233	495,234	467,207	476,972	443,334	417,677
2,718,667	2,514,427	2,417,490	2,313,588	2,268,794	2,143,115
15,862	15,808	13,317	31,465	19,566	19,754
1,362,893	1,247,254	1,142,620	1,132,643	1,076,838	1,028,785
636,341	587,958	591,221	685,686	739,556	747,332
590,071	568,461	534,759	551,299	560,716	553,364
237,673	219,612	207,432	213,939	214,619	205,341
-	-	-	-	-	-
7,143	6,738	6,266	8,141	9,677	8,571
27,633	26,745	26,818	28,100	27,224	27,356
8,500	8,573	4,565	7,419	10,361	10,525
4,324	3,883	3,739	4,273	3,973	4,090
22,806	22,481	19,337	23,599	24,434	28,893
8,181	7,805	7,457	12,282	14,028	14,825
20,586	13,061	12,359	16,573	31,790	33,496
58,785	56,315	53,895	54,465	56,597	56,616
1,390	1,047	1,028	1,582	1,914	1,975
57,928	57,702	57,066	66,898	69,297	78,317
-	-	-	-	-	1
18,443	15,027	690	62,171	4,198	2,378
104,841	40,759	12,270	9,489	25,564	285,255
67,100	185,628	-	-	-	-
65,345	81,212	5,559	-	35,179	-
49,190	20,264	34,257	58,746	68,325	61,894
$ 6,621,973	$ 6,200,101	$ 5,623,068	$ 5,768,030	$ 5,716,102	$ 5,739,426
6.8%	10.3%	-2.5%	0.9%	-0.4%	7.9%
41.1%	40.6%	43.0%	40.1%	39.7%	37.3%
20.6	20.1	20.3	19.6	18.8	17.9
9.6	9.5	10.5	11.9	12.9	13.0
8.9	9.2	9.5	9.6	9.8	9.6
8.1	8.0	8.3	8.3	7.8	7.3
1.6	0.7	0.2	0.2	0.4	5.0
1.0	3.0	0.0	-	-	-
1.0	-	-	-	-	-
3.6	3.5	3.7	3.7	3.8	3.6
0.9	0.9	1.0	1.2	1.2	1.4
3.6	4.5	3.5	5.4	5.6	4.9
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 Nine Fiscal Years

(DOLLARS IN THOUSANDS)

	2009-10	2008-09	2007-08
GENERAL FUND:			
Reserved for:			
Encumbrances	$ 5,721	$ 2,195	$ 16,487
Noncurrent Assets	-	1	7
Statutory Purposes	-	148,212	151,721
Risk Management	23,031	18,650	35,559
Unreserved Undesignated:			
General Fund	(30,822)	155,436 [1]	-
Unreserved:			
Designated for Unrealized Investment Gains:			
General Fund	17,854	10,939	3,639
TOTAL RESERVED	28,752	169,058	203,774
TOTAL UNRESERVED	(12,968)	166,375	3,639
TOTAL FUND BALANCE	15,784	335,433	207,413
ALL OTHER GOVERNMENTAL FUNDS:			
Reserved for:			
Encumbrances	$ 1,052,572	$ 1,043,396	$ 966,477
Noncurrent Assets	584,828	515,062	425,830
Debt Service	4,093	558	558
Statutory Purposes	325,463	40,921	109,322
Emergencies	94,000	93,550	93,000
Funds Reported as Restricted	1,151,448	1,445,739	1,902,755
Unreserved, Reported in:			
Special Revenue Funds	57,148	53,498	54,676
Capital Projects Funds	(35,611)	54,687	134,470
Nonmajor Special Revenue Funds	1,302,178	1,117,248	1,391,483
Nonmajor Permanent Funds	10,586	8,500	2,326
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Major Funds	34,487	30,327	13,385
Reported in Nonmajor Special Revenue Funds	40,778	23,719	8,751
Reported in Nonmajor Permanent Funds	38,541	22,875	1,571
TOTAL RESERVED	3,212,404	3,179,226	3,497,942
TOTAL UNRESERVED	1,448,107	1,310,454	1,606,662
TOTAL FUND BALANCE	4,660,511	4,449,680	5,104,604
TOTAL RESERVED	3,241,156	3,308,284	3,701,716
TOTAL UNRESERVED	1,435,139	1,476,829	1,610,301
TOTAL FUND BALANCE	$ 4,676,295	$ 4,785,113	$ 5,312,017

[1] – This amount results from a $458.1 million year-end transfer into the General Fund from various cash funds to prevent a deficit fund balance.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 11,912	$ 12,233	$ 3,497	$ 2,106	$ 3,684	$ 2,093
13	91	192	300	231	320
267,020	251,704	198,751	207,003	60,731	39,622
38,593	32,851	36,473	33,301	39,412	-
95,779	295,882	-	-	-	137,595
-	-	-	4,272	30,657	26,697
317,538	296,879	238,913	242,710	104,058	42,035
95,779	295,882	-	4,272	30,657	164,292
413,317	592,761	238,913	246,982	134,715	206,327
$ 821,112	$ 814,811	$ 629,430	$ 795,414	$ 916,053	$ 994,758
385,248	342,341	292,336	278,843	278,006	245,051
558	580	3,298	7,965	5,137	6,495
130,000	137,530	10,263	11,565	10,929	14,328
85,760	79,800	71,000	172,202	150,762	81,917
1,669,326	1,233,272	1,104,061	998,428	770,874	1,118,886
72,870	872,212	812,706	41,589	27,692	29,918
199,126	(47,740)	(12,545)	(39,986)	4,555	43,029
1,233,276	291,488	274,941	664,258	448,766	591,846
1,782	1,642	1,954	1,291	961	810
-	-	4,484	6,964	30,944	14,847
-	-	347	5,491	20,380	15,662
-	-	9,926	4,718	27,429	18,644
3,092,004	2,608,334	2,110,388	2,264,417	2,131,761	2,461,435
1,507,014	1,117,602	1,091,813	684,325	560,727	714,756
4,599,018	3,725,936	3,202,201	2,948,742	2,692,488	3,176,191
3,409,542	2,905,213	2,349,301	2,507,127	2,235,819	2,503,470
1,602,873	1,413,484	1,091,813	688,597	591,384	879,048
$ 5,012,335	$ 4,318,697	$ 3,441,114	$ 3,195,724	$ 2,827,203	$ 3,382,518

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Eleven Fiscal Years

(DOLLARS IN THOUSANDS)	Unaudited 2009-10	2008-09	2007-08
DISTRICT REVENUES:			
Exempt District Revenues	$ 15,189,171	$ 14,496,192	$ 12,126,729
Nonexempt District Revenues	8,567,941	9,102,354	9,998,559
TOTAL DISTRICT REVENUES	23,757,112	23,598,546	22,125,288
Percent Change In Nonexempt District Revenues	-5.9%	-9.0%	3.7%
DISTRICT EXPENDITURES:			
Exempt District Expenditures	15,189,171	14,496,192	12,126,729
Nonexempt District Expenditures	8,667,078	10,168,409	9,533,890
TOTAL DISTRICT EXPENDITURES	23,856,249	24,664,601	21,660,619
Percent Change In Nonexempt District Expenditures	-14.8%	6.7%	7.8%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ (99,137)	$ (1,066,055)	$ 464,670
LIMIT AND REFUND CALCULATIONS:			
Prior Fiscal Year Spending Limitation	$ 9,102,354	$ 8,829,131	$ 8,333,827
Adjustments To Prior Year Limit[2]	(422,368)	(10,365)	(1,054)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	8,679,986	8,818,766	8,332,773
Allowable Growth Rate (Population Plus Inflation)	5.8%	4.1%	5.5%
Current Fiscal Year Spending Limitation	9,183,425	9,180,336	8,791,075
Adjustments To Current Year Limit	-	23,505	38,056
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	9,183,425	9,203,841	8,829,131
NONEXEMPT DISTRICT REVENUES	8,567,941	9,102,354	9,998,559
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	(615,484)	(101,488)	1,169,428
Correction Of Prior Years' Refunds	-	-	-
Voter Approved or Statutory Retention of Excess Revenue	-	-	1,169,428
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 activity's revenues and expenditures are no longer shown in the district amounts.

2006-07	2005-06	Restated 2004-05	2003-04	2002-03	2001-02	Restated 2000-01[1]	Restated 1999-00
$ 11,759,914	$ 10,899,936	$ 11,015,958	$ 11,650,100	$ 12,059,372	$ 11,702,980	$ 8,213,400	$ 7,437,634
9,641,867	9,161,391	8,482,963	8,331,991	7,712,512	7,752,211	8,877,105	8,502,952
21,401,781	20,061,327	19,498,921	19,982,091	19,771,884	19,455,191	17,090,505	15,940,586
5.2%	8.0%	1.8%	8.0%	-0.5%	-12.7%	4.4%	7.3%
11,759,914	10,899,936	11,015,958	11,650,100	12,059,372	11,702,980 [1]	8,213,399	7,437,634
8,847,334	8,029,686	9,473,642	7,799,832	8,198,724	7,729,239	6,945,742	6,474,840
20,607,248	18,929,622	20,489,600	19,449,932	20,258,096	19,432,219	15,159,141	13,912,474
10.2%	-15.2%	21.5%	-4.9%	6.1%	11.3%	7.3%	-9.1%
$ 794,533	$ 1,131,705	$ (990,679)	$ 532,159	$ (486,212)	$ 22,972	$ 1,931,364	$ 2,028,112
$ 8,045,256	$ 8,314,374	$ 8,331,991	$ 7,712,512	$ 7,752,211	$ 7,948,550	$ 7,563,710	$ 7,243,385
(173)	(372,471)	(383,103)	(31,732)	(12,865)	(53,497)	-	-
8,045,083	7,941,903	7,948,888	7,680,780	7,739,346	7,895,053	7,563,710	7,243,385
3.5%	1.3%	2.2%	3.6%	6.9%	4.0%	5.1%	4.4%
8,326,662	8,045,148	8,123,764	7,957,288	8,273,361	8,210,855	7,949,459	7,562,093
7,165	109	190,610	374,703	23,426	(84,666)	(909)	1,617
8,333,827	8,045,257	8,314,374	8,331,991	8,296,787	8,126,189	7,948,550	7,563,710
9,641,867	9,161,391	8,482,963	8,331,991	7,712,512	7,752,211	8,877,105	8,502,952
1,308,040	1,116,134	168,589	-	(584,275)	(373,978)	928,555	939,242
-	-	284	-	-	8,284	(1,354)	1,887
1,308,040	1,116,134	127,810	-	-	-	-	-
$ -	$ -	$ 41,063	$ -	$ -	$ -	$ 927,201	$ 941,129

INDIVIDUAL INCOME TAX RETURNS[1]
BY ADJUSTED GROSS INCOME CLASS
1999 to 2007

(NUMBER OF RETURNS, PERCENT OF NET INCOME TAX REVENUE)

	2007		2006		2005		2004	
	# 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	24,376	0.0%	23,376	0.0%	23,916	0.0%	24,570	0.0%
$0 to $5,000	81,028	0.0%	72,400	0.0%	76,547	0.0%	73,929	0.0%
$5,001 to $10,000	109,819	0.0%	108,412	0.0%	112,703	0.0%	112,776	0.0%
$10,001 to $15,000	125,816	0.2%	127,061	0.3%	128,661	0.3%	129,339	0.4%
$15,001 to $20,000	134,806	0.6%	134,933	0.8%	134,643	0.8%	134,988	1.0%
$20,001 to $25,000	131,969	1.1%	130,926	1.3%	130,647	1.4%	131,424	1.6%
$25,001 to $35,000	243,919	3.3%	240,034	3.8%	236,285	4.1%	236,162	4.7%
$35,001 to $50,000	278,843	6.3%	272,040	7.2%	267,939	7.6%	266,625	8.6%
$50,001 to $75,000	313,367	11.4%	302,778	12.9%	295,028	13.6%	289,548	15.1%
$75,001 to $100,000	200,847	11.4%	189,359	12.5%	179,635	13.0%	171,170	14.0%
$100,000 and Over	330,337	65.7%	290,548	61.2%	256,424	59.2%	227,936	54.6%
TOTAL	1,975,127	100.0%	1,891,867	100.0%	1,842,428	100.0%	1,798,467	100.0%

Source: Colorado Department of Revenue

[1] – Returns and taxes generated by taxpayers claimed as dependents are excluded from this data.

SALES TAX RETURNS
BY INDUSTRY CLASS
2003 to 2009[1]

(NUMBER OF RETURNS, PERCENT OF NET SALES TAX REVENUE)

	2009		2008		2007	
	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
INDUSTRY CLASS						
Agriculture, Forestry, & Fisheries	3,595	0.1%	3,653	0.1%	3,632	0.1%
Mining	5,324	1.9%	4,491	1.9%	4,104	1.7%
Public Utilities	9,721	3.5%	9,517	3.9%	8,725	3.0%
Construction Trades	31,811	1.3%	31,949	1.5%	30,929	1.5%
Manufacturing	88,504	4.7%	84,393	4.8%	87,475	4.9%
Wholesale Trade	72,914	6.6%	72,432	6.7%	74,498	6.7%
Retail Trade	385,320	49.5%	395,100	49.9%	399,395	51.5%
Transportation & Warehousing	3,916	0.3%	4,014	0.3%	4,733	0.3%
Information Producers/Distributors	171,984	6.3%	174,348	5.9%	170,488	5.8%
Finance & Insurance	35,103	1.4%	33,499	1.5%	34,308	1.2%
Real Estate, Rental, & Leasing Services	82,509	3.7%	79,541	3.8%	71,969	3.8%
Professional, Scientific, & Technical Services	64,002	1.6%	65,592	1.6%	66,352	1.8%
Bus. Admin., Support, Waste/Remediation Services	24,615	0.7%	23,401	0.7%	23,014	0.7%
Educational Services	6,068	0.2%	6,526	0.2%	5,566	0.2%
Health Care & Social Assistance Services	15,572	0.2%	13,013	0.2%	12,233	0.2%
Arts, Entertainment, & Recreation Services	17,301	0.6%	17,391	0.6%	17,196	0.6%
Hotel & Other Accommodation Services	21,153	3.6%	21,221	3.6%	20,995	3.5%
Food & Drinking Services	129,780	11.4%	129,123	10.5%	125,682	10.2%
Other Personal Services	86,861	2.3%	86,647	2.2%	85,361	2.1%
Government Services	5,655	0.1%	6,044	0.1%	7,445	0.2%
TOTAL	1,261,708	100%	1,261,895	100%	1,254,100	100%

Source: Colorado Department of Revenue

[1] – Data is not available in this format prior to calendar year 2003.

2003		2002		2001		2000		1999	
# 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
24,632	0.0%	22,477	0.0%	16,539	0.0%	13,946	0.0%	13,043	0.0%
74,854	0.0%	73,714	0.0%	75,710	0.0%	73,929	0.0%	75,022	0.1%
114,615	0.1%	115,045	0.1%	113,237	0.1%	116,422	0.1%	122,123	0.2%
132,540	0.5%	134,152	0.5%	131,411	0.5%	134,898	0.5%	142,185	0.8%
137,195	1.1%	139,267	1.2%	139,013	1.2%	144,220	1.2%	151,091	1.4%
133,960	1.8%	136,897	1.9%	136,429	1.9%	140,010	1.9%	143,324	2.1%
239,657	5.3%	243,253	5.6%	244,586	5.5%	243,715	5.2%	239,847	5.6%
268,253	9.6%	271,283	9.9%	269,802	9.3%	263,657	8.7%	255,652	9.4%
286,609	16.5%	291,227	17.1%	290,662	15.9%	283,693	14.9%	270,042	16.2%
163,572	14.7%	161,047	14.7%	159,483	13.5%	150,626	12.2%	135,419	12.6%
202,886	50.4%	196,065	49.0%	203,312	52.1%	203,040	55.3%	170,546	51.6%
1,778,773	100.0%	1,784,427	100.0%	1,780,184	100.0%	1,768,156	100.0%	1,718,294	100.0%

COLORADO TAX RATES[1]
2001 to 2010

Income Tax Rate	Sales Tax Rate
4.63%	2.90%

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. Tax rates have remained unchanged since 2001, when Sales Tax was reduced from 3.0 percent to 2.9 percent.

2006		2005		2004		2003	
# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
3,808	0.1%	3,529	0.1%	3,268	0.1%	2,756	0.1%
3,775	1.4%	3,617	1.0%	2,673	0.8%	2,481	0.6%
7,904	3.1%	7,419	2.8%	6,210	2.6%	6,497	2.4%
32,291	1.6%	30,741	1.6%	29,916	1.4%	28,342	1.6%
85,822	4.8%	75,927	4.4%	73,996	4.1%	68,682	3.8%
78,156	6.8%	78,351	6.6%	77,908	6.0%	66,412	5.7%
409,029	52.2%	392,892	53.5%	388,011	54.4%	371,658	54.7%
5,346	0.4%	5,583	0.3%	4,878	0.3%	4,125	0.2%
163,953	5.8%	149,711	5.9%	144,908	6.3%	127,785	6.5%
37,478	1.0%	35,960	1.0%	33,723	1.0%	33,680	1.1%
72,110	3.7%	71,331	3.6%	70,647	3.7%	64,212	3.6%
71,590	1.8%	74,471	2.0%	89,310	2.4%	105,807	2.9%
23,497	0.6%	21,979	0.7%	20,707	0.6%	19,070	0.6%
5,136	0.2%	4,767	0.2%	4,263	0.2%	3,747	0.1%
12,290	0.2%	11,142	0.2%	10,092	0.2%	8,685	0.1%
16,957	0.6%	14,965	0.6%	13,440	0.6%	11,587	0.6%
20,717	3.3%	20,176	3.1%	19,959	3.1%	20,087	3.2%
121,234	10.0%	116,291	10.0%	110,799	9.9%	105,168	9.8%
85,499	2.1%	83,498	2.2%	79,398	2.1%	72,999	2.2%
10,479	0.3%	9,938	0.2%	7,967	0.2%	8,390	0.2%
1,267,071	100%	1,212,288	100%	1,192,073	100%	1,132,170	100%

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2009-10	RESTATED 2008-09	2007-08	RESTATED 2006-07
DEBT SERVICE EXPENDITURES:				
Principal	$ 116,083	$ 109,801	$ 104,924	$ 100,681
Interest	77,919	78,719	102,652	112,145
TOTAL DEBT SERVICE EXPENDITURES	$ 194,002	$ 188,520	$ 207,576	$ 212,826
Percent Change Over Previous Year	2.9%	-9.2%	-2.5%	4.4%
TOTAL NONCAPITAL EXPENDITURES[1]	16,566,769	15,448,232	14,196,496	13,365,782
TOTAL CAPITAL EXPENDITURES[1]	478,179	359,518	242,572	233,914
TOTAL GOVERNMENTAL EXPENDITURES	17,044,948	15,807,750	14,439,068	13,599,696
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:				
Principal	0.7%	0.7%	0.7%	0.8%
Interest	0.5%	0.5%	0.7%	0.8%
Total Debt Service Expenditures	1.2%	1.2%	1.5%	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)

	2009-10	2008-09	2007-08	2006-07
Governmental Activities:				
Revenue Backed Debt	$ 992,436	$ 1,106,973	$ 1,216,006	$ 1,319,718
Certificates of Participation	689,973	162,053	172,864	183,203
Capital Leases	97,130	91,813	60,031	30,456
Notes and Mortgages	515,000	515,000	460,000	345,000
TOTAL GOVERNMENTAL OUTSTANDING DEBT	2,294,539	1,875,839	1,908,901	1,878,377
Business-Type Activities:				
Revenue Backed Debt	2,306,693	3,551,588	3,325,690	2,935,383
Certificates of Participation	432,698	446,656	210,150	218,916
Capital Leases	83,374	93,773	93,374	68,621
Notes and Mortgages	43,925	4,771	6,211	9,463
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	2,866,690	4,096,788	3,635,425	3,232,383
Total Primary Government:				
Revenue Backed Debt	3,299,129	4,658,561	4,541,696	4,255,101
Certificates of Participation	1,122,671	608,709	383,014	402,119
Capital Leases	180,504	185,586	153,405	99,077
Notes and Mortgages	558,925	519,771	466,211	354,463
TOTAL OUTSTANDING DEBT[1]	$ 5,161,229	$ 5,972,627	$ 5,544,326	$ 5,110,760
Percent Change Over Previous Year	-13.6% [4]	7.7%	8.5%	9.2%
Colorado Population (In Thousands)	4,832	4,789	4,935	4,842
Per Capita Debt (Dollars Per Person)	$1,068	$1,247	$1,168	$1,056
Per Capita Income (Thousands Per Person)	$44.5	$43.3	$43.5	$42.4
Per Capita Debt as a Percent of Per Capita Income	2.4%	2.9%	2.7%	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 2005-06	RESTATED 2004-05	RESTATED 2003-04	RESTATED 2002-03	2001-02	2000-01
$ 97,583	$ 15,574	$ 11,932	$ 16,581	$ 9,245	$ 4,188
106,322	98,829	80,281	82,116	76,096	49,658
$ 203,905	$ 114,403	$ 92,213	$ 98,697	$ 85,341	$ 53,846
78.2%	24.1%	-6.6%	15.7%	58.5%	890.9%
12,586,379	11,298,334	10,664,540	10,541,507	10,212,475	9,620,382
228,077	244,178	488,140	409,971	275,873	184,945
12,814,456	11,542,512	11,152,680	10,951,478	10,488,348	9,805,327
0.8%	0.1%	0.1%	0.2%	0.1%	0.0%
0.8%	0.9%	0.8%	0.8%	0.7%	0.5%
1.6%	1.0%	0.9%	0.9%	0.8%	0.6%

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01 [3]
$ 1,418,446	$ 1,512,987	$ 1,518,564	$ 1,273,146	$ 1,293,196	$ 1,028,880
196,475	63,332	44,244	57,132	54,406	-
17,482	22,308	16,040	8,546	3,473	63,123
415,000	520,000	397,023	-	-	4
2,047,403	2,118,627	1,975,871	1,338,824	1,351,075	1,092,007
2,304,485	2,063,378	1,578,903	1,553,595	1,240,946	1,017,866 [4]
260,578	75,729	73,724	46,811	54,545	-
60,724	90,140	86,531	85,919	47,222	103,001
6,946	9,402	6,262	6,602	1,444	19,590
2,632,733	2,238,649	1,745,420	1,692,927	1,344,157	1,140,457
3,722,931	3,576,365	3,097,467	2,826,741	2,534,142	2,046,746
457,053	139,061	117,968	103,943	108,951	-
78,206	112,448	102,571	94,465	50,695	166,124
421,946	529,402	403,285	6,602	1,444	19,594
$ 4,680,136	$ 4,357,276	$ 3,721,291	$ 3,031,751	$ 2,695,232	$ 2,232,464
7.4%	17.1%	22.7%	12.5%	20.7%	110.3% [4]
4,753	4,661	4,600	4,549	4,504	4,433
$985	$935	$809	$666	$598	$504
$40.9	$38.6	$36.7	$35.2	$35.0	$35.3
2.4%	2.4%	2.2%	1.9%	1.7%	1.4%

[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 issued to support the purchase and origination of student loans when it became a State agency. In Fiscal Year 2009-10, the decline was related to CollegeInvest's sale and retirement of $1.7 billion of those bonds.

REVENUE BOND COVERAGE[1]
2001 to 2010

(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)							
2009-10	$ 1,104,185	$ 936,194	$ 167,991	$ 113,300	$ 54,691	$ 167,991	1.00
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[2]							
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							
2009-10	$ 947,626	$ 477,126	$ 470,499	$ 46,650	$ 85,723	$ 132,373	3.55
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

[1] – Pledged revenues supporting the Governmental Funds TRANs are primarily federal grants under agreement with the Federal Highway Administration (FHWA) and before Fiscal Year 2009-10 include 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, were primarily student loan repayment amounts at CollegeInvest, which were 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.

[2] – As of Fiscal Year 2009-10, neither CollegeInvest nor State Fair had any outstanding revenue bonds requiring pledged revenues amount to be reported.

COLORADO DEMOGRAPHIC DATA
2001 to 2010

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 %
2010 est	4,832	1.56%	$ 214.9	$ 44,474	110.2%	*	7.9%
2009	5,025	1.64%	210.2	41,831	105.6%	2,493	7.7
2008	4,935	1.62%	214.7	43,506	107.0%	2,596	4.9
2007	4,842	1.57%	205.2	42,379	107.4%	2,602	3.8
2006	4,753	1.59%	194.4	40,900	108.5%	2,537	4.3
2005	4,661	1.58%	179.7	38,554	108.8%	2,437	5.1
2004	4,600	1.57%	168.6	36,652	108.2%	2,385	5.6
2003	4,549	1.57%	159.9	35,151	108.9%	2,324	6.1
2002	4,504	1.56%	157.8	35,036	111.4%	2,304	5.7
2001	4,433	1.55%	156.5	35,303	113.4%	2,304	3.8

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
2001 to 2010
(AMOUNTS IN THOUSANDS)

Industry[2]	2010 est	2009 est	2008	2007	2006	2005	2004	2003	2002	2001
Natural Resources and Mining	25.1	25.6	28.4	25.2	21.1	17.2	14.4	13.2	12.9	12.9
Construction	128.0	137.0	161.8	167.8	167.8	160.0	151.3	149.9	160.4	167.7
Manufacturing	128.2	132.0	144.2	147.0	149.1	150.4	151.8	153.9	163.8	179.5
Transportation, Trade, and Utilities	415.9	413.2	429.3	429.2	419.3	413.0	406.6	404.5	412.1	423.0
Information	72.3	43.1	77.0	76.4	75.4	76.9	81.2	84.6	92.9	107.3
Financial Activities	143.6	146.5	155.6	159.5	160.4	158.5	154.6	154.1	149.5	148.3
Professional and Business Services	331.5	325.0	351.6	347.9	331.8	316.8	304.1	292.0	296.2	312.3
Educational and Health Services	263.5	256.9	250.6	240.4	231.2	224.6	218.5	213.0	208.5	200.8
Leisure and Hospitality	257.5	258.0	273.0	270.4	264.9	257.5	251.3	245.6	247.0	247.2
Other Services	94.1	93.5	94.9	92.9	90.8	88.5	87.4	85.9	85.6	83.8
Government	387.6	389.7	384.1	374.7	367.2	362.6	358.5	356.2	355.4	344.1
Total	2,247.3	2,220.5	2,350.5	2,331.4	2,279.0	2,226.0	2,179.7	2,152.9	2,184.3	2,226.9

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.

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE 2001 to 2010

(AMOUNTS IN MILLIONS)

Year	Residential	Non-Residential	Non-Building	Total
2010 est	$ 2,473	$ 2,500	$ 1,550	$ 6,523
2009 est	2,077	3,200	1,700	6,977
2008	4,278	4,134	2,371	10,783
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	13,096
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

Source: F.W. Dodge Company, the Colorado Contractors Association, and the Colorado Business Economic Outlook Committee.

COLORADO SALES AND GROSS FARMING REVENUES 2001 to 2010

(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2010 est	$ 60.4	$ 6.81
2009 est	58.8	6.82
2008	66.8	7.42
2007	67.3	7.47
2006	61.7	6.79
2005	58.7	6.72
2004	55.8	6.39
2003	52.8	5.65
2002	52.9	5.38
2001	52.9	5.65

Retail sales based on SIC Codes 52-59.

Source: Colorado Department of Revenue, Colorado Agricultural Statistics Services, and the Colorado Business Economic Outlook Committee.

DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]
BY FUNCTIONS/PROGRAMS
Last Ten Years [2]

	2010		2009		2008
GOVERNMENTAL ACTIVITIES:					
General Government:					
Funds	601		593		556
Employees (calculated Full-Time Equivalent)	65,325		64,535		61,915
Balance in Treasury Pool (in millions)	$5,902.0		$5,663.2		$6,159.4
Business, Community, and Consumer Affairs:					
Professional Licenses at Regulatory Agencies	702,498		679,836		640,332
Unemployment Rate (percent) [4]	7.9		7.7		4.9
Employment Level [4]	*		2,492,540		2,596,309
Education:					
Public Schools	1,783		1,769		1,771
Primary School Students	832,368		818,443		802,639
Health and Rehabilitation:					
Average Daily Population of Mental Health Institutes [3]	554		569		548
Average Daily Population of Regional Centers [3,5]	329		378		403
Justice:					
District Court Cases Filed [3]	188,822		191,749		199,681
County Court Cases Filed [3]	562,570		554,165		579,069
Inmate Admissions	*		10,992		11,038
Inmate Releases	*		10,803		10,565
Average Daily Inmate Population	22,980		23,210		22,887
Citations Issued by the State Patrol	149,667	7	170,570	6	221,544
Crashes Covered by the State Patrol	18,662	7	26,159		27,260
Natural Resources:					
Active Oil and Gas Wells [3]	45,000		36,000		35,000
Oil and Gas Drilling Permits [3]	5,000		7,400		6,780
Annual State Park Visitors [3]	11,666,912		13,680,012		11,272,418
Water Loans	278		269		258
Social Assistance:					
Medicaid Recipients [3]	476,632		381,390		383,784
Average # of Cash Assistance Payments per Month [3]	58,119		57,200		62,647
Transportation:					
Lane Miles	*		23,060,630		23,036,480
Bridges	*		3,429		3,406
BUSINESS-TYPE ACTIVITIES:					
Higher-Education:					
Resident Students [3]	146,531		136,900		135,275
Nonresident Students [3]	24,869		23,166		22,069
Unemployment Insurance:					
Individuals Served - Employment and Training [3]	652,570		350,000		300,000
Initial Unemployment Claims [3]	408,644		120,074		119,561
CollegeInvest:[8]					
Loans Issued or Purchased	*		268,745		239,060
Average Balance per Loan	*		$6,326		$6,328
Lottery:					
Scratch Tickets Sold	99,657,606		104,217,790		101,604,127
Lotto Tickets Sold	41,620,408		43,552,521		41,071,837
Powerball Tickets Sold	101,568,085		100,733,520		109,565,516
Other Lottery Tickets Sold	26,833,674		20,831,732		19,148,564
Wildlife:					
Hunting & Fishing Licenses Sold [3]	1,630,000		2,300,000		1,545,659
College Assist:					
Guaranteed Loans - In State	45,793	9	115,486		140,232
Guaranteed Loans - Out of State	45,037		47,892		18,859

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.
[3] – Data represents estimates from budgetary documents and is not adjusted to actual.

2007	2006	2005	2004	2003	2002	2001
515	492	484	465	444	434	415
59,873	58,468	58,046	57,643	58,239	57,974	56,639
$5,250.7	$4,615.3	$3,951.1	$3,174.6	$2,241.4	$2,068.5	$3,080.6
575,124	576,982	517,597	*	*	*	229,903
3.8	4.3	5.1	5.6	6.1	5.7	3.8
2,602,015	2,537,037	2,436,795	2,384,562	2,323,554	2,304,109	2,303,494
1,771	1,731	1,667	1,728	1,613	1,658	1,656
794,026	780,708	766,657	757,021	751,862	742,145	724,508
528	539	539	570	688	699	697
403	403	403	411	400	397	413
189,884	187,498	*	*	165,467	160,245	168,325
552,592	547,143	*	*	461,847	457,246	460,149
10,625	10,168	9,433	8,165	7,799	7,802	6,952
10,110	8,954	8,249	7,504	6,977	6,554	6,114
22,424	21,438	20,228	19,478	18,636	17,367	16,605
226,324	234,052	246,918	206,052	176,869	160,919	149,872
28,277	28,648	30,645	33,635	34,133	37,102	40,541
34,000	30,000	25,300	24,000	23,423	*	*
4,200	3,800	2,200	*	*	*	*
11,475,000	11,869,897	11,190,201	11,565,810	11,170,000	11,400,000	10,755,581
255	244	241	227	213	206	197
429,233	446,341	375,410	362,654	326,058	304,508	281,430
66,728	68,822	68,150	85,339	*	*	67,100
22,999,470	23,105,769	23,029,858	23,138,578	23,061,021	22,851,000	22,814,000
3,775	3,757	3,754	3,714	3,698	3,698	
136,108	140,601	141,692	135,392	127,632	123,383	*
20,670	21,380	22,729	22,809	22,824	22,152	*
270,000	270,000	240,000	200,000	194,000	*	*
120,290	132,337	176,270	156,594	132,657	*	*
218,518	200,332	189,522	174,724	168,453	*	*
$6,057	$5,546	$5,098	$4,871	$4,486	*	*
99,199,686	111,883,645	119,441,166	114,543,013	111,793,347	129,775,201	143,418,930
39,835,761	38,332,996	38,266,176	40,818,461	48,272,866	57,651,698	88,945,211
101,570,695	119,757,642	80,912,792	85,041,776	75,705,463	79,893,821	0
17,407,163	16,858,542	15,052,291	14,508,537	13,245,564	13,222,846	12,482,380
1,399,978	1,409,064	1,450,000	1,235,551	1,525,679	1,423,377	1,478,617
146,616	*	*	*	*	*	*
5,080	*	*	*	*	*	*

[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 22, 2009. [7] – Data through October 31, 2010.

[8] – CollegeInvest sold its loan portfolio during Fiscal Year 2009-10 due to a statutory change resulting from a change in the federal program.

[9] – College Assist's Guaranteed Loans for In-State student decreased due to increased participation by the colleges in the federal direct lending program.

NUMBER OF FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION, AND AVERAGE MONTHLY SALARY
Last Ten Fiscal Years

	2009-10	2008-09	2007-08	2006-07
General Government	2,399	2,454	2,392	2,322
Business, Community, and Consumer Affairs	2,564	2,437	2,372	2,335
Education	37,093	36,042	34,469	33,464
Health and Rehabilitation	4,019	3,944	3,865	3,774
Justice	12,848	13,000	12,467	11,791
Natural Resources	1,607	1,587	1,583	1,522
Social Assistance	1,704	1,671	1,656	1,593
Transportation	3,091	3,400	3,111	3,072
TOTAL FTE	65,325	64,535	61,915	59,873
TOTAL CLASSIFIED FTE	32,799	32,820	31,995	31,075
AVERAGE MONTHLY SALARY	$ 4,367	$ 4,390	$ 4,278	$ 4,108
TOTAL NON-CLASSIFIED FTE	32,526	31,715	29,920	28,798
AVERAGE MONTHLY SALARY	$ 5,735	$ 5,723	$ 5,467	$ 5,214

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.

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
2,255	2,219	2,180	2,300	2,422	2,409
2,342	2,367	2,343	2,344	2,334	2,284
32,680	32,664	32,595	32,435	31,887	31,165
3,729	3,681	3,717	3,803	3,766	3,668
11,372	11,083	10,767	11,257	11,437	11,100
1,485	1,472	1,446	1,453	1,453	1,395
1,520	1,462	1,482	1,567	1,610	1,570
3,085	3,098	3,113	3,080	3,065	3,048
58,468	58,046	57,643	58,239	57,974	56,639
30,677	30,967	30,770	31,857	32,092	31,510
$ 4,036	$ 3,955	$ 3,867	$ 3,913	$ 3,700	$ 3,491
27,791	27,079	26,873	26,382	25,882	25,129
$ 5,066	$ 4,926	$ 4,759	$ 4,788	$ 4,563	$ 4,352

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.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
2000 TO 2009

Mileage Type	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
CenterLine Miles[1]:										
Urban	1,398	1,400	1,398	1,419	1,411	1,421	1,421	1,038	1,033	1,035
Rural	7,748	7,744	7,736	7,742	7,737	7,736	7,736	8,105	8,104	8,051
TOTAL CENTERLINE MILES	9,146	9,144	9,134	9,161	9,148	9,157	9,157	9,143	9,137	9,086
Percent Change	0.0%	0.1%	-0.3%	0.1%	-0.1%	0.0%	0.2%	0.1%	0.6%	-0.8%
Lane Miles[2]:										
Urban	5,352	5,238	5,232	5,322	5,247	5,262	5,236	4,058	4,031	4,041
Rural	17,709	17,798	17,767	17,784	17,784	17,875	17,825	18,792	18,782	18,659
TOTAL LANE MILES	23,061	23,036	22,999	23,106	23,031	23,137	23,061	22,850	22,813	22,700
Percent Change	0.1%	0.2%	-0.5%	0.3%	-0.5%	0.3%	0.9%	0.2%	0.5%	-0.9%

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 2009[3]

Functional Classification	2009	2008	2007	2006	2005	2004	2003	2002
Principal Arterial[1]	1,368	1,341	1,686	1,678	1,680	1,676	1,949	1,945
Other Principal Arterial[2]	794	795	911	884	943	894	321	322
Minor Arterial	761	773	802	798	787	798	818	817
Collector	426	404	350	368	319	326	403	405
Local	80	93	26	29	25	20	207	209
TOTAL BRIDGES	3,429	3,406	3,775	3,757	3,754	3,714	3,698	3,698
Percent Change	0.7%	-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.

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Three Years

	2010	2009	2008
GOVERNMENTAL ACTIVITIES:			
General Government	3,043,068	2,549,944	2,982,413
Business, Community, and Consumer Affairs[1]	980,198	981,809	937,389
Education	317,894	317,884	317,884
Health and Rehabilitation	1,489,338	1,365,606	1,561,507
Justice	8,398,319	8,103,126	8,047,872
Natural Resources	1,729,810	1,210,477	1,672,897
Social Assistance	1,824,175	1,700,847	1,351,964
Transportation	3,206,451	2,575,421	2,575,421
BUSINESS-TYPE ACTIVITIES:			
Higher-Education	46,277,915	44,026,204	41,437,896
Wildlife	1,109,004	1,065,240	901,526
TOTAL	68,376,172	63,896,558	61,786,769

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 Three Years

	2010	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:			
General Government	276,602	288,210	199,967
Business, Community, and Consumer Affairs[1]	517,447	515,708	508,439
Education	28,531	19,440	9,396
Health and Rehabilitation	455,218	420,272	434,469
Justice	857,026	868,060	850,185
Natural Resources	65,735	73,546	49,495
Social Assistance	55,801	34,459	28,963
BUSINESS-TYPE ACTIVITIES:			
Higher-Education	1,199,672	1,243,524	1,294,663
CollegeInvest	18,983	15,318	15,318
Lottery	59,915	61,682	61,682
Wildlife	73,064	15,267	75,944
College Assist	12,807	12,807	12,807
TOTAL	3,620,801	3,568,293	3,541,328

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.

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

APPENDIX B

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. See also "INTRODUCTION – State Economic and Demographic Information." The statistics have been obtained from the referenced sources and represent the most current information available; however, because certain information is released with a significant time lag, the information in many cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted for inflation or other economic influences. 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 "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – 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, sparsely populated and used for agriculture in many areas. 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. Fifty-five percent of the State's population and about 60 percent of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication 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 "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – OSPB Revenue and Economic Forecasts."

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Population and Age Distribution

The following table provides population estimates as of July 1 for each year from 2000 to 2010 for Colorado and the United States.

July 1 Population Estimates

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2000	4.33		282.17	
2001	4.43	2.4%	285.05	1.0%
2002	4.50	1.6	287.75	0.9
2003	4.55	1.0	290.24	0.9
2004	4.60	1.1	292.94	0.9
2005	4.66	1.3	295.62	0.9
2006	4.75	2.0	298.43	1.0
2007	4.84	1.9	301.39	1.0
2008	4.93	1.9	304.18	0.9
2009	5.02	1.8	306.66	0.8
2010	5.10	1.6	309.05	0.8

Note: All data are July 1 estimates and are not consistent with 2010 Census data. Intercensal population estimates consistent with Census 2010 were not available at the time of publication.
Sources: U.S. Census Bureau, Population Estimates Program.

The following table provides an age distribution for Colorado's population and the population nationwide based on the 2010 Census.

Age Distribution as of April 1, 2010

	Colorado		United States	
	Population (millions)	% of total	Population (millions)	% of total
Under 20 years	1.36	27.1%	83.27	27.0%
20 to 44 years	1.77	35.3	103.72	33.6
45 to 64 years	1.34	26.7	81.49	26.4
65 to 84 years	0.48	9.5	34.77	11.3
85+ years	0.07	1.4	5.49	1.8
Total	5.03	100.0%	308.75	100.0%
Median Age	36.1		37.2	

Note: Totals may not add due to rounding.
Source: U.S. Census Bureau, Census 2010.

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Income

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

Per Capita Personal Income in Current Dollars

	Colorado		Rocky Mountain Region[1]		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	42,386	3.6	37,775	4.1	39,461	4.7
2008	43,560	2.8	38,857	2.9	40,674	3.1
2009	41,895	(3.8)	37,515	(3.5)	39,635	(2.6)
2010	42,802	2.2	38,285	2.1	40,584	2.4

Note: Intercensal population estimates consistent with Census 2010 were not available at the time of publication. Per capita personal income for years 2005 through 2009 is total personal income divided by July 1 population estimates that are not consistent with Census 2010. Per capita personal income for 2010 is total personal income divided by April 1 population from Census 2010. Because the population bases are inconsistent, percentage change in per capita personal income between 2010 and prior years should be interpreted with caution.
[1]The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.
Source: U.S. Bureau of Economic Analysis.

Employment

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

Civilian Labor Force, Total Employment, and Unemployment Rates

					Annual Average Unemployment Rate	
	Colorado Civilian Labor Force (thousands)	**% Change**	**Colorado Total Employment (thousands)[1]**	**% Change**	**Colorado**	**United States**
2005	2,588.4		2,455.8		5.1%	5.1%
2006	2,655.6	2.6%	2,541.8	3.5%	4.3	4.6
2007	2,698.6	1.6	2,598.4	2.2	3.7	4.6
2008	2,737.3	1.4	2,605.5	0.3	4.8	5.8
2009	2,727.6	(0.4)	2,501.8	(4.0)	8.3	9.3
2010	2,687.4	(1.5)	2,447.7	(2.2)	8.9	9.6
Year-to-date averages through April 2011:						
2010	2,688.2		2,436.5		9.4%	10.2%
2011	2,668.9	-0.7%	2,420.9	-0.6%	9.3%	9.3%

[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.

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Employment (continued)

The following table shows Colorado employment by industry in the third quarter of each year from 2005 through 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 in Third Quarter

Industry	2005	2006	2007	2008	2009	2010	% Change, 2009Q3-2010Q3
Private Sector							
Agriculture, Forestry, Fishing, and Hunting	17,671	17,373	17,039	15,724	15,317	15,313	0.0%
Mining	17,724	21,443	25,772	29,039	22,760	24,983	9.8
Utilities	7,985	8,181	8,009	8,307	8,428	8,263	(2.0)
Construction	168,736	173,756	175,570	168,189	132,306	119,414	(9.7)
Manufacturing	151,356	149,889	147,091	144,421	128,160	126,409	(1.4)
Wholesale Trade	94,650	97,222	99,951	100,698	92,331	91,241	(1.2)
Retail Trade	246,043	247,441	254,216	253,247	237,383	238,148	0.3
Transportation and Warehousing	61,103	62,166	64,059	63,617	58,609	56,829	(3.0)
Information	77,158	75,384	76,358	76,866	73,990	71,382	(3.5)
Finance and Insurance	107,520	109,073	107,990	104,548	100,389	97,982	(2.4)
Real Estate and Rental and Leasing	47,300	48,034	48,234	47,061	42,519	41,445	(2.5)
Professional and Technical Services	155,964	163,128	171,236	176,357	166,993	167,047	0.0
Management of Companies and Enterprises	25,016	27,368	28,704	28,902	28,437	29,115	2.4
Administrative and Waste Services	141,436	148,317	155,628	152,121	134,761	138,947	3.1
Educational Services	24,368	25,138	26,353	26,955	27,413	28,422	3.7
Health Care and Social Assistance	197,472	202,857	211,065	220,609	225,885	232,830	3.1
Arts, Entertainment, and Recreation	44,496	45,396	45,620	46,956	45,797	46,013	0.5
Accommodation and Food Services	221,588	228,753	233,284	234,938	224,598	226,311	0.8
Other Services	65,786	66,394	67,674	69,609	66,040	66,180	0.2
Unclassified	219	291	567	1,012	585	282	(51.8)
Government	339,767	345,292	351,323	363,137	364,572	366,149	0.4
Total*	**2,213,356**	**2,262,896**	**2,315,741**	**2,332,313**	**2,197,273**	**2,192,705**	**-0.2%**

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

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Employment (continued)

The following table shows the largest private sector employers in Colorado as of 2010. 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 (2010)

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	24,490
Dillon Companies (King Soopers/City Market)	Grocery	18,620
Centura Health	Healthcare	13,000
Safeway Inc.	Grocery	10,000
Lockheed Martin Corporation	Aerospace & Defense-Related Systems	9,830
HealthONE Corporation	Healthcare	9,640
CenturyLink[2]	Telecommunications	7,760
Exempla Healthcare	Healthcare	7,320
Target Corporation	General Merchandise	7,180
Home Depot	Building Materials Retailer	6,710
Wells Fargo Bank	Financial Services	6,300
Kaiser Permanente	Healthcare	5,870
University of Denver	Private University	5,490
Comcast Corporation	Telecommunications	5,300
DISH Network	Satellite TV & Equipment	4,690
Oracle	Software & Network Computer Systems	4,520
United Airlines	Airline	4,500
The Children's Hospital	Healthcare	4,270
IBM Corporation	Computer Systems & Services	4,200
University of Colorado Hospital[3]	Healthcare, Research	4,000
Republic Airways Holdings, Inc. (Frontier Airlines)	Airline Holding Company	3,760
Xcel Energy	Utilities	3,700
United Parcel Service	Parcel Delivery	3,620
Ball Corporation	Aerospace, Containers	3,200
MillerCoors Brewing Company	Beverages	2,810

[1]Includes both full- and part-time employees.
[2]Formerly Qwest Communications International, Inc.
[3]Some workers are also included in the employment count for the University of Colorado System (next table).
Sources: Colorado Department of Labor and Employment; Development Research Partners.

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Employment (continued)

The following table shows the largest public sector employers in Colorado as of 2010.

Estimated Largest Public Sector Employers in Colorado (2010)

Employer	Estimated Employees[1]
Federal Government	36,880
State of Colorado	33,480
University of Colorado System[2]	15,200
Denver Public Schools	13,590
Jeffferson County Public Schools	12,150
City and County of Denver	12,000
US Postal Service	11,030
Cherry Creek School District No 5	7,810
Douglas County School District RE-1	7,110
Colorado State University	6,850
Denver Health	5,310
Adams 12 Five Star Schools	5,160
Aurora Public Schools	5,000
Colorado Springs School District 11	4,920
Boulder Valley School District RE-2	4,340
Colorado Springs Memorial Hospital	4,070
Poudre School District R-1	3,980
St. Vrain Valley School District RE-1J	3,970
City of Aurora	3,400
Mesa County Valley School District 51	3,350
Academy Schools District No 20	3,300
Thompson School District R2J	2,980
Jefferson County	2,870
Colorado Springs	2,570
Pueblo School District No 60	2,500

[1]Includes both full- and part-time employees.
[2]Some workers are also included in the employment count for the University of Colorado Hospital (previous table).
Source: Colorado Department of Labor and Employment.

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	184.52	(13.3)	134.17	-12.2%
2010	193.88	5.1	142.77	6.4%

Note: Data are preliminary and are subject to revision.
Source: Colorado Department of Revenue.

The following table provides a recent history of Colorado retail sales totals by industry.

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

Industry	2005	% Change	2006	% Change	2007	% Change	2008	% Change	2009	% Change	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%	$330.4	15.9%
Mining	1,402.4	41.9	2,239.9	59.7	2,955.1	31.9	3,414.2	15.5	2,226.6	(34.8)	2,536.2	13.9
Utilities	5,822.7	24.0	5,453.7	(6.3)	6,312.3	15.7	7,094.1	12.4	6,706.0	(5.5)	8,222.9	22.6
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)	2,759.3	(1.7)
Manufacturing	8,579.5	14.1	10,097.7	17.7	11,400.6	12.9	11,757.8	3.1	9,219.8	(21.6)	9,891.9	7.3
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)	12,365.7	4.0
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)	10,254.5	(15.6)	11,292.6	10.1
Furniture and Furnishings	2,376.5	2.3	2,481.7	4.4	2,573.8	3.7	2,353.2	(8.6)	1,893.9	(19.5)	1,902.8	0.5
Electronics and Appliances	1,914.4	1.7	2,074.0	8.3	2,304.7	11.1	2,244.0	(2.6)	1,982.9	(11.6)	2,137.3	7.8
Building Materials/Nurseries	5,572.8	12.0	5,820.6	4.4	5,766.4	(0.9)	5,281.0	(8.4)	4,202.7	(20.4)	4,393.3	4.5
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)	13,352.5	6.3
Health and Personal Care	1,744.7	4.7	1,978.3	13.4	2,139.1	8.1	2,268.8	6.1	2,350.1	3.6	2,523.8	7.4
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)	4,692.3	17.2
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)	3,113.4	7.6
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)	2,498.4	5.5
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)	11,088.8	1.0
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)	2,422.6	9.9
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)	2,917.6	4.4
Total Retail Trade	**58,748.4**	**5.2**	**62,993.5**	**7.2**	**67,332.1**	**6.9**	**66,682.2**	**(1.0)**	**58,476.7**	**(12.3)**	**62,335.4**	**6.6**
Transportation/Warehouse	789.9	12.1	887.0	12.3	829.4	(6.5)	756.2	(8.8)	585.8	(22.5)	520.4	(11.2)
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	6,857.5	(2.7)
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)	3,175.6	11.6
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)	3,135.6	8.0
Professional/Scientific/Technical	5,623.3	(9.1)	6,065.8	7.9	6,623.3	9.2	6,861.0	3.6	6,059.6	(11.7)	6,572.8	8.5
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)	1,830.3	2.0
Education	329.2	25.3	389.1	18.2	425.1	9.2	461.6	8.6	421.9	(8.6)	475.6	12.7
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	5,947.5	3.6
Arts/Entertainment/Recreation	781.6	9.7	890.1	13.9	952.6	7.0	971.5	2.0	903.8	(7.0)	951.4	5.3
Accommodation	2,281.2	7.6	2,600.3	14.0	2,904.8	11.7	3,033.8	4.4	2,566.9	(15.4)	2,704.5	5.4
Food/Drinking Services	6,744.0	4.5	7,443.9	10.4	8,042.5	8.0	8,229.0	2.3	7,976.5	(3.1)	8,339.3	4.5
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)	3,564.9	2.7
Government	353.7	29.8	322.8	(8.8)	299.3	(7.3)	249.6	(16.6)	241.6	(3.2)	255.2	5.6
Total All Industries	**123,431.0**	**8.4**	**135,691.6**	**9.9**	**148,910.8**	**9.7**	**152,809.2**	**2.6**	**134,169.6**	**(12.2)**	**142,772.2**	**6.4**

Note: Data are preliminary and are subject to revision. Some sales data are suppressed to protect confidentiality, so percentage changes reported may vary from the actual change that occurred in a given year.
Source: Colorado Department of Revenue.

Tourism

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

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2] *Conventions*		*Delegates*		*Spending*		Skier Visits[3]	
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
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	-	293.4	36.2	584.5	36.2	12.54	(0.2)
2009	5.51	1.1	66	(12.0)	244.7	(16.6)	487.4	(16.6)	11.86	(5.5)
2010	5.70	3.4	75	13.6	267.6	9.4	533.1	9.4	11.86	0.0

[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 recent history of the number of new residential units permitted in Colorado.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	**2 Units**	**3 and 4 Units**	**5 or more Units**	**Total Units Authorized**	**% 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)
2010	8,790	276	136	2,389	11,591	23.9
Year-to-date totals through April:						
2010	3,167	72	49	975	4,263	
2011	2,627	96	20	887	3,630	
% change	*-17.1%*	*33.3%*	*-59.2%*	*-9.0%*	*-14.8%*	

Source: U.S. Census Bureau.

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Residential Foreclosures

The following table provides a recent 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 proceed no less than 110 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins. Note that percentage changes in filing activity reflect events and trends external to the housing market, specifically foreclosure moratoria and, more recently, legal challenges that have slowed lenders' filing processes.

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)
2010	42,692	(8.0)	23,891	16.9
Year-to-date totals through first quarter:				
2010	11,136		6,686	
2011	8,115	-27.1%	5,605	-16.2%

[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

STATE PENSION SYSTEM

The information included in this Appendix relies on information compiled and presented in the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2010 (the latest period for which audited information for the Plan is available), prepared by PERA staff employees; by the firm Cavanaugh Macdonald Consulting, LLC, PERA's independent actuary, and audited by KPMG, LLP, PERA's independent public accounting firm. The valuation and other assessments of PERA constitute forward-looking information as described in the inside cover of this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuation and assessment may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations, and assessments.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created the Public Employees' Retirement Association ("PERA"), which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (for State employees) (the "State Division"), the School Division Trust Fund (for employees of school districts), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities) and the Judicial Division Trust Fund (for judges in the State). The defined benefit plan for the State Division is referred to herein as the "Plan." As described in more detail under the caption "Funding and Contributions" below, the Plan is funded with payments made by the State and by each employee, the amount of which are determined and established by statute. Benefits provided through the Plan are paid from the State Division. State employees hired after 2005 may, in lieu of participating in the Plan, elect to participate in a defined contribution plan (the "DC Plan") which is also administered by PERA. However, the majority of State employees participate in the Plan. See Notes 1 and 8 to the PERA 2010 CAFR for a discussion of the membership in the Plan and in the DC Plan, respectively. The State has no obligation to make contributions or fund benefits in divisions other than the State Division and Judicial Division of PERA. Because the majority of State employees participate in the Plan and not in the DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Post-Employment Benefits" in the body of the Official Statement and in this Appendix relates only to the Plan. See Note 20 to the State's Fiscal Year 2009-10 CAFR appended to this Official Statement and Note 8 to the PERA 2010 CAFR for a discussion of the DC Plan. The information in the State's Fiscal Year 2009-10 CAFR is based on PERA's Comprehensive Annual Financial Report for calendar year 2009; however, the information in this Appendix has been updated for the information provided in the PERA 2010 CAFR released in June 2011.

PERA. PERA is a statutorily created legal entity that is separate from the State (as further described in Title 24, Article 51, C.R.S.). PERA was established in 1931 and has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division and the Judicial Division. The State represents the majority, but not all, of the State Division employers and employees. Each division operates as a separate legal trust. PERA also operates a cost-sharing, multiple-employer post-employment benefit plan through the Health Care Trust Fund that provides a health care premium subsidy to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA

Infoline at 1-800-759-7372 or by visiting http://www.copera.org. **The reference to the website of PERA is included herein for informational purposes only, and information available at such website or in PERA's financial statements, or any information provided by PERA, is not incorporated in this Official Statement by reference or otherwise. The State makes no representations regarding the accuracy of the information available at such website.**

Plan Provisions

In response to funding challenges, the General Assembly has enacted changes to Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 18, 19 and 20 to the State's Fiscal Year 2009-10 CAFR appended to this Official Statement, the PERA 2010 CAFR and Title 24, Article 51, C.R.S., for a discussion of the various tiers of benefits under the Plan.

Funding and Contributions

Statutorily Required Contribution (SRC). The State's contributions to the Plan are based on percentages of employee wages, which percentages are set by statute. Such contribution percentages are referred to herein as the "Statutorily Required Contribution," or the "SRC," of the State. The baseline SRC that is made by the State for most State employees is 10.15% of each employee's salary for Fiscal Years 2009-10 and 2010-11. As discussed under "Annual Required Contribution" below, the SRC is lower than the actuarially computed Annual Required Contribution ("ARC"). The State has paid 100% of the SRC for each of Fiscal Years 2007-08 through 2009-10. See Note 18 to the State's Fiscal Year 2009-10 CAFR appended to this Official Statement for a summary of the SRC percentages payable by, and percentage amounts paid by, the State for such Fiscal Years. As required by statute, State employees generally contribute 8.0% of their wages to the Plan; however, for Fiscal Years 2010-11 and 2011-12, the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees replaced a 2.5% reduction in the State contribution for such Fiscal Years. No assurance can be given regarding whether the General Assembly, through legislative action, will or will not further modify the amounts required to be contributed to the Plan by the State and its employees in any given year.

The State enacted legislation in 2004 and 2006 to gradually increase employer contributions to the Plan by authorizing the Amortization Equalization Disbursement (the "AED") and the Supplemental Amortization Equalization Disbursement (the "SAED") to reduce the amount of time over which funding shortfalls in the Plan would remain outstanding. Both the AED and SAED are paid by the State as contributions to the Plan, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. When and if the scheduled increases in AED and SAED are fully implemented at the end of 2017, the total State contribution to the Plan will be equal to 20.15% of employee wages. See Note 18 to the State's Fiscal Year 2009-10 CAFR appended to this Official Statement for a discussion of the AED and SAED.

Annual Required Contribution (ARC). The Annual Required Contribution, or "ARC," is the amount required if the State were to fund each year's normal cost (*i.e.*, the present value of the benefits that the Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the Plan plus an annual amortization of the unfunded actuarial accrued liability ("UAAL"), assuming that the UAAL will be fully funded over a 30-year period. The ARC is designed to quantify the current liability for future benefit payments associated with a defined benefit plan, and is based on accounting standards which generally allow a maximum period of 30 years to fund shortfalls in the market or actuarial value of the Plan's assets. As a result, the ARC is higher than the SRC because it results in a 30-year amortization period of the UAAL instead of a 47-year amortization period (at December 31, 2010, based on contribution rates as of the date of calculation). The ARC amount varies from year-to-year as the investment market changes and the value of Plan assets changes, and is different from the SRC which, as described above, is set by statute and changed only when the General Assembly determines that the SRC will result in overfunding or underfunding of the Plan over the long term. As shown in Table 1 below, the State consistently makes the SRC, but in recent years it has not made the ARC.

Historical State Contributions. The following table shows (i) the ARC and SRC for the Plan over each of the ten years through December 31, 2010, (ii) the State's contributions expressed as a percentage of the ARC and (iii) the difference between the ARC and the State's actual contributions.

Table 1
Employer Contributions
State and School Division 2001 through 2005; State Division 2006 through 2010
(Dollar amounts in thousands)

Plan [1]	Calendar Year	Annual Required Contribution (ARC)	Statutory Required Contribution (SRC) [2]	Actual Employer Contribution	Actual Contribution as a Percent of ARC	Amount Unfunded ARC-Actual Employer Contribution
State Division	2010	$452,821 [3]	$287,624 [4]	$287,624	63.52%	$165,197
State Division	2009	426,999	297,240	297,240	69.61	129,759
State Division	2008	437,537	270,353	270,353	61.79	167,184
State Division	2007	385,352	232,997	232,997	60.46	152,355
State Division	2006	405,800	208,795	208,795	51.45	197,005
State and School Division	2005	918,466	491,031	491,031	53.46	427,435
State and School Division	2004	918,025	452,991	452,991	49.34	465,034
State and School Division	2003	571,156	387,920	387,920	67.92	183,236
State and School Division	2002	315,825	315,825	315,825	100.00	--
State and School Division	2001	314,649	314,649	314,649	100.00	--

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

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

[3] In accordance with GAAP, results in amortization of UAAL over 30 years as of December 31, 2010.

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

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

Plan Assets, Liabilities and Funding Levels

At December 31, 2010 (the latest period for which audited information for the Plan is available), based on PERA's CAFR for the Plan year ended December 31, 2010, the actuarial value of the Plan assets and the actuarial accrued liability ("AAL") of the Plan were $12.8 billion and $20.4 billion, respectively, resulting in a UAAL of $7.6 billion and a funded ratio of 62.8%. The UAAL would amortize over a 47-year period based on contribution rates as of the date of calculation (*i.e.*, contributions equal to the SRC). The actuarial value of assets for the Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Accordingly, the full effect of recent fluctuations in Plan assets as a result of economic and market conditions is not reflected in the funded ratio of 62.8%. At December 31, 2010, the funded ratio of the Plan based on the market value of assets was 61.3%, representing a UAAL of $7.9 billion. Table 2 below sets forth for each of the ten years through December 31, 2010, the UAAL, funded ratio and related information for the Plan based on the actuarial value of Plan assets. Table 3 below sets forth for each of the ten years through December 31, 2010, the UAAL, funded ratio and related information for the Plan based on the market value of Plan assets.

When calculating the funding status of the Plan as summarized in Table 2 below, PERA's CAFR for Plan year 2010 indicates that the following actuarial assumptions, among others, were used : (1) the actuarial cost method is based on the entry age of participants; (2) the Plan's UAAL is amortized as a level percent of payroll, on an open basis, over a 30-year period; (3) the valuation of assets is based on an actuarial value of assets whereby gains and losses relative to an 8.00% annual return are smoothed in over a four-year period; (4) projected salary increases are expected to range from 4.50% to 10.17%; (5) the rate of inflation is assumed to be 3.75% and the rate of productivity increase is 0.75%; however, both are included in the assumed 8.00% rate of investment return and in the projected salary increases; and (6) cost of living adjustments are assumed to be 2.00% per year. See Note 11 to the PERA 2010 CAFR for a discussion of the actuarial methods and assumptions used in calculating the funding status of the Plan. No assurance can be given that any of the assumptions underlying the actuarial valuations of the Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of plan assets, the AAL, the UAAL, the funded ratio or the ARC.

Table 2
Historical Funding Progress
Actuarial Value of Plan Assets
State and School Division 2001 through 2004; State Division 2005 through 2010
(Dollar Amounts in Thousands)

Plan [1]	Date Ending December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
State Division	2010	$12,791,946	$20,356,176	$ 7,564,230	62.8%	$2,392,080	316.2%
State Division	2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6
State Division	2008	13,914,371	20,498,668	6,584,297	67.9	2,371,369	277.7
State Division	2007	14,220,681	19,390,296	5,169,615	73.3	2,236,518	231.1
State Division	2006	13,327,290	18,246,010	4,918,720	73.0	2,099,325	234.3
State Division	2005	12,536,916	17,541,744	5,004,828	71.5	2,064,764	242.4
State and School Division	2004	28,594,699	40,783,531	12,188,832	70.1	5,303,439	229.8
State and School Division	2003	28,522,222	37,914,502	9,392,280	75.2	5,140,918	182.7
State and School Division	2002	28,551,607	32,463,918	3,912,311	87.9	5,278,586	74.1
State and School Division	2001	28,947,935	29,469,608	521,673	98.2	4,954,605	10.5

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

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

Table 3
Historical Funding Progress
Market Value of Plan Assets
State and School Division 2001 through 2005; State Division 2006 through 2010
(Dollar Amounts in Thousands)

Plan [1]	Valuation Date (December 31)	Market Value of Assets[2]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
State Division	2010	$12,487,105	$20,356,176	$ 7,869,071	61.3%	$2,392,080	329.0%
State Division	2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9
State Division	2008	10,508,301	20,498,668	9,990,367	51.3	2,371,369	421.3
State Division	2007	14,852,029	19,390,296	4,538,267	76.6	2,236,518	202.9
State Division	2006	14,041,260	18,264,010	4,222,750	76.9	2,099,325	201.1
State and School Division	2005	31,956,662	43,505,716	11,549,054	73.5	5,305,978	217.7
State and School Division	2004	30,019,896	40,783,531	10,763,635	73.6	5,303,439	203.0
State and School Division	2003	27,123,836	37,914,502	10,790,666	71.5	5,140,918	209.9
State and School Division	2002	22,023,781	32,463,918	10,440,137	67.8	5,278,586	197.8
State and School Division	2001	25,500,904	29,469,608	3,968,704	86.5	4,954,605	80.1

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

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

Sources: PERA Comprehensive Annual Financial Reports for calendar years 2001 through 2010

APPENDIX D

DTC BOOK-ENTRY SYSTEM

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

None of the State, the State Treasurer, the Deputy State Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller or the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2011A Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2011A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2011A Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2011A Notes. The Series 2011A 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 2011A Note certificate will be issued for the Series 2011A Notes, in the aggregate principal amount thereof, and will be deposited with DTC.

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

Purchases of Series 2011A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011A 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 2011A 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 2011A Notes except in the event that use of the book-entry system for the Series 2011A Notes is discontinued.

To facilitate subsequent transfers, all Series 2011A 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 2011A 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 2011A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011A 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 2011A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011A Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2011A Notes may wish to ascertain that the nominee holding the Series 2011A Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2011A 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 2011A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2011A 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 2011A 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 2011A 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 2011A Note certificates are required to be printed and delivered to the appropriate registered owners of the Series 2011A Notes.

The State may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2011A Notes. In that event, Series 2011A Note certificates will be printed and delivered to DTC.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

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

State of Colorado
General Fund Tax and Revenue Anticipation Notes
Series 2011A

Ladies and Gentlemen:

We have acted as bond counsel to the Treasurer of the State of Colorado (the "Treasurer") in connection with the issuance of the "State of Colorado, General Fund Tax and Revenue Anticipation Notes, Series 2011A" in the aggregate principal amount of $500,000,000 (the "Notes") pursuant to the resolution of the Treasurer (the "Resolution") adopted and approved on July 12, 2011. In such capacity, we have examined the certified proceedings relating to the Notes and such other documents and such law of the State of Colorado (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Resolution.

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

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

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

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

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

4. Interest on the Notes (a) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), (b) is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the "adjusted current earnings adjustment" applicable to corporations for purposes of computing the alternative minimum taxable

income of corporations, and (c) is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the certified proceedings relating to the Notes and in certain other documents and certain other certifications furnished to us.

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

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

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

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,