Comprehensive Annual Financial Report

Bill Ritter, Jr.
Governor

For the Fiscal Year Ended June 30, 2009

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

REPORT LAYOUT

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

INTERNET ACCESS

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

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

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

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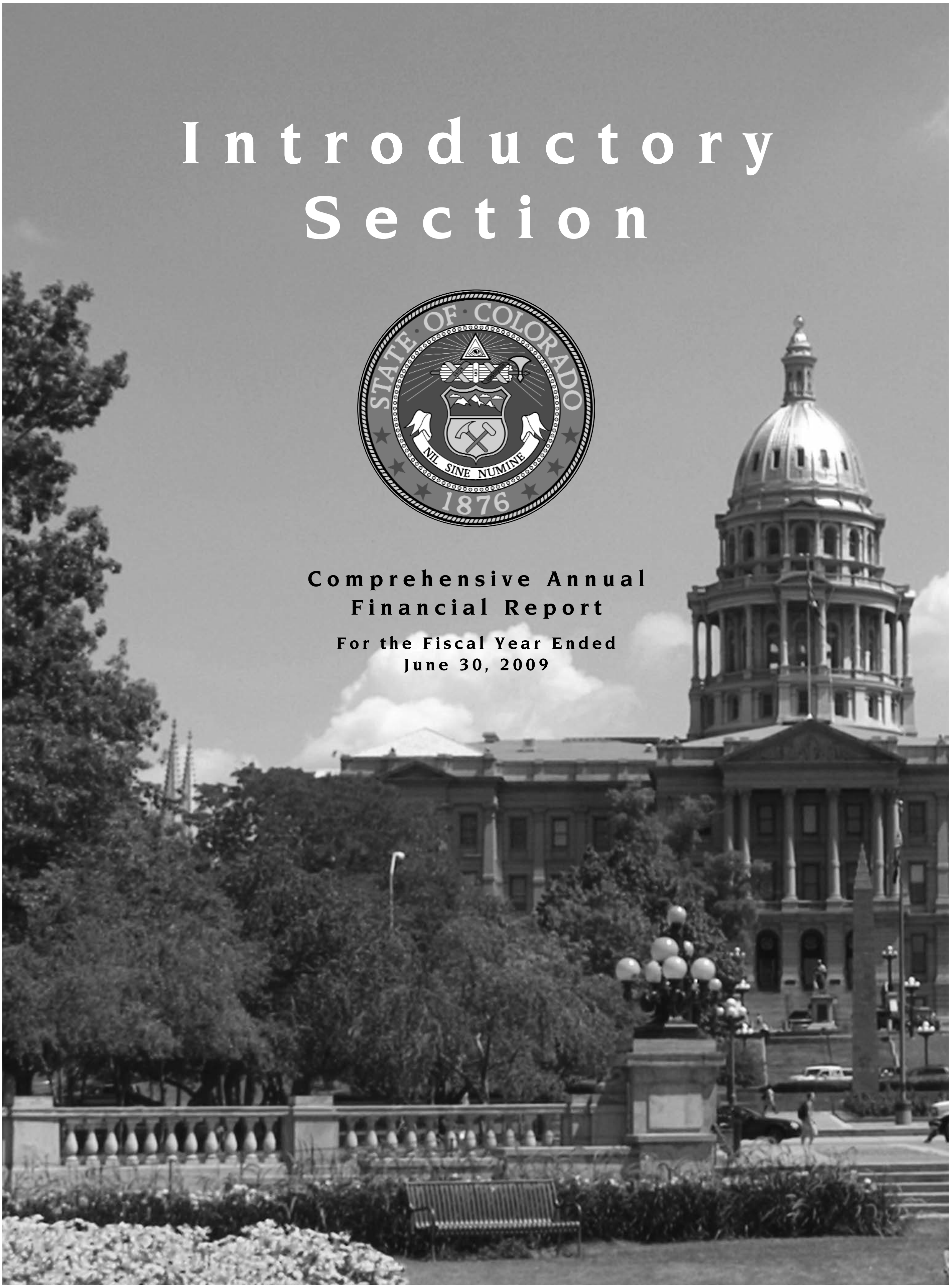

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

State of Colorado

Bill Ritter, Jr.
Governor

Rich Gonzales
Executive Director

Jennifer Okes
Deputy Executive Director

David J. McDermott
State Controller

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December 18, 2009

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

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

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

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

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

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

University of Colorado Hospital Authority
Colorado Water Resources and Power Development Authority
University of Colorado Foundation
Colorado State University Foundation
Colorado School of Mines Foundation
University of Northern Colorado Foundation
Other Component Units (nonmajor):

- Denver Metropolitan Major League Baseball Stadium District
- CoverColorado
- Venture Capital Authority
- Renewable Energy Authority
- Higher Education Competitive Research Authority

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

PROFILE OF THE STATE OF COLORADO

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

The state maintains a separation of powers utilizing three branches of government – executive, legislative, and judicial. The executive branch comprises four major elected officials – Governor, State Treasurer, Attorney General, and Secretary of State. Most departments of the state report directly to the Governor; however, the Departments of Treasury, Law, and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four-year terms with a limit on the number of terms allowed.

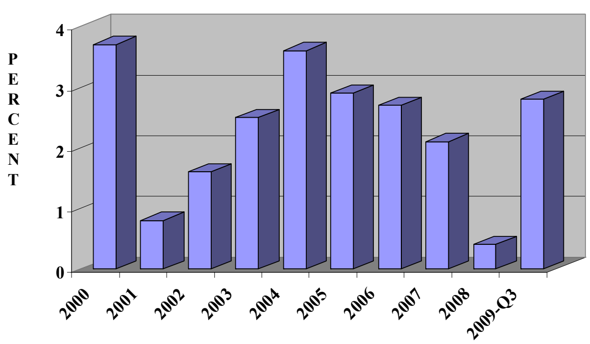
The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives who are also term limited. It is a citizen legislature whose general session lasts 120 days beginning in January of each year. Special sessions may be called by the Governor at his discretion and are limited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

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

ECONOMIC CONDITION AND OUTLOOK

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

PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



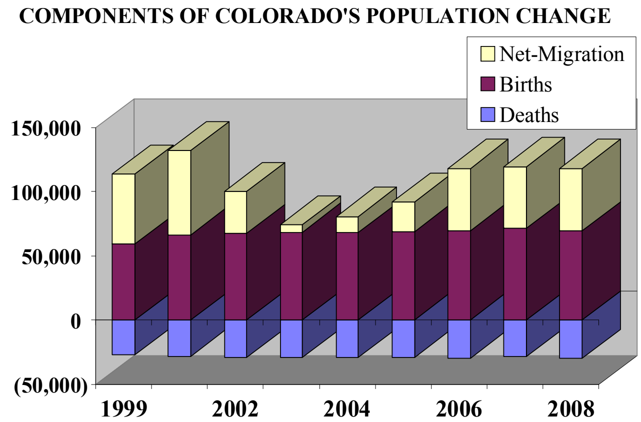
Inflation adjusted national gross domestic product (GDP) grew at an annual rate of 0.4 percent in calendar year 2008 and by an estimated 2.8 percent in the third quarter of 2009. Inflation adjusted GDP decreased 2.5 percent from the third quarter of 2008 to the third quarter of 2009 (all percentage changes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

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

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

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

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



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

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

MAJOR GOVERNMENT FISCAL INITIATIVES

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

The General Assembly enacted the following budget balancing measures:

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

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

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

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

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

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

BUDGETARY AND OTHER CONTROL SYSTEMS

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

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

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

INDEPENDENT AUDIT

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

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

CERTIFICATE OF ACHIEVEMENT

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

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

ACKNOWLEDGMENTS

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

Sincerely,

David J. McDermott

David J. McDermott, CPA
Colorado State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

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

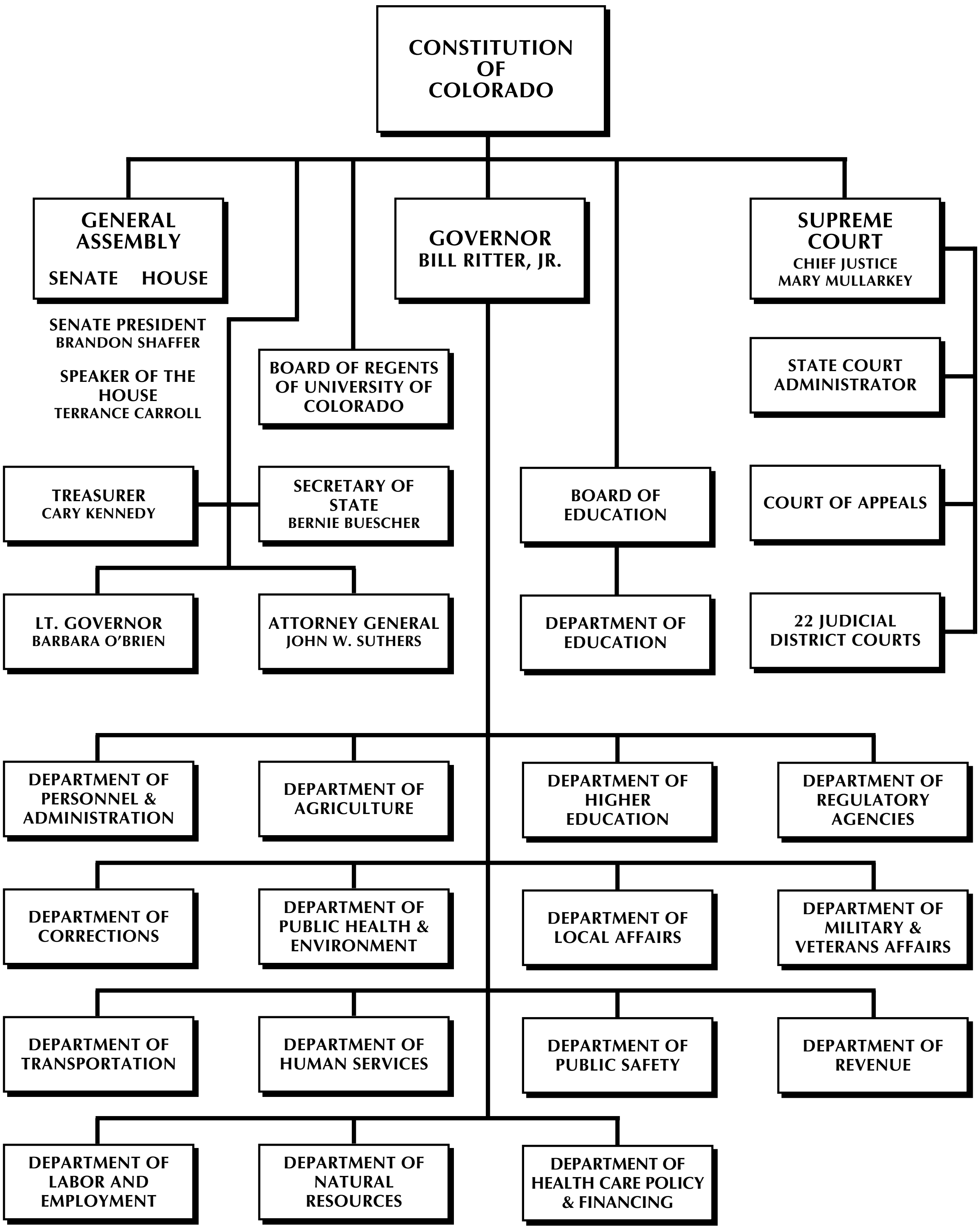
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

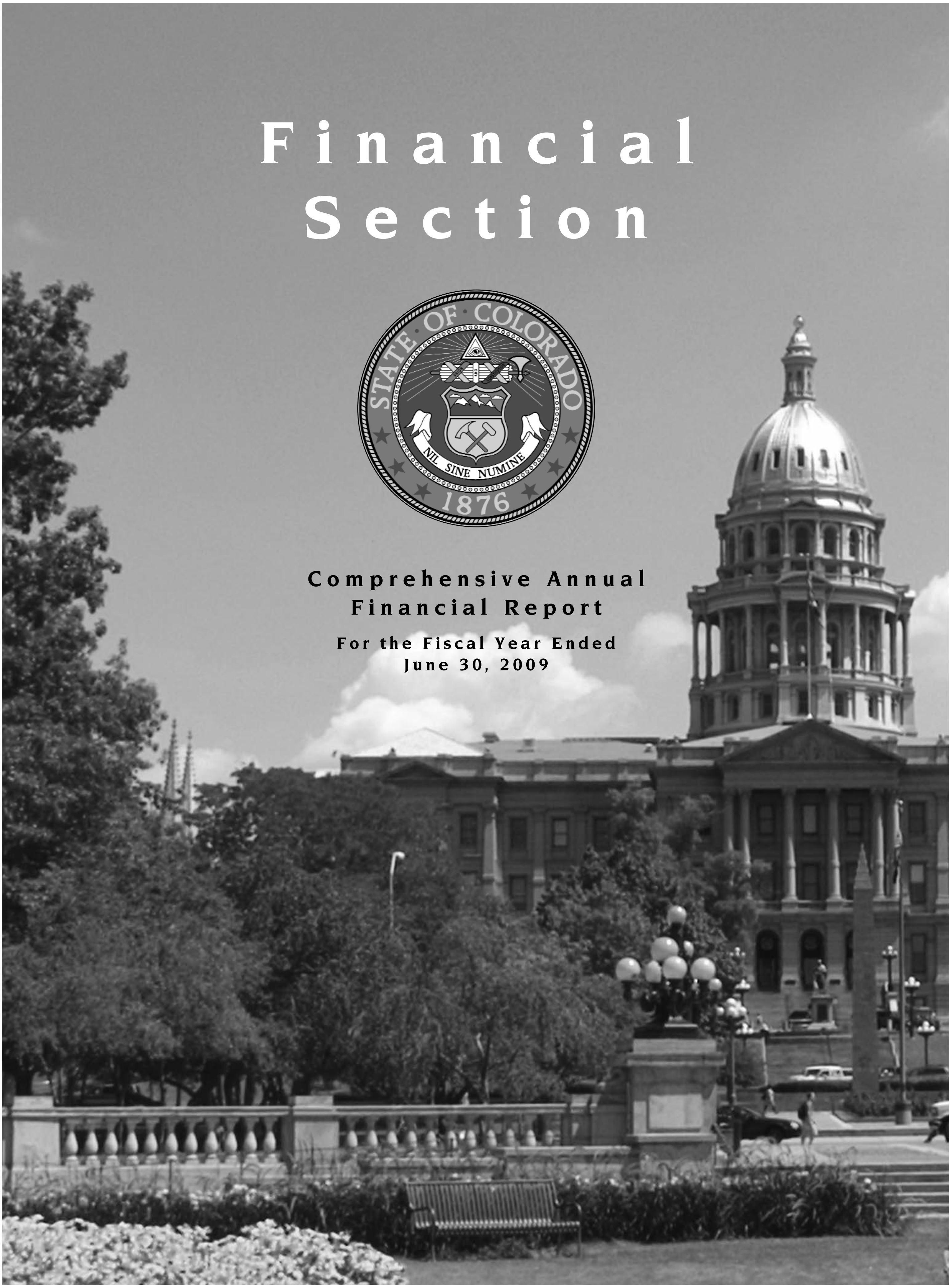
President

Executive Director

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS



Financial Section



Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2009

STATE OF COLORADO

Sally Symanski, CPA
State Auditor

OFFICE OF THE STATE AUDITOR
303.869.2800
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Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

December 18, 2009

Independent Auditor's Report

Members of the Legislative Audit Committee:

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

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

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

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

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

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

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

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

Sally Symanski

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

Government-wide:

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

Fund Level:

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

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

Debt Issued and Outstanding:

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

Revenue and Spending Limits:

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

Government-wide Statements

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

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

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

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

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

Fund-Level Statements

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

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

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

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

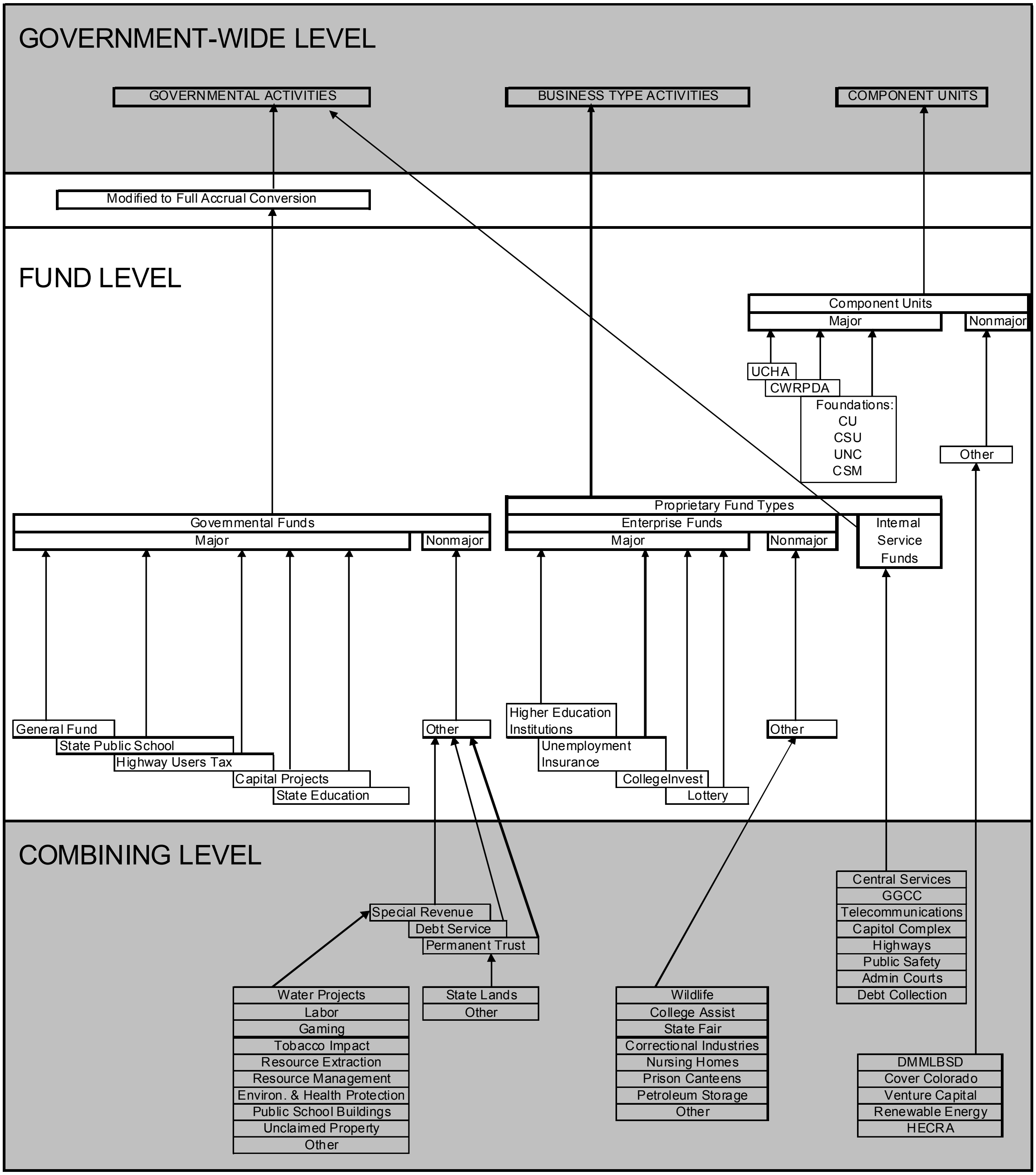
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

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

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


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

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

(Amounts in Thousands)

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

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

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

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

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

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

(Amounts in Thousands)

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

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

TABOR Revenue, Debt, and Tax-Increase Limits

Background and Current Condition

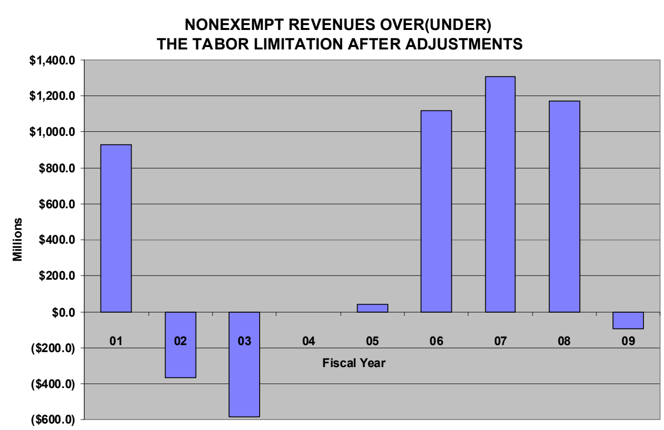
Fiscal Year 2008-09 is the sixteenth year of state operations under the TABOR revenue limitations (Article X, Section 20 of the State Constitution). With certain exceptions, the rate of growth of state revenues is limited to the combination of the percentage change in the state's population and inflation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

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

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

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

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



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

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

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

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

Referendum C

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

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

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

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

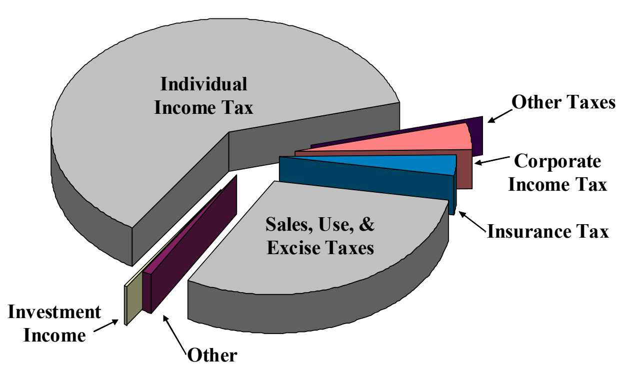
INDIVIDUAL FUND ANALYSIS

General Fund

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

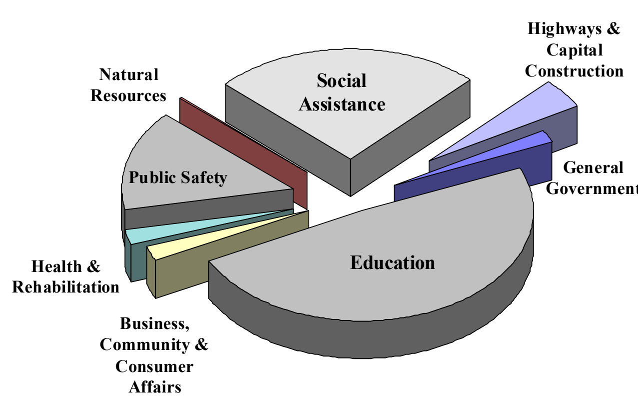
The ending fund balance of the General Fund, as measured by generally accepted accounting principles, was $335.4 million, an increase of $128.0 million from the prior year. The required General Fund Reserve for Statutory Purposes was $148.2 million, a decrease of $135.3 million from the prior year primarily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

GENERAL-PURPOSE REVENUES BY SOURCE



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

EXPENDITURES BY FUNCTION FROM GENERAL PURPOSE REVENUES



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

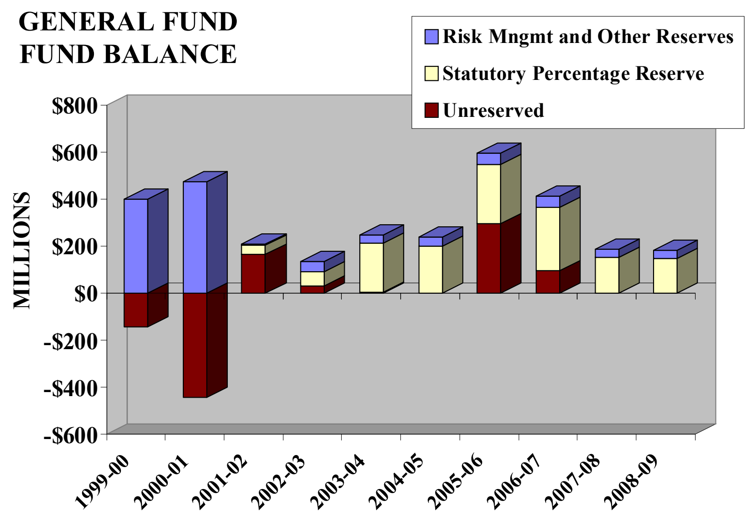
With expenditures measured using generally accepted accounting principles, the Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 80.5 percent of all Fiscal Year 2008-09 general-funded expenditures, which is an increase of 2.8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

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

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

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

GENERAL FUND FUND BALANCE



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

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

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

State Public School Fund

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

Highway Users Tax Fund

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

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

Capital Projects Fund

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

State Education Fund

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

Higher Education Institutions

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

Unemployment Insurance

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

CollegeInvest

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

State Lottery

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

ANALYSIS OF BUDGET VARIANCES

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

Differences Between Original and Final Budgets

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

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

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

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

- Department of Health Care Policy and Financing (HCPF) – The department's final budget exceeded the original budget by $36.7 million, a 2.4 percent increase. The increase was the result of the following:
  - $46.5 million net increase in the general-funded appropriations for Medical Service Premiums required for matching Medicaid grant funds. The appropriation was first increased by $53.5 million to address anticipated increases in Medicaid clients and costs, including an increase in the original estimate of Medicaid clients from 381,390 to 433,304. The appropriation was subsequently reduced by $7.0 million when caseload projections declined between the January and March estimates. As described in Note 8, the department overexpended the Medical Services Premiums line by $11.2 million.
  - $6.9 million decrease in the general-funded appropriations relating to Medicare primarily due to a lower than expected increase in caseload and cost estimates and by delaying the May 2009 payment until after fiscal year-end.
  - $3.0 million decrease in the general-funded appropriation for Medical Service Premiums by using monies in the Supplemental Old Age Pension Fund to pay certain Medicaid expenditures.
  - $3.7 million decrease in the general-funded appropriation for Medical Service Premiums due to a change in the methodology used to calculate nursing home provider rates.

- Department of Revenue – The department's final budget exceeded the original budget by $75.6 million. The increase was primarily due to a $86.9 million error in recording the original budget. The appropriation for Old Age Pension was incorrectly recorded as a cash rather than general-funded budget. (The department's final budget shown on the General Fund Surplus Schedule on page 157 is reduced by $10.9 million in transfers to various cash funds that are shown in the Transfers section for presentation purposes.)

- Department of Treasury – The department's original budget exceeded the final budget by $25.0 million. The decrease was primarily due to a $34.8 million reduction in the funding of the Fire and Police Pension Association pension in response to the state's budget crisis. The reduction was offset by a $5.8 million increase for debt service payments on the Tax Revenue Anticipation Notes that the State Treasurer issued to fund an interest free loan program for local school districts pending their receipt of property tax revenues. At the time of the original budget estimate the level of participation by local school districts was unknown, and therefore, the related debt service could not be accurately estimated. The department also received a $2.8 million increase to transfer monies into the Colorado State Veteran's Trust Fund to repay monies previously used to offset a General Fund revenue shortfall.

Differences Between Final Budget and Actual Expenditures

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

- Department of Corrections – The department reverted $7.6 million primarily due to lesser than anticipated increases in utilization and costs related to offenders' medical treatment and lesser than anticipated demand for offender placement in private prisons.

- Department of Health Care Policy and Financing – The department reverted $212.9 million net of the $12.2 million statutorily authorized overexpenditure in the Medicaid program detailed in Note 8A. The reversions were the result of an increase in the Federal Medical Assistance Percentage (FMAP) under ARRA. The FMAP percentage increased from 50 percent to 60.39 percent and the resulting increased federal funding allowed a decrease in general-funded appropriations. The state elected not to reduce the appropriation so that the department's reversion would be available to fund other general-funded programs.

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

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

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

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

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

(Amounts in Millions)

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

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

Fiscal Year 2008-09
(Amounts in Millions)

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

Fiscal Year 2007-08
(Amounts in Millions)

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

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

INFRASTRUCTURE ASSETS REPORTED UNDER THE MODIFIED APPROACH

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

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

(Amounts in Millions)

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

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

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

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

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

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

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

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

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

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

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

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

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

Several conditions adversely affect the state's future operations:

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

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

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

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

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

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

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

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

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

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

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
JUNE 30, 2009

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

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

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

Total General Revenues, Special Items, and Transfers

Change in Net Assets

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

Net Assets - Ending

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

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

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

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

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

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

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

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

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

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

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

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

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

(E) Other measurement focus adjustments include:

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

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

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

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

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

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

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

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

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

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

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

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

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

(Continued)

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

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

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

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

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

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

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

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

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2009

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES 1 Through 7 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

NOTE 2 – REPORTING ENTITY

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

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

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

The following entities qualify as discretely presented component units:

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

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

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

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

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

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

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

University of Colorado Foundation
4740 Walnut Street
Boulder, Colorado 80301

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 4 – BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

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

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

The state's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

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

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

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

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

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

PROPRIETARY FUND TYPE:

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

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

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

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

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

GOVERNMENTAL FUND TYPE (NONMAJOR):

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

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

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

PROPRIETARY FUND TYPE (NONMAJOR):

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

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

FIDUCIARY FUND TYPE:

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

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

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

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

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

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

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

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

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

Natural Resources
Department of Natural Resources

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

Transportation
Department of Transportation

Component Units

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

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

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

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

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND-LEVEL FINANCIAL STATEMENTS

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

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

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

Expenditures are recognized in governmental funds when:

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

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

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

Component Units

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

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

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

A. CASH AND POOLED CASH

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

B. RECEIVABLES

Component Units

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

C. INVENTORY

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

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

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

D. INVESTMENTS

Primary Government

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

Component Units

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

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

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

E. CAPITAL ASSETS

Primary Government

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

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

(Amounts in Dollars)

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

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

(Amounts in Years)

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

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

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

Component Units

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

F. DEFERRED REVENUE

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

G. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

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

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

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

Component Units

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

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

H. INSURANCE

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

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

I. NET ASSETS AND FUND BALANCES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/EXPENSES

A. PROGRAM REVENUES

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

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

B. INDIRECT COST ALLOCATION

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

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

C. OPERATING REVENUES AND EXPENSES

Primary Government

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

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

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

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

NOTE 8 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

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

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

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

Medicaid Overexpenditures:

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

Department of Human Services Overexpenditures Other Than Medicaid:

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

Statewide Overexpenditures Subject to the $1.0 Million Limit:

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

- Department of Health Care Policy and Financing – Personal Services – The Department of Health Care Policy and Financing overexpended this line item by $147,605 of general funds. The department traditionally manages this line using amounts made available by vacant positions related to employee turnover. When employee turnover was less than expected, fewer funds were available, resulting in this overexpenditure.
- Department of Health Care Policy and Financing – CBMS SAS-70 Audit – The Department of Health Care Policy and Financing overexpended this line item by $2,788 of general funds. The overexpenditure occurred because the Random Moment Sampling percentages used as a basis of cost allocation were higher than expected.
- Department of Education – Legal Services – The Department of Education overexpended this line item by $9,067 of cash funds. The overexpenditure occurred due to an increase in the number of cases prosecuted as well as those requiring judiciary hearings because of appeals to the State Board of Education.

Overexpenditures Not Subject to Statutory Approval:

The following overexpenditures occurred in the Department of Human Services.

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

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

- Workers' Compensation Premiums – The department overexpended this line by $4,306,071 of reappropriated funds. The overexpenditure occurred due to higher than expected Workers' Compensation claims. A delay in processing May and June claims led to the department missing the budget supplemental deadline.
- Mail Services – Personal Services – The department's Mail Services Division overexpended this line item by $373,890 of cash funds. The department historically covered these costs through its administrative expenditure allocation. However, the transfer of personnel due to the statewide information technology consolidation lessened the amount of available allocation and resulted in the overexpenditure.
- Vehicle Leases – The department overexpended this line by a total of $10,045 in cash funds. The overexpenditure occurred due to legislation implementing the statewide information technology consolidation. The legislation reduced the line by a greater amount than anticipated and a supplemental budget request was denied.

The following overexpenditures occurred in the Department of Military Affairs.

- Capital Construction – Englewood STARC Headquarters – The department overexpended this line by $118,978 in general funds. The overexpenditure occurred due to higher than expected federal participation in a capital construction project. Statute requires a reduction in state funds when more federal funds are received, and the department did not reduce their General Fund usage.
- Capital Construction – Newfield Maintenance Shop – The department overexpended this line by $437,087 in cash funds. The overexpenditure occurred due to higher than expected federal participation in a capital construction project. Statute requires a reduction in state funds when more federal funds are received, and the department did not reduce their General Fund usage.

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

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

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

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

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

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

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

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

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

NOTE 9 Through 17 – DETAILS OF ASSET ITEMS

NOTE 9 – CASH AND POOLED CASH

Primary Government

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

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

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

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

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

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

Component Units

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

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

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

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

NOTE 10 – NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

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

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

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

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

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

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

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

NOTE 11 – RECEIVABLES

Primary Government

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

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

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

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

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

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

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

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

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

Component Units

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 12 – INVENTORY

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

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

NOTE 13 – PREPAIDS, ADVANCES, AND DEFERRED CHARGES

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

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

NOTE 14 – INVESTMENTS

Primary Government

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

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

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

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

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

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

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

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

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

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

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

(Amounts in Thousands)

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

Custodial Credit Risk

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

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

(Amounts in Thousands)

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

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

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

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

(Amounts in Thousands)

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

Credit Quality Risk

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

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

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

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

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

(Amounts In Thousands)

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

Interest Rate Risk

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

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

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

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

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

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

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

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

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

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

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

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

(Dollar Amounts in Thousands, Duration in Years)

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

Foreign Currency Risk

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

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

Concentration of Credit Risk

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

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

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

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

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

Unrealized Gains and Losses

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

(Amounts in Thousands)

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

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

Component Units

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

Component Units – Non-Foundations

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

(Amounts in Thousands)

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

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

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

(Amounts in Thousands)

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

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

Credit Quality Risk

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

(Amounts In Thousands)

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

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

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

Interest Rate Risk

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

(Dollar Amounts in Thousands, Duration in Years)

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

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

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

Foreign Currency Risk

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

Concentration of Credit Risk

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

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

Investments Highly Sensitive to Interest Rate Risk

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

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

Component Units – Foundations

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

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

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

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

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

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

NOTE 15 – TREASURER'S INVESTMENT POOL

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

NOTE 16 – CAPITAL ASSETS

Primary Government

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

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

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

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

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

(Amounts in Thousands)

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

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

(Amounts in Thousands)

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

Component Units

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

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

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

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

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

NOTE 17 – OTHER LONG-TERM ASSETS

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

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

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

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

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

NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

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

Administration of the Plan

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

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

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

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

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

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

Defined Retirement Benefits

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

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

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

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

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

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

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

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

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

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

Money Purchase Retirement Benefit

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

Service Requirement and Termination

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

Disability and Survivor Benefits

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

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

B. FUNDING POLICY

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

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

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

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

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

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

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

The state made the following retirement contributions:

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

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

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

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

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

Component Units

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

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

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

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

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

Primary Government

PERA Health Care Trust Fund

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

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

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

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

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

University of Colorado – Other Postemployment Benefits Plan

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

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

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

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

(Amounts In Thousands)

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

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

(Amounts In Thousands)

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

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

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

Colorado State University – Other Postemployment Benefits Plans

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

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

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

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

(Amounts In Thousands)

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

(Amounts In Thousands)

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

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

(Amounts In Thousands)

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

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

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

Other Programs

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

Component Units

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

NOTE 20 – OTHER EMPLOYEE BENEFITS

Primary Government

A. MEDICAL AND DISABILITY BENEFITS

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

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

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

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

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

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

B. EMPLOYEE DEFERRED COMPENSATION PLAN

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

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

C. OTHER RETIREMENT PLANS

PERA 401k Plan

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

PERA Defined Contribution Retirement Plan

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

Beginning on July 1, 2009, the administration of the state's defined contribution retirement plan will be transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing state plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contributions.

State Defined Contribution Retirement Plan

On January 1, 1999, the state began providing a defined contribution retirement plan for certain eligible employees identified in statute. The plan is authorized by Colorado Revised Statutes 24-52-201 through 24-52-209 and is governed by the rules and regulations established for the plan by the nine-member Deferred Compensation Committee. The state is the sole contributing employer of the plan.

Prior to January 1, 2006, the following state employees were eligible to participate in the plan: a member of the general assembly, the Governor, the Lieutenant Governor, the Attorney General, the chief deputy attorney general, the solicitor general, the Secretary of State, the deputy secretary of state, the State Treasurer, the deputy state treasurer, a district attorney, an assistant district attorney, a chief deputy district attorney, a deputy district attorney, or other employee of a district attorney, a member of the public utilities commission, an executive director of a department of the state appointed by the Governor, an employee of the senate or the house of representatives, and a nonclassified employee of the Governor's Office.

After December 31, 2005, in addition to the individuals listed above, any new employee hired in the state personnel system is eligible to participate in the defined contribution plan unless the employee is:

- an employee of a Higher Education Institution,
- commencing employment as an elected official, or
- has been a member of the Public Employees Retirement Association (PERA) within the prior twelve months.

Notwithstanding these limitations, an employee is eligible to participate in the defined contribution plan if they are a PERA retiree serving as a state elected official. Participation in the plan by eligible employees is voluntary; however, if the election to participate is not made within 60 days the employee automatically becomes a member of the Public Employees Retirement Association (PERA).

At June 30, 2009, and June 30, 2008, the plan's three investment providers reported a total of 2,309 and 1,865 accounts, respectively. At the same dates there were 1,884 and 908 individuals actively contributing to the plan.

Contributions to the plan are set in statute as a percent of salary and are required to be the same as the contributions to the defined benefit plan and defined contribution plans administered by PERA. From July 1, 2008, to December 31, 2008, the state contribution rate was 12.05 percent and from January 1, 2009, to June 30, 2009 the rate was 12.95 percent. The employee was required to contribute 8 percent of gross covered wages throughout the year.

The financial statements of the Defined Contribution Plan are prepared on the accrual basis of accounting in accordance with NCGA Statement 1 and Governmental Accounting Standards Board Statement 25. The Plan recognizes member and employer contributions as additions in the period in which the employee provides services. Investments are reported at fair value based on quoted market prices.

Beginning on July 1, 2009, the administration of the state's defined contribution retirement plan was transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing state plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contributions.

Higher Education Optional Retirement Plans

Legislation in 1992 authorized state institutions of higher education the option of offering other retirement plans to their employees. At that time, certain employees had the choice of retaining their membership in PERA. As a result of the legislation, some employees of various institutions may be covered under defined contribution plans such as the Teachers Insurance and Annuity Association (TIAA-CREF), the Variable Annuity Life Insurance Corporation (VALIC), or other similar plans. Generally these plans are available to faculty or other staff members who are not part of the state's classified employee system. Faculty members at the University of Colorado are also covered under Social Security.

Other State Retirement Plans

The state made contributions to other retirement plans of \$90.5 million and \$81.2 million during Fiscal Years 2008-09 and 2007-08, respectively. In addition, the state paid \$76.3 million and \$69.4 million in FICA and Medicare taxes on employee wages during Fiscal Years 2008-09 and 2007-08, respectively.

Of the benefit plans discussed in this note, financial statements for the Deferred Compensation Plan, the state's Defined Contribution Plan, and the Group Benefit Plans are presented on the following page.

STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ -	$ 39	$ 28,526	$ 28,565
Other Receivables, net	4,355	-	3,826	8,181
Due From Other Governments	-	-	37	37
Due From Other Funds	-	-	18,334	18,334
Prepaids, Advances, and Deferred Charges	-	-	13	13
Total Current Assets	4,355	39	50,736	55,130
Noncurrent Assets:				
Investments:				
Mutual Funds	349,249	18,649	-	367,898
Total Noncurrent Assets	349,249	18,649	-	367,898
TOTAL ASSETS	353,604	18,688	50,736	423,028
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	589	5	10,930	11,524
Due To Other Funds	148	-	-	148
Claims and Judgments Payable	-	-	16,621	16,621
Total Current Liabilities	737	5	27,551	28,293
Noncurrent Liabilities:				
Accrued Compensated Absences	9	1	43	53
Total Noncurrent Liabilities	9	1	43	53
TOTAL LIABILITIES	746	6	27,594	28,346
NET ASSETS:				
Held in Trust for:				
Pension/Benefit Plan Participants	352,858	18,682	22,742	394,282
Unrestricted	-	-	400	400
TOTAL NET ASSETS	$ 352,858	$ 18,682	$ 23,142	$ 394,682

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ADDITIONS:				
Member Contributions	$ 46,537	$ 3,872	$ 70,952	$ 121,361
Employer Contributions	-	4,618	178,277	182,895
Investment Income/(Loss)	(46,027)	(2,576)	1,267	(47,336)
Employee Deferral Fees	-	81	894	975
Other Additions	1	-	11,392	11,393
Transfers-In	-	-	1,347	1,347
TOTAL ADDITIONS	511	5,995	264,129	270,635
DEDUCTIONS:				
Benefits and Withdrawals	18,899	1,912	-	20,811
Health Insurance Premiums Paid	-	-	89,533	89,533
Health Insurance Claims Paid	-	-	116,126	116,126
Other Benefits Plan Expense	-	-	19,593	19,593
Administrative Expense	1,009	84	-	1,093
Other Deductions	300	10	21,928	22,238
Transfers-Out	29	11	170	210
TOTAL DEDUCTIONS	20,237	2,017	247,350	269,604
CHANGE IN NET ASSETS	(19,726)	3,978	16,779	1,031
NET ASSETS AVAILABLE:				
FISCAL YEAR BEGINNING	377,477	14,704	6,363	398,544
Prior Period Adjustment (Note 28)	(4,893)	-	-	(4,893)
FISCAL YEAR ENDING	$ 352,858	$ 18,682	$ 23,142	$ 394,682

Component Units

Employees of the Colorado Water Resources and Power Development Authority are covered under the PERA 401K Defined Contribution Pension Plan discussed above.

The University of Colorado Hospital Authority provides a single employer defined contribution plan (401a) and a single employer tax-deferred annuity plan (403b) that required the authority to make matching contributions of $5.5 million in Fiscal Year 2008-09. The hospital also provides a single employer tax deferred plan (457b) that did not require authority contributions. All three plans are administered by third-party investment companies. The financial statements of these pension plans are available from the authority.

NOTE 21 – RISK MANAGEMENT

Primary Government

The state currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. The Risk Management Fund is reported as part of the General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state. Property claims are not self-insured; the state has purchased property insurance, which includes flood and terrorism coverage. Settlements have not exceeded insurance coverage in any of the three prior years.

All funds and agencies of the state with the exception of the component units, the University of Colorado, Colorado State University (not including CSU-Pueblo), and the University of Northern Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical claims experience.

Claims are reported in the General Fund in accordance with GASB Interpretation No. 6, and therefore, related liabilities are only reported to the extent that they are due and payable at June 30. On the government-wide statements, risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Those liabilities include an amount for claims that have been incurred but not reported and an adjustment for nonincremental claims expense that is based on current administrative costs as a percentage of current claims and projected to the total actuarial claims estimate.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the short and long-term liabilities of the Risk Management Fund.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state uses the services of Pinnacol Assurance, a related organization, to administer its plan. The state reimburses Pinnacol for the current cost of claims paid and related administrative expenses.

Before January 1, 2000, the state and its employees were self-funded for medical claims of employees and state officials under the State Employee and Officials Group Insurance Internal Service Fund. From January 1, 2000 through June 30, 2005, the state and its employees purchased insurance for those claims. Beginning July 1, 2005, the state returned to a self-funding approach for medical claims except for stop-loss insurance purchased for claims over $150,000 per individual. In Fiscal Year 2008-09, the state recovered approximately $7.9 million related to the stop-loss insurance claims. The state's contribution to the premium is subject to appropriation by the legislature each year, and state employees pay the difference between the state's contribution and the premium required to meet actuarial estimates. Since the amount of the state contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund (see Note 20).

For claims related to events occurring before October 1, 1996, the Regents of the University of Colorado participate in the University of Colorado Insurance Pool (UCIP) – a public-entity self-insurance pool. After that date, the university became self-insured for workers' compensation, auto, and general and property liability. As of March 31, 2009, the Colorado Division of Insurance approved the dissolution of UCIP, and all remaining claim liabilities were transferred to the university's self-insurance program. An actuary projects the self-insured plan's undiscounted liabilities. The university purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $750,000 per worker's compensation claim, and $1,000,000 per general liability claim.

Tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $150,000 per person and $600,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2008-09, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Denver. The university manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $200,000 per person and $9.8 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2008-09 for this program. There have been no collections against the aggregate stop-loss insurance in the previous three years; however, the university collected $1,228,601 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2007 through 2009. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased insurance to cover claims greater than $1.0 million per occurrence and in the aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2008-09, and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $200,000. The related liability is based on underwriting review of claims history and current data. A liability is recorded for the university's employee long-term disability plan based on expected claims payout as determined by the third party administrator. The university is self-insured for worker's compensation up to $500,000, and has purchased re-insurance for individual claims up to $1.0 million. For general liability claims, the university is self-insured up to $500,000 per occurrence and has purchased excess insurance for claims over that amount.

Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $5.0 million and additional insurance purchased for claims up to $10.0 million per occurrence. The university is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. There were no significant reductions in insurance coverage in Fiscal Year 2008-09, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, auto, and worker's compensation risks primarily through the purchase of insurance. The university has purchased $3.0 million of general liability insurance ($5,000 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($50,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $500,000 of employee fraud insurance ($1,000 deductible), and $500.0 million of commercial property insurance ($25,000 deductible). Prior to Fiscal Year 2005-06, the university was covered under the state risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2008-09, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2008-09	$ 17,703	$ 6,435	$ 6,435	$ 17,703
2007-08	23,959	(1,305)	4,951	17,703
2006-07	25,167	3,333	4,541	23,959
Workers' Compensation				
2008-09	83,203	37,147	36,203	84,147
2007-08	76,095	41,206	34,098	83,203
2006-07	82,123	24,659	30,687	76,095
Group Benefit Plans:				
2008-09	17,254	135,837	136,470	16,621
2007-08	17,547	132,422	132,715	17,254
2006-07	15,175	134,363	131,991	17,547
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2008-09	14,080	4,040	6,457	11,663
2007-08	13,349	7,004	6,273	14,080
2006-07	15,720	4,701	7,072	13,349
University of Colorado Denver:				
Medical Malpractice				
2008-09	4,175	2,830	1,940	5,065
2007-08	5,246	349	1,420	4,175
2006-07	6,561	(767)	548	5,246
Graduate Medical Education Health Benefits Program				
2008-09	1,257	8,693	8,347	1,603
2007-08	1,138	6,403	6,284	1,257
2006-07	1,024	6,196	6,082	1,138
Colorado State University:				
Medical, Dental, and Disability Benefits				
2008-09	17,798	28,919	28,179	18,538
2007-08	13,953	29,104	25,259	17,798
2006-07	11,742	22,664	20,453	13,953
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2008-09	75	15	66	24
2007-08	358	(51)	232	75
2006-07	1,725	(889)	478	358

Component Units

In order to manage malpractice claims risk, the University of Colorado Hospital Authority participates in a self-insurance trust called the University of Colorado Self-Insurance and Risk Management Trust. The trust provides coverage up to the governmental immunity limits ($150,000 per individual and $600,000 per occurrence) and contracts with a commercial insurance company for coverage to $6.0 million per occurrence or in aggregate per year when governmental immunity does not apply. For Fiscal Year 2008-09, the hospital recorded premium and administrative expenses of $390,000. The trust had a fund balance of $760,000, which was in excess of $5,065,000 in reserves for losses and loss adjustment expense. The hospital purchases insurance coverage for theft, property damage, injuries and accidents, business interruption, automobile, nonowned aircraft, errors and omissions, fiduciary responsibility, and employee health and dental through commercial insurance companies.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss.

NOTE 22 – LEASE COMMITMENTS

Primary Government

State management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. They are therefore treated as noncancellable for financial reporting purposes.

At June 30, 2009, the state had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease

	Land	Buildings	Equipment and Other
Governmental Activities	$ 735	$ 50,349	$ 52,357
Business-Type Activities	3,799	95,088	22,728
Total	$ 4,534	$ 145,437	$ 75,085

At June 30, 2009, the state expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 333	$ 742	$ 1,075
Business-Type Activities	-	1,988	1,988
Total	$ 333	$ 2,730	$ 3,063

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three institutions governed by the Colorado State University System Board of Governors in their research and educational efforts. The support provided by the foundation to the institutions includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development, and management. Colorado State University subleases space, vehicles, and equipment from the foundation. At June 30, 2009, the total obligation for the space was $12,388, and the total obligation for the vehicles and equipment was $4,048,483.

The Community College of Aurora made operating lease payments of approximately $1.0 million to the Community College of Aurora Foundation, which is the landlord for the college's main campus.

Morgan Community College made lease payments of $58,306 to the Morgan Community College Foundation for classroom facilities.

Trinidad State Junior College made operating lease payments of $103,928 to the Trinidad State Junior College Educational Foundation.

The Colorado Community College System made lease payments of $479,794 to the Colorado Community College System Foundation.

The state is obligated under certain leases that it accounts for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the lease agreements are not reflected in the assets or liabilities of the funds.

For Fiscal Year 2008-09, the state recorded building and land rent of $43.8 million and $19.4 million in governmental and business-type activities, respectively. The state also recorded equipment and vehicle rental expenditures of $7.2 million and $27.2 million in governmental and business-type activities, respectively. The above amounts were payable to entities outside the state and do not include transactions with the state fleet management program.

The state recorded $1.9 million of lease interest costs in the governmental activities and $1.6 million in the business-type activities. The $11.4 million of capital lease proceeds shown on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance* is primarily related to the Department of Human Services entering a lease for approximately $9.9 million of energy improvements to its various buildings.

Future minimum payments at June 30, 2009, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
2010	$ 40,749	$ 15,194	$ 12,178	$ 11,054
2011	35,959	11,909	13,267	15,183
2012	28,967	9,247	13,003	10,117
2013	24,844	7,577	11,007	9,727
2014	21,172	6,387	9,608	9,258
2015 to 2019	65,492	22,958	34,992	40,672
2020 to 2024	1,285	2,100	19,455	25,939
2025 to 2029	45	1,425	7,531	6,574
2030 to 2034	53	3	3,480	2,058
2035 to 2039	61	-	-	-
2040 to 2044	71	-	-	-
2045 to 2049	31	-	-	-
Total Minimum Lease Payments	218,729	76,800	124,521	130,582
Less: Imputed Interest Costs			32,708	36,809
Present Value of Minimum Lease Payments	$ 218,729	$ 76,800	$ 91,813	$ 93,773

Component Units

The University of Colorado Hospital Authority leases certain equipment under noncancellable operating leases. Rental expense for operating leases approximated $4.9 million for Fiscal Years 2008-09. Future minimum lease payments for these leases at June 30, 2009, are:

(Amounts in Thousands)

Fiscal Year	Amount
2010	$ 6,664
2011	3,846
2012	2,880
2013	1,810
2014	1,705
Thereafter	4,239
Total Minimum Obligations	$ 21,144

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2012. Total rental expense for the year ended December 31, 2008 was $119,951. The total minimum rental commitment under this lease is $420,153 as of 2008.

Effective October 1, 1999, the University of Colorado Foundation entered an agreement to lease the building in which it operates. The foundation recorded a lease liability equal to the present value of the future minimum lease payments under the lease, which was $3.9 million at June 30, 2009. Total minimum lease payments including interest at June 30, 2009, were $5.2 million. The lessor of the building has promised to make a nonreciprocal transfer of the building or its cash equivalent to the foundation on or before September 2014. The net book value of the property and equipment under the capital lease totaled $2.3 million, net of accumulated depreciation of $3.4 million, as of June 30, 2009.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2016. The total rental expense for the year ended June 30, 2009 was $255,225. The total minimum rental commitment under the leases was $1.2 million at June 30, 2009.

NOTE 23 – SHORT-TERM DEBT

On July 8, 2008, the State Treasurer issued $350.0 million of General Fund Tax Revenue Anticipation Notes, Series 2008A. The notes were due and payable on June 26, 2009, at a coupon rate of 3.0 percent. The notes were issued to meet short-term cashflow needs of the General Fund and were repaid before June 30, 2009, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes for local school districts in anticipation of local school district revenues to be collected at a later time. On July 23, 2008, the State Treasurer issued $215.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2008A. The notes had a coupon rate of 1.75 percent and matured on August 7, 2009.

On December 18, 2008, the State Treasurer issued $300.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2008B. The notes had a coupon rate of 1.0 percent and matured on August 7, 2009. For each issuance, the State Treasurer established a Note Repayment Account that was funded before June 30, 2009, in an amount adequate to fully defease the outstanding notes. School districts were required to repay the loans prior to the state's fiscal year-end, and the State Treasurer placed the loan repayments in the Note Repayment Account that was restricted to paying off the notes on the August 7, 2009, due date.

The following schedule shows the changes in short-term financing for the period ended June 30, 2009:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 350,000	$ (350,000)	$ -
Education Loan Anticipation Notes	$ 460,000	515,000	$ (460,000)	515,000
Total Governmental Activities Short-Term Financing	460,000	865,000	(810,000)	515,000
Total Short-Term Financing	$ 460,000	$ 865,000	$ (810,000)	$ 515,000

NOTE 24 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Primary Government

Various Higher Education Institutions, the Department of Corrections, the Highway Users Tax Fund, the State Nursing Homes, and CollegeInvest have issued notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment, to construct facilities or infrastructure, or to finance student loans. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. The state is not allowed by its Constitution to issue general obligation debt except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies; additional restrictive limitations related to the valuation of taxable property apply.

During Fiscal Year 2008-09 the state's governmental activities had $168.0 million of federal and state revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. Collectively, the state's business-type activities had $563.0 million of available net revenue after operating expenses to meet the $151.3 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 34.)

The state recorded $234.2 million of interest costs, of which, $80.8 million was recorded by governmental activities and $153.5 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $11.7 million of General Fund interest on Tax Revenue Anticipation Notes issued by the Department of Treasury, $61.2 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, and $5.7 million of interest primarily on Certificates of Participation issued by the Department of Corrections. The business-type activities interest cost primarily comprises $79.2 million of interest on revenue bonds issued by Higher Education Institutions, $46.4 million of interest on revenue bonds issued by CollegeInvest, and $27.4 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program. College Assist is a nonmajor enterprise fund.

During Fiscal Year 2008-09, the State Treasurer entered a lease purchase agreement under which a Trustee issued $230,845,000 of State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation (COPs) Series 2008. The COPs were issued at a net premium of $180,940 and were a combination of serial and term maturities with the final maturity in November 2027. The COPs carried coupon rates ranging from 3.0 percent to 5.5 percent with a total interest cost of 5.38 percent. The Certificates of Participation and the related leased assets are recorded in the Higher Education Institutions Enterprise Fund.

The COPs proceeds will be used to fund renovations, additions, and new construction at twelve state institutions of Higher Education and were collateralized with existing properties at eleven of the twelve institutions. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to average $16.2 million for the first ten years and $16.8 million for the second ten years. The legislation envisions annual appropriations of Federal Mineral Lease (FML) Program revenues to fund the semi-annual lease payments required. Total lease payments anticipated from the FML source are $325.5 million, and three institutions will make $42.8 million of lease payments over the life of the COPs to fund the portion of their required project match that they elected to finance through the COPs. Due to a shortfall in federal mineral lease revenues the legislature appropriated $26.6 million from the Capital Projects Fund to pay the Fiscal Year 2008-09 and 2009-10 lease payments.

Annual maturities of notes, bonds, and COPs payable at June 30, 2009, are as follows:

(Amounts in Thousands)

Governmental Activities

Fiscal	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 113,300	$ 54,691	$ 515,000	$ 5,587	$ 8,766	$ 11,348	$ 637,066	$ 71,626
2011	119,385	48,605	-	-	12,570	7,025	131,955	55,630
2012	125,265	42,725	-	-	12,325	6,461	137,590	49,186
2013	132,105	35,889	-	-	11,220	6,016	143,325	41,905
2014	140,545	27,446	-	-	11,325	5,194	151,870	32,640
2015 to 2019	430,325	36,023	-	-	57,336	19,471	487,661	55,494
2020 to 2024	-	-	-	-	29,175	5,948	29,175	5,948
2025 to 2029	-	-	-	-	5,435	2,970	5,435	2,970
2030 to 2034	-	-	-	-	8,415	1,332	8,415	1,332
Subtotals	1,060,925	245,379	515,000	5,587	156,567	65,765	1,732,492	316,731
Unamortized Prem/Discount	46,048	-	-	-	5,486	-	51,534	-
Totals	$1,106,973	$ 245,379	$ 515,000	$ 5,587	$ 162,053	$ 65,765	$1,784,026	$ 316,731

(Amounts in Thousands)

Business-Type Activities

Fiscal	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 71,210	$ 101,438	$ 851	$ 197	$ 13,395	$ 21,880	$ 85,456	$ 123,515
2011	75,615	99,757	464	163	14,005	21,273	90,084	121,193
2012	79,025	97,740	473	147	14,654	20,627	94,152	118,514
2013	99,215	95,449	438	129	15,359	19,940	115,012	115,518
2014	58,605	93,035	453	102	16,089	19,221	75,147	112,358
2015 to 2019	310,060	426,710	2,048	223	93,065	83,755	405,173	510,688
2020 to 2024	452,940	351,384	62	14	119,615	56,655	572,617	408,053
2025 to 2029	440,925	247,447	22	1	129,416	21,922	570,363	269,370
2030 to 2034	412,765	160,481	-	-	25,025	1,267	437,790	161,748
2035 to 2039	849,225	69,965	-	-	-	-	849,225	69,965
2040 to 2044	698,995	10,596	-	-	-	-	698,995	10,596
Subtotals	3,548,580	1,754,002	4,811	976	440,623	266,540	3,994,014	2,021,518
Unamortized Prem/Discount	20,073	-	(40)	-	6,033	-	26,066	-
Unaccreted Interest	(17,065)	-	-	-	-	-	(17,065)	-
Totals	$ 3,551,588	$ 1,754,002	$ 4,771	$ 976	$ 446,656	$ 266,540	$4,003,015	$2,021,518

The revenue bond column in the table above includes $1.7 billion of principal issued by CollegeInvest, a portion of which is variable rate debt. CollegeInvest calculates the expected interest payments at each year-end based on the current interest rates. Changes in market rates caused a significant decline in the interest to maturity as compared to the prior year.

The original principal amount of the state's debt disclosed in the above tables is as follows:

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ 1,487,565	$ 515,000	$ 185,436	$ 2,188,001
Business Type Activities	4,031,087	11,069	473,518	$ 4,515,674
Total	$ 5,518,652	$ 526,069	$ 658,954	$ 6,703,675

Component Units

The debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2008, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2009	$ 51,685	$ 50,769	$ 102,454
2010	55,150	48,483	103,633
2011	58,965	45,867	104,832
2012	59,265	43,094	102,359
2013	57,180	40,309	97,489
2014 to 2018	273,660	161,400	435,060
2019 to 2023	233,735	98,348	332,083
2024 to 2028	123,465	52,489	175,954
2029 to 2033	69,115	32,052	101,167
2034 to 2038	59,070	13,255	72,325
2039 to 2043	27,070	4,409	31,479
Total Future Payments	$ 1,068,360	$ 590,475	$ 1,658,835

The original principal amount for the outstanding bonds was $1.6 billion. Total interest paid during 2008 amounted to $52.1 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation.

The Water Resources Revenue Bonds, Series 2003A and 2003B, Series 2004A, 2004B, 2004C, 2004D, and 2004E, and Series 2005A, 2005E, and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B and Series 2005C are insured as to payment of principal and interest by Assured Guaranty Corp. The Water Resources Revenue Bond Series 2005D are insured as to payment of principal and interest by Financial Security Assurance, Inc. The authority can issue up to $150 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds and as of December 31, 2008, had $82.7 million of these bonds outstanding.

During Fiscal Year 2008-09, the hospital met all the financial ratio requirements of its indentures. The hospital's interest payments in Fiscal Year 2008-09 were $25.5 million.

The aggregate maturities of long-term debt for the University of Colorado Hospital Authority at June 30, 2009, are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2010	$ 9,937	$ 23,490	$ 33,427
2011	10,182	23,260	33,442
2012	9,660	22,807	32,467
2013	10,075	22,548	32,623
2014	10,510	21,900	32,410
2015 to 2019	59,090	102,190	161,280
2020 to 2024	73,720	87,252	160,972
2025 to 2029	91,205	68,568	159,773
2030 to 2034	115,770	46,549	162,319
2035 to 2039	108,800	25,661	134,461
2040 to 2044	44,200	4,431	48,631
Total Long-Term Debt Payments	543,149	448,656	991,805
Less: Unamortized Discount	(1,896)		
Deferred Amount on Refunding of			
Series 1997 A Bonds	(4,072)		
Series 2008 B Bonds	(8,369)		
Total Carrying Amount of Long-Term Debt	$ 528,812		

In July 2007, the University of Colorado Foundation established a $20.0 million, three-year committed, unsecured line of credit with a bank. The credit line carried variable interest based on the lending bank's floating prime rate less 125 basis points. No amounts were outstanding at June 30, 2009.

In April 2009, the Denver Metropolitan Major League Baseball Stadium District entered into a five-year noninterest bearing Promissory Note for $2.4 million to acquire certain real and personal property relating to maintaining a view plane to preserve mountain views from Coors Field.

NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2008-09:

(Amount in Thousands)

	Restated Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 3,033	$ 1	$ (32)	$ 3,002	$ 2,985
Accrued Compensated Absences	138,537	37,625	(26,557)	149,605	8,930
Claims and Judgments Payable	373,411	22,735	(839)	395,307	36,936
Capital Lease Obligations	60,031	33,990	(2,208)	91,813	8,227
Bonds Payable	1,216,006	5,505	(114,538)	1,106,973	113,300
Certificates of Participation	172,865	275	(11,088)	162,052	8,766
Other Long-Term Liabilities	364,117	48,406	(14,749)	397,774	-
Total Governmental Activities Long-Term Liabilities	2,328,000	148,537	(170,011)	2,306,526	179,144
Business-Type Activities					
Accrued Compensated Absences	179,147	33,041	(14,015)	198,173	12,753
Claims and Judgments Payable	35,880	19,903	(28,242)	27,541	-
Capital Lease Obligations	93,374	16,090	(15,691)	93,773	6,283
Bonds Payable	3,325,690	321,111	(95,213)	3,551,588	71,210
Certificates of Participation	210,151	242,061	(5,555)	446,657	13,395
Notes, Anticipation Warrants, Mortgages	6,210	5	(1,445)	4,770	851
Other Postemployment Benefits	15,775	15,949	(35)	31,689	-
Other Long-Term Liabilities	47,021	5,090	(3,806)	48,305	4,260
Total Business-Type Activities Long-Term Liabilities	3,913,248	653,250	(164,002)	4,402,496	108,752
Fiduciary Activities					
Deposits Held In Custody For Others	275,550	180,424	(14,013)	441,961	377,795
Accrued Compensated Absences	59	-	(6)	53	-
Other Long-Term Liabilities	31	8,429	(1)	8,459	-
Total Fiduciary Activities Long-Term Liabilities	275,640	188,853	(14,020)	450,473	377,795
Total Primary Government Long-Term Liabilities	$ 6,516,888	$ 990,640	$ (348,033)	$ 7,159,495	$ 665,691

Accrued compensated absences liabilities of both the governmental activities and the business-type activities are normally liquidated using resources of the fund that is responsible for paying the employee's salary. As a result, the resources of nearly all of the state's funds are used to liquidate the compensated absence liability.

The amount shown in the schedule above for notes, bonds, and certificates of participation do not include the short-term borrowing disclosed in Note 23. A current portion is not normally identifiable for Other Long-Term Liabilities, or Other Postemployment Benefits except for CollegeInvest's prepaid tuition costs in the business-type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See notes 19 and 21 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

Governmental Activities include Internal Service Funds and as a result, additions to capital lease obligations include amounts that are not shown as capital lease proceeds on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*.

At June 30, 2009, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Assets*:

The $397.8 million shown for governmental activities primarily comprises:

- $237.2 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Fund and Highway Users Tax Fund. Payment is not expected within one year.

- $122.4 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $33.4 million of unclaimed property liabilities to claimants.

The $48.3 million (including $0.7 million Due to Component Units) shown for business-type activities primarily comprises:

- $29.7 million of commitments to pay future tuition costs related to the prepaid tuition program of CollegeInvest. An additional $4.3 million will be paid within one year and is reported as an Other Current Liability.
- $9.3 million of deferred revenue that the state does not expect to recognize within the following year. The most significant balances relate to unearned rent at the University of Colorado ($6.3 million) and a ground lease at the University of Northern Colorado ($2.2 million).

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
University of Colorado Hospital Authority					
Bonds Payable	$ 537,367	$ 1,103	$ 9,658	$ 528,812	$ 9,937
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 1,038,580	$ 32,410	$ 53,872	$ 1,017,118	$ 51,685
Other Long-Term Liabilities	$ 145,031	$ 52,881	$ 86,844	$ 111,068	$ 101,640

The Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority are primarily related to water and pollution control construction project costs that it will pay on loans made to local governments.

The University of Colorado Foundation has beneficial interest in various split-interest agreements including charitable gift annuities, charitable remainder trusts (annuity and unitrust), a minor pooled income fund, and charitable remainder trusts held by others. The charitable gift annuity assets are immediately available to the foundation. After termination of the charitable remainder trust agreements, the related assets revert to the foundation to create an endowment to support university activities. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Assets – Component Units.* Actuarially determined life expectancies and risk-free rates of return are used to estimate the obligation to named beneficiaries. The fair value of assets in excess of the estimated liability is recorded as Gifts and Donations revenue at the date of the gift.

Changes in value of the investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Assets – Component Units*. At June 30, 2009, the foundation held $51.4 million of split interest agreement investments with $21.3 million of related liabilities and reported $3.6 million of net beneficial interest in charitable trusts held by others.

At June 30, 2009, the University of Colorado Foundation held $192.9 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Assets – Component Units,* this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

The Colorado State University Foundation (CSUF) administers life income agreements as gift annuities where an income beneficiary is the lifetime recipient of income and the foundation is the remainder beneficiary. Upon receipt of the gift, a liability is established for the estimated net present value of the lifetime recipient's interest using applicable mortality tables and a discount rate commensurate with the risks involved. A contribution is recognized for the estimated remainder interest.

CSUF has also been named remainder beneficiary for trusts administered by third party corporate trustees. For this arrangement, a receivable and contribution are recorded at the estimated present value of the remainder interest. These life income arrangements are revalued annually to reflect changes in the remainder interest estimates.

At June 30, 2009, total life income agreement assets of CSUF were $637,304. Life income agreements payable at the same date totaled $867,013. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Assets – Component Units.*

At June 30, 2009, the foundation held $10.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Assets – Component Units,* this liability is reported as Deposits Held in Custody.

At June 30, 2009, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust and pooled income assets of $16.0 million; related liabilities of $10.9 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Assets – Component Units.*

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $10.9 million shown above and total $5.1 million. At June 30, 2009, CSMF reported $10.5 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Assets – Component Units* as Deposits Held in Custody.

NOTE 26 – DEFEASED DEBT

Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2008-09, debt was defeased in the business-type activities.

At June 30, 2009, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Transportation	$ 666,485
Business-Type Activities:	
University of Colorado	150,255
Auraria Higher Education Center	7,282
Western State College	11,915
Colorado School of Mines	33,835
Colorado State University	11,290
Total	$ 881,062

The Board of Trustees of the Colorado School of Mines issued $28,720,000 of its Enterprise Refunding and Improvement Revenue Bonds Series 2009A to current refund its Variable Rate Demand Bonds, Series 2005 and its Variable Rate Demand Enterprise Improvement Revenue Bonds, Series 2009A. The defeased debt had variable interest rates and the new debt had interest rates ranging from 3 to 5 percent. The remaining term of the debt was changed from a range of 19 to 30 years to a full 30 years and the estimated debt service cash flows increased by $941,884. The defeasance resulted in an economic gain of $402,657 and a book loss of $371,031 that will be amortized as an adjustment of interest expense over the remaining lives of the old debt (19 and 30 years, respectively.)

Component Units

In November 1997, the University of Colorado Hospital Authority issued $123.9 million in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. The refunding resulted in legal defeasance and a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 2009, the unamortized deferred loss on refunding is $4.1 million. The hospital completed the advance refunding to reduce its total debt service payments over the subsequent 25 years by $6.0 million and to achieve an economic gain of $3.2 million.

In January 2007, the University of Colorado Hospital Authority issued $72.8 million in Refunding Revenue Bonds Series 2007A to partially refund Series 2001A bonds. The hospital completed the advance refunding in order to convert the 2001A fixed rate to a variable rate issuance. The remaining unamortized deferred loss and issuance costs of $8.8 million related to the 2001A defeasance is being charged to operations through Fiscal Year 2031-32.

In June 2008, the University of Colorado Hospital Authority issued $73.5 million in 2008B Revenue Bonds to fully refund the Series 2007A bonds. The proceeds from the bonds, which are variable rate bonds and have an initial interest rate of 1.5 percent, have been deposited in an escrow account. The bonds bear interest weekly and pay principal according to a sinking fund redemption schedule. The hospital advance refunded the 2007A bonds due to variable interest rate fluctuations driven by credit market instability and bond insurer rating downgrades.

NOTE 27 – POLLUTION REMEDIATION OBLIGATIONS

Primary Government

Various state agencies and institutions of higher education have pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Other Current Liabilities or Other Long-Term Liabilities on the government-wide and proprietary fund *Statement of Net Assets*, or the fund-level *Balance Sheet*, as required. The state reduced beginning net assets by $117.4 million related to pollution remediation obligations that existed prior to July 1, 2008. Additional information on these prior-period adjustments may be found in Note 28.

The state has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. A hazardous waste site becomes a Superfund site when it is placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the state's Department of Public Health and Environment (CDPHE).

The state's total amount of pollution remediation obligations as of June 30, 2009 is $130.0 million ($5.8 million of which is a current liability). Superfund sites account for approximately $124.6 million of this total. Other pollution obligations of the state include remediation activities related to asbestos abatement and removal, ground water contamination, and underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- CDPHE recorded a liability for remediation activities at the Summitville Mine of approximately $51.9 million related to the operation of a water treatment plant. Currently the department shares the cost of operating the water treatment plant, construction of a new treatment plant over the next three to four years, and the operating and maintenance costs of the new plant with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent state, 90 percent EPA. Beginning in calendar year 2023, the state will assume 100 percent of the operating costs of the new plant. Estimated construction costs are based on engineering designs and construction bids received by the state. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs. As of June 30, 2009, the state has received $11.5 million in recoveries from other responsible parties.

- CDPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $62.0 million related to a number of inactive precious metal mines that have caused contamination in surface water and soil in the basin. The liability includes remediation/site clean-up activities, projected post-remediation operating and monitoring costs, and the state operation of a water treatment plant beginning in Fiscal Year 2009-10. Currently the department shares these costs with the EPA in a cost-sharing ratio of 10 percent state, 90 percent EPA for 10 years, after which time the state assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- CDPHE recorded a liability for remediation activities at the Captain Jack Mill of approximately $5.4 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the state have agreed upon a remediation plan from a recently completed engineering study. The state will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-sharing ratio of 10 percent state, 90 percent EPA for the first 10 years, after which time the state assumes 100 percent of the costs. Plant construction cost estimates were based upon engineering designs and construction bids received by the state. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs. The state is currently investigating an experimental alternative that, if successful, would eliminate the need to construct the treatment plant.

NOTES 28 Through 29 – DETAILS OF NET ASSETS AND FUND EQUITY

NOTE 28 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

Primary Government

A. PRIOR PERIOD ADJUSTMENTS

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* decreased by $118,646,873 due to the following categories of adjustments:

- $117,380,228 due to the implementation of GASB Statement No. 49. The Department of Public Health and Environment recorded adjustments of $115,028,670 related to pollution remediation obligations existing prior to July 1, 2008. The Department of Corrections and the Department of Transportation also recorded adjustments of $590,258 and $1,761,300, respectively, related to pollution remediation obligations existing prior to July 1, 2008.
- $1,266,645 due to the Department of Military Affairs recording adjustments related to improper capitalization of expenses in prior years. The Department did not remove amounts from Construction in Progress when it recorded capital assets for certain projects between Fiscal Years 2004-05 and 2007-08. This adjustment did not affect any of the fund-level financial statements.

The beginning net assets of the Business-Type Activities on the government-wide *Statement of Activities* increased by $6,309,185 due to the following adjustments:

- $2,341,332 due to the capitalization of leasehold improvements at Metro State College. The leasehold improvements had been charged to expense in previous years and should have been capitalized instead. This adjustment also resulted in an increase of $2,341,332 in the Higher Education Institutions column on the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.
- $3,967,853 due to the reclassification of a long-term disability plan under GASB Statement No. 45 at Colorado State University. The plan had not been accounted for as an other postemployment benefits plan in prior years. This adjustment also resulted in an increase of $3,967,853 in the Higher Education Institutions column on the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.

The beginning fund balance of the General Fund in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances* decreased by $39,501 due to the movement of information technology net assets between the General Fund and an internal service fund. The adjustment resulted in an increase of $39,501 in the Telecommunications Fund on the *Combining Statement of Revenue, Expense, and Changes in Net Assets – Internal Service Funds.* The beginning fund balance of the General Fund increased by $1,502 due to the closure of a special revenue fund at the Department of Regulatory Agencies and the subsequent transfer into the General Fund.

The beginning fund balance of the Capital Projects Fund in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* decreased by $590,258 due to the implementation of GASB Statement No. 49 at the Department of Corrections.

The beginning fund balance of the Other Governmental Funds in the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* decreased by $129,302 due to the implementation of GASB Statement No. 49 at the Department of Public Health and Environment. The beginning fund balance also decreased by $1,502 due to the closure of a special revenue fund at the Department of Regulatory Agencies and the subsequent transfer into the General Fund.

The beginning net assets of the Internal Service Fund column on the fund-level *Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds* increased by $29,903,318 due to the statewide consolidation of the Governor's Office of Information Technology. Information technology capital assets and digital trunk radio capital assets were transferred to the internal service fund from the General Fund in the amount of $39,501 and $29,863,817 that was previously only reported on the *Statement of Net Assets*.

The beginning net assets of the Pension and Benefit Trust column on the fund-level *Statement of Revenues, Expenses, and Changes in Fiduciary Net Assets – Fiduciary Funds* decreased by $4,893,152 due to the removal of annuity balances from the state's deferred compensation plan assets. The annuities had been purchased by plan members but were not plan assets and should not have been reflected on the plan's financial statements.

B. ACCOUNTING CHANGES

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* increased by $184,156,159 to reflect the reclassification of several Private Purpose Trust funds related to the holding of unclaimed property. The state may only report unclaimed and escheated property in a trust fund if the amounts represented are held in trust solely for potential claimants. However, the monies in these funds in excess of an amount reserved for payment of claims has been committed by the General Assembly to eventually fund other programs or used currently to prevent General Fund deficits. Therefore, while the funds are legally considered trust funds under statute, for financial statement purposes they have been reclassified as nonmajor Special Revenue funds. This change also resulted in an increase of $214,204,563 on the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* and a decrease of $184,156,159 on the *Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.*

NOTE 29 – FUND EQUITY

On the *Balance Sheet – Governmental Funds,* the Capital Projects Fund Reserve for Statutory Purposes includes the fund equity of the Corrections Expansion Reserve, a Special Capital Construction Fund used to account for Department of Corrections Certificates of Participation, and other minor funds that are allowed to retain fund balances in the Capital Projects Fund. The $128.0 million reserve for encumbrances represents construction commitments related to projects appropriated by the Legislature in the state's capital construction fund. Those appropriations are multi-year budgets (see Note RSI-1B) that are funded by various sources including general-purpose revenue, cash earnings by state agencies, and federal revenue. In most instances, the cash and federally funded resources that will support these appropriations have not yet been earned in the Capital Projects Fund. In years when the general-purpose revenue transferred into the fund is low the unreserved undesignated fund balance is reported as a deficit because of the unearned cash sources related to the encumbrances.

NOTE 30 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2009, were:

SELLER'S/LENDER'S RECEIVABLE	General Fund	Highway Users Tax	Capital Projects	State Education Fund
MAJOR FUNDS:				
General Fund	$ -	$ 311	$ -	$ 185
Public School	-	-	-	-
Highway Users	2,048	-	-	-
Capital Projects	-	135	-	-
Higher Education Institutions	5,901	573	476	-
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
Water Projects	-	-	130	-
Labor	417	-	-	-
Resource Extraction	97	-	-	-
Resource Management	-	9	-	-
Environment and Health Protection	-	34	-	-
Public School Capital Construction	-	-	-	-
Other Special Revenue	461	4	30	-
PERMANENT FUNDS:				
State Lands Trust Expendable	-	-	-	-
ENTERPRISE FUNDS:				
College Assist	-	-	-	-
Correctional Industries	7	-	577	-
Nursing Homes	1,748	-	-	-
INTERNAL SERVICE FUNDS:				
Central Services	-	-	-	-
General Government Computer Center	-	514	-	-
Capitol Complex	33	-	-	-
FIDUCIARY FUNDS:				
Group Benefit Plans	17,178	-	-	-
College Savings Plan	-	-	-	-
Other Fiduciary	-	-	-	-
TOTAL	$ 27,890	$ 1,580	$ 1,213	$ 185

Except for the Resource Extraction Fund receivable discussed below, all of the material receivables and related payables shown in the above schedule are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the state's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The Group Benefits Plan Fund receivable of $17.2 million from the General Fund primarily represents the health insurance benefits premium portion of payroll for services provided in the fiscal year that is required by statute to be paid in the next fiscal year.

(Amounts in Thousands)

BUYER'S/BORROWER'S PAYABLE

Higher Education Institutions	CollegeInvest	State Lottery	All Other Funds	Total
$ 419	$ 11	$ -	$ 10,932	$ 11,858
-	-	-	4,693	4,693
-	-	-	10,127	12,175
10,237	-	-	2,068	12,440
-	-	-	6,948	13,898
-	-	-	1,303	1,433
-	-	-	209	626
-	-	-	164,519	164,616
-	-	2,809	192	3,010
-	-	-	-	34
-	-	5,535	-	5,535
-	-	11,236	16,824	28,555
-	-	-	3,271	3,271
-	7,012	-	79	7,091
656	-	-	-	1,240
-	-	-	-	1,748
5	-	-	75	80
-	-	-	-	514
-	-	-	-	33
1,156	-	-	-	18,334
-	3,816	-	-	3,816
-	-	8,510	-	8,510
$ 12,473	$ 10,839	$ 28,090	$ 221,240	$ 303,510

The Resource Extraction Fund receivable of $164.5 million from All Other Funds was recorded by the Severance Tax Trust Fund. The Water Projects Fund, a nonmajor Special Revenue Fund, has statutory authority to make loans to local governments and special districts using the assets of the Severance Tax Trust Fund, a portion of the nonmajor Resource Extraction Fund. The loans have terms ranging from 10 to 30 years. However, the borrowing from the Severance Tax Trust Fund is on a revolving basis and will remain in place unless the statutory authority is changed.

The Other Special Revenue Fund receivable of $16.8 million from All Other Funds is primarily related to a $15.6 million receivable that the Travel and Tourism Promotion Fund has from the Limited Gaming Fund.

NOTE 31 – TRANSFERS BETWEEN FUNDS

Primary Government

Transfers between funds for the fiscal year ended June 30, 2009, were as follows:

TRANSFER-OUT FUND	General Fund	State Public School	Highway Users Tax	Capital Projects
MAJOR FUNDS:				
General Fund	$ -	$ 2,930,074	$ 29,003	$ 39,416
Public School	4,762	-	-	-
Highway Users	39,393	-	-	-
Capital Projects	-	-	28,904	-
State Education	602	-	-	-
Higher Education Institutions	3,568	-	-	245
CollegeInvest	42	-	-	-
Lottery	557	-	-	-
NONMAJOR FUNDS				
SPECIAL REVENUE FUNDS:				
Water Projects	71,728	-	-	-
Labor	173,025	-	-	1,033
Gaming	4,976	-	10,127	4,051
Tobacco Impact Mitigation	223,323	-	-	8,000
Resource Extraction	302,646	65,000	-	-
Resource Management	23,359	-	-	983
Environment and Health Protection	74,267	-	-	-
Public School Buildings	13	-	-	-
Unclaimed Property	120,178	-	-	-
Other Special Revenue	304,712	-	-	13,670
PERMANENT FUNDS:				
State Lands Trust Expendable	34	37,627	-	-
State Lands Trust Nonexpendable	-	-	-	-
Other Permanent Trust Nonexpendable	-	-	-	-
ENTERPRISE FUNDS:				
Wildlife	4,672	-	-	-
College Assist	100	-	-	-
Correctional Industries	373	-	-	-
Nursing Homes	896	-	-	-
Prison Canteens	68	-	-	51
Petroleum Storage	945	-	-	-
Other Enterprise	244	-	302	-
INTERNAL SERVICE FUNDS:				
Central Services	1,899	-	-	-
General Government Computer Center	2,103	-	-	-
Telecommunications	677	-	-	-
Capitol Complex	2,878	-	-	-
Administrative Hearings	239	-	-	-
Debt Collection	261	-	-	-
FIDUCIARY FUNDS:				
Deferred Compensation	29	-	-	-
Defined Contribution	11	-	-	-
Group Benefit Plans	170	-	-	-
Other Fiduciary	64	-	-	-
TOTAL	$ 1,362,814	$ 3,032,701	$ 68,336	$ 67,449

(Amounts in Thousands)

TRANSFER-IN FUND

State Education	Higher Education Institutions	CollegeInvest	All Other Funds	TOTAL
$ 121,411	$ 135,227	$ 162	$ 36,537	$ 3,291,830
-	-	-	33,757	38,519
-	-	-	169,243	208,636
-	8,751	-	32,710	70,365
-	3,880	-	691	5,173
-	-	-	-	3,813
-	8	-	-	50
-	-	-	65,337	65,894
-	-	-	365	72,093
-	-	-	200	174,258
-	-	-	16,579	35,733
-	17,997	60	66,673	316,053
-	14,747	-	68,378	450,771
-	-	-	75	24,417
-	-	-	-	74,267
-	-	-	-	13
-	-	-	172	120,350
-	-	-	3,540	321,922
-	98	-	36,164	73,923
-	704	-	5,062	5,766
-	-	-	22	22
-	-	-	296	4,968
-	-	-	-	100
-	-	-	-	373
-	-	-	-	896
-	-	-	-	119
-	-	-	-	945
-	-	-	-	546
-	-	-	-	1,899
-	-	-	-	2,103
-	-	-	-	677
-	-	-	355	3,233
-	-	-	-	239
-	-	-	-	261
-	-	-	-	29
-	-	-	-	11
-	-	-	-	170
-	-	-	-	64
$ 121,411	$ 181,412	$ 222	$ 536,156	$ 5,370,501

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the state's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund and into the State Public School Fund, the Highway Users Tax Fund, the Capital Projects Fund, and the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

However, in Fiscal Year 2008-09, the state experienced a significant shortfall in projected general revenues during the year. If legislative action had not been taken, the shortfall would have resulted in a deficit General Fund fund balance at June 30, 2009. Such a deficit would have been a constitutional violation.

On June 30, 2009, the state transferred $458.1 million from various cash funds to the General Fund to avoid such a deficit. This amount is included in nonroutine transfers discussed below.

In response to the fiscal stress caused by the shortfall, the Governor and the Legislature authorized significant nonroutine transfers totaling $815.3 million from various funds to augment the General Fund, including:

From various nonmajor Special Revenue funds –

- $118.3 million from the Unclaimed Property Fund
- $117.1 million from the Severance Tax Fund
- $110.0 million from the Base Account of the Severance Tax Trust Fund
- $99.8 million from the Tobacco Litigation Settlement Fund
- $70.3 million from the Water Conservation Construction Fund
- $69.5 million from the Major Medical Fund
- $31.2 million from the Higher Education Federal Mineral Lease Fund
- $30.0 million from the Employment Support Fund
- $30.0 million from the Hazardous Substances Response Fund
- $26.5 million from the Subsequent Injury Fund
- $21.3 million from the Operational Account of the Severance Tax Trust Fund
- $15.7 million from the Worker's Compensation Fund
- $15.2 million from the Mineral Leasing Fund
- $4.6 million from the Health Care Expansion Fund
- $4.4 million from the Short-Term Innovative Health Program Fund
- $26.5 million from 41 other nonmajor Special Revenue funds, where individual transfer amounts did not exceed $4.0 million

From various Internal Service funds –

- $1.0 million from Fleet Management
- $2.3 million from Capitol Complex

There was also $21.6 million of transfers from Risk Management funds to the General Fund that are not reported in the financial statements because both Risk Management and the state's General Fund are reported as part of the General Fund column in the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.*

In a separate appropriation refinancing, the legislature transferred $121.4 million out of the General Fund to the State Education Fund. Part of the transfer was then used by the State Education Fund to provide cash resources in the General Fund which reduced the use of general-purpose revenue.

In addition to the augmenting General Fund transfers, other individually significant routine transfers include the following:

The Highway Users Tax Fund transfer-out to the General Fund includes $26.2 million transferred to the Department of Revenue to support programs that generate Highway Users Tax Fund revenue.

The Highway Users Tax Fund transfer-out to All Other Funds includes $169.1 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation.

The Tobacco Impact Mitigation Fund transfers-out to the General Fund and All Other Funds includes $80.7 million and $47.3 million, respectively, in transfers to the Department of Health Care Policy and Financing for the purchase of medical services.

The Resource Extraction transfer-out to the State Public School Fund includes a $65.0 million transfer from the Mineral Leasing Fund.

The Resource Extraction transfer-out to All Other Funds includes $29.5 million in transfers from the Severance Tax Trust Fund to the Department of Natural Resources.

The Environment and Health Protection transfer-out to the General Fund includes $35.0 million in transfers to the Department of Health Care Policy and Financing primarily from the Health Care Services Fund ($12.9 million) and the Nurse Home Visitor Program ($16.4 million).

The Other Special Revenue transfer-out to the General Fund is comprised primarily of $219.2 million from the Sales and Use Tax Holding Fund (SUTHF). In fiscal years where the General Fund is unable to meet its statutory reserve requirements, transfers from the SUTHF, which previously funded the Highway Users Tax Fund, are diverted into the General Fund. Legislation passed in Fiscal Year 2008-09 diverts all future SUTHF transfers to the General Fund until at least Fiscal Year 2018-19.

Transfers from the Other Special Revenue to the General Fund funds also include approximately $61.6 million of legislatively mandated transfers to fund programs in agencies that operate primarily in the General Fund.

NOTE 32 – UNUSUAL OR INFREQUENT TRANSACTIONS

Primary Government

The government-wide *Statement of Activities* shows Special and/or Extraordinary Items that comprise the following.

The Department of Revenue determined that its CSTARS motor vehicle titling and registration system was inoperable. The department has declared the asset impaired and incurred a loss on impairment of $5.6 million. The event was an infrequent occurrence that was under the control of management (see Note 16).

NOTE 33 – DONOR RESTRICTED ENDOWMENTS

The state's donor restricted endowments exist solely in Higher Education Institutions. The policies of individual boards govern the spending of net appreciation on investments; there is no state law that governs endowment spending.

The University of Colorado reported net appreciation on endowment investments of $6.2 million that was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may be expended.

Colorado State University reported $77,397 of net appreciation on its donor-restricted endowments, and the full amount was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The President of the university authorizes the expenditure of investment income from endowment earnings, and the university's Board of Governors is notified of those expenditures.

Colorado State University reported ($3,084,269) of net negative appreciation on its donor-restricted endowments held by its foundation . The university reported a portion of the related net assets in Restricted for Permanent Funds and Endowments – Nonexpendable and a portion of the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds*. The pay out policy of the Colorado State University Foundation governs expenditure of these funds. The policy assumes a 10 percent return on investment, a 4 to 5 percent pay out, a management fee of 1 to 2 percent, and a return to principal sufficient to preserve the purchasing power of the endowment.

The University of Northern Colorado reported $311,240 of net appreciation on its donor-restricted endowments, and the full amount was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.*

NOTE 34 – PLEDGED REVENUE

Various Higher Education Institutions, the Highway Users Tax Fund, and CollegeInvest have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, construction of facilities and infrastructure, and to finance student loans. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2008-09, the following pledges were in place.

The Department of Transportation pledged $168.0 million of federal grants under agreement with the Federal Highway Administration and sales and use tax revenues that were diverted from the General Fund to the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes originally issued in Fiscal Year 1999-00 and having a final maturity date of Fiscal Year 2016-17. The debt was issued to finance the reconstruction of a portion of a major interstate highway through Denver and various other infrastructure projects in the state. The pledged revenue represents approximately 17.1 percent of the total revenue stream, and $1.31 billion of the pledge commitment remains outstanding.

CollegeInvest pledged $200.8 million of interest income, federal grant funds, other earned revenues, and student loan repayments to meet the current $41.1 million of debt service commitment on the agency's Student Loan Revenue Bonds, which are outstanding through December 2042. The purpose of the debt is to originate and purchase student loans. Annual principal and interest payments on the debt are expected to require 100 percent of the total revenue stream and a varying portion of the student loan repayments. There is $2.2 billion remaining of the pledge commitment on the debt.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1987-88 and highest maturity date of Fiscal Year 2039-40. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $506.5 million. Individually significant Higher Education Institution pledges include:

- $238.5 million pledged by the University of Colorado to secure $61.2 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was originally issued in Fiscal Year 1995-96 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 49.6 percent of the revenue stream, and $1.43 billion of the pledge commitment remains outstanding.
- $171.6 million pledged by Colorado State University to secure $22.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents approximately 100 percent of the total revenue stream, and $649.4 million of the pledge remains outstanding.
- $22.5 million pledged by the Colorado School of Mines to secure $5.0 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 78 percent of the total revenue stream, and $175.5 million of the pledge remains outstanding.
- $14.5 million pledged by the University of Northern Colorado to secure $8.6 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The related debt was originally issued in Fiscal Year 2000-01 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents 14.0 percent of the total gross tuition and auxiliary revenue streams; $253.6 million of the pledge remains outstanding.
- $9.4 million pledged by the Auraria Higher Education Center to secure $5.3 million of current principal and interest on debt issued to renovate the Student Union and to build parking structures. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2028-29. The pledged revenue represents approximately 64.8 percent of the total revenue stream, and $101.7 million of the pledge remains outstanding.
- $9.7 million pledged by Mesa State College to secure $3.5 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents approximately 46.9 percent of the total revenue stream, and $146.6 million of the pledge remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

(Amounts In Thousands)

AGENCY NAME	GROSS REVENUE	DIRECT OPERATING EXPENSE	AVAILABLE NET REVENUE	DEBT SERVICE REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
Department of Transportation	$ 980,992	$ 813,000	$ 167,992	$ 107,795	$ 60,197	$ 167,992
Higher Education Institutions	846,390	450,057	396,332	40,965	69,195	110,160
CollegeInvest	200,753	34,107	166,646	24,000	17,126	41,126
	$ 2,028,135	$ 1,297,164	$ 730,970	$ 172,760	$ 146,518	$ 319,278

NOTE 35 – SEGMENT INFORMATION

Primary Government

Segments are identifiable activities reported as or within an Enterprise Fund for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the following condensed financial information meet these requirements. The purpose of each of the state's segments aligns with the primary mission of the enterprise in which it is reported; therefore, none of the state's segments are separately reported on the government-wide *Statement of Activities.* The following paragraphs describe the state's segments.

CollegeInvest issues revenue bonds to originate and purchase student loans. The authority also operates a prepaid tuition program designed to keep pace with average tuition inflation in Colorado. Condensed financial information for CollegeInvest is not presented on the following page because it is a major Enterprise Fund, and full financial statements are included in the Basic Financial Statements.

Other Enterprise Funds' Segments:

The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo, Colorado.

Higher Education Institutions' Segments:

University Physicians Incorporated (UPI) is a not-for-profit entity that performs the billing, collection, and disbursement function for professional services provided by the University of Colorado Denver. UPI is also a component unit of the state that is blended into the Higher Education Institutions Enterprise Fund. In addition, UPI provides its services under contracts with the University of Colorado Hospital Authority (UCHA), a discretely presented component unit of the state.

The Auraria Higher Education Center's parking segment charges students, faculty, and staff fees for the use of parking lots and structures. The center's student facilities segment charges fees to students for use of its facilities.

The following page presents condensed financial information for the state's segments that are not presented as major funds.

CONDENSED STATEMENT OF NET ASSETS
JUNE 30, 2009

(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	$ 1,656	$ 104,002	$ 5,154	$ 9,253
Other Assets	-	104,064	8,100	1,081
Capital Assets	11,305	9,274	38,372	34,835
Total Assets	12,961	217,340	51,626	45,169
LIABILITIES:				
Current Liabilities	706	26,250	4,140	4,636
Noncurrent Liabilities	126	18,151	31,664	31,485
Total Liabilities	832	44,401	35,804	36,121
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	11,305	5,760	3,832	4,158
Restricted for Permanent Endowments:				
Expendable	-	-	7,446	619
Other Restricted Net Assets	-	736	-	-
Unrestricted	824	166,443	4,544	4,271
Total Net Assets	$ 12,129	$ 172,939	$ 15,822	$ 9,048

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

	STATE FAIR AUTHORITY	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
OPERATING REVENUES :				
Tuition and Fees	$ -	$ -	$ -	$ 5,019
Sales of Goods and Services	6,833	340,165	8,828	23,042
Other	538	-	-	76
Total Operating Revenues	7,371	340,165	8,828	28,137
OPERATING EXPENSES:				
Depreciation	652	648	1,844	2,101
Other	9,425	327,104	5,134	22,627
Total Operating Expenses	10,077	327,752	6,978	24,728
OPERATING INCOME (LOSS)	(2,706)	12,413	1,850	3,409
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income	350	5,903	351	272
Gifts and Donations	545	-	-	-
Other Nonoperating Revenues	-	23,657	-	227
Debt Service	(76)	(407)	(1,588)	(1,409)
Other Nonoperating Expenses	-	(1,020)	(14)	-
Total Nonoperating Revenues(Expenses)	819	28,133	(1,251)	(910)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions and Additions to Endowments	890	-	-	168
Transfers-In	2,452	-	-	-
Transfers-Out	(107)	-	-	(2,943)
Total Contributions, Transfers, and Other	3,235	-	-	(2,775)
CHANGE IN NET ASSETS	1,348	40,546	599	(276)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING (Restated)	10,781	132,393	15,223	9,324
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 12,129	$ 172,939	$ 15,822	$ 9,048

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

	STATE FAIR AUTHORITY	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
NET CASH PROVIDED (USED) BY:				
Operating Activities	$ (1,862)	$ 21,889	$ 3,864	$ 4,547
Noncapital Financing Activities	2,345	(1,020)	-	-
Capital and Related Financing Activities	(1,056)	29,450	(2,531)	(2,490)
Investing Activities	351	(41,847)	79	165
NET INCREASE (DECR.) IN CASH AND POOLED CASH	(222)	8,472	1,412	2,222
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	1,585	37,693	3,542	6,079
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 1,363	$ 46,165	$ 4,954	$ 8,301

NOTE 36 – COMPONENT UNITS

The state reports eleven component units under the requirements of Governmental Accounting Standards Board (GASB) Statements No. 14 – The Financial Reporting Entity and No. 39 – Determining Whether Certain Organizations Are Component Units. All of the component units and foundations are considered major, except the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, the Renewable Energy Authority, and the Higher Education Competitive Research Authority. Financial statements for the major component units are presented in the Basic Financial Statements.

A. MAJOR COMPONENT UNITS

University Hospital is a nonsectarian, general acute care regional hospital, licensed for 410 beds with five outpatient primary care clinics, six specialty care clinics, and a home therapy unit operated by the University of Colorado Hospital Authority (UCHA). It includes the Anschutz Centers for Advanced Medicine, and is the teaching hospital of the University of Colorado Denver (UCD), a state institution of higher education. The hospital's mission is to advance healthcare for patients and their families through healing, discovery, and education. UCHA is exempt from federal income tax under Internal Revenue Code Section 115 (as a governmental entity) and under Section 501(a) as a not-for-profit entity.

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the state. The authority is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. The authority's primary revenue sources are investment income on bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and federal capitalization grants. The authority paid the state $6.1 million during 2008 for services provided by two state departments.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to solicit, receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income. In Fiscal Year 2008-09, it received $7.6 million of fund raising fee revenue from the University of Colorado under an annually renewable Agreement for Development Services. For the fiscal year ended June 30, 2009, the foundation distributed $63.2 million of gifts and income to or for the benefit of the University of Colorado.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. During Fiscal Year 2008-09, the foundation transferred $29.0 million to the university.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to promote the general welfare, development, growth, and well being of the University of Northern Colorado. The foundation accomplishes this mission through solicitation and acquisition of gifts, investing in and managing property, and furnishing funds, facilities, equipment, and services. During Fiscal Year 2008-09, the foundation granted $3.7 million to the university.

B. NONMAJOR COMPONENT UNITS

The Denver Metropolitan Major League Baseball Stadium District currently includes all or part of the seven counties in the Denver metro area. The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium. To accomplish this purpose, the state legislature authorized the district to levy a sales tax of one-tenth of one percent throughout the district for a period not to exceed 20 years. However, the district discontinued the sales tax levy on January 1, 2001, after it defeased all outstanding debt.

CoverColorado is a not-for-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Legislation enacted in 2001 authorized the CoverColorado board of directors to assess a special fee against insurers for the financial solvency of the program.

The Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the state and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority $50.0 million in insurance premium tax credits, which it subsequently sold to insurance companies. The VCA deferred the revenue related to sale and recognizes it as the insurance companies apply the credits over a ten-year period. The related revenue is reported as Gifts and Donations on the *Statement of Revenues, Expenses, and Changes in Net Assets - Component Units* to reflect the contribution of capital by the state.

In 2005, the authority created Colorado Fund 1, LP with a portion of the proceeds from the sale of premium tax credits. The VCA has committed to providing up to $21.8 million to Colorado Fund 1, LP thru June 2015 (unless otherwise terminated) for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agritechnology and medical device industries, and retail. The VCA anticipates the establishment of a second fund of approximately $25 million in 2010. As of December 31, 2008, the VCA has contributed approximately $13.0 million or 60 percent of its total funding commitment to Colorado Fund 1, LP.

The Renewable Energy Authority was created during the 2006 legislative session to direct the allocation of state matching funds for energy-related research funding from federal agencies and other public and private entities. The allocation of monies is directed by the Renewable Energy Collaboratory which comprises the U.S. Department of Energy's National Renewable Energy Laboratory, the Colorado School of Mines, Colorado State University, and the University of Colorado.

The enabling legislation allocated the authority $2.0 million in each of Fiscal Years 2005-06 through 2007-08 for this purpose. The authority has made commitments to provide matching funds to two collaboratory research centers totaling up to $5.3 million over three years; $1.3 million in matching funds had been disbursed as of December 31, 2008.

The Higher Education Competitive Research Authority was created during the 2007 legislative session to provide matching funds for inclusion in grant proposals made by higher education institutions for federally sponsored research projects. The authority received all of its funding for Fiscal Year 2008-09 through the Colorado Department of Higher Education. As of June 30, 2009, the authority has made commitments to provide matching funds for seven research proposals, four of which, totaling $5.2 million, are currently funded.

NOTE 37 – RELATED PARTIES AND ORGANIZATIONS

Primary Government

The Colorado State University - Pueblo Foundation was established to benefit the Colorado State University - Pueblo. The foundation transferred $2.1 million to the university during Fiscal Year 2008-09, owed the university $161,156, and was due $153,125 from the university at June 30, 2009.

The Adams State College Foundation provides scholarships and work-study grants to students, as well as providing program development grants to Adams State College. The foundation provided $1.2 million in scholarships and grants during Fiscal Year 2008-09.

The Mesa State College Foundation provides financial assistance to Mesa State College students and assists the college in serving educational needs. In Fiscal Year 2008-09, the foundation awarded $487,324 of scholarships directly to Mesa State College students, provided approximately $1.3 million in capital and operating support. In Fiscal Year 2008-09, the college entered into a lease-purchase agreement with the foundation for the acquisition of property. The term of the lease is 10 years at 3 percent, and the college owes the foundation $3.6 million under this agreement.

Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of Metropolitan State College of Denver. The foundation provided $1.9 million of funding to the college in Fiscal Year 2008-09. The foundation also reimbursed the college $230,161 for services provided by college employees in Fiscal Year 2008-09. At June 30, 2009, the foundation owed the college $266,423.

Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred $2.4 million to the college in Fiscal Years 2008-09.

Most of the state's community colleges have established foundations to assist in their educational missions. With the exception of Pueblo Community College and Pikes Peak Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000. The Pueblo Community College Foundation provided support to Pueblo Community College in the amount of $826,343 for scholarships, rental properties, construction, and discretionary funds. The Pikes Peak Community College Foundation provided support to Pikes Peak Community College in the amount of $664,953 for administrative, program and fund raising expenses.

The University of Colorado Foundation is the sole member of University Summit I, LLC (the LLC). The LLC was formed in October 2007 for the purpose of purchasing property adjacent to the University of Colorado at Colorado Springs campus. At June 30, 2009, the LLC no longer held property for the foundation.

The University of Northern Colorado Foundation is the sole member of the University of Northern Colorado Student Housing LLC I (the LLC). The LLC was formed in 2001 to construct and operate a student housing facility and pays rent to the university equal to its net available cash flow as defined in a ground lease with the university that terminates in 2047. Title to the student housing facility transfers to the university at the end of the ground lease or upon earlier retirement of the bond issue. The foundation is not obligated under the bonds issued to finance the LLC's student housing facility, however the university has guaranteed payment on these bonds. The bonds include provisions whereby the guarantee can be terminated. Management of the university believes provisions for termination of the guarantee have been met. At June 30, 2009, the LLC had capital assets of $14.0 million, other assets of $7.3 million, long-term debt of $23.5 million, and current liabilities of $1.0 million. The total liabilities of the foundation exceeded its total assets by $3.3 million. The LLC owed the university of Northern Colorado $449,062 for a working capital loan at June 30, 2009.

The Colorado School of Mines Building Corporation was established in 1976 to build a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation were $2.2 million at June 30, 2009.

The Colorado School of Mines Development Corporation was established in September 2001 as a separate corporation for the purpose of financing and building a general research building on the School of Mines campus. The net assets of the Development Corporation were $1.1 million June 30, 2009.

The Auraria Foundation was established to receive gifts, legacies, and grants of money and property for the purpose of benefiting the Auraria Higher Education Center (AHEC). The foundation provided support in the amount of $671,601 primarily for a new science building, and night/safety lighting. AHEC owed the foundation approximately $1.7 million as of June 30, 2009.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the state using funds it receives from the Colorado Lottery. During Fiscal Year 2008-09, the board funded $23.2 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2009, GOCO owed the Department of Natural Resources $6.2 million in unreimbursed expenditures.

Component Units

The University of Colorado Hospital Authority and the University of Colorado Denver (UCD) have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education approved the transfer of 186 acres of land (plus 41 additional acres) and buildings at the Anschutz Medical Campus to the University of Colorado. Various quitclaim deeds convey the property in an "as is" condition, without warranty, and include conditions subsequent that, if not met, provide for reverting the property to the U.S. Department of Education. In July 2004, the authority entered into a 98-year Amended and Restated Ground Lease agreement with a one-dollar annual fee. The original lease, entered into in 1998 for a period of 30 years, provided for approximately 18.4 acres of the property. The amended agreement increases the leased property to 45.5 acres, with an option for the authority to include an additional 7.0 acres, and provides for two renewals, up to 99 years each, for $100 per year. With certain exceptions, the Ground Lease states that the authority shall own all buildings or improvements, which it constructs on the property.

On January 14, 2005, the authority exercised its option to include the additional 7.0 acres and amended the lease to include the additional acreage on April 29, 2005. The authority used the 7.0 additional acres for the expansion of Anschutz Inpatient Pavilion and associated surface parking. During 2006, the authority began the design and development of an office building and parking structure on 4.2 acres of land adjacent to the Anschutz Inpatient Pavilion. In May 2006, the lease was again amended to add the additional 4.2 acres to the land currently leased to the authority.

Under an Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1991, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the hospital. The hospital paid approximately $30.3 million for these services in Fiscal Year 2008-09. Other contracts with the Regents for services that include clinic services, research projects, infrastructure expense, and other items resulted in payments by the University of Colorado Denver (UCD) to the hospital of approximately $2.1 million in Fiscal Year 2008-09. In total, the UCD paid the hospital $10.1 million in Fiscal Year 2008-09.

The hospital has contracted with University Physicians, Inc., a blended component unit of the state's Higher Education Institutions enterprise fund, to provide support for clinical services, patient services, and recruitment for expanded clinical access. The hospital passed through $6.7 million of government external funds and paid UPI an additional $45.4 million for services in Fiscal Year 2008-09.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately $3.3 million were billed to CRC for the cost of these services during Fiscal Year 2008-09. The amount due from University of Colorado Denver, including CRC, was $0.5 million at June 30, 2009.

The hospital entered certain provider and network management agreements with TriWest. TriWest was formed to deliver health care services to eligible beneficiaries of TriCare, formerly known as CHAMPUS – the Civilian Health and Medical Program of the Uniformed Services. On June 27, 1996, the U.S. Department of Defense awarded TriWest the TriCare contract for a five-year period that began April 1997. The contract was renewed and includes a transition period plus five one-year option periods for healthcare delivery beginning April 1, 2010. As part of the agreements, the hospital originally purchased a minority interest in TriWest for approximately $3.3 million.

In October 2007, the hospital sold 1,656.55 shares for approximately $18.1 million to TriWest, but retains an option to repurchase the shares at the exercise market value through October 2010, unless the option is terminated before that date. This investment is accounted for under the cost method, and the hospital received dividends of approximately $0.4 million in July 2009.

The hospital created University Hospital Home Therapies (UHHT) in February 1996. Chartwell Rocky Mountain LLP is a Colorado limited liability partnership between UHHT and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain LLP was formed to provide home infusion and respiratory services to alternate-site patients. UHHT and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain LLP.

The hospital and two other entities participate in Colorado Access, a Colorado nonprofit corporation that owns and operates a statewide HMO to provide services to medically underserved Coloradoans. There are no earning distribution agreements between Colorado Access and the hospital. In August 2001 the hospital entered into an agreement to loan Colorado Access $625,000. The principal and interest was originally due on or before August 24, 2004, but the hospital wrote down all of the accrued interest and $600,000 of the principal in 2006 due to uncertainty of repayment. Colorado Access is unable to specify a repayment timeline due to ongoing negotiations with the Colorado Division of Insurance regarding required levels of risk-based capital.

The Venture Capital Authority (VCA) has a Limited Partnership Agreement with Colorado Fund 1, LP and has selected High Country Venture, LLC, to serve as manager and general partner of the Fund. The partnership agreement allocates income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2008, VCA's investment in the fund totaled $12.5 million.

NOTE 38 – CONTINGENCIES

Primary Government

The Colorado Governmental Immunity Act sets upper limits on state liability at $150,000 per individual and $600,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. Judgments awarded against the state for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their constitutional rights, civil rights, inadequately compensated them for their property, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the state often files counterclaims. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners, mental health patients, nursing home patients, or the developmentally disabled. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services costs that are not subject to reasonable estimation.

The state is the defendant in lawsuits by employees accusing the state of various infractions of law or contract. These may include claims related to age and sex discrimination, sexual harassment, wrongful termination, contractual agreements for paying salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.71 billion, of the $10.85 billion outstanding balance of loans in repayment status. However, the probability of a material loss is remote, and the state's liability is capped at the net assets of the College Assist program of approximately $70.9 million.

At June 30, 2009, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $451.6 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the state to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds up to $15.0 million individually.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The state shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over $7.93 billion are outstanding. Of this amount, $6.23 billion is covered by private insurance.

The State of Kansas will likely seek injunctive relief against Colorado in relation to a potential suit against Colorado and Nebraska claiming violations of the Republican River Compact. Although the state hopes to reach a resolution with the State of Kansas prior to any suit being filed, the estimated potential damages range from $1.0 million to $10.0 million.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditure.

The Department of Health Care Policy and Financing may be responsible for between $6.0 million and $10.0 million of attorney's fees incurred by a class of Aid to Needy Disabled (AND) program clients. The state advanced the AND benefits to clients expected to win appeals to the federal government for Social Security benefits. The state was reimbursed for the AND benefits from the Social Security benefits awarded; however, the state did not reimburse the AND clients for the attorney's fees the clients incurred in pursuing the Social Security benefits. State statutes were subsequently changed to clarify that the state will not reimburse such attorney's fees. The state has prevailed in district court and the plaintiffs have appealed the decision.

The Department of Health Care Policy and Financing may be responsible for repaying the Centers for Medicare and Medicaid Services (CMS) between $2.8 million and $3.3 million for Mental Health Child Placement Agency services. The disallowed costs are due to the department inappropriately claiming federal financial participation for supplemental payments to Prepaid Inpatient Health Plans for mental health services provided to children in Child Placement Agencies. The department is appealing the amount of disallowed costs.

The Department of Health Care Policy and Financing may be responsible for repaying CMS approximately $75.2 million in federal matching funds paid to Rocky Mountain Health Plan HMO (RMHP) for benefits paid to Medicaid clients during Fiscal Years 05-06 through 08-09. The payments were made to RMHP without the federally required pre-payment claims review of each claim for which payment was made. The state is currently working with CMS to reach agreement on the encounter claim data process to be used to accomplish a review of the claims in question. If an acceptable process is not agreed upon and the actual review completed, CMS has stated that potential disallowance of these expenditures may occur. The department is working with CMS towards a resolution and assesses the probability of disallowance at 10 percent.

School districts, students, and parents in the state's San Luis Valley have filed suit against the state asserting that the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution. The plaintiffs seek to overturn the current funding system and ensure that additional capital facilities funding of $5.7 billion to $10.0 billion is provided. All claims were dismissed by the district court and the Colorado Court of Appeals. After the Colorado Court of Appeals decision, both the plaintiffs and the state petitioned the Colorado Supreme Court. The Supreme Court reversed the lower courts' ruling and remanded the case to district court for trial. Estimates of plaintiff attorney fees and costs currently exceed $1.0 million.

The state believes it has a good chance of prevailing in the actions discussed in this Note 38, but the ultimate outcome cannot presently be determined. No provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 39 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 14 and 15, 2009, the State of Colorado entered a lease purchase agreement under which a Trustee issued $39,030,000 of State of Colorado Tax Exempt Certificates of Participation Series 2009A (COPs) and $299,760,000 of State of Colorado Taxable Certificates of Participation Series 2009B. The COPs were issued at a net discount of $59,694 with the Series 2009A maturing in 2018 and the Series 2009B maturing in 2045. The COPs carried coupon rates ranging from 3.00 percent to 6.12 percent with a net interest cost of 4.24 percent.

The COPs proceeds will be used to fund the construction of a new Colorado History Center and a new Colorado Justice Center. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to a maximum of $23,998,000 per year. The legislation envisions the lease payments being made for the new history center out of State Historical Fund monies that are not reserved for preservation. Payments related to the Justice Center will be made out of the Justice Center Cash Fund, which will consist of certain dedicated civil court fees together with any rental payments received by the Justice Department from other state agencies occupying the new building. Finally, other monies may be appropriated by the General Assembly to make the lease payments.

On July 20, 2009, the State Treasurer issued $650.0 million of General Fund Tax Revenue Anticipation Notes Series 2009A. The notes are due and payable on June 25, 2010, at a coupon rate of 2.0 percent. The total interest related to this issuance will be $12.1 million. The notes are issued for cash management purposes.

On July 22, 2009, the State Treasurer issued $255.0 million of Education Loan Program Tax and Revenue Anticipation Notes (ETRAN) Series 2009A. The notes have coupon rates ranging from 1.5 to 2.0 percent, which will result in approximately $4.7 million of interest due at maturity. The notes mature on August 12, 2010, but the State Treasurer has established a Series 2009A Note Repayment Account that will be funded by June 28, 2010, in an amount adequate to fully defease the outstanding notes.

On August 12, 2009, the State of Colorado entered a lease purchase agreement under which a Trustee issued $87,145,000 of Build Excellent Schools Today (BEST) Series 2009A COPs. The COPs were issued as qualified school construction bonds and do not bear interest. The 2009A certificates include tax credit coupons that the investor may redeem or sell separately from the principal portion. Base rents under the lease are for principal only and are due annually beginning on March 15, 2010 with a final maturity of March 15, 2024.

The COPs proceeds will be used to build new elementary and high schools in the San Luis Valley. Legislation enacted in the 2008 session of the General Assembly authorized the lease purchase and limited the lease payments to a maximum of $80,000,000 during Fiscal Year 2011-12 and future years. The state will contribute up to 50% of the specified limit with the remaining match paid by the school districts or by local Boards of Cooperative Educational Services.

On September 24, 2009, Mesa State College issued two series of bonds totaling $61.7 million. Proceeds from the $30.0 million of Series 2009B Build America Bonds will be used to finance the completion of work on the College Center and related facilities. The college's net interest rate after the U.S. Treasury rebate on the bonds is 3.77 percent with principal payments beginning in Fiscal Year 2032-33 and final maturity in Fiscal Year 2039-40. The college also issued $31.7 million of tax exempt refunding Series 2009A bonds to refinance the Series 2008 bonds issued in December 2008. The coupon rates on the refunding bonds range from 4.6 to 5.0 percent with principal payments beginning in Fiscal Year 2018-19 and final maturity in Fiscal Year 2032-33.

On November 5, 2009, the School of Mines issued three series of bonds totaling $68,415,000. Proceeds from Series 2009B, Taxable Institutional Enterprise Revenue Bonds, will be used to finance certain capital projects such as new student housing, a new student health center, and renovations to Weaver Towers. The proceeds from Series 2009C, Institutional Enterprise Revenue Refunding Bonds, will be used to current refund $14.4 million of Series 2008B bonds and pay for the termination payment to remove the swap on the entire series. The proceeds from Series 2009D, Institutional Enterprise Revenue Bonds, will be used to finance a portion of the construction for Marquez Hall, which will be the new home of Petroleum Engineering. The blended interest rate is anticipated to be 3.6 percent with the principal repayments of $1,245,000 beginning in Fiscal Year 2010-11 with final maturity in Fiscal Year 2038-39.

On November 17, 2009, Metro State College issued $55.2 million in Series 2009 bonds using taxable Recovery Zone Economic Development bonds. The college will use the bond proceeds to finance a student success building. The interest rate on the bonds ranges from 1.96 to 6.24 percent with the principal repayments beginning in Fiscal Year 2011-12 and final maturity in Fiscal Year 2039-40.

On December 17, 2009, the University of Colorado issued a series of University Enterprise Revenue Bonds. $76.7 million of tax-exempt Series 2009B1 bonds were issued at coupon rates ranging from 2.0 percent to 5.0 percent. Principle repayments of $1,800,000 begin in Fiscal Year

2009-10 with final maturity during Fiscal Year 2017-18. $138.1 million of Series 2009B2 Build America Bonds were issued at coupon rates ranging from 1.82 percent to 6.26 percent. Principle repayments of $7,220,000 begin in Fiscal Year 2018-19 with final maturity during Fiscal Year 2035-36. Both issuances will be used to fund capital improvements on the university's Denver and Boulder campuses.

On December 17, 2009, the state partially refunded its 2008 Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation (COPs). The state issued $35,905,000 in non-callable COPs with an average coupon rate of 4.71 percent and a true interest cost of 3.73 percent. The partial refunding created savings of $680,697 on a cash-basis and $601,468 on a present value basis when discounted at a yield of 3.81 percent. The purpose of the refunding was to move scheduled interest and principal payments from Fiscal Year 2009-10 and Fiscal Year 2010-11 into later fiscal years and to move one payment due in Fiscal Year 2027-28 to its earliest allowed call date of Fiscal Year 2018-19.

On December 17, 2009, the state refunded its University of Colorado at Denver Health Sciences Center Fitzsimmons Academic Projects COPs. The state acting by and through the University of Colorado Regents issued $23,110,000 in callable COPs with an average coupon rate of 4.37 percent and a true interest cost of 3.39 percent. The partial refunding created savings of $575,749 on a cash-basis and $235,939 on a present value basis when discounted at a yield of 3.55 percent. The purpose of the refunding was to move scheduled interest and principal payments from Fiscal Year 2009-10 and Fiscal Year 2010-11 into later fiscal years and to move one payment due in Fiscal Year 2025-26 to its earliest allowed call date of Fiscal Year 2015-16.

B. OTHER

Beginning on July 1, 2009, the administration of both the state’s defined contribution retirement plan and the deferred compensation plan (457) was transferred to the Public Employees Retirement Association (PERA). Existing plan members will become participants in the PERA administered plans. PERA is retaining Great West as the third-party administrator of the 457 plan. (See Note 20 for additional information regarding these retirement plans.)

During December 2008, CollegeInvest entered into a Master Loan Sale Agreement (MLSA) with the U.S. Department of Education (USDE). The MSLA allows CollegeInvest, at its discretion, to sell, or put, eligible loans to the USDE, whether or not those loans are currently collateral for borrowing from USDE. During August 2009, CollegeInvest notified the federal USDE of its intent to sell $267.9 million of student loans to the USDE under its Master Loan Sale Agreement. A portion of the sales proceeds will be used to pay off a debt to the USDE, while the remainder will be used to redeem bonds in the agency’s bond trusts. CollegeInvest has redeemed $127.0 million of its 2008 Series IA as of December 14, 2009. Between July 1, 2009 and December 14, 2009, CollegeInvest redeemed $62.3 million of outstanding bonds in its bond funds. $21.7 million of these bonds were redeemed below par, and as a result, CollegeInvest recognized a gain of $2.3 million. On December 17, 2009, CollegeInvest redeemed another $7.5 million in bonds under the indenture agreement.

On December 18, 2008, CollegeInvest and College Assist entered into a Revolving Financing Agreement (RFA). Under the RFA, CollegeInvest was allowed to borrow up to $30.0 million from College Assist. CollegeInvest agreed to pay interest on the unpaid average daily principal balance outstanding based on the interest rate calculated monthly and published by the State Treasurer. In June 2009, CollegeInvest and College Assist replaced the original RFA with a new RFA for the next school year. CollegeInvest can borrow up to $20 million under the new RFA through September 30, 2010. CollegeInvest drew $7.0 million in June 2009 and an additional $10.3 million in July 2009 under the new RFA.

Component Units

Subsequent to June 30, 2009, the University of Colorado Hospital Authority entered into a contract with EPIC Systems, Inc. for the purchase and installation of a comprehensive electronic medical record and billing system. The implementation of this system is expected to take five years and cost approximately $64.0 million.

On August 6, 2009, the Hospital legally refunded the 2006B Index Put bonds. The new issuance has a par amount of $51.8 million and a 20 year term which will expire on November 15, 2029. The principal payments will be based on a redemption schedule as defined in the bond document through November 2029 and interest rates range from 3.0 to 5.3 percent.

On September 8, 2009, the Hospital sold its fixed to floating swap agreement for $1.8 million. The Hospital had entered into this agreement to convert a portion of the Hospital’s fixed rate debt to floating rate obligations and elected to complete the sale based on advantageous market conditions.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 1,981,596	
Income Taxes			4,285,911	
Other Taxes			193,635	
Federal Grants and Contracts			19	
Sales and Services			269	
Interest Earnings			19,320	
Other Revenues			45,766	
Transfers-In			1,090,685	
TOTAL REVENUES AND TRANSFERS-IN			7,617,201	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 7,696	$ 7,223	6,783	$ 440
Corrections	676,821	641,848	637,628	4,220
Education	3,175,367	3,215,361	3,214,907	454
Governor	14,861	13,443	13,410	33
Health Care Policy and Financing	1,526,880	1,346,474	1,354,714	(8,240)
Higher Education	812,937	662,255	661,932	323
Human Services	691,578	685,419	686,402	(983)
Judicial Branch	327,716	326,961	326,959	2
Law	9,645	8,968	8,791	177
Legislative Branch	34,889	35,032	35,027	5
Local Affairs	12,778	12,321	12,229	92
Military and Veterans Affairs	5,854	5,685	5,531	154
Natural Resources	32,096	31,065	30,561	504
Personnel & Administration	7,522	5,836	5,658	178
Public Health and Environment	26,834	26,446	26,359	87
Public Safety	82,378	79,801	78,638	1,163
Regulatory Agencies	1,578	1,465	1,436	29
Revenue	198,158	196,507	194,368	2,139
Treasury	125,957	96,984	96,230	754
SUB-TOTAL OPERATING BUDGETS	7,771,545	7,399,094	7,397,563	1,531
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	710	1,962	733	1,229
Corrections	11,595	52,501	25,422	27,079
Education	-	1,581	385	1,196
Higher Education	17,619	164,852	114,751	50,101
Human Services	3,066	34,182	25,252	8,930
Military and Veterans Affairs	6,391	9,115	3,214	5,901
Personnel & Administration	3,530	19,657	11,482	8,175
Public Health and Environment	184	1,400	1,399	1
Public Safety	-	8,788	3,554	5,234
Revenue	7,445	25,247	8,138	17,109
Transportation	-	28,950	28,904	46
Treasury	-	26,649	26,649	-
Budgets/Transfers Not Booked by Department	74,216	74,216	74,222	(6)
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	124,756	449,100	324,105	124,995
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 7,896,301	$ 7,848,194	7,721,668	$ 126,526
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (104,467)	

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSETS - BUDGETARY BASIS BUDGET AND ACTUAL - CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 947,501	
Income Taxes			339,900	
Other Taxes			927,729	
Tuition and Fees			1,759,440	
Sales and Services			1,167,215	
Interest Earnings			(203,615)	
Other Revenues			2,545,598	
Transfers-In			5,575,306	
TOTAL REVENUES AND TRANSFERS-IN			13,059,074	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 28,880	$ 29,171	25,287	$ 3,884
Corrections	90,135	91,053	77,355	13,698
Education	3,718,884	3,716,835	3,652,896	63,939
Governor	102,927	154,326	98,472	55,854
Health Care Policy and Financing	549,550	547,859	521,548	26,311
Higher Education	3,149,845	3,004,166	2,670,945	333,221
Human Services	731,492	361,192	339,297	21,895
Judicial Branch	171,800	169,909	162,708	7,201
Labor and Employment	1,264,065	1,093,823	1,048,856	44,967
Law	38,174	41,450	36,050	5,400
Legislative Branch	3,397	3,427	2,439	988
Local Affairs	665,303	660,787	421,439	239,348
Military and Veterans Affairs	4,503	3,508	1,534	1,974
Natural Resources	806,314	721,878	504,469	217,409
Personnel & Administration	792,474	752,546	482,997	269,549
Public Health and Environment	271,177	313,821	243,711	70,110
Public Safety	140,266	137,744	124,583	13,161
Regulatory Agencies	78,373	77,637	74,552	3,085
Revenue	750,904	816,850	663,850	153,000
State	32,165	31,381	20,550	10,831
Transportation	288,311	288,006	250,727	37,279
Treasury	2,338,424	2,332,955	1,966,015	366,940
SUB-TOTAL OPERATING BUDGETS	16,017,363	15,350,324	13,390,280	1,960,044
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	801	280	521
Corrections	111,600	103,332	80,533	22,799
Governor	3,034	7,021	1,979	5,042
Higher Education	133,860	517,407	185,270	332,137
Human Services	294	544	127	417
Labor and Employment	36,383	39,423	28,656	10,767
Military and Veterans Affairs	(437)	1	32	(31)
Natural Resources	58,359	83,293	20,447	62,846
Personnel & Administration	4,513	4,513	4,005	508
Public Health and Environment	16,846	12,423	3,144	9,279
Public Safety	1,218	1,218	-	1,218
Revenue	2,940	10,476	2,336	8,140
Transportation	2,208,691	1,869,482	913,005	956,477
Treasury	16,653	-	-	-
Budgets/Transfers Not Booked by Department	8,258	8,258	7,061	1,197
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,602,212	2,658,192	1,246,875	1,411,317
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 18,619,575	$ 18,008,516	14,637,155	$ 3,371,361
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (1,578,081)	

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSET - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 6,340,390	
TOTAL REVENUES AND TRANSFERS-IN			6,340,390	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,992	$ 13,233	6,956	$ 6,277
Corrections	8,523	33,169	31,693	1,476
Education	497,653	842,129	534,539	307,590
Governor	32,861	666,331	232,955	433,376
Health Care Policy and Financing	1,828,066	2,162,837	2,176,102	(13,265)
Higher Education	20,993	735,090	658,770	76,320
Human Services	668,526	1,419,453	1,190,518	228,935
Judicial Branch	2,290	7,127	4,681	2,446
Labor and Employment	429,901	753,145	476,004	277,141
Law	1,157	1,242	1,102	140
Local Affairs	54,891	154,261	59,285	94,976
Military and Veterans Affairs	205,626	21,893	12,146	9,747
Natural Resources	22,608	61,983	34,658	27,325
Personnel & Administration	121	167	53	114
Public Health and Environment	234,142	339,166	233,843	105,323
Public Safety	26,499	72,375	28,225	44,150
Regulatory Agencies	1,318	2,743	1,670	1,073
Revenue	1,472	10,389	2,459	7,930
State	-	6,911	6,551	360
Transportation	849,457	1,218,421	509,881	708,540
Treasury	-	244,843	244,716	127
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	4,890,096	8,766,908	6,446,807	2,320,101
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 4,890,096	$ 8,766,908	6,446,807	$ 2,320,101
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (106,417)	

The notes to the required supplementary information are an integral part of this schedule.

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES					
	GENERAL	PUBLIC SCHOOL	HIGHWAY USERS TAX	CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:						
Revenues and Transfers-In:						
General	$ 7,559,823	$ -	$ -	$ 57,378	$ -	$ -
Cash	923,260	3,039,777	1,590,814	192,758	475,709	2,835,574
Federal	4,616,353	-	509,625	9,813	-	397,079
Sub-Total Revenues and Transfers-In	13,099,436	3,039,777	2,100,439	259,949	475,709	3,232,653
Expenditures/Expenses and Transfers-Out						
General Funded	7,465,925	-	-	255,743	-	-
Cash Funded	929,416	3,038,328	1,902,851	268,622	494,003	3,370,503
Federally Funded	4,617,271	-	509,625	9,824	-	407,850
Expenditures/Expenses and Transfers-Out	13,012,612	3,038,328	2,412,476	534,189	494,003	3,778,353
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	86,824	1,449	(312,037)	(274,240)	(18,294)	(545,700)
BUDGETARY BASIS ADJUSTMENTS:						
Increase/(Decrease) for Unrealized Gains/Losses	7,301	-	9,926	3,107	3,510	34,926
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-	-	137,813
Increase/(Decrease) for GAAP Expenditures Not Budgeted	363,820	-	88,725	158,895	-	72,820
Increase/(Decrease) for GAAP Revenue Adjustments	(329,887)	-	-	(159,320)	-	(69,988)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	128,058	1,449	(213,386)	(271,558)	(14,784)	(370,129)
GAAP BASIS FUND BALANCES/NET ASSETS:						
FUND BALANCE/NET ASSETS, JULY 1	207,413	22,716	1,517,186	501,852	353,149	2,709,701
Prior Period Adjustments (See Note 28)	(38)	-	-	(590)	-	(131)
Accounting Changes (See Note 28)	-	-	-	-	-	214,205
FUND BALANCE/NET ASSETS, JUNE 30	$ 335,433	$ 24,165	$ 1,303,800	$ 229,704	$ 338,365	$ 2,553,646

The notes to the required supplementary information are an integral part of this schedule.

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	COLLEGEINVEST	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,617,201
1,918,686	391,018	70,385	502,605	304,313	132,818	681,357	13,059,074
16,958	375,858	390	-	413,950	33	331	6,340,390
1,935,644	766,876	70,775	502,605	718,263	132,851	681,688	27,016,665
-	-	-	-	-	-	-	7,721,668
1,901,723	766,104	79,345	502,818	309,409	126,677	947,356	14,637,155
121,471	367,540	-	-	413,193	33	-	6,446,807
2,023,194	1,133,644	79,345	502,818	722,602	126,710	947,356	28,805,630
(87,550)	(366,768)	(8,570)	(213)	(4,339)	6,141	(265,668)	(1,788,965)
2,851	-	2,062	337	1,658	53	(136,769)	(71,038)
-	-	-	2,408	24,199	1,319	-	165,739
92,072	(5,781)	631	(231)	(10,437)	(9,276)	6	751,244
-	-	-	-	(154)	-	-	(559,349)
104,538	-	-	-	-	-	-	104,538
111,911	(372,549)	(5,877)	2,301	10,927	(1,763)	(402,431)	(1,397,831)
3,765,994	765,533	185,215	2,613	407,735	22,950	3,796,228	14,258,285
6,309	-	-	-	-	29,904	(4,893)	30,561
-	-	-	-	-	-	(184,154)	30,051
$ 3,884,214	$ 392,984	$ 179,338	$ 4,914	$ 418,662	$ 51,091	$ 3,204,750	$ 12,921,066

GENERAL FUND

The General Fund is the principal operating fund of the state. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The General Fund Surplus is a statutorily defined amount that varies from the Unreserved – Undesignated Fund Balance on the *Balance Sheet – Governmental Funds* by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A). The schedule on the following page is presented to document compliance with the constitutional requirement for a positive General Fund Surplus on the budgetary basis. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* in several ways as discussed below.

For the purpose of reporting in accordance with Generally Accepted Accounting Principles (GAAP), risk management activities are reported as part of the General Fund and represented on the *Balance Sheet – Governmental Funds* as "Reserved for Risk Management". For budgetary reporting purposes (including the following schedule), risk management activities are considered a cash fund (see Note RSI-1) and are not included in the General Fund.

After all legal and GAAP reserves are taken into consideration, the balance of net assets in the General Fund is represented on the *Balance Sheet – Governmental Funds* as "Fund Balances: Unreserved, Reported in: General Fund". When it is positive, the unreserved undesignated fund balance represents cumulative general-purpose and augmenting revenues in excess of expenditures. General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent earned revenues that were greater than the related appropriation for specific cash-funded expenditures in the General Fund. These revenues in excess of the related expenditures become part of unreserved undesignated fund balance.

In order to identify the General Fund Surplus, encumbrances of the prior year are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year are considered expenditures and are added to the actual expenditures column.

In order to properly state the amounts reverted, restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule.

On June 30, 2009, the state transferred $458.1 million from various cash funds to the General Fund to prevent a constitutional violation related to expenditures in excess of available resources (beginning fund balance plus current year general-purpose revenues). Because the ending General Fund Surplus could not be known at that date, the legislatively authorized Governor's Executive Order specified a year-end transfer amount large enough to ensure a positive fund balance. Without this year-end transfer, the ending General Fund Surplus would have been a deficit of $14.3 million.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 2,169,900	$ 2,112,600	$ 1,890,013		
Other Excise Taxes	99,300	92,900	91,583		
Individual Income Tax, net	4,840,400	3,984,100	4,020,696		
Corporate Income Tax, net	455,000	253,800	265,214		
Estate Tax	500	-	24		
Insurance Tax	196,200	191,700	192,413		
Parimutuel, Courts, and Other	43,800	41,900	56,107		
Investment Income	29,800	7,900	9,364		
Gaming	-	4,100	-		
TOTAL GENERAL PURPOSE REVENUES	7,834,900	6,689,000	6,525,414		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	7,696	7,223	6,783	$ 440	$ 133
Corrections	676,603	642,348	634,781	7,567	(111)
Education	3,175,366	3,215,361	3,214,929	432	894
Governor	14,852	13,443	13,410	33	15
Health Care Policy and Financing	1,528,108	1,564,828	1,351,963	212,865	3,985
Higher Education	812,837	661,974	661,974	-	122
Human Services	684,028	678,788	675,662	3,126	977
Judicial Branch	327,682	327,080	326,960	120	56
Labor and Employment	-	-	-	-	7
Law	9,564	8,855	8,678	177	43
Legislative Branch	35,857	34,889	34,884	5	223
Local Affairs	12,678	12,353	12,229	124	95
Military and Veterans Affairs	5,854	5,686	5,542	144	-
Natural Resources	32,096	31,057	30,565	492	13
Personnel & Administration	7,522	5,785	5,609	176	415
Public Health and Environment	26,804	26,586	26,358	228	94
Public Safety	81,912	79,735	78,621	1,114	454
Regulatory Agencies	1,429	1,466	1,436	30	43
Revenue	110,232	185,830	184,139	1,691	59
State	-	-	-	-	53
Treasury	122,009	96,984	96,230	754	31
TOTAL ACTUAL BUDGET AND EXPENDITURES	7,673,129	7,600,271	7,370,753	$ 229,518	$ 7,601
Variance Between Actual and Estimated Budgets	(138,591)	(210,183)	-		
TOTAL ESTIMATED BUDGET	7,534,538	7,390,088	7,370,753		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	300,362	(701,088)	(845,339)		
EXCESS AUGMENTING REVENUES			7,601		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	-	601,600	815,254		
Transfer-In From the Sales and Use Tax Holding Fund	-	-	219,155		
Other Net Transfers To/(From) the General Fund	-	(10,900)	(10,281)		
Transfer-Out to Capital Projects - General Fund	(25,800)	(15,900)	(15,914)		
Transfer-Out to Capital Projects - General Fund-Exempt Account	-	(9,000)	(9,000)		
Excess Beginning Reserve Transferred to the Highway and Capital Projects Funds	(99,900)	(43,500)	(43,447)		
TOTAL TRANSFERS	(125,700)	522,300	955,767		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES			118,029		
BEGINNING GENERAL FUND SURPLUS	99,900	43,500	43,447		
GAAP Revenues/(Expenditures) Not Budgeted			(1,188)		
(Increase)/Decrease in Long-Term Asset Reserve			6		
Budgeted Decrease (Increase) in Statutory 4 Percent Reserve Requirement	(17,300)	135,288	135,300		
Prior Period Adjustment			(38)		
ENDING GENERAL FUND SURPLUS	257,262	(0)	295,556		
RECONCILIATION TO GAAP UNRESERVED FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2008-09 for Budget			(144,547)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2008-09 for Budget			(89,623)		
GAAP Revenues Related to Deferred Payroll and Medicaid Expenditures			94,050		
GAAP Basis - Shortfall in Statutory Reserve			-		
ENDING GAAP UNRESERVED FUND BALANCE			$ 155,436		

The notes to the required supplementary information are an integral part of this schedule.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1. BUDGETARY INFORMATION

A. BUDGETARY BASIS

The three budget-to-actual schedules show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (see pages 150 to 152). These schedules are presented in the budgetary fund structure discussed below. Higher Education Institution funds, with the exception of the amounts included in the Long Appropriations Act as limitations on the earning of certain cash revenues, are excluded from these schedules.

The budgetary fund types used by the state differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all financial resources received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in significant duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Act, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year-end unless executive action is taken to rollforward all or part of the remaining unspent budget authority. General-funded appropriations that meet the strict criteria for rollforward are reported in the *Balance Sheet – Governmental Funds* as "Reserved for Encumbrances". Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the state agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures of like purpose. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and estimates of statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded if no General Fund matching funds are required, supplemental appropriations of the Legislature, statutorily authorized appropriations, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. If earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 8A.

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

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (see page 154) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 150 to 152) relate to the change in fund balances/net assets for the funds presented in the fund level statements (see pages 50 to 67).

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense and depreciation, are not budgeted by the General Assembly. In addition, General Fund payroll disbursements for employee time worked in June, Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30, are excluded from the budget and from budget basis expenditures. These expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted”. Some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments”.

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The state uses encumbrance accounting as an extension of formal budget implementation in most funds except certain Fiduciary Funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2. ROADWAY INFRASTRUCTURE REPORTED UNDER THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, the state has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the modified approach, the state expenses most maintenance and preservation costs and does not report depreciation expense for infrastructure.

The state capitalizes costs related to new construction and major replacements or improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach. Colorado applies the modified approach only to roadway infrastructure owned and/or maintained by the Colorado Department of Transportation, including infrastructure acquired prior to Fiscal Year 1980-81. Assets accounted for under the modified approach include approximately 22,520 lane miles of roads for which the state has maintenance responsibilities. Lane mile statistics are developed and reported annually in June for the previous calendar year.

To use the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount necessary to maintain and preserve the assets at the condition level established and disclosed by the state.
- Document that the assets are being preserved approximately at or above the established condition level.

Measurement Scale

The Colorado Department of Transportation (CDOT) uses Remaining Service Life (RSL) to determine the condition of roadway pavements. In use since 1998, the RSL is a representation, in years, of functional and structural performance of the roadway pavement. CDOT has defined RSL into three conditions as follows:

Condition	Bituminous Surface	Concrete Surface
11 or more years = Good	No distress or some indication of initial distress, but no appreciable maintenance is required. Distress items include low or a small amount of moderate severity cracking such as transverse, longitudinal, or fatigue. Slight rutting in the wheel paths.	No distress or some indication of initial distress, but no appreciable maintenance is required. Distress items include low or a small amount of moderate severity cracking such as transverse or longitudinal or slight corner breaks.
6 to 10 years = Fair	Initial distresses are apparent requiring maintenance. Distress items include moderate and some high severity cracking such as transverse, longitudinal, or fatigue. Moderate rutting in the wheel paths.	Initial distresses are apparent requiring sealing. Distress items include moderate and some high severity cracking such as transverse or longitudinal or moderate corner breaks.
0 to 5 years = Poor	Excessive distresses requiring high maintenance, major rehabilitation, or reconstruction treatments. Distress items include a large amount of moderate to high severity cracking such as transverse, longitudinal, or fatigue. Moderate to severe rutting in the wheel paths.	Excessive distresses requiring high maintenance, major rehabilitation, or reconstruction. Distress items include a large amount of moderate to high severity transverse or longitudinal cracking or moderate to severe corner breaks.

Established Condition Level

The expected condition level for roadway is that 60 percent of roadways will be in the good and fair categories.

Assessed Conditions

Condition levels are assessed on a fiscal year basis. The following table reports the percentage of pavements meeting the "Good/Fair" condition for the past seven years.

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

Budgeted and Estimated Costs to Maintain

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

	(Amounts in Millions)		
Fiscal Year	Projected Cost	Budgeted Cost	Actual Spending
2008-09	$400.0	N/A	$358.4
2007-08	$894.6	N/A	$332.7
2006-07	$734.2	N/A	$380.4
2005-06	Not Available	$210.9	$460.6
2004-05	Not Available	$138.0	$274.6
2003-04	Not Available	$554.1	$529.9
2002-03	Not Available	$631.0	$1,457.1

The Department reported $128.9 million of construction in progress additions in Fiscal Year 2008-09, a portion of which will be capitalized as infrastructure in future years.

NOTE RSI-3. SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

As required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the state's Schedule of Funding Progress for its other postemployment benefit plans. Under the standard, the state must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations.

Since the state has elected to implement Statement No. 45 prospectively beginning in Fiscal Year 2008, only two years of data is available and disclosed. When future year information becomes available, it will be added to the schedule below. See Note 19 on page 109 for additional information regarding the plans listed in the schedule.

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] ((b-a)/c)
University of Colorado:							
2008-09	7/1/2008	-	$ 196,714,735	$ 196,714,735	0.0%	$ 898,898,961	21.9%
2007-08	7/1/2007	-	$ 195,972,332	$ 195,972,332	0.0%	$ 831,242,265	23.6%
Colorado State University:							
RMPR							
2008-09	1/1/2009	-	$ 25,187,719	$ 25,187,719	0.0%	$ 238,826,606	10.5%
2007-08	1/1/2007	-	$ 22,079,791	$ 22,079,791	0.0%	$ 199,793,625	11.1%
RMPS							
2008-09	1/1/2009	-	$ 54,271,314	$ 54,271,314	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 54,012,423	$ 54,012,423	0.0%	N/A	N/A
URX							
2008-09	1/1/2009	-	$ 2,899,120	$ 2,899,120	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 4,267,306	$ 4,267,306	0.0%	N/A	N/A
LTD							
2008-09	1/1/2009	-	$ 12,218,851	$ 12,218,851	0.0%	N/A	N/A
2007-08	1/1/2008	-	$ 10,209,899	$ 10,209,899	0.0%	N/A	N/A

[1] – Neither the CSU-RMPS, CSU-URX, nor the CSU-LTD plans' contributions are based on salaries or covered payroll.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 1,217,911	$ -	$ -	$ 1,217,911
Taxes Receivable, net	86,711	-	-	86,711
Other Receivables, net	84,945	-	9,998	94,943
Due From Other Governments	9,388	340	-	9,728
Due From Other Funds	203,809	-	3,271	207,080
Inventories	356	-	-	356
Prepaids, Advances, and Deferred Charges	12,537	-	-	12,537
Restricted Cash and Pooled Cash	234,592	218	58,273	293,083
Restricted Investments	71,371	-	569,649	641,020
Restricted Receivables	11,597	-	-	11,597
Investments	95,944	-	-	95,944
Other Long-Term Assets	405,995	-	3,925	409,920
Land and Nondepreciable Infrastructure	81	-	18,359	18,440
TOTAL ASSETS	$ 2,435,237	$ 558	$ 663,475	$ 3,099,270
LIABILITIES:				
Tax Refunds Payable	$ 8,714	$ -	$ -	$ 8,714
Accounts Payable and Accrued Liabilities	106,901	-	1	106,902
Due To Other Governments	116,409	-	5	116,414
Due To Other Funds	212,264	-	7,996	220,260
Deferred Revenue	85,163	-	4,907	90,070
Claims and Judgments Payable	73	-	-	73
Other Current Liabilities	3,182	-	-	3,182
Deposits Held In Custody For Others	9	-	-	9
TOTAL LIABILITIES	532,715	-	12,909	545,624
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	470,767	-	22,284	493,051
Debt Service	-	558	-	558
Emergencies	93,550	-	-	93,550
Funds Reported as Restricted	197,238	-	596,907	794,145
Unreserved Undesignated, Reported in:				
Nonmajor Special Revenue Funds	1,117,248	-	-	1,117,248
Nonmajor Permanent Funds	-	-	8,500	8,500
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Nonmajor Special Revenue Funds	23,719	-	-	23,719
Reported in Nonmajor Permanent Funds	-	-	22,875	22,875
TOTAL FUND BALANCES	1,902,522	558	650,566	2,553,646
TOTAL LIABILITIES AND FUND BALANCES	$ 2,435,237	$ 558	$ 663,475	$ 3,099,270

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

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 248,011	$ -	$ -	$ 248,011
Excise	159,637	-	-	159,637
Other Taxes	480,768	-	-	480,768
Licenses, Permits, and Fines	383,504	-	-	383,504
Charges for Goods and Services	87,743	-	72	87,815
Rents	6,951	-	77,103	84,054
Investment Income (Loss)	93,352	-	52,477	145,829
Federal Grants and Contracts	396,448	-	-	396,448
Unclaimed Property Receipts	58,158	-	-	58,158
Other	31,819	-	22	31,841
TOTAL REVENUES	1,946,391	-	129,674	2,076,065
EXPENDITURES:				
Current:				
General Government	74,693	-	1	74,694
Business, Community, and Consumer Affairs	175,778	-	-	175,778
Education	28,186	-	-	28,186
Health and Rehabilitation	102,181	-	-	102,181
Justice	23,525	-	-	23,525
Natural Resources	58,486	-	108	58,594
Social Assistance	180,176	-	-	180,176
Transportation	1,365	-	-	1,365
Capital Outlay	9,754	-	-	9,754
Intergovernmental:				
Cities	158,857	-	-	158,857
Counties	157,689	-	18	157,707
School Districts	75,033	-	-	75,033
Special Districts	37,621	-	-	37,621
Federal	2,733	-	-	2,733
Other	41,865	-	-	41,865
Debt Service	75	174,802	-	174,877
TOTAL EXPENDITURES	1,128,017	174,802	127	1,302,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	818,374	(174,802)	129,547	773,119
OTHER FINANCING SOURCES (USES):				
Transfers-In	351,077	174,802	172	526,051
Transfers-Out	(1,589,877)	-	(79,711)	(1,669,588)
Capital Lease Proceeds	214	-	-	214
Insurance Recoveries	75	-	-	75
TOTAL OTHER FINANCING SOURCES (USES)	(1,238,511)	174,802	(79,539)	(1,143,248)
NET CHANGE IN FUND BALANCES	(420,137)	-	50,008	(370,129)
FUND BALANCE, FISCAL YEAR BEGINNING	2,108,585	558	600,558	2,709,701
Prior Period Adjustment (See Note 28)	(131)	-	-	(131)
Accounting Changes (See Note 28)	214,205	-	-	214,205
FUND BALANCE, FISCAL YEAR END	$ 1,902,522	$ 558	$ 650,566	$ 2,553,646

SPECIAL REVENUE FUNDS

WATER PROJECTS	This fund accounts for construction loans made to local governments and special districts to enhance the water resources of the state.
LABOR	This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the state. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
TOBACCO IMPACT MITIGATION	This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional state tax on cigarettes and tobacco products approved by state voters in the 2004 general election and the expenditure of those tax revenues.
RESOURCE EXTRACTION	This fund accounts for receipts from severance taxes, mineral leasing, and fees associated with regulation of mining activities. Expenditures include distributions to local governments and regulatory costs. Prior to Fiscal Year 2006-07, these activities were primarily reported as Other Special Revenue Funds.
RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas, parks, and outdoor recreation resources of the state. Most of the related programs are managed by the Colorado Department of Natural Resources. Prior to Fiscal Year 2006-07, these activities were primarily reported as Other Special Revenue Funds.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado. Prior to Fiscal Year 2006-07, these activities were primarily reported as Other Special Revenue Funds.

PUBLIC SCHOOL BUILDINGS	This fund category represents a collection of funds created to support improvements or additions to public school buildings. Prior to Fiscal year 2007-08, these activities were primarily reported as Other Special Revenue Funds.
UNCLAIMED PROPERTY	This fund primarily comprises the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the state when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity, and the fund records a liability to claimants for the amount ultimately expected to be claimed and paid. Prior to Fiscal Year 2008-09, these activities were reported as a Private Purpose Trust Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of 278 individual active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types. (See page 212 for a detail listing of these funds that have net assets in excess of $150,000.)

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR	GAMING	TOBACCO IMPACT MITIGATION
ASSETS:				
Cash and Pooled Cash	$ 52,451	$ 23,502	$ 136,017	$ 28,663
Taxes Receivable, net	-	24,735	10,116	-
Other Receivables, net	13,388	1,230	25	50,101
Due From Other Governments	548	-	-	28
Due From Other Funds	1,433	626	-	-
Inventories	-	-	-	-
Prepaids, Advances, and Deferred Charges	57	-	25	-
Restricted Cash and Pooled Cash	-	22,179	-	167,690
Restricted Investments	-	71,371	-	-
Restricted Receivables	-	-	-	11,579
Investments	-	40,804	-	-
Other Long-Term Assets	372,840	-	-	-
Land and Nondepreciable Infrastructure	-	-	-	-
TOTAL ASSETS	$ 440,717	$ 184,447	$ 146,183	$ 258,061
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	2,141	1,267	2,981	20,006
Due To Other Governments	-	-	18,901	199
Due To Other Funds	164,833	200	30,893	9,882
Deferred Revenue	-	-	545	-
Claims and Judgments Payable	-	57	-	-
Other Current Liabilities	-	248	25	-
Deposits Held In Custody For Others	-	-	8	-
TOTAL LIABILITIES	166,974	1,772	53,353	30,087
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	273,102	-	-	-
Emergencies	-	93,550	-	-
Funds Reported as Restricted	-	-	2,148	152,099
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Nonmajor Special Revenue Funds	641	5,314	1,719	2,668
Undesignated	-	83,811	88,963	73,207
TOTAL FUND BALANCES	273,743	182,675	92,830	227,974
TOTAL LIABILITIES AND FUND BALANCES	$ 440,717	$ 184,447	$ 146,183	$ 258,061

RESOURCE EXTRACTION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	PUBLIC SCHOOL BUILDINGS	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 400,692	$ 37,296	$ 84,110	$ 60,212	$ 73,521	$ 321,447	$ 1,217,911
49,149	-	-	-	-	2,711	86,711
2,004	4,263	5,014	-	394	8,526	84,945
508	388	6,449	-	-	1,467	9,388
164,616	3,010	34	5,535	-	28,555	203,809
-	333	-	-	-	23	356
11	2,993	-	-	-	9,451	12,537
-	-	13,137	-	-	31,586	234,592
-	-	-	-	-	-	71,371
-	-	-	-	-	18	11,597
-	-	-	-	55,140	-	95,944
16,491	-	-	-	-	16,664	405,995
-	-	-	-	-	81	81
$ 633,471	$ 48,283	$ 108,744	$ 65,747	$ 129,055	$ 420,529	$ 2,435,237
$ 8,595	$ -	$ -	$ -	$ -	$ 119	$ 8,714
6,375	2,870	12,321	3,947	30,712	24,281	106,901
84,610	257	70	-	-	12,372	116,409
170	1,376	954	-	-	3,956	212,264
3,375	1,639	1,746	-	-	77,858	85,163
-	-	-	-	-	16	73
-	6	404	-	-	2,499	3,182
-	-	-	-	-	1	9
103,125	6,148	15,495	3,947	30,712	121,102	532,715
181,001	-	-	-	-	16,664	470,767
-	-	-	-	-	-	93,550
-	-	12,635	-	-	30,356	197,238
5,313	477	1,122	768	2,907	2,790	23,719
344,032	41,658	79,492	61,032	95,436	249,617	1,117,248
530,346	42,135	93,249	61,800	98,343	299,427	1,902,522
$ 633,471	$ 48,283	$ 108,744	$ 65,747	$ 129,055	$ 420,529	$ 2,435,237

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR	GAMING	TOBACCO IMPACT MITIGATION
REVENUES:				
Taxes:				
Sales and Use	$ -	$ -	$ -	$ -
Excise	-	-	-	157,508
Other Taxes	-	61,060	94,906	-
Licenses, Permits, and Fines	11	2,369	647	109,833
Charges for Goods and Services	259	200	615	-
Rents	-	1	360	-
Investment Income (Loss)	10,695	14,327	3,961	9,396
Federal Grants and Contracts	1,914	-	732	2,862
Unclaimed Property Receipts	-	-	-	-
Other	386	210	4	1,277
TOTAL REVENUES	13,265	78,167	101,225	280,876
EXPENDITURES:				
Current:				
General Government	-	-	-	475
Business, Community, and Consumer Affairs	-	19,675	15,510	-
Education	-	-	16,764	110
Health and Rehabilitation	-	-	18	47,441
Justice	-	-	-	-
Natural Resources	14,550	-	-	-
Social Assistance	-	-	-	38,909
Transportation	-	-	-	-
Capital Outlay	77	10	137	12
Intergovernmental:				
Cities	1,116	-	16,969	1,215
Counties	545	-	15,461	20,100
School Districts	112	-	427	5,919
Special Districts	3,712	-	613	-
Federal	628	-	-	-
Other	382	-	-	13,075
Debt Service	-	-	-	-
TOTAL EXPENDITURES	21,122	19,685	65,899	127,256
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,857)	58,482	35,326	153,620
OTHER FINANCING SOURCES (USES):				
Transfers-In	27,483	-	-	20,756
Transfers-Out	(72,093)	(174,258)	(35,733)	(316,053)
Capital Lease Proceeds	-	-	-	-
Insurance Recoveries	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(44,610)	(174,258)	(35,733)	(295,297)
NET CHANGE IN FUND BALANCES	(52,467)	(115,776)	(407)	(141,677)
FUND BALANCE, FISCAL YEAR BEGINNING	326,210	298,451	93,237	369,651
Prior Period Adjustment (See Note 28)	-	-	-	-
Accounting Changes (See Note 28)	-	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 273,743	$ 182,675	$ 92,830	$ 227,974

RESOURCE EXTRACTION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	PUBLIC SCHOOL BUILDINGS	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 248,011	$ 248,011
-	-	-	-	-	2,129	159,637
319,057	-	-	-	-	5,745	480,768
1,185	19,170	53,677	-	-	196,612	383,504
12	10,256	34,162	-	-	42,239	87,743
-	6,550	-	-	-	40	6,951
25,067	1,150	5,678	2,009	6,474	14,595	93,352
232,475	2,539	87,413	-	-	68,513	396,448
-	-	-	-	58,158	-	58,158
196	7,384	268	-	-	22,094	31,819
577,992	47,049	181,198	2,009	64,632	599,978	1,946,391
-	-	4	-	60,144	14,070	74,693
894	105	-	-	-	139,594	175,778
-	-	-	4,954	-	6,358	28,186
-	-	34,503	-	-	20,219	102,181
-	-	-	-	-	23,525	23,525
14,291	25,054	-	-	-	4,591	58,486
-	-	135,871	-	-	5,396	180,176
-	-	-	-	-	1,365	1,365
57	7,103	100	-	-	2,258	9,754
89,046	144	1,204	-	-	49,163	158,857
68,510	335	1,452	-	-	51,286	157,689
8,742	-	23	20,052	-	39,758	75,033
17,704	4	112	-	-	15,476	37,621
40	16	540	-	-	1,509	2,733
829	698	208	-	-	26,673	41,865
-	-	-	-	-	75	75
200,113	33,459	174,017	25,006	60,144	401,316	1,128,017
377,879	13,590	7,181	(22,997)	4,488	198,662	818,374
31,561	18,833	62,298	40,730	-	149,416	351,077
(450,771)	(24,417)	(74,267)	(13)	(120,350)	(321,922)	(1,589,877)
-	-	-	-	-	214	214
-	75	-	-	-	-	75
(419,210)	(5,509)	(11,969)	40,717	(120,350)	(172,292)	(1,238,511)
(41,331)	8,081	(4,788)	17,720	(115,862)	26,370	(420,137)
571,677	34,054	98,168	44,080	-	273,057	2,108,585
-	-	(131)	-	-	-	(131)
-	-	-	-	214,205	-	214,205
$ 530,346	$ 42,135	$ 93,249	$ 61,800	$ 98,343	$ 299,427	$ 1,902,522

PERMANENT FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and operations related to lands granted to the state by the federal government for educational purposes.
OTHER PERMANENT TRUST	This fund category represents several minor permanent funds including the Land and Water Management Fund, the Hall Historical Marker Fund, the Wildlife for Future Generations Fund, and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 9,998	$ -	$ 9,998
Due From Other Funds	3,271	-	3,271
Restricted Cash and Pooled Cash	50,119	8,154	58,273
Restricted Investments	569,649	-	569,649
Other Long-Term Assets	3,925	-	3,925
Capital Assets Held as Investments	18,359	-	18,359
TOTAL ASSETS	$ 655,321	$ 8,154	$ 663,475
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ -	$ 1	$ 1
Due To Other Governments	5	-	5
Due To Other Funds	7,996	-	7,996
Deferred Revenue	4,903	4	4,907
TOTAL LIABILITIES	12,904	5	12,909
FUND BALANCES:			
Reserved for:			
Noncurrent Assets	22,284	-	22,284
Funds Reported as Restricted	590,082	6,825	596,907
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Nonmajor Permanent Funds	22,767	108	22,875
Undesignated	7,284	1,216	8,500
TOTAL FUND BALANCES	642,417	8,149	650,566
TOTAL LIABILITIES AND FUND BALANCES	$ 655,321	$ 8,154	$ 663,475

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

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Charges for Goods and Services	$ 72	$ -	$ 72
Rents	77,103	-	77,103
Investment Income (Loss)	52,168	309	52,477
Other	19	3	22
TOTAL REVENUES	129,362	312	129,674
EXPENDITURES:			
Current:			
General Government	-	1	1
Natural Resources	-	108	108
Intergovernmental:			
Counties	18	-	18
TOTAL EXPENDITURES	18	109	127
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	129,344	203	129,547
OTHER FINANCING SOURCES (USES):			
Transfers-In	172	-	172
Transfers-Out	(79,689)	(22)	(79,711)
TOTAL OTHER FINANCING SOURCES (USES)	(79,517)	(22)	(79,539)
NET CHANGE IN FUND BALANCES	49,827	181	50,008
FUND BALANCE, FISCAL YEAR BEGINNING	592,590	7,968	600,558
FUND BALANCE, FISCAL YEAR END	$ 642,417	$ 8,149	$ 650,566

OTHER ENTERPRISE FUNDS

These funds account for operations of state agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

WILDLIFE	Expenses of this fund are to preserve the state's wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the state prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the state facilities at Aurora, Homelake, Walsenburg, Florence, Rifle, and Trinidad.
PRISON CANTEENS	This activity accounts for the various canteen operations in the state's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the state include the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in state buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at state museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 10,604	$ 47,349	$ 1,363
Student and Other Receivables, net	3,593	325	46
Due From Other Governments	-	2,260	89
Due From Other Funds	-	7,091	-
Inventories	1,038	-	36
Prepaids, Advances, and Deferred Charges	403	330	122
Total Current Assets	15,638	57,355	1,656
Noncurrent Assets:			
Restricted Cash and Pooled Cash	58,369	23,681	-
Restricted Receivables	3,686	41,794	-
Other Long-Term Assets	-	-	-
Depreciable Capital Assets and Infrastructure, net	57,171	10	9,669
Land and Nondepreciable Infrastructure	151,808	-	1,636
Total Noncurrent Assets	271,034	65,485	11,305
TOTAL ASSETS	286,672	122,840	12,961
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	9,424	361	299
Due To Other Governments	-	37,547	-
Due To Other Funds	287	78	-
Deferred Revenue	28,788	-	397
Compensated Absences Payable	330	-	-
Leases Payable	-	-	-
Notes, Bonds, and COP's Payable	-	-	-
Other Current Liabilities	-	7,872	10
Total Current Liabilities	38,829	45,858	706
Noncurrent Liabilities:			
Accrued Compensated Absences	5,299	132	126
Capital Lease Payable	-	-	-
Notes, Bonds, and COP's Payable	-	-	-
Other Long-Term Liabilities	-	4,274	-
Total Noncurrent Liabilities	5,299	4,406	126
TOTAL LIABILITIES	44,128	50,264	832
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	208,979	10	11,305
Restricted for:			
Emergencies	21,282	-	-
Court Awards and Other Purposes	-	28,006	-
Unrestricted	12,283	44,560	824
TOTAL NET ASSETS	$ 242,544	$ 72,576	$ 12,129

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 6,049	$ 4,791	$ 7,100	$ 13,451	$ 14,524	$ 105,231
995	972	319	3,981	1,463	11,694
252	2,250	-	170	121	5,142
1,240	1,748	-	-	-	10,079
9,616	203	529	-	113	11,535
-	28	-	-	616	1,499
18,152	9,992	7,948	17,602	16,837	145,180
-	-	-	-	-	82,050
-	-	-	-	-	45,480
1,650	359	-	-	172	2,181
3,851	29,440	2,232	508	10,252	113,133
980	4,617	-	-	3,957	162,998
6,481	34,416	2,232	508	14,381	405,842
24,633	44,408	10,180	18,110	31,218	551,022
2,220	4,852	498	3,896	2,402	23,952
-	350	-	-	-	37,897
-	-	-	-	-	365
-	-	-	-	3,909	33,094
60	200	-	-	232	822
-	240	-	-	-	240
-	380	-	-	335	715
6	-	-	-	103	7,991
2,286	6,022	498	3,896	6,981	105,076
1,000	1,822	172	227	322	9,100
-	3,130	-	-	-	3,130
-	3,640	-	-	7,140	10,780
-	-	-	-	-	4,274
1,000	8,592	172	227	7,462	27,284
3,286	14,614	670	4,123	14,443	132,360
4,831	26,627	2,232	508	6,734	261,226
-	-	-	-	-	21,282
-	-	-	-	-	28,006
16,516	3,167	7,278	13,479	10,041	108,148
$ 21,347	$ 29,794	$ 9,510	$ 13,987	$ 16,775	$ 418,662

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
OPERATING REVENUES:			
License and Permits	$ 76,834	$ -	$ -
Tuition and Fees	16	-	-
Sales of Goods and Services	1,995	-	6,833
Investment Income (Loss)	-	3,290	-
Rental Income	-	-	538
Federal Grants and Contracts	19,150	381,467	-
Intergovernmental Revenue	18,093	-	-
Other	745	2,088	-
TOTAL OPERATING REVENUES	116,833	386,845	7,371
OPERATING EXPENSES:			
Salaries and Fringe Benefits	60,321	39,405	4,410
Operating and Travel	45,947	332,341	4,176
Cost of Goods Sold	-	-	-
Depreciation and Amortization	3,961	117	652
Intergovernmental Distributions	1,964	-	-
Debt Service	-	27,400	-
Prizes and Awards	24	-	839
TOTAL OPERATING EXPENSES	112,217	399,263	10,077
OPERATING INCOME (LOSS)	4,616	(12,418)	(2,706)
NONOPERATING REVENUES AND (EXPENSES):			
Taxes	-	-	-
Fines and Settlements	359	-	-
Investment Income (Loss)	2,121	-	350
Rental Income	638	-	-
Gifts and Donations	1,183	-	545
Gain/(Loss) on Sale or Impairment of Capital Assets	(29)	(241)	-
Insurance Recoveries from Prior Year Impairments	15	-	-
Debt Service	(2)	-	(76)
Other Expenses	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	4,285	(241)	819
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	8,901	(12,659)	(1,887)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	8,455	-	890
Transfers-In	3,959	-	2,452
Transfers-Out	(4,968)	(100)	(107)
TOTAL CONTRIBUTIONS AND TRANSFERS	7,446	(100)	3,235
CHANGE IN NET ASSETS	16,347	(12,759)	1,348
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	226,197	85,335	10,781
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 242,544	$ 72,576	$ 12,129

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 414	$ 6,669	$ 83,917
-	-	-	-	290	306
46,282	39,948	17,075	-	6,199	118,332
-	-	-	-	-	3,290
-	-	-	-	784	1,322
-	11,724	-	1,042	566	413,949
-	236	-	-	-	18,329
322	26	22	20	63	3,286
46,604	51,934	17,097	1,476	14,571	642,731
10,757	39,425	4,298	9,364	6,086	174,066
8,280	9,143	1,740	22,122	6,999	430,748
26,344	-	10,462	-	158	36,964
953	1,665	104	18	881	8,351
-	2,000	-	-	-	3,964
-	-	-	-	-	27,400
-	1	-	-	-	864
46,334	52,234	16,604	31,504	14,124	682,357
270	(300)	493	(30,028)	447	(39,626)
-	-	-	35,627	-	35,627
-	-	-	14	274	647
120	58	286	412	399	3,746
260	7	-	-	-	905
-	124	-	-	384	2,236
10	(690)	-	-	(556)	(1,506)
-	-	-	-	-	15
-	(317)	-	-	(241)	(636)
-	(46)	-	-	(11)	(57)
390	(864)	286	36,053	249	40,977
660	(1,164)	779	6,025	696	1,351
-	13	-	-	572	9,930
-	1,182	-	-	-	7,593
(373)	(896)	(119)	(945)	(439)	(7,947)
(373)	299	(119)	(945)	133	9,576
287	(865)	660	5,080	829	10,927
21,060	30,659	8,850	8,907	15,946	407,735
$ 21,347	$ 29,794	$ 9,510	$ 13,987	$ 16,775	$ 418,662

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 16	$ -	$ -
Fees for Service	71,810	-	4,623
Sales of Products	618	-	141
Gifts, Grants, and Contracts	19,838	383,846	-
Income from Property	638	-	538
Other Sources	21,876	-	2,237
Cash Payments to or for:			
Employees	(55,337)	(2,242)	(2,234)
Suppliers	(35,787)	(33,669)	(6,228)
Sales Commissions and Lottery Prizes	(5,499)	-	-
Others for Student Loans and Loan Losses	-	(359,957)	-
Other Governments	(1,963)	-	-
Other	(9,697)	-	(939)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,513	(12,022)	(1,862)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	3,959	-	2,452
Transfers-Out	(4,968)	(100)	(107)
Receipt of Deposits Held in Custody	-	23	1
Release of Deposits Held in Custody	(39)	(4)	(1)
Gifts and Grants for Other Than Capital Purposes	1,103	-	-
NonCapital Debt Proceeds	-	-	-
NonCapital Debt Service Payments	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	55	(81)	2,345
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(21,520)	-	(26)
Proceeds from Sale of Capital Assets	-	-	-
Capital Debt Proceeds	-	-	22
Capital Debt Service Payments	(2)	-	(1,052)
Capital Lease Payments	-	-	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(21,522)	-	(1,056)

(Continued)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ 62	$ -	$ -	$ 290	$ 368
9,804	39,436	-	35,645	4,875	166,193
38,225	44	17,292	-	553	56,873
-	10,734	-	1,806	495	416,719
260	7	-	-	784	2,227
189	122	-	428	5,834	30,686
(9,695)	(36,349)	(4,263)	(3,298)	(4,896)	(118,314)
(34,561)	(11,424)	(12,608)	(30,191)	(7,583)	(172,051)
-	-	-	-	-	(5,499)
-	-	-	-	-	(359,957)
-	(1,826)	-	-	-	(3,789)
(90)	(7)	(1)	-	(147)	(10,881)
4,132	799	420	4,390	205	2,575
-	1,182	-	-	-	7,593
(373)	(896)	(119)	(945)	(439)	(7,947)
19	-	-	-	99	142
(19)		-	-	-	(63)
-	-	-	-	384	1,487
-	-	-	-	-	-
-	(368)	-	-	-	(368)
(373)	(82)	(119)	(945)	44	844
(1,327)	(1,291)	(160)	(497)	(270)	(25,091)
22	-	-	53	24	99
-	38	-	-	-	60
-	(224)	-	-	(561)	(1,839)
-	(350)	-	-	-	(350)
(1,305)	(1,827)	(160)	(444)	(807)	(27,121)

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

(DOLLARS IN THOUSANDS)	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	1,517	2,640	339
Increase(Decrease) from Unrealized Gain(Loss) on Invesments	604	649	12
NET CASH FROM INVESTING ACTIVITIES	2,121	3,289	351
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(12,833)	(8,814)	(222)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	81,806	79,844	1,585
CASH AND POOLED CASH, FISCAL YEAR END	$ 68,973	$ 71,030	$ 1,363
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 4,616	$ (12,418)	$ (2,706)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	3,961	117	652
Investment/Rental Income and Other Revenue in Operating Income	-	(3,290)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	1,092	-	545
Loss on Disposal of Capital Assets	156	-	-
Compensated Absences	287	-	(6)
Interest and Other Expense in Operating Income	1	4	7
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(1,648)	(42,195)	(114)
(Increase) Decrease in Inventories	(69)	-	5
(Increase) Decrease in Other Operating Assets	9	(117)	49
Increase (Decrease) in Accounts Payable	(426)	37,038	(31)
Increase (Decrease) in Other Operating Liabilities	(1,466)	8,839	(263)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 6,513	$ (12,022)	$ (1,862)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	-	-	890
Capital Assets Acquired by Grants or Donations and Payable Increases	151	-	-
Gain/(Loss) on Disposal of Capital Assets	(186)	(241)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-
Assumption of Capital Lease Obligation or Mortgage	-	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
47	3	228	282	323	5,379
74	55	59	129	76	1,658
121	58	287	411	399	7,037
2,575	(1,052)	428	3,412	(159)	(16,665)
3,474	5,843	6,672	10,039	14,683	203,946
$ 6,049	$ 4,791	$ 7,100	$ 13,451	$ 14,524	$ 187,281
$ 270	$ (300)	$ 493	$ (30,028)	$ 447	$ (39,626)
953	1,665	104	18	881	8,351
-	-	-	-	-	(3,290)
260	129	-	35,641	287	37,954
-	-	-	-	-	156
46	161	5	(91)	(10)	392
-	7	-	-	97	116
2,008	(1,319)	219	761	(787)	(43,075)
1,865	(78)	(89)	-	-	1,634
249	95	-	-	(377)	(92)
(1,260)	441	(312)	(1,911)	793	34,332
(259)	(2)	-	-	(1,126)	5,723
$ 4,132	$ 799	$ 420	$ 4,390	$ 205	$ 2,575
-	-	-	-	8	898
-	-	-	-	-	151
10	(690)	-	-	(570)	(1,677)
-	-	-	-	11	11
-	214	-	-	-	214

INTERNAL SERVICE FUNDS

These funds account for operations of state agencies that provide a majority of their services to other state agencies on a user charge basis. The major activities in these funds are:

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other state agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming, fleet, and motor pool.
GENERAL GOVERNMENT COMPUTER CENTER	This fund accounts for computer services sold to other state agencies.
TELECOMMUNICATIONS	This fund accounts for telecommunications services sold primarily to other state agencies.
CAPITOL COMPLEX	This fund accounts for the cost and income related to maintaining state office space in the complex surrounding the State Capitol. Only certain capitol complex capital assets are reported in this fund, and other capitol complex capital assets are reported on the government-wide financial statements.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to state agencies by the Department of Public Safety.
OFFICE OF ADMINISTRATIVE COURTS	This fund accounts for the operations of the Office of Administrative Courts in the Department of Personnel & Administration.
DEBT COLLECTION	This fund accounts for the activities of the Central Collections Unit within the Department of Personnel & Administration. The unit collects receivables due to state agencies on a straight commission basis.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 10,493	$ 3,686	$ 3,037
Other Receivables, net	309	29	17
Due From Other Governments	-	-	144
Due From Other Funds	80	514	-
Inventories	411	-	50
Prepaids, Advances, and Deferred Charges	1	156	25
Total Current Assets	11,294	4,385	3,273
Noncurrent Assets:			
Other Long-Term Assets	177	-	-
Depreciable Capital Assets and Infrastructure, net	58,840	789	34,160
Total Noncurrent Assets	59,017	789	34,160
TOTAL ASSETS	70,311	5,174	37,433
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	6,184	1,983	885
Due To Other Funds	75	80	3
Deferred Revenue	300	506	-
Compensated Absences Payable	14	24	11
Leases Payable	5,430	-	-
Notes, Bonds, and COP's Payable	4,555	-	-
Total Current Liabilities	16,558	2,593	899
Noncurrent Liabilities:			
Accrued Compensated Absences	466	1,038	451
Capital Lease Payable	32,466	-	-
Notes, Bonds, and COP's Payable	12,594	-	-
Total Noncurrent Liabilities	45,526	1,038	451
TOTAL LIABILITIES	62,084	3,631	1,350
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	3,795	789	34,160
Unrestricted	4,432	754	1,923
TOTAL NET ASSETS	$ 8,227	$ 1,543	$ 36,083

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ 3,363	$ 1,721	$ 377	$ 895	$ 259	$ 23,831
36	-	6	1	4	402
-	-	-	-	-	144
33	-	-	-	-	627
241	324	-	-	-	1,026
-	-	-	35	-	217
3,673	2,045	383	931	263	26,247
-	-	-	-	-	177
19,795	114	1,855	30	25	115,608
19,795	114	1,855	30	25	115,785
23,468	2,159	2,238	961	288	142,032
1,065	108	15	293	154	10,687
-	-	-	-	-	158
3	-	-	-	-	809
11	-	-	-	-	60
631	-	-	-	-	6,061
-	-	-	-	-	4,555
1,710	108	15	293	154	22,330
270	-	-	240	34	2,499
21,052	-	-	-	-	53,518
-	-	-	-	-	12,594
21,322	-	-	240	34	68,611
23,032	108	15	533	188	90,941
(1,888)	114	1,855	30	25	38,880
2,324	1,937	368	398	75	12,211
$ 436	$ 2,051	$ 2,223	$ 428	$ 100	$ 51,091

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
OPERATING REVENUES:			
Sales of Goods and Services	$ 55,241	$ 22,231	$ 24,592
Rental Income	-	-	-
Other	280	-	-
TOTAL OPERATING REVENUES	55,521	22,231	24,592
OPERATING EXPENSES:			
Salaries and Fringe Benefits	8,543	13,021	6,058
Operating and Travel	25,754	7,666	16,887
Cost of Goods Sold	8,089	-	-
Depreciation and Amortization	12,208	353	4,714
Intergovernmental Distributions	-	-	-
TOTAL OPERATING EXPENSES	54,594	21,040	27,659
OPERATING INCOME (LOSS)	927	1,191	(3,067)
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	154	42	-
Federal Grants and Contracts	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	354	-	2
Debt Service	(1,676)	-	(2)
Other Expenses	(89)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,257)	42	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(330)	1,233	(3,067)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	838	-	6,753
Transfers-In	355	-	416
Transfers-Out	(1,899)	(2,103)	(677)
TOTAL CONTRIBUTIONS AND TRANSFERS	(706)	(2,103)	6,492
CHANGE IN NET ASSETS	(1,036)	(870)	3,425
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	9,263	2,322	2,845
Prior Period Adjustments (See Note 28)	-	91	29,813
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 8,227	$ 1,543	$ 36,083

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ 2	$ 2,211	$ 122	$ 4,050	$ 2,376	$ 110,825
11,169	-	-	-	-	11,169
15	-	1	-	-	296
11,186	2,211	123	4,050	2,376	122,290
3,191	1,196	150	3,392	1,103	36,654
5,196	1,377	367	696	1,206	59,149
-	-	-	-	-	8,089
1,025	23	433	7	8	18,771
3	-	-	-	-	3
9,415	2,596	950	4,095	2,317	122,666
1,771	(385)	(827)	(45)	59	(376)
-	12	-	-	-	208
33	-	-	-	-	33
16	-	-	-	-	372
(574)	-	-	-	(3)	(2,255)
-	-	-	-	-	(89)
(525)	12	-	-	(3)	(1,731)
1,246	(373)	(827)	(45)	56	(2,107)
-	-	-	-	-	7,591
-	-	394	-	-	1,165
(3,233)	-	-	(239)	(261)	(8,412)
(3,233)	-	394	(239)	(261)	344
(1,987)	(373)	(433)	(284)	(205)	(1,763)
2,423	2,424	2,656	712	305	22,950
-	-	-	-	-	29,904
$ 436	$ 2,051	$ 2,223	$ 428	$ 100	$ 51,091

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 7	$ -	$ -
Fees for Service	54,773	22,203	24,677
Sales of Products	342	-	-
Gifts, Grants, and Contracts	-	-	16
Income from Property	-	-	-
Other Sources	145	506	2
Cash Payments to or for:			
Employees	(7,175)	(11,495)	(5,788)
Suppliers	(32,399)	(7,579)	(18,481)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	-
Other	(10)	(1)	(18)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,683	3,634	408
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	355	-	416
Transfers-Out	(1,899)	(2,103)	(677)
NonCapital Debt Service Payments	(81)	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,625)	(2,103)	(261)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(18,239)	(520)	(488)
Proceeds from Sale of Capital Assets	12,593	-	-
Capital Debt Proceeds	89	-	-
Capital Debt Service Payments	(7,103)	-	(2)
Capital Lease Payments	(1,212)	-	-
NET CASH FROM CAPITAL RELATED FINANCING ACTIVITIES	(13,872)	(520)	(490)

(Continued)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 7
1	898	129	4,057	2,371	109,109
1	1,314	-	-	-	1,657
33	-	-	-	-	49
11,194	-	-	-	-	11,194
34	-	1	-	-	688
(3,103)	(1,113)	(189)	(3,324)	(1,071)	(33,258)
(5,432)	(1,352)	(357)	(803)	(516)	(66,919)
-	-	-	-	(617)	(617)
(3)	-	-	-	-	(3)
(16)	(3)	-	-	(90)	(138)
2,709	(256)	(416)	(70)	77	21,769
-	-	394	-	-	1,165
(3,234)	-	-	(239)	(261)	(8,413)
(574)	-	-	-	-	(655)
(3,808)	-	394	(239)	(261)	(7,903)
(579)	(151)	-	-	-	(19,977)
-	87	-	-	-	12,680
2,506	-	-	-	-	2,595
-	-	-	-	-	(7,105)
-	-	-	-	-	(1,212)
1,927	(64)	-	-	-	(13,019)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

(Continued)

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	154	1	-
Increase(Decrease) from Unrealized Gain(Loss) on Invesments	-	41	-
NET CASH FROM INVESTING ACTIVITIES	154	42	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	340	1,053	(343)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	10,153	2,633	3,380
CASH AND POOLED CASH, FISCAL YEAR END	$ 10,493	$ 3,686	$ 3,037
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 927	$ 1,191	$ (3,067)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	12,208	353	4,714
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	-	2
Compensated Absences	6	685	7
Interest and Other Expense in Operating Income	-	-	-
(Increase) Decrease in Operating Receivables	37	(542)	101
(Increase) Decrease in Inventories	388	-	(50)
(Increase) Decrease in Other Operating Assets	2	181	12
Increase (Decrease) in Accounts Payable	2,404	1,260	(1,311)
Increase (Decrease) in Other Operating Liabilities	(289)	506	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 15,683	$ 3,634	$ 408
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Acquired by Grants or Donations and Payable Increases	838	-	-
Gain/(Loss) on Disposal of Capital Assets	1,007	-	-
Assumption of Capital Lease Obligation or Mortgage	12,281	-	-

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	DEBT COLLECTION	TOTALS
-	-	-	-	-	155
-	12	-	-	-	53
-	12	-	-	-	208
828	(308)	(22)	(309)	(184)	1,055
2,535	2,029	399	1,204	443	22,776
$ 3,363	$ 1,721	$ 377	$ 895	$ 259	$ 23,831
$ 1,771	$ (385)	$ (827)	$ (45)	$ 59	$ (376)
1,025	23	433	7	8	18,771
50	-	-	-	-	52
33	-	-	10	7	748
121	-	-	-	-	121
24	-	5	6	-	(369)
(14)	201	-	-	-	525
-	-	-	(35)	-	160
(303)	(95)	(27)	(13)	3	1,918
2	-	-	-	-	219
$ 2,709	$ (256)	$ (416)	$ (70)	$ 77	$ 21,769
-	-	-	-	-	838
-	-	-	-	-	1,007
8,605	-	-	-	-	20,886

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the state in a fiduciary capacity. Pension and Other Employee Benefits Trust Funds are included in this category. However, financial statements for the state's Pension and Other Employee Benefits Trust Funds are presented in the notes to the financial statements and are not repeated in this supplementary information. The major components of the remaining fiduciary funds are:

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S

This fund primarily includes monies managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the monies in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.

COLLEGE SAVINGS PLAN

The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the state.

COLLEGE OPPORTUNITY FUND

The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the state. The appropriated amounts are held in trust in the COF until students apply for the stipend. The COF administrator only distributes the stipend to the higher education institution as directed by the student. Any unused stipends remain in the COF and do not revert to the state.

MULTI-STATE LOTTERY WINNERS

The Multistate Lottery Winners Fund was created in Fiscal Year 2007-08 to account for the Colorado Lottery's investments held by the Multi-State Lottery Association (MUSL) for the benefit of Colorado's Powerball annuity prize winners. The winnings are invested by MUSL in bond funds with staggered maturities that correspond with the annual payments required under the terms of the annuity. Under an agreement with MUSL, the Colorado Lottery is responsible for making payments to the Colorado winners.

OTHER

This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts, contractor's performance escrow accounts, sales taxes collected for cities and counties, deposits held to ensure land restoration by mining and oil exploration companies, amounts held for the trustee related to the most recent issuance of Certificates of Participation for Higher Education Institutions, and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
ASSETS:						
Current Assets:						
Cash and Pooled Cash	$ 2,687	$ 1,581	$ 123	$ -	$ 4,363	$ 8,754
Other Receivables, net	-	2,930	-	-	1,776	4,706
Due From Other Funds	-	3,816	-	-	-	3,816
Noncurrent Assets:						
Investments:						
Government Securities	-	-		9,893	724	10,617
Mutual Funds	-	2,766,678	-	-	-	2,766,678
Other Investments	-	28,975	-	-	-	28,975
TOTAL ASSETS	2,687	2,803,980	123	9,893	6,863	2,823,546
LIABILITIES:						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	-	3,619	123	-	1,131	4,873
Deferred Revenue	-	778	-	-	4,500	5,278
Noncurrent Liabilities:						
Deposits Held In Custody For Others	-	3,327	-	-	-	3,327
TOTAL LIABILITIES	-	7,724	123	-	5,631	13,478
NET ASSETS:						
Held in Trust for:						
Individuals, Organizations, and Other Entities	2,687	2,796,256	-	9,893	1,232	2,810,068
TOTAL NET ASSETS	$ 2,687	$ 2,796,256	$ -	$ 9,893	$ 1,232	$ 2,810,068

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

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
ADDITIONS:						
Additions By Participants	$ -	$ 456,195	$ 262,450	$ -	$ 3,903	$ 722,548
Investment Income/(Loss)	66	(502,716)	-	514	137	(501,999)
Unclaimed Property Receipts	-	-	-	-	-	-
Other Additions	522	627	288	-	1,327	2,764
TOTAL ADDITIONS	588	(45,894)	262,738	514	5,367	223,313
DEDUCTIONS:						
Distributions to Participants	-	-	262,738	371	-	263,109
Payments in Accordance with Trust Agreements	257	358,200	-	-	5,145	363,602
Transfers-Out	-	-	-	-	64	64
TOTAL DEDUCTIONS	257	358,200	262,738	371	5,209	626,775
CHANGE IN NET ASSETS	331	(404,094)	-	143	158	(403,462)
NET ASSETS AVAILABLE:						
FISCAL YEAR BEGINNING	186,510	3,200,350	-	9,750	1,074	3,397,684
Accounting Changes (See Note 28)	(184,154)	-	-	-	-	(184,154)
FISCAL YEAR ENDING	$ 2,687	$ 2,796,256	$ -	$ 9,893	$ 1,232	$ 2,810,068

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 96,968	$ 2,321,121	$ 2,330,150	$ 87,939
Taxes Receivable, net	124,173	6,974	16,289	114,858
TOTAL ASSETS	$ 221,141	$ 2,328,095	$ 2,346,439	$ 202,797
LIABILITIES:				
Tax Refunds Payable	$ 812	$ 1,669	$ 16	$ 2,465
Due To Other Governments	220,067	3,443,795	3,471,294	192,568
Claims and Judgments Payable	231	3,968	4,115	84
Other Long-Term Liabilities	31	7,769	120	7,680
TOTAL LIABILITIES	$ 221,141	$ 3,457,201	$ 3,475,545	$ 202,797

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 126,479	$ 189,187	$ 217,725	$ 97,941
Taxes Receivable, net	4,969	212	798	4,383
Other Receivables, net	557	640	569	628
Due From Other Funds	240	1	241	-
Inventories	1	37	34	4
Prepaids, Advances, and Deferred Charges	-	5	5	-
Other Long-Term Assets	22,058	5,824	9,973	17,909
TOTAL ASSETS	$ 154,304	$ 195,906	$ 229,345	$ 120,865
LIABILITIES:				
Tax Refunds Payable	$ 51	$ 213	$ -	$ 264
Accounts Payable and Accrued Liabilities	539	15,128	14,551	1,116
Due To Other Governments	8,543	123,462	125,535	6,470
Due To Other Funds	37	14,128	14,150	15
Deferred Revenue	-	438	438	-
Claims and Judgments Payable	336	78	40	374
Other Current Liabilities	136,853	94,584	123,481	107,956
Deposits Held In Custody For Others	7,945	1,323	5,377	3,891
Other Long-Term Liabilities	-	779	-	779
TOTAL LIABILITIES	$ 154,304	$ 250,133	$ 283,572	$ 120,865

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 126,876	$ 364,624	$ 171,854	$ 319,646
Due From Other Funds	5,532	8,510	5,532	8,510
TOTAL ASSETS	$ 132,408	$ 373,134	$ 177,386	$ 328,156
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ -	$ 166	$ 166	$ -
Other Current Liabilities	67,602	373,755	170,149	271,208
Deposits Held In Custody For Others	64,806	10,193	18,051	56,948
TOTAL LIABILITIES	$ 132,408	$ 384,114	$ 188,366	$ 328,156

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 350,323	$ 2,874,932	$ 2,719,729	$ 505,526
Taxes Receivable, net	129,142	7,186	17,087	119,241
Other Receivables, net	557	640	569	628
Due From Other Funds	5,772	8,511	5,773	8,510
Inventories	1	37	34	4
Prepaids, Advances, and Deferred Charges	-	5	5	-
Other Long-Term Assets	22,058	5,824	9,973	17,909
TOTAL ASSETS	$ 507,853	$ 2,897,135	$ 2,753,170	$ 651,818
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	$ 863	$ 1,882	$ 16	$ 2,729
Accounts Payable and Accrued Liabilities	539	15,294	14,717	1,116
Due To Other Governments	228,610	3,567,257	3,596,829	199,038
Due To Other Funds	37	14,128	14,150	15
Deferred Revenue	-	438	438	-
Claims and Judgments Payable	567	4,046	4,155	458
Other Current Liabilities	204,455	468,339	293,630	379,164
Deposits Held In Custody For Others	72,751	11,516	23,428	60,839
Other Long-Term Liabilities	31	8,548	120	8,459
TOTAL LIABILITIES	$ 507,853	$ 4,091,448	$ 3,947,483	$ 651,818

COMPONENT UNITS

The following statements present the nonmajor component units aggregated in the combining component unit statements beginning on page 68. Descriptions of each of the nonmajor component units can be found in Note 36 on page 141.

COMBINING STATEMENT OF NET ASSETS
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY	RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	TOTAL
ASSETS:						
Current Assets:						
Cash and Pooled Cash	$ 2,392	$ 234	$ 5,342	$ 6	$ 32	$ 8,006
Investments	-	51,516	-	-	-	51,516
Taxes Receivable, net	3	-	-	-	-	3
Contributions Receivable, net	-	-	4,338	-	-	4,338
Other Receivables, net	93	715	17	-	-	825
Prepaids, Advances, and Deferred Charges	4	-	-	-	-	4
Total Current Assets	2,492	52,465	9,697	6	32	64,692
Noncurrent Assets:						
Investments	-	-	12,524	3,206	-	15,730
Other Long-Term Assets	349	-	20,843	-	-	21,192
Depreciable Capital Assets and Infrastructure, net	129,880	24	-	-	-	129,904
Land and Nondepreciable Infrastructure	18,176	-	-	-	-	18,176
Total Noncurrent Assets	148,405	24	33,367	3,206	-	185,002
TOTAL ASSETS	150,897	52,489	43,064	3,212	32	249,694
LIABILITIES:						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	38	435	-	-	-	473
Deferred Revenue	-	40	4,338	-	-	4,378
Claims and Judgments Payable	-	13,022	-	-	-	13,022
Total Current Liabilities	38	13,497	4,338	-	-	17,873
Noncurrent Liabilities:						
Other Long-Term Liabilities	-	-	20,843	-	-	20,843
Total Noncurrent Liabilities	-	-	20,843	-	-	20,843
TOTAL LIABILITIES	38	13,497	25,181	-	-	38,716
NET ASSETS:						
Invested in Capital Assets, Net of Related Debt	148,057	24	-	-	-	148,081
Emergencies	9	-	-	-	-	9
Court Awards and Other Purposes	491	38,968	-	3,212	32	42,703
Unrestricted	2,302	-	17,883	-	-	20,185
TOTAL NET ASSETS	$ 150,859	$ 38,992	$ 17,883	$ 3,212	$ 32	$ 210,978

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

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY	RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	TOTAL
OPERATING REVENUES:						
Fees	$ -	$ 32,934	$ -	$ -	$ -	$ 32,934
Investment Income (Loss)	-	-	2,156	69	1	2,226
Rental Income	696	-	-	-	-	696
Federal Grants and Contracts	-	1,344	-	-	-	1,344
Other	-	-	-	2,800	1,232	4,032
TOTAL OPERATING REVENUES	696	34,278	2,156	2,869	1,233	41,232
OPERATING EXPENSES:						
Operating and Travel	78	65,142	54	1,695	1,201	68,170
Depreciation and Amortization	4,049	9	-	-	-	4,058
TOTAL OPERATING EXPENSES	4,127	65,151	54	1,695	1,201	72,228
OPERATING INCOME (LOSS)	(3,431)	(30,873)	2,102	1,174	32	(30,996)
NONOPERATING REVENUES AND (EXPENSES):						
Investment Income (Loss)	37	2,841	177	-	-	3,055
Gifts and Donations	-	5,022	4,400	-	-	9,422
Other Expenses	(719)	-	-	-	-	(719)
Other Revenues	643	31,817	-	-	-	32,460
TOTAL NONOPERATING REVENUES (EXPENSES)	(39)	39,680	4,577	-	-	44,218
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(3,470)	8,807	6,679	1,174	32	13,222
CHANGE IN NET ASSETS	(3,470)	8,807	6,679	1,174	32	13,222
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	154,329	30,185	11,204	2,038	-	197,756
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 150,859	$ 38,992	$ 17,883	$ 3,212	$ 32	$ 210,978

CAPITAL ASSETS

The following schedule presents the capital assets net of accumulated depreciation used in governmental activities by function and by department. The schedule includes the capital assets of the Internal Service Funds because those funds primarily sell to governmental activities. This treatment matches the presentation of the capital assets on the government-wide *Statement of Net Assets.* Except for the Internal Service Fund capital assets, the assets on this schedule are generally not reported on the fund-level financial statements.

SCHEDULE OF CAPITAL ASSETS
USED IN GOVERNMENTAL ACTIVITIES
INCLUDING INTERNAL SERVICE FUNDS
BY FUNCTION AND DEPARTMENT
JUNE 30, 2009

(DOLLARS IN THOUSANDS)	LAND	LAND AND LEASEHOLD IMPROVEMENTS	BUILDINGS	LIBRARY BOOKS AND COLLECTIONS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ 119	$ -	$ -
Legislature	-	21	-	-
Military Affairs	1,655	137	29,500	-
Personnel & Administration	5,739	2,474	79,642	-
Revenue	-	2,025	1,261	-
Subtotal	7,394	4,776	110,403	-
BUSINESS, COMMUNITY & CONSUMER AFFAIRS				
Agriculture	102	-	1,834	-
[1]GOV, GEO, OED	-	-	-	27
Labor and Employment	543	222	7,465	-
Local Affairs	-	100	1,322	-
Regulatory Agencies	-	-	-	-
Revenue	421	-	336	-
State	-	-	-	-
Subtotal	1,066	322	10,957	27
EDUCATION				
Education	152	79	7,399	1,403
Higher Education	1,842	1,226	6,771	8,927
Subtotal	1,994	1,305	14,170	10,330
HEALTH AND REHABILITATION				
Public Health and Environment	188	65	6,555	-
Human Services	3,068	3,942	28,782	-
Subtotal	3,256	4,007	35,337	-
JUSTICE				
Corrections	3,872	3,597	508,290	-
DHS, Division of Youth Services	1,675	1,401	97,558	-
Judicial	1,605	501	2,190	612
Law	-	-	-	-
Public Safety	1,399	30	19,777	-
Subtotal	8,551	5,529	627,815	612
NATURAL RESOURCES				
Natural Resources	104,488	37,574	32,717	-
SOCIAL ASSISTANCE				
Human Services	-	256	11,243	-
Military Affairs	36	2,087	2,265	-
Health Care Policy and Finance	-	-	-	-
Subtotal	36	2,343	13,508	-
TRANSPORTATION				
Transportation	15,086	-	93,051	-
TOTAL CAPITAL ASSETS	$ 141,871	$ 55,856	$ 937,958	$ 10,969

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

VEHICLES AND EQUIPMENT	OTHER CAPITAL ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 35,959	$ 456	$ -	$ -	$ 36,534
782	-	-	-	803
486	-	7,153	-	38,931
59,061	13	191	-	147,120
10,374	-	6,282	-	19,942
106,662	469	13,626	-	243,330
1,414	-	76	-	3,426
91	-	-	-	118
2,049	4,845	1,346	-	16,470
226	-	-	-	1,648
394	-	-	-	394
79	-	9	-	845
4,537	-	-	-	4,537
8,790	4,845	1,431	-	27,438
2,187	-	-	-	11,220
827	-	13,414	-	33,007
3,014	-	13,414	-	44,227
3,238	2,613	1,009	-	13,668
2,459	61	10,199	-	48,511
5,697	2,674	11,208	-	62,179
9,062	680	124,406	-	649,907
324	-	185	-	101,143
4,612	835	914	-	11,269
150	-	-	-	150
8,914	162	940	-	31,222
23,062	1,677	126,445	-	793,691
5,785	4,487	6,161	34,759	225,971
77,157	-	72,121	-	160,777
9	-	12	-	4,409
30	-	-	-	30
77,196	-	72,133	-	165,216
114,424	-	213,482	10,842,379	11,278,422
$ 344,630	$ 14,152	$ 457,900	$ 10,877,138	$ 12,840,474

OTHER FUNDS DETAIL

In the combined and combining statements several fund categories show a column titled "Other". The schedule on the following pages provides a summary of assets, liabilities, and net assets of the individually significant funds that comprise the columns titled "Other". Most of the funds shown in the schedule are Special Revenue Funds that are statutorily authorized.

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2009

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
OTHER PERMANENT FUNDS				
Wildlife for Future Generations (Nonexpendable)	33-1-112(7)	$ 6,098	$ -	$ 6,098
Wildlife for Future Generations (Expendable)	33-1-112	1,233	1	1,232
Other Permanent-Nonexpendable	Various	754	-	754
Veterans Monument Preservation	24-80-1401	60	4	56
Hall Historical Marker-Nonexpendable	24-80-209	9	-	9
Total Other Permanent Funds		$ 8,154	$ 5	$ 8,149
OTHER PRIVATE PURPOSE TRUST FUNDS				
Supplemental Purse & Breeders Awards	12-60-704	723	-	723
Brand Estray Fund	35-41-102	203	-	203
Americans with Disabilities Act Contractor Settlement	24-34-301	147	-	147
Early Intervention Services	27-10.5-706	5,716	5,576	140
Colorado Combined Campaign Administration	Restricted	74	55	19
Total Other Private Purpose Funds		$ 6,863	$ 5,631	$ 1,232
OTHER ENTERPRISE FUNDS				
Capitol Parking Fund	None	15,955	8,364	7,591
Transportation Enterprise Special Revenue Fund	43-4-806(3)	3,387	136	3,251
Transportation Enterprise Operating Fund	43-4-806(4)	1,897	5	1,892
Brand Inspection Fund	35-41-102	6,169	4,593	1,576
Grounds Cash Fund	26-1-133.5(2)	1,445	76	1,369
Business Enterprise Program	None	823	206	617
Enterprise Services	24-80-209	248	86	162
Clean Screen Authority	42-3-304(19)	870	728	142
Work Therapy	None	142	36	106
Statewide Tolling Special Revenue Fund	43-4-804(1)	43	-	43
Other Enterprise Funds	Various	14	-	14
Conference & Training	None	12	-	12
Statewide Bridge Enterprise Special Revenue Fund	43-4-805(3)	213	213	-
Total Other Enterprise Funds		$ 31,218	$ 14,443	$ 16,775
OTHER SPECIAL REVENUE FUNDS				
Aviation Fund	43-10-109	28,647	2,351	26,296
Travel and Tourism Promotion	24-49.7-106	21,994	1,852	20,142
Species Conservation-Capital Account	24-33-111(2)	15,985	-	15,985
Colorado High Cost Administration	40-15-208	15,232	8	15,224
Federal Tax Relief Act - 2003	Restricted	14,823	94	14,729
Gear Up Scholarship Trust Fund	Restricted	14,445	-	14,445
Supreme Court Committee	Court Rule 227	16,724	3,798	12,926
Victims Assistance	24-4.2-104	12,150	51	12,099
Species Conservation-Operating & Maintance Account	24-33-111(2)	12,086	113	11,973
Clean Energy Fund	24-75-1201(1)	13,011	1,125	11,886
Offender Services	16-11-214	9,492	24	9,468
Help America Vote Fund	HAVA 2002	8,554	251	8,303
Victims Compensation	24-4.1-124	6,953	13	6,940
Economic Development Fund	None	7,032	95	6,937
Disaster Emergency Fund	24-32-2106	5,951	50	5,901
Consumer Protection-Custodial Funds	6-1-103	5,179	2	5,177
Old Age Pension Stabilization	26-2-116	5,000	-	5,000
Operating Vouchers	None	4,744	291	4,453
Ballot Information Publication & Distribution Fund	1-40-124.5	3,254	34	3,220
Other Expendable Trusts	Various	30,108	27,009	3,099
Cumulative Surplus-HUD Section 8 Voucher	29-4-708(K)	3,276	205	3,071

(continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2009

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Traumatic Brain Injury Fund	26-1-210(1)	2,997	253	2,744
Conveyance Safety Fund	9-5.5-111(2)	2,633	-	2,633
Court Security Cash Fund	13-1-204(1)	3,011	527	2,484
Auto Theft Prevention Cash Fnd	42-5-112(4A)	2,402	13	2,389
Secretary of State Fees	24-21-104	5,483	3,103	2,380
Drug Offender Surcharge Fund	18-19-103(4)	2,703	359	2,344
Housing Rehabilitation Revolving Loans	29-4-728	2,606	411	2,195
Sales and Use Tax Holding Fund	39-26-123(2)	3,772	1,644	2,128
Collaborative Management Incentive	24-1.9-104(1)	2,198	117	2,081
Patient Benefit	None	2,026	2	2,024
Alternative Fuels Rebate	39-33-105	1,867	-	1,867
Real Estate Proceeds	28-3-106	1,861	1	1,860
Judicial Stabilization Cash Fund	13-32-101	1,854	-	1,854
Victims Assistance	24-33.5-506	1,970	191	1,779
Transportation Renovation	43-1-210 6(B)	1,664	-	1,664
Texaco Oil Overcharge Fund	None	1,703	66	1,637
Law Examiner Board Fund	Court Rule 201	1,586	29	1,557
Parks Aquatic Nuisance Species	33-10.5-108	1,963	462	1,501
Inspection & Consumer Services Cash Fund	35-1-106.5	2,247	786	1,461
Advance Technology Fund	25-16.5-105	1,517	164	1,353
Public Safety Inspection	8-1-151	1,297	-	1,297
Travel and Tourism Additional	24-49.7-106	1,525	239	1,286
Section 8 Pre-Federal Fiscal Year 2004	None	1,137	-	1,137
Library Trust Fund	24-90-105	1,135	5	1,130
Uniform Consumer Credit Code Custodial Funds	Restricted	1,107	3	1,104
Innovative Higher Education Research Fund	23-19.7-104	1,054	-	1,054
Controlled Maintenance Trust-Nonexpendable	24-75-302.5	1,030	-	1,030
Persistent Drunk Driver	42-3-130.5	1,507	481	1,026
Waste Tire Cleanup Fund	24-32-114(1)	1,594	577	1,017
Colorado Bureau of Investigation Identification Unit	24-33.5-426	1,264	261	1,003
State Supplemental Security Income Stabilizaton	26-2-210(1)	904	-	904
Criminal Alien Assistance Cash	17-1-107.5	889	-	889
Continuing Legal Education Fund	Court Rule 260	905	21	884
Abandoned Mine Reclamation	34-34-102(1)	871	12	859
Donations	25-1-107(U)	10,284	9,427	857
Agriculture Value-Added Fund	35-75-205	905	49	856
Motor Carrier	40-2-110.5	1,837	987	850
State Patrol Contraband	24-33.5-225	792	14	778
Fixed Utilities	40-2-114	1,440	666	774
Howard Fund	None	759	1	758
Division of Registrations Cash Fund	24-34-105	14,633	13,908	725
Board of Land Commissioners Investment & Develop.	Restricted	781	58	723
Alcohol/Drug Driving Safety	42-4-1301.3	694	-	694
Liquor Law Enforcement	24-35-401	830	137	693
Judicial Performance Cash Fund	13-5.5-107	686	23	663
Public School Transportation	22-51-103(1)	947	301	646
Public Deposit Administration	11-10.5-112	921	290	631
Public School Energy Efficiciency	39-29-109.5	742	154	588
Educator Licensure Cash Fund	22-60.5-112	750	167	583
Foreclosure Prevention Grants	24-32-719	613	31	582
Historical Society Unrestricted	24-80-209	558	-	558
Conservation District Grants	Ex. Order 56-87	496	-	496
Home Grant Revolving Loan Fund	None	7,617	7,129	488
Violent Offender Identification Fund	24-33.5-415	479	-	479
Older Coloradans Cash Fund	26-11-205.5	1,800	1,326	474
Drug Offender Treatment Fund	18-19-103	447	-	447
Attorney's Fees and Costs	24-31-108(2)	441	-	441

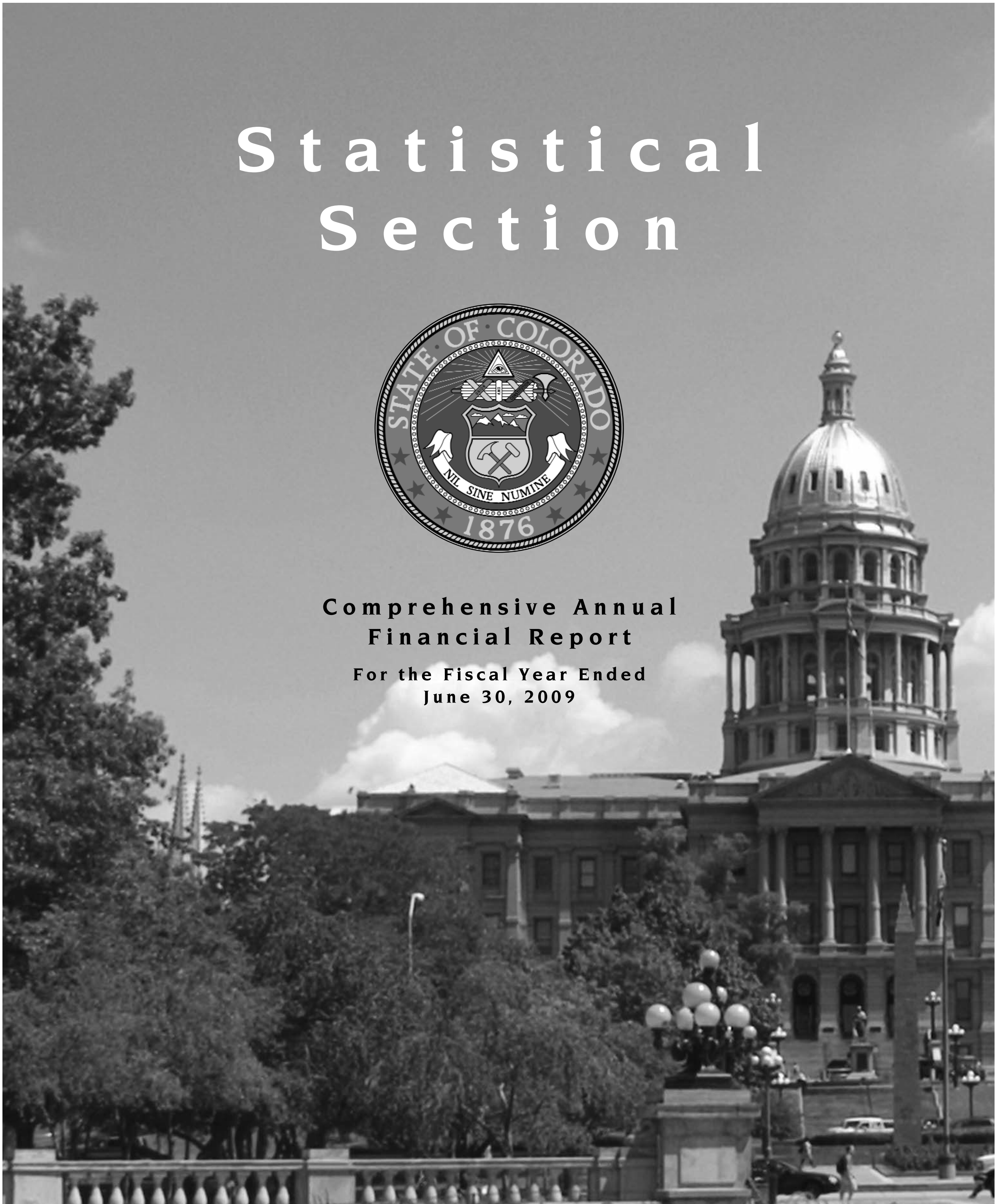
(continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2009

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Colorado Family Support Loan	27-10.5-502	416	-	416
Exxon Oil Overcharge Funds	None	723	316	407
Mortgage Broker Registration	12-61-908(2)	445	38	407
Legislative Expenses Fund	2-3-1002(1)	394	-	394
EPA - Settlement Projects	Restricted	481	104	377
Western Slope Military Veteran's Cemetary	28-5-708	375	8	367
Identity Theft Financial Fraud	24-33.5-1707	381	33	348
Charter School Institute Fund	22-30.5-506	1,246	904	342
Building Regulation Fund	24-32-3309	399	66	333
Conservation Trust Fund	24-35-210(10	11,679	11,353	326
Colorado Heritage Communities Fund	24-32-3207	324	-	324
Organ & Tissue Donation Awareness	42-2-107(4)	316	-	316
Stripper Well Settlement	None	343	53	290
Division of Securities Cash Fund	11-51-707	1,701	1,413	288
Online Education Cash Fund	22-30.7-107	309	21	288
Diseased Livestock Fund	35-50-140.5	282	-	282
Prescription Drug Monitoring	12-22-706(1)	279	4	275
Judicial Information Technology Cash	13-32-114	267	-	267
Start Smart Nutrition Program	22-82.7-105	252	12	240
Mandatory Fruit & Vegetable Inspection Fund	35-23-114	565	326	239
Colorado Comprehensive Health Education Fund	22-25-109	258	22	236
Diamond Shamrock Settlement	None	235	-	235
Colorado Dealer License Board	12-6-123	355	126	229
Waste Tire Recycling Fund	25-17-202(3)	429	202	227
Colorado Bureau of Investigations Contraband	24-33.5-415	226	1	225
Vickers Oil Overcharge Funds	Executive Order 56-8	213	-	213
Child Welfare Action Committee	26-1-135(2)A	205	5	200
Racing Cash Fund	12-60-205	309	112	197
Cervidae Disease Fund	35-50-114.5	190	-	190
Highway Crossing	43-4-201	165	-	165
Uniform Consumer Credit Code	5-6-204	248	85	163
Collection Agency Board	12-14-136	185	28	157
Domestic Abuse Program	39-22-802	171	14	157
Property Tax Exemption Fund	39-2-117(3)	217	61	156
140 Funds with Net Assets Below $150,000		27,572	24,034	3,538
Total Other Special Revenue Funds		$ 420,529	$ 121,102	$ 299,427

Statistical Section



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

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

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,217,711	$ 2,632,601	$ 2,455,425
Investments	1,498	565	998
Taxes Receivable, net	920,086	946,077	956,149
Other Receivables, net	182,540	188,347	153,218
Due From Other Governments	475,997	355,519	280,637
Internal Balances	14,617	14,545	13,756
Due From Component Units	66	63	65
Inventories	16,183	16,703	14,053
Prepaids, Advances, and Deferred Charges	33,244	23,790	28,527
Total Current Assets	3,861,942	4,178,210	3,902,828
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	1,813,365	2,061,543	1,689,703
Restricted Investments	694,311	620,325	552,211
Restricted Receivables	184,120	187,018	279,140
Investments	98,815	96,743	80,695
Other Long-Term Assets	600,020	442,911	425,886
Depreciable Capital Assets and Infrastructure, net	2,360,036	2,282,645	1,288,308
Land and Nondepreciable Infrastructure	10,480,438	10,291,250	11,799,975
Total Noncurrent Assets	16,231,105	15,982,435	16,115,918
TOTAL ASSETS	20,093,047	20,160,645	20,018,746
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	633,722	561,117	486,576
Accounts Payable and Accrued Liabilities	779,008	837,311	694,602
TABOR Refund Liability (Note 8B)	706	706	727
Due To Other Governments	223,415	183,696	176,864
Due to Component Units	-	-	-
Deferred Revenue	150,632	97,174	65,389
Accrued Compensated Absences	8,930	9,776	9,533
Claims and Judgments Payable	36,936	37,775	40,948
Leases Payable	8,227	6,002	2,807
Notes, Bonds, COP's Payable	637,066	574,150	457,250
Other Current Liabilities	9,818	11,794	9,615
Total Current Liabilities	2,488,460	2,319,501	1,944,311
Noncurrent Liabilities:			
Deposits Held In Custody For Others	16	16	17
Accrued Compensated Absences	140,675	128,760	116,262
Claims and Judgments Payable	358,371	335,636	295,874
Capital Lease Obligations	83,586	54,029	27,649
Capital Lease Payable to Component Units	-	-	-
Notes, Bonds, COP's Payable	1,146,960	1,274,720	1,390,671
Due to Component Units	-	-	-
Other Postemployment Benefits	-	-	-
Other Long-Term Liabilities	397,774	217,793	206,972
Total Noncurrent Liabilities	2,127,382	2,010,954	2,037,445
TOTAL LIABILITIES	4,615,842	4,330,455	3,981,756
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	11,631,061	11,348,995	11,804,908
Restricted for:			
Highway Construction and Maintenance	1,220,524	1,350,485	1,196,903
State Education	338,365	353,149	225,818
Unemployment Insurance	-	-	-
Debt Service	558	558	558
Emergencies	93,550	93,000	85,760
Permanent Funds and Endowments:			
Expendable	8,588	2,333	1,782
Nonexpendable	623,619	587,733	515,997
Court Awards and Other Purposes	197,918	231,532	299,777
Unrestricted	1,363,022	1,862,405	1,905,487
TOTAL NET ASSETS	$ 15,477,205	$ 15,830,190	$ 16,036,990

(Continued)

GOVERNMENTAL ACTIVITIES

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

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

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 1,220,190	$ 1,555,782	$ 1,430,836
Investments	386,948	272,804	326,087
Taxes Receivable, net	73,326	82,431	81,745
Other Receivables, net	245,768	239,790	219,488
Due From Other Governments	142,961	125,894	126,391
Internal Balances	(14,617)	(14,545)	(13,756)
Due From Component Units	12,630	16,348	15,334
Inventories	42,467	42,271	38,000
Prepaids, Advances, and Deferred Charges	20,091	17,055	15,751
Total Current Assets	2,129,764	2,337,830	2,239,876
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	368,308	446,681	149,811
Restricted Investments	201,025	259,115	555,310
Restricted Receivables	1,916,974	1,716,722	1,408,588
Investments	1,154,901	1,008,382	972,922
Other Long-Term Assets	123,599	119,650	112,693
Depreciable Capital Assets and Infrastructure, net	3,594,383	3,464,979	2,851,692
Land and Nondepreciable Infrastructure	928,243	576,755	835,182
Total Noncurrent Assets	8,287,433	7,592,284	6,886,198
TOTAL ASSETS	10,417,197	9,930,114	9,126,074
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	-
Accounts Payable and Accrued Liabilities	506,318	467,741	413,788
TABOR Refund Liability (Note 8B)	-	-	-
Due To Other Governments	182,922	26,885	38,501
Due to Component Units	930	1,112	273
Deferred Revenue	207,551	190,528	183,805
Accrued Compensated Absences	12,753	12,745	12,578
Claims and Judgments Payable	-	7,398	11,717
Leases Payable	6,282	5,976	4,950
Notes, Bonds, COP's Payable	85,456	75,567	62,998
Other Current Liabilities	241,129	208,542	126,574
Total Current Liabilities	1,243,341	996,494	855,184
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	-
Accrued Compensated Absences	185,420	166,402	153,320
Claims and Judgments Payable	27,541	28,482	28,220
Capital Lease Obligations	83,206	83,113	63,671
Capital Lease Payable to Component Units	4,285	4,285	-
Notes, Bonds, COP's Payable	3,917,559	3,466,484	3,100,764
Due to Component Units	723	1,233	-
Other Postemployment Benefits	31,689	15,775	-
Other Long-Term Liabilities	43,321	40,756	54,097
Total Noncurrent Liabilities	4,293,744	3,806,530	3,400,072
TOTAL LIABILITIES	5,537,085	4,803,024	4,255,256
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,665,270	2,411,662	2,256,929
Restricted for:			
Highway Construction and Maintenance	-	-	-
State Education	-	-	-
Unemployment Insurance	392,984	765,533	675,574
Debt Service	111,778	180,409	125,656
Emergencies	21,282	33,716	37,472
Permanent Funds and Endowments:			
Expendable	6,935	9,592	5,313
Nonexpendable	70,420	74,479	97,821
Court Awards and Other Purposes	582,006	491,492	411,112
Unrestricted	1,029,437	1,160,207	1,260,941
TOTAL NET ASSETS	$ 4,880,112	$ 5,127,090	$ 4,870,818

(Continued)

BUSINESS-TYPE ACTIVITIES

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

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

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,437,901	$ 4,188,383	$ 3,886,261
Investments	388,446	273,369	327,085
Taxes Receivable, net	993,412	1,028,508	1,037,894
Other Receivables, net	428,308	428,137	372,706
Due From Other Governments	618,958	481,413	407,028
Internal Balances	-	-	-
Due From Component Units	12,696	16,411	15,399
Inventories	58,650	58,974	52,053
Prepaids, Advances, and Deferred Charges	53,335	40,845	44,278
Total Current Assets	5,991,706	6,516,040	6,142,704
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	2,181,673	2,508,224	1,839,514
Restricted Investments	895,336	879,440	1,107,521
Restricted Receivables	2,101,094	1,903,740	1,687,728
Investments	1,253,716	1,105,125	1,053,617
Other Long-Term Assets	723,619	562,561	538,579
Depreciable Capital Assets and Infrastructure, net	5,954,419	5,747,624	4,140,000
Land and Nondepreciable Infrastructure	11,408,681	10,868,005	12,635,157
Total Noncurrent Assets	24,518,538	23,574,719	23,002,116
TOTAL ASSETS	30,510,244	30,090,759	29,144,820
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	633,722	561,117	486,576
Accounts Payable and Accrued Liabilities	1,285,326	1,305,052	1,108,390
TABOR Refund Liability (Note 8B)	706	706	727
Due To Other Governments	406,337	210,581	215,365
Due to Component Units	930	1,112	273
Deferred Revenue	358,183	287,702	249,194
Accrued Compensated Absences	21,683	22,521	22,111
Claims and Judgments Payable	36,936	45,173	52,665
Leases Payable	14,509	11,978	7,757
Notes, Bonds, COP's Payable	722,522	649,717	520,248
Other Current Liabilities	250,947	220,336	136,189
Total Current Liabilities	3,731,801	3,315,995	2,799,495
Noncurrent Liabilities:			
Deposits Held In Custody For Others	16	16	17
Accrued Compensated Absences	326,095	295,162	269,582
Claims and Judgments Payable	385,912	364,118	324,094
Capital Lease Obligations	166,792	137,142	91,320
Capital Lease Payable to Component Units	4,285	4,285	-
Notes, Bonds, COP's Payable	5,064,519	4,741,204	4,491,435
Due to Component Units	723	1,233	-
Other Postemployment Benefits	31,689	15,775	-
Other Long-Term Liabilities	441,095	258,549	261,069
Total Noncurrent Liabilities	6,421,126	5,817,484	5,437,517
TOTAL LIABILITIES	10,152,927	9,133,479	8,237,012
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	14,296,331	13,760,657	14,061,837
Restricted for:			
Highway Construction and Maintenance	1,220,524	1,350,485	1,196,903
State Education	338,365	353,149	225,818
Unemployment Insurance	392,984	765,533	675,574
Debt Service	112,336	180,967	126,214
Emergencies	114,832	126,716	123,232
Permanent Funds and Endowments:			
Expendable	15,523	11,925	7,095
Nonexpendable	694,039	662,212	613,818
Court Awards and Other Purposes	779,924	723,024	710,889
Unrestricted	2,392,459	3,022,612	3,166,428
TOTAL NET ASSETS	$ 20,357,317	$ 20,957,280	$ 20,907,808

TOTAL PRIMARY GOVERNMENT				
2005-06	2004-05	2003-04	2002-03	2001-02
$ 3,523,901	$ 2,817,369	$ 2,065,702	$ 1,467,135	$ 1,764,631
341,103	680,786	192,781	-	-
951,214	835,245	831,254	805,484	846,076
363,413	353,852	324,424	323,523	1,010,100
363,728	402,874	368,607	613,877	452,967
-	-	-	-	-
11,197	9,404	5,406	-	-
50,653	53,063	49,761	51,441	52,210
41,883	37,423	48,024	46,551	122,334
5,647,092	5,190,016	3,885,959	3,308,011	4,248,318
1,537,079	1,359,541	1,481,847	1,351,507	1,346,568
916,606	919,695	652,180	686,262	140,074
1,509,086	1,326,596	1,236,353	-	-
935,475	249,491	581,674	1,040,727	1,806,230
504,218	475,684	424,734	1,165,586	318,736
4,041,080	4,068,735	3,832,049	3,451,631	3,038,062
12,211,317	12,016,146	11,954,709	11,552,935	11,478,514
21,654,861	20,415,888	20,163,546	19,248,648	18,128,184
27,301,953	25,605,904	24,049,505	22,556,659	22,376,502
457,124	476,445	425,610	431,132	384,040
1,013,879	1,029,772	1,021,272	1,017,946	757,941
2,917	41,064	-	-	48,920
278,297	231,083	209,359	178,559	218,317
1,067	1,607	703	-	-
237,701	219,041	215,927	252,462	223,288
23,721	22,003	17,711	17,976	14,649
56,845	46,971	12,084	14,743	35,576
6,312	9,442	8,358	8,775	5,138
609,506	714,067	499,905	81,230	116,594
104,532	132,320	144,763	126,259	126,385
2,791,901	2,923,815	2,555,692	2,129,082	1,930,848
17	16	10	8	12
249,697	243,301	240,739	238,401	233,154
391,848	450,997	29,200	29,200	-
71,894	103,006	94,213	85,690	45,557
-	-	-	-	-
3,992,424	3,530,761	3,118,815	2,856,056	2,527,498
-	-	-	-	-
-	-	-	-	-
263,507	250,542	586,930	577,641	407,061
4,969,387	4,578,623	4,069,907	3,786,996	3,213,282
7,761,288	7,502,438	6,625,599	5,916,078	5,144,130
13,919,131	14,009,945	13,943,113	13,587,382	12,678,246
824,698	679,440	559,450	509,354	1,376,522
153,043	123,867	147,286	218,545	303,827
548,780	321,725	200,311	322,423	653,690
105,928	125,588	111,567	7,289	8,790
109,683	98,247	211,479	183,643	120,730
6,399	18,436	18,746	18,732	47,825
543,171	509,998	442,201	425,220	405,204
563,306	445,647	432,423	284,601	214,702
2,766,526	1,770,573	1,357,330	1,083,392	1,422,836
$ 19,540,665	$ 18,103,466	$ 17,423,906	$ 16,640,581	$ 17,232,372

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2008-09	RESTATED 2007-08	2006-07
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 386,311	$ 374,521	$ 352,819
Service Fees	184,327	132,822	129,980
Education - Tuition, Fees, and Sales	53	-	-
Fines and Forfeits	203,259	155,692	126,612
Rents and Royalties	85,811	78,889	68,270
Sales of Products	5,040	4,592	3,703
Unemployment Surcharge	19,369	21,512	22,346
Other	61,168	57,622	64,964
Operating Grants and Contributions	5,065,429	4,222,670	4,122,360
Capital Grants and Contributions	485,711	439,693	414,602
TOTAL PROGRAM REVENUES	6,496,478	5,488,013	5,305,656
EXPENSES:			
General Government	308,410	217,939	163,412
Business, Community, and Consumer Affairs	705,037	667,381	565,769
Education	5,208,705	5,017,551	4,771,218
Health and Rehabilitation	644,699	603,296	560,153
Justice	1,543,310	1,436,009	1,313,767
Natural Resources	137,159	131,658	138,457
Social Assistance	5,220,295	4,660,287	4,496,696
Transportation	1,376,215	1,459,295	1,213,138
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	20,393	37,567	42,269
Higher Education Institutions	-	-	-
Unemployment Insurance	-	-	-
CollegeInvest	-	-	-
Lottery	-	-	-
Wildlife	-	-	-
College Assist	-	-	-
Other Business-Type Activities	-	-	-
TOTAL EXPENSES	15,164,223	14,230,983	13,264,879
NET (EXPENSE) REVENUE	(8,667,745)	(8,742,970)	(7,959,223)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	2,093,113	2,357,807	2,244,000
Excise Taxes	251,209	257,908	261,711
Individual Income Tax	4,024,105	4,591,481	4,508,845
Corporate Income Tax	322,683	461,390	470,853
Other Taxes	655,478	510,442	484,408
Restricted Taxes	880,625	986,274	946,757
Unrestricted Investment Earnings	22,591	42,478	43,638
Other General Revenues	119,748	113,603	84,328
Special and/or Extraordinary Item	(5,616)	(6,843)	(25,915)
Transfers (Out) In	(114,685)	(77,732)	(98,926)
Internal Capital Contributions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	8,249,251	9,236,808	8,919,699
TOTAL CHANGES IN NET ASSETS	(418,494)	493,838	960,476
NET ASSETS - BEGINNING	15,830,190	16,036,990	15,083,865
Prior Period Adjustment	(118,647)	(393,912)	(7,351)
Accounting Changes	184,156	(306,726)	-
NET ASSETS - ENDING	$ 15,477,205	$ 15,830,190	$ 16,036,990

[1] – In Fiscal Year 2005-06, the state began to report Payments to School Districts and Other Governments in the functional area that made the payment.

[2] – In Fiscal Year 2005-06, the state changed the funding method for Higher Education Institutions and amounts previously reported as transfers are now reported as service fees and tuition.

(Continued)

GOVERNMENTAL ACTIVITIES

2005-06	2004-05	2003-04	2002-03	2001-02
$ 339,779	$ 357,241	$ 353,628	$ 327,134	$ 310,343
123,392	128,101	132,644	117,253	105,932
-	-	-	-	-
121,859	117,666	109,341	99,654	87,994
68,920	61,524	45,340	32,314	31,673
3,100	2,841	3,164	2,296	3,001
22,399	21,524	20,112	19,500	19,630
79,810	54,254	55,216	47,264	72,996
3,909,382	3,684,878	3,601,808	3,552,745	3,166,623
447,283	409,458	487,442	410,070	352,125
5,115,924	4,837,487	4,808,695	4,608,230	4,150,317
164,276	141,320	161,588	244,062	210,837
449,411	367,553	343,589	327,935	253,054
4,394,236	194,723	173,823	194,436	285,636
524,736	475,668	477,572	475,405	471,198
1,197,334	1,026,282	936,374	971,227	957,320
112,753	62,638	81,114	103,888	103,801
4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,205,556	919,388	746,153	890,081	750,759
- [1]	3,283,590	3,131,486	2,946,679	2,689,452
- [1]	1,848,922	1,674,416	1,687,006	1,596,066
31,969	26,925	9,625	16,219	16,750
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
12,428,737	11,363,677	10,689,957	10,687,102	9,943,621
(7,312,813)	(6,526,190)	(5,881,262)	(6,078,872)	(5,793,304)
2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
266,747	182,726	112,741	86,048	91,761
4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
422,656	291,583	220,236	205,569	172,257
568,184	491,214	465,826	371,089	363,190
922,872	868,251	835,680	731,138	818,234
35,372	29,736	16,534	16,577	37,236
84,335	95,912	99,200	146,516	122,527
(13,534)	(1,112)	-	-	(21,000)
(80,894) [2]	(545,175)	(546,580)	(634,674)	(662,141)
-	(431)	(20)	(22,855)	25
8,399,300	6,843,982	6,377,578	5,725,385	5,971,750
1,086,487	317,792	496,316	(353,487)	178,446
14,126,295	13,807,166	13,135,877	13,617,705	5,457,647
(128,917)	1,337	174,973	(128,341)	(172,615)
-	-	-	-	8,154,227
$ 15,083,865	$ 14,126,295	$ 13,807,166	$ 13,135,877	$ 13,617,705

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2008-09	2007-08	2006-07
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 119,611	$ 84,395	$ 84,302
Service Fees	681,807	667,504	575,555
Education - Tuition, Fees, and Sales	1,957,505	1,867,806	1,734,996
Fines and Forfeits	1,118	999	1,174
Rents and Royalties	29,908	32,399	26,271
Sales of Products	560,364	579,935	520,838
Unemployment Surcharge	363,241	398,046	403,641
Other	173,354	165,804	140,376
Operating Grants and Contributions	2,214,186	1,728,669	1,685,417
Capital Grants and Contributions	20,220	9,426	22,263
TOTAL PROGRAM REVENUES	6,121,314	5,534,983	5,194,833
EXPENSES:			
General Government	-	-	-
Business, Community, and Consumer Affairs	-	-	-
Education	-	-	-
Health and Rehabilitation	-	-	-
Justice	-	-	-
Natural Resources	-	-	-
Social Assistance	-	-	-
Transportation	-	-	-
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	-	-	-
Higher Education Institutions	4,153,282	3,865,244	3,661,270
Unemployment Insurance	1,138,621	354,967	316,577
CollegeInvest	78,647	116,286	96,720
Lottery	435,156	447,101	401,969
Wildlife	112,369	109,800	96,515
College Assist	399,576	326,080	199,677
Other Business-Type Activities	171,635	173,928	163,727
TOTAL EXPENSES	6,489,286	5,393,406	4,936,455
NET (EXPENSE) REVENUE	(367,972)	141,577	258,378
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	-	-	-
Excise Taxes	-	-	-
Individual Income Tax	-	-	-
Corporate Income Tax	-	-	-
Other Taxes	-	36,963	39,446
Restricted Taxes	-	-	-
Unrestricted Investment Earnings	-	-	-
Other General Revenues	-	-	-
Special and/or Extraordinary Item	-	-	-
Transfers (Out) In	114,685	77,732	98,926
Internal Capital Contributions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	114,685	114,695	138,372
TOTAL CHANGES IN NET ASSETS	(253,287)	256,272	396,750
NET ASSETS - BEGINNING	5,127,090	4,870,818	4,456,800
Prior Period Adjustment	6,309	-	17,267
Accounting Changes	-	-	-
NET ASSETS - ENDING	$ 4,880,112	$ 5,127,090	$ 4,870,817

[2] – In Fiscal Year 2005-06, the state changed the funding method for Higher Education Institutions and amounts previously reported as transfers are now reported as service fees and tuition.
[3] – In Fiscal Year 2005-06, the state segregated the Wildlife and College Assist enterprise funds out of the Other Business-Type Activities.

(Continued)

BUSINESS-TYPE ACTIVITIES

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

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2008-09	RESTATED 2007-08	2006-07
PROGRAM REVENUES:			
Charges for Services:			
Licenses and Permits	$ 505,922	$ 458,916	$ 437,121
Service Fees	866,134	800,326	705,535
Education - Tuition, Fees, and Sales	1,957,558	1,867,806	1,734,997
Fines and Forfeits	204,377	156,691	127,786
Rents and Royalties	115,719	111,288	94,541
Sales of Products	565,404	584,527	524,541
Unemployment Surcharge	382,610	419,558	425,987
Other	234,522	223,426	205,340
Operating Grants and Contributions	7,279,615	5,951,339	5,807,777
Capital Grants and Contributions	505,931	449,119	436,865
TOTAL PROGRAM REVENUES	12,617,792	11,022,996	10,500,490
EXPENSES:			
General Government	308,410	217,939	163,412
Business, Community, and Consumer Affairs	705,037	667,381	565,769
Education	5,208,705	5,017,551	4,771,218
Health and Rehabilitation	644,699	603,296	560,153
Justice	1,543,310	1,436,009	1,313,767
Natural Resources	137,159	131,658	138,457
Social Assistance	5,220,295	4,660,287	4,496,696
Transportation	1,376,215	1,459,295	1,213,138
Payments to School Districts	-	-	-
Payments to Other Governments	-	-	-
Interest on Debt	20,393	37,567	42,269
Higher Education Institutions	4,153,282	3,865,244	3,661,270
Unemployment Insurance	1,138,621	354,967	316,577
CollegeInvest	78,647	116,286	96,720
Lottery	435,156	447,101	401,969
Wildlife	112,369	109,800	96,515
College Assist	399,576	326,080	199,677
Other Business-Type Activities	171,635	173,928	163,727
TOTAL EXPENSES	21,653,509	19,624,389	18,201,334
NET (EXPENSE) REVENUE	(9,035,717)	(8,601,393)	(7,700,844)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:			
Taxes:			
Sales and Use Taxes	2,093,113	2,357,807	2,244,000
Excise Taxes	251,209	257,908	261,711
Individual Income Tax	4,024,105	4,591,481	4,508,845
Corporate Income Tax	322,683	461,390	470,853
Other Taxes	655,478	547,405	523,854
Restricted Taxes	880,625	986,274	946,757
Unrestricted Investment Earnings	22,591	42,478	43,638
Other General Revenues	119,748	113,603	84,328
Special and/or Extraordinary Item	(5,616)	(6,843)	(25,915)
Transfers (Out) In	-	-	-
Internal Capital Contributions	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	8,363,936	9,351,503	9,058,071
TOTAL CHANGES IN NET ASSETS	(671,781)	750,110	1,357,227
NET ASSETS - BEGINNING	20,957,280	20,907,808	19,540,665
Prior Period Adjustment	(112,338)	(393,912)	9,916
Accounting Changes	184,156	(306,726)	-
NET ASSETS - ENDING	$ 20,357,317	$ 20,957,280	$ 20,907,808

TOTAL PRIMARY GOVERNMENT

2005-06	2004-05	2003-04	2002-03	2001-02
$ 415,167	$ 422,105	$ 419,824	$ 386,560	$ 367,889
659,653	401,642	375,453	305,867	259,915
1,622,045	1,294,488	1,227,187	1,143,890	1,062,083
122,588	118,262	109,895	100,679	89,373
97,685	83,051	90,123	48,890	52,757
525,815	469,929	453,074	443,198	462,318
526,438	483,940	358,175	209,961	172,654
241,855	174,399	172,898	177,503	328,966
5,375,427	5,088,806	4,945,999	4,951,146	4,342,628
464,139	426,125	561,394	438,732	399,327
10,050,812	8,962,747	8,714,022	8,206,426	7,537,910
164,276	141,320	161,588	244,062	210,837
449,411	367,553	343,589	327,935	253,054
4,394,236	194,723	173,823	194,436	285,636
524,736	475,668	477,572	475,405	471,198
1,197,334	1,026,282	936,374	971,227	957,320
112,753	62,638	81,114	103,888	103,801
4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,205,556	919,388	746,153	890,081	750,759
-	3,283,590	3,131,486	2,946,679	2,689,452
-	1,848,922	1,674,416	1,687,006	1,596,066
31,969	26,925	9,625	16,219	16,750
3,446,716	3,294,154	3,128,126	3,108,493	2,942,776
305,447	352,712	591,789	742,745	583,508
73,745	54,453	37,355	45,213	41,351
402,391	367,474	354,159	341,907	349,955
91,221	-	-	-	-
115,200	-	-	-	-
138,773	267,408	246,988	253,633	229,773
17,002,230	15,699,878	15,048,374	15,179,093	14,090,984
(6,951,418)	(6,737,131)	(6,334,352)	(6,972,667)	(6,553,074)
2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
266,747	182,726	112,741	86,048	91,761
4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
422,656	291,583	220,236	205,569	172,257
602,912	491,214	465,826	371,089	363,190
922,872	868,251	835,680	731,138	818,234
35,372	29,736	16,534	16,577	37,236
84,335	95,912	99,200	146,516	122,527
(14,241)	(1,112)	-	-	(21,000)
-	-	-	-	-
-	9,872	15,310	53,355	151,490
8,514,215	7,399,460	6,939,488	6,436,269	6,785,356
1,562,797	662,329	605,136	(536,398)	232,282
18,103,466	17,423,906	16,640,581	17,232,372	10,345,572
(125,598)	17,231	178,189	(55,393)	(76,804)
-	-	-	-	6,731,322
$ 19,540,665	$ 18,103,466	$ 17,423,906	$ 16,640,581	$ 17,232,372

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES (AND EXPENDABLE TRUST FUNDS BEFORE FISCAL YEAR 2001-02)
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2008-09[3]	2007-08	2006-07	2005-06
REVENUES:				
Taxes	$ 8,231	$ 9,203	$ 8,936	$ 8,396
Less: Excess TABOR Revenues	-	-	-	-
Licenses, Permits, and Fines	701	643	575	541
Charges for Goods and Services	150	104	99	99
Rents (reported in 'Other' prior to FY05)	86	79	68	69
Investment Income	258	316	272	117
Federal Grants and Contracts	5,480	4,308	4,073	4,054
Unclaimed Property Receipts	58	-	-	-
Other	195	179	320	341
TOTAL REVENUES	15,159	14,832	14,343	13,617
EXPENDITURES:				
Current:				
General Government	511	123	251	256
Business, Community and Consumer Affairs	332	311	303	274
Education	879	802	713	673
Health and Rehabilitation	608	561	530	486
Justice	1,285	1,195	1,088	998
Natural Resources	121	112	107	97
Social Assistance	3,836	3,669	3,400	3,263
Transportation	1,074	1,055	950	962
Capital Outlay	308	243	124	82
Intergovernmental:				
Cities	294	289	239	251
Counties	2,043	1,799	1,721	1,616
School Districts	4,143	3,814	3,719	3,455
Other	185	258	242	197
Deferred Compensation Distributions	-	-	-	-
Debt Service[2]	189	208	213	204
TOTAL EXPENDITURES	15,808	14,439	13,600	12,814
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(649)	393	743	803
OTHER FINANCING SOURCES (USES)				
Transfers-In	5,179	4,298	4,202	3,645
Transfers-Out:				
Higher Education	(121)	(131)	(120)	(128)
Other	(5,162)	(4,237)	(4,137)	(3,580)
Face Amount of Debt Issued	-	-	-	-
Bond Premium/Discount	-	-	-	-
Capital Lease Debt Issuance	11	18	4	132
Sale of Capital Assets	-	1	-	4
Insurance Recoveries	2	2	1	1
Debt Refunding Issuance	-	-	-	-
Debt Refunding Payments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(91)	(49)	(50)	74
NET CHANGE IN FUND BALANCE	(740)	344	693	877
FUND BALANCE - BEGINNING	5,312	5,012	4,319	3,441
Prior Period Adjustments	(1)	(44)	-	1
Accounting Changes	214	-	-	-
FUND BALANCE - ENDING	$ 4,785	$ 5,312	$ 5,012	$ 4,319

[1] – Significant changes in the content of this schedule occurred between Fiscal Year 2000-01 and 2001-02. The changes occurred because of the revised fund classifications prescribed by Governmental Accounting Standards Board Statement No. 34 and related statements. The primary changes were the exclusion of the Unemployment Insurance Fund and the Deferred Compensation Plan (Expendable Trust Funds that converted to Enterprise and Private Purpose Trust Funds respectively) and the inclusion of the State Lands Fund (a Nonexpendable Trust Fund that converted to a Permanent Fund). As a result of these changes, the prior period adjustment shown for Fiscal Year 2001-02 does not agree to the Fiscal Year 2001-02 financial statements where beginning balances were restated for the conversion. In addition, the amount reported as transfers increased significantly because many transfers that previously occurred within the General Fund are now reported as transfers between funds.

2004-05	2003-04	2002-03	2001-02[1]	2000-01	1999-00
$ 7,323	$ 6,794	$ 6,261	$ 6,499	$ 7,501	$ 7,058
(41)	-	-	-	(927)	(941)
565	551	517	504	534	505
99	108	108	99	109	117
62	-	-	-	-	-
126	54	259	240	314	244
3,831	3,880	3,471	3,104	2,809	2,673
-	-	-	-	-	-
321	358	351	299	308	220
12,286	11,745	10,967	10,745	10,648	9,876
278	267	229	238	224	216
277	296	317	277	426	391
129	119	116	122	112	74
443	450	450	453	467	434
978	897	933	924	851	776
90	85	82	82	137	130
3,026	2,969	2,851	2,619	2,367	2,152
983	1,098	1,105	1,127	1,069	958
92	74	136	276	185	223
218	211	198	209	196	192
1,474	1,319	1,328	1,229	1,162	1,074
3,284	3,131	2,947	2,689	2,389	2,257
157	144	160	158	146	141
-	-	-	-	18	17
114	92	99	85	54	5
11,543	11,152	10,951	10,488	9,803	9,040
743	593	16	257	845	836
3,198	2,819	3,507	3,987	676	469
(597)	(605)	(695)	(742)	(907)	(898)
(3,136)	(2,750)	(3,406)	(3,880)	(655)	(391)
-	235	-	208	539	536
-	53	-	12	-	-
27	2	12	5	1	4
10	12	3	3	-	-
-	-	-	-	-	-
-	280	443	10	-	-
-	(311)	(436)	(10)	-	-
(498)	(265)	(572)	(407)	(346)	(280)
245	328	(556)	(150)	499	556
3,196	2,827	3,383	4,043	3,523	2,959
-	41	-	(510)	21	8
-	-	-	-	-	-
$ 3,441	$ 3,196	$ 2,827	$ 3,383	$ 4,043	$ 3,523

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

[3] – In Fiscal Year 2008-09, Unclaimed Property activity was converted from a Private Purpose Trust Fund to a Special Revenue Fund and therefore is not included in this schedule prior to the conversion.

GENERAL PURPOSE REVENUE (AFTER TABOR REFUNDS)
GENERAL FUND
IN DOLLARS AND AS A PERCENT OF TOTAL
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2008-09	2007-08	2006-07	2005-06
Income Tax:				
Individual	$ 4,021	$ 4,600	$ 4,510	$ 4,044
Less: Excess TABOR Revenues	-	-	-	-
Corporate	265	474	464	422
Net Income Tax	4,286	5,074	4,974	4,466
Sales, Use, and Excise Taxes	1,982	2,173	2,076	1,995
Less: Excess TABOR Revenues	-	-	-	-
Net Sales, Use, and Excise Taxes	1,982	2,173	2,076	1,995
Estate Taxes	-	-	1	7
Insurance Tax	192	188	179	175
Gaming and Other Taxes	-	-	7	18
Investment Income	9	18	28	33
Medicaid Provider Revenues	-	-	-	-
Other	56	52	48	52
TOTAL GENERAL REVENUES	$ 6,525	$ 7,505	$ 7,313	$ 6,746
Percent Change Over Previous Year	-13.1%	2.6%	8.4%	9.5%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)				
Net Income Tax	65.7%	67.6%	68.0%	66.2%
Sales, Use, and Excise Taxes	30.4	29.0	28.4	29.5
Estate Taxes	0.0	0.0	0.0	0.1
Insurance Tax	2.9	2.5	2.4	2.6
Other Taxes	0.0	0.0	0.1	0.3
Interest	0.1	0.2	0.4	0.5
Medicaid Provider Revenues	0.0	0.0	0.0	0.0
Other	0.9	0.7	0.7	0.8
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
$ 3,421	$ 3,189	$ 2,945	$ 3,086	$ 3,867	$ 3,718
-	-	-	-	(209)	(192)
293	218	214	165	316	289
3,714	3,407	3,159	3,251	3,974	3,815
2,146	2,005	1,915	1,962	1,809	1,775
(41)	-	-	-	(719)	(750)
2,105	2,005	1,915	1,962	1,090	1,025
26	47	53	73	83	60
189	176	171	155	142	129
40	40	38	34	31	29
28	20	51	25	45	42
-	-	16	11	-	7
59	72	74	61	63	67
$ 6,161	$ 5,767	$ 5,477	$ 5,572	$ 5,428	$ 5,174
6.8%	5.3%	-1.7%	2.7%	4.9%	4.7%
60.3%	59.1%	57.7%	58.3%	65.8%	65.5%
34.1	34.8	34.9	35.3	28.5	29.0
0.4	0.8	1.0	1.3	1.3	1.0
3.1	3.1	3.1	2.8	2.2	2.1
0.6	0.7	0.7	0.6	0.5	0.5
0.5	0.3	0.9	0.4	0.7	0.7
0.0	0.0	0.3	0.2	0.0	0.1
1.0	1.2	1.4	1.1	1.0	1.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07	2005-06
Department:[1]				
Agriculture	$ 6,809	$ 7,124	$ 5,197	$ 4,038
Corrections	637,292	626,246	577,482	534,233
Education	3,214,951	3,023,255	2,882,876	2,718,667
Governor	13,342	17,346	11,991	15,862
Health Care Policy and Financing	1,311,702	1,482,803	1,369,321	1,362,893
Higher Education	661,974	747,717	693,999	636,341
Human Services	776,394	749,974	718,366	590,071
Judicial Branch	328,056	300,674	265,161	237,673
Labor and Employment	-	-	108	-
Law	8,705	8,474	8,975	7,143
Legislative Branch	34,944	31,139	29,880	27,633
Local Affairs	12,276	10,895	9,973	8,500
Military and Veterans Affairs	5,637	5,407	5,050	4,324
Natural Resources	30,558	30,086	28,550	22,806
Personnel & Administration	5,337	10,934	9,385	8,181
Public Health and Environment	26,634	23,596	23,081	20,586
Public Safety	78,874	72,806	67,169	58,785
Regulatory Agencies	1,451	1,400	1,273	1,390
Revenue	67,092	73,593	65,398	57,928
Transportation	-	-	-	-
Treasury	10,643	13,902	12,403	18,443
Transfer to Capital Construction Fund	39,396	183,443	291,467	104,841
Transfer to Various Cash Funds	10,281	327	3,748	67,100
Transfer to the Highway Users Tax Fund	28,965	166,182	291,179	65,345
Other Transfers and Nonoperating Disbursements	102,966	137,747	130,598	49,190
TOTALS	$ 7,414,279	$ 7,725,070	$ 7,502,630	$ 6,621,973
Percent Change	-4.0%	3.0%	13.3%	6.8%
(AS PERCENT OF TOTAL)				
Education	43.4%	39.1%	38.4%	41.1%
Health Care Policy and Financing	17.7	19.2	18.3	20.6
Higher Education	8.9	9.7	9.3	9.6
Human Services	10.5	9.7	9.6	8.9
Corrections	8.6	8.1	7.7	8.1
Transfer to Capital Construction Fund	0.5	2.4	3.9	1.6
Transfer to Various Cash Funds	0.1	0.0	0.0	1.0
Transfers to the Highway Users Tax Fund	0.4	2.2	3.9	1.0
Judicial	4.4	3.9	3.5	3.6
Revenue	0.9	1.0	0.9	0.9
All Others	4.6	4.7	4.5	3.6
TOTALS	100.0%	100.0%	100.0%	100.0%

[1] – Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
$ 4,107	$ 3,716	$ 8,700	$ 10,118	$ 9,866	$ 8,106
495,234	467,207	476,972	443,334	417,677	381,669
2,514,427	2,417,490	2,313,588	2,268,794	2,143,115	2,041,087
15,808	13,317	31,465	19,566	19,754	5,877
1,247,254	1,142,620	1,132,643	1,076,838	1,028,785	951,827
587,958	591,221	685,686	739,556	747,332	715,933
568,461	534,759	551,299	560,716	553,364	509,309
219,612	207,432	213,939	214,619	205,341	194,420
-	-	-	-	-	-
6,738	6,266	8,141	9,677	8,571	10,106
26,745	26,818	28,100	27,224	27,356	25,393
8,573	4,565	7,419	10,361	10,525	37,758
3,883	3,739	4,273	3,973	4,090	3,800
22,481	19,337	23,599	24,434	28,893	28,863
7,805	7,457	12,282	14,028	14,825	15,026
13,061	12,359	16,573	31,790	33,496	23,731
56,315	53,895	54,465	56,597	56,616	49,492
1,047	1,028	1,582	1,914	1,975	1,919
57,702	57,066	66,898	69,297	78,317	69,682
-	-	-	-	1	203
15,027	690	62,171	4,198	2,378	2,240
40,759	12,270	9,489	25,564	285,255	175,154
185,628	-	-	-	-	-
81,212	5,559	-	35,179	-	-
20,264	34,257	58,746	68,325	61,894	66,588
$ 6,200,101	$ 5,623,068	$ 5,768,030	$ 5,716,102	$ 5,739,426	$ 5,318,183
10.3%	-2.5%	0.9%	-0.4%	7.9%	0.7%
40.6%	43.0%	40.1%	39.7%	37.3%	38.4%
20.1	20.3	19.6	18.8	17.9	17.9
9.5	10.5	11.9	12.9	13.0	13.5
9.2	9.5	9.6	9.8	9.6	9.6
8.0	8.3	8.3	7.8	7.3	7.2
0.7	0.2	0.2	0.4	5.0	3.3
3.0	0.0	-	-	-	-
-	-	-	-	-	-
3.5	3.7	3.7	3.8	3.6	3.7
0.9	1.0	1.2	1.2	1.4	1.3
4.5	3.5	5.4	5.6	4.9	5.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FUND BALANCE - RESERVED AND UNRESERVED
GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
Last Eight Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07
GENERAL FUND:			
Reserved for:			
Encumbrances	$ 2,195	$ 16,487	$ 11,912
Noncurrent Assets	1	7	13
Statutory Purposes	148,212	151,721	267,020
Risk Management	18,650	35,559	38,593
Unreserved Undesignated:			
General Fund	155,436	-	95,779
Unreserved:			
Designated for Unrealized Investment Gains:			
General Fund	10,939	3,639	-
TOTAL RESERVED	169,058	203,774	317,538
TOTAL UNRESERVED	166,375	3,639	95,779
TOTAL FUND BALANCE	335,433	207,413	413,317
ALL OTHER GOVERNMENTAL FUNDS:			
Reserved for:			
Encumbrances	$ 1,043,396	$ 966,477	$ 821,112
Noncurrent Assets	515,062	425,830	385,248
Debt Service	558	558	558
Statutory Purposes	40,921	109,322	130,000
Emergencies	93,550	93,000	85,760
Funds Reported as Restricted	1,445,739	1,902,755	1,669,326
Unreserved, Reported in:			
Special Revenue Funds	53,498	54,676	72,830
Capital Projects Funds	54,687	134,470	199,126
Nonmajor Special Revenue Funds	1,117,248	1,391,483	1,233,276
Nonmajor Permanent Funds	8,500	2,326	1,782
Unreserved:			
Designated for Unrealized Investment Gains:			
Reported in Major Funds	29,927	13,385	-
Reported in Nonmajor Special Revenue Funds	23,719	8,751	-
Reported in Nonmajor Permanent Funds	22,875	1,571	-
TOTAL RESERVED	3,139,226	3,497,942	3,092,004
TOTAL UNRESERVED	1,310,454	1,606,662	1,507,014
TOTAL FUND BALANCE	4,449,680	5,104,604	4,599,018
TOTAL RESERVED	3,308,284	3,701,716	3,409,542
TOTAL UNRESERVED	1,476,829	1,610,301	1,602,793
TOTAL FUND BALANCE	$ 4,785,113	$ 5,312,017	$ 5,012,335

2005-06	2004-05	2003-04	2002-03	2001-02
$ 12,233	$ 3,497	$ 2,106	$ 3,684	$ 2,093
91	192	300	231	320
251,704	198,751	207,003	60,731	39,622
32,851	36,473	33,301	39,412	-
295,882	-	-	-	137,595
-	-	4,272	30,657	26,697
296,879	238,913	242,710	104,058	42,035
295,882	-	4,272	30,657	164,292
592,761	238,913	246,982	134,715	206,327
$ 814,811	$ 629,430	$ 795,414	$ 916,053	$ 994,758
342,341	292,336	278,843	278,006	245,051
580	3,298	7,965	5,137	6,495
137,530	10,263	11,565	10,929	14,328
79,800	71,000	172,202	150,762	81,917
1,233,272	1,104,061	998,428	770,874	1,118,886
872,212	812,706	41,589	27,692	29,918
(47,740)	(12,545)	(39,986)	4,555	43,029
291,488	274,941	664,258	448,766	591,846
1,642	1,954	1,291	961	810
-	4,484	6,884	30,944	14,847
-	347	5,491	20,380	15,662
-	9,926	4,718	27,429	18,644
2,608,334	2,110,388	2,264,417	2,131,761	2,461,435
1,117,602	1,091,813	684,245	560,727	714,756
3,725,936	3,202,201	2,948,662	2,692,488	3,176,191
2,905,213	2,349,301	2,507,127	2,235,819	2,503,470
1,413,484	1,091,813	688,517	591,384	879,048
$ 4,318,697	$ 3,441,114	$ 3,195,644	$ 2,827,203	$ 3,382,518

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	RESTATED 2006-07	RESTATED 2005-06
DEBT SERVICE EXPENDITURES:				
Principal	$ 109,801	$ 104,924	$ 100,681	$ 97,583
Interest	78,719	102,652	112,145	106,322
TOTAL DEBT SERVICE EXPENDITURES	$ 188,520	$ 207,576	$ 212,826	$ 203,905
Percent Change Over Previous Year	-9.2%	-2.5%	4.4%	78.2%
TOTAL NONCAPITAL EXPENDITURES[1]	15,511,450	14,196,496	13,365,782	12,586,379
TOTAL CAPITAL EXPENDITURES[1]	296,300	242,572	233,914	228,077
TOTAL GOVERNMENTAL EXPENDITURES	15,807,750	14,439,068	13,599,696	12,814,456
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:				
Principal	0.7%	0.7%	0.8%	0.8%
Interest	0.5%	0.7%	0.8%	0.8%
Total Debt Service Expenditures	1.2%	1.5%	1.6%	1.6%

[1] – For fiscal years prior to 2002-03 capitalizable expenditures for infrastructure are not individually identifiable and are therefore included in Noncapital Expenditures.

TOTAL OUTSTANDING DEBT[2]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2008-09	2007-08	2006-07	2005-06
Governmental Activities:				
Revenue Backed Debt	$ 1,106,973	$ 1,216,006	$ 1,319,718	$ 1,418,446
Certificates of Participation	162,053	172,864	183,203	196,475
Capital Leases	91,813	60,031	30,456	17,482
Notes and Mortgages	515,000	460,000	345,000	415,000
TOTAL GOVERNMENTAL OUTSTANDING DEBT	1,875,839	1,908,901	1,878,377	2,047,403
Business-Type Activities:				
Revenue Backed Debt	3,551,588	3,325,690	2,935,383	2,304,485
Certificates of Participation	446,656	210,150	218,916	260,578
Capital Leases	93,773	93,374	68,621	60,724
Notes and Mortgages	4,771	6,211	9,463	6,946
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	4,096,788	3,635,425	3,232,383	2,632,733
Total Primary Government:				
Revenue Backed Debt	4,658,561	4,541,696	4,255,101	3,722,931
Certificates of Participation	608,709	383,014	402,119	457,053
Capital Leases	185,586	153,405	99,077	78,206
Notes and Mortgages	519,771	466,211	354,463	421,946
TOTAL OUTSTANDING DEBT[1]	$ 5,972,627	$ 5,544,326	$ 5,110,760	$ 4,680,136
Percent Change Over Previous Year	7.7%	8.5%	9.2%	7.4%
Colorado Population (In Thousands)	4,789	4,940	4,862	4,766
Per Capita Debt (Dollars Per Person)	$1,247	$1,168	$1,051	$982
Per Capita Income (Thousands Per Person)	$43.3	$42.4	$41.0	$39.5
Per Capita Debt as a Percent of Per Capita Income	2.9%	2.7%	2.6%	2.5%

[1] – General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies.

[2] – Colorado State Constitution requires multiple year obligations to be approved by voters; therefore, there is no specific legal debt limitation.

RESTATED 2004-05	RESTATED 2003-04	RESTATED 2002-03	2001-02	2000-01	1999-00
$ 15,574	$ 11,932	$ 16,581	$ 9,245	$ 4,188	$ 3,943
98,829	80,281	82,116	76,096	49,658	1,491
$ 114,403	$ 92,213	$ 98,697	$ 85,341	$ 53,846	$ 5,434
24.1%	-6.6%	15.7%	58.5%	890.9%	-75.9%
11,298,334	10,664,540	10,541,507	10,212,475	9,620,382	8,817,399
244,178	488,140	409,971	275,873	184,945	223,490
11,542,512	11,152,680	10,951,478	10,488,348	9,805,327	9,040,889
0.1%	0.1%	0.2%	0.1%	0.0%	0.0%
0.9%	0.8%	0.8%	0.7%	0.5%	0.0%
1.0%	0.9%	0.9%	0.8%	0.6%	0.1%

2004-05	2003-04	2002-03	2001-02	2000-01 [3]	1999-00
$ 1,512,987	$ 1,518,564	$ 1,273,146	$ 1,293,196	$ 1,028,880	$ 524,360
63,332	44,244	57,132	54,406	-	-
22,308	16,040	8,546	3,473	63,123	69,710
520,000	397,023	-	-	4	113
2,118,627	1,975,871	1,338,824	1,351,075	1,092,007	594,183
2,063,378	1,578,903	1,553,595	1,240,946	1,017,866 [4]	329,733
75,729	73,724	46,811	54,545	-	-
90,140	86,531	85,919	47,222	103,001	115,566
9,402	6,262	6,602	1,444	19,590	22,304
2,238,649	1,745,420	1,692,927	1,344,157	1,140,457	467,603
3,576,365	3,097,467	2,826,741	2,534,142	2,046,746	854,093
139,061	117,968	103,943	108,951	-	-
112,448	102,571	94,465	50,695	166,124	185,276
529,402	403,285	6,602	1,444	19,594	22,417
$ 4,357,276	$ 3,721,291	$ 3,031,751	$ 2,695,232	$ 2,232,464	$ 1,061,786
17.1%	22.7%	12.5%	20.7%	110.3% [4]	95.0%
4,674	4,609	4,555	4,508	4,434	4,328
$932	$807	$666	$598	$503	$245
$37.5	$35.5	$34.0	$34.0	$34.4	$33.4
2.5%	2.3%	2.0%	1.8%	1.5%	0.7%

[3] – For fiscal years prior to 2001-02, data is presented in the governmental versus business-type activity format for comparability although that classification scheme was not used in those years.

[4] – In Fiscal Year 2000-01, CollegeInvest (formerly Colorado Student Obligation Bond Authority) increased revenue backed debt related to student loans when it became a state agency.

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

(DOLLARS IN THOUSANDS)

	Unaudited 2008-09	2007-08	2006-07	2005-06
DISTRICT REVENUES:				
Exempt District Revenues	$ 14,481,957	$ 12,126,729	$ 11,759,914	$ 10,899,936
Nonexempt District Revenues	9,102,354	9,998,559	9,641,867	9,161,391
TOTAL DISTRICT REVENUES	23,584,311	22,125,288	21,401,781	20,061,327
Percent Change In Nonexempt District Revenues	-9.0%	3.7%	5.2%	8.0%
DISTRICT EXPENDITURES:				
Exempt District Expenditures	14,481,957	12,126,729	11,759,914	10,899,936
Nonexempt District Expenditures	10,168,933	9,533,890	8,847,334	8,029,686
TOTAL DISTRICT EXPENDITURES	24,650,890	21,660,619	20,607,248	18,929,622
Percent Change In Nonexempt District Expenditures	6.7%	7.8%	10.2%	-15.2%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ (1,066,579)	$ 464,670	$ 794,533	$ 1,131,705
LIMIT AND REFUND CALCULATIONS:				
Prior Fiscal Year Spending Limitation	$ 8,829,131	$ 8,333,827	$ 8,045,256	$ 8,314,374
Adjustments To Prior Year Limit[2]	(10,364)	(1,054)	(173)	(372,471)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	8,818,767	8,332,773	8,045,083	7,941,903
Allowable Growth Rate (Population Plus Inflation)	4.1%	5.5%	3.5%	1.3%
Current Fiscal Year Spending Limitation	9,180,336	8,791,075	8,326,662	8,045,148
Adjustments To Current Year Limit	23,506	38,056	7,165	109
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	9,203,842	8,829,131	8,333,827	8,045,257
NONEXEMPT DISTRICT REVENUES	9,102,354	9,998,559	9,641,867	9,161,391
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	(101,488)	1,169,428	1,308,040	1,116,134
Correction Of Prior Years' Refunds	-	-	-	-
Voter Approved or Statutory Retention of Excess Revenue	-	1,169,428	1,308,040	1,116,134
FISCAL YEAR REFUND	$ -	$ -	$ -	$ -

1 – The implementation of Governmental Accounting Standards Board Statement No. 34 in Fiscal Year 2001-02 resulted in a significant change in the state's fund structure that increased the amount of intra and interfund transfers. Because most of the transfers result in exempt revenues and expenditures, most of the change shows in the exempt categories.

2 – Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activities revenues and expenditures are no longer shown in the district amounts.

Restated 2004-05	2003-04	2002-03	2001-02	Restated 2000-01[1]	Restated 1999-00
$ 11,015,958	$ 11,650,100	$ 12,059,372	$ 11,702,980	$ 8,213,400	$ 7,437,634
8,482,963	8,331,991	7,712,512	7,752,211	8,877,105	8,502,952
19,498,921	19,982,091	19,771,884	19,455,191	17,090,505	15,940,586
1.8%	8.0%	-0.5%	-12.7%	4.4%	7.3%
11,015,958	11,650,100	12,059,372	11,702,980 [1]	8,213,399	7,437,634
9,473,642	7,799,832	8,198,724	7,729,239	6,945,742	6,474,840
20,489,600	19,449,932	20,258,096	19,432,219	15,159,141	13,912,474
21.5%	-4.9%	6.1%	11.3%	7.3%	-9.1%
$ (990,679)	$ 532,159	$ (486,212)	$ 22,972	$ 1,931,364	$ 2,028,112
$ 8,331,991	$ 7,712,512	$ 7,752,211	$ 7,948,550	$ 7,563,710	$ 7,243,385
(383,103)	(31,732)	(12,865)	(53,497)	-	-
7,948,888	7,680,780	7,739,346	7,895,053	7,563,710	7,243,385
2.2%	3.6%	6.9%	4.0%	5.1%	4.4%
8,123,764	7,957,288	8,273,361	8,210,855	7,949,459	7,562,093
190,610	374,703	23,426	(84,666)	(909)	1,617
8,314,374	8,331,991	8,296,787	8,126,189	7,948,550	7,563,710
8,482,963	8,331,991	7,712,512	7,752,211	8,877,105	8,502,952
168,589	-	(584,275)	(373,978)	928,555	939,242
284	-	-	8,284	(1,354)	1,887
127,810	-	-	-	-	-
$ 41,063	$ -	$ -	$ -	$ 927,201	$ 941,129

INDIVIDUAL INCOME TAX RETURNS[1]
BY ADJUSTED GROSS INCOME CLASS
1997 to 2006

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

	2006		2005		2004		2003	
	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax
ADJUSTED GROSS INCOME CLASS								
Negative Income	23,376	0.0%	23,916	0.0%	24,570	0.0%	24,632	0.0%
$0 to $5,000	72,400	0.0%	76,547	0.0%	73,929	0.0%	74,854	0.0%
$5,001 to $10,000	108,412	0.0%	112,703	0.0%	112,776	0.0%	114,615	0.1%
$10,001 to $15,000	127,061	0.3%	128,661	0.3%	129,339	0.4%	132,540	0.5%
$15,001 to $20,000	134,933	0.8%	134,643	0.8%	134,988	1.0%	137,195	1.1%
$20,001 to $25,000	130,926	1.3%	130,647	1.4%	131,424	1.6%	133,960	1.8%
$25,001 to $35,000	240,034	3.8%	236,285	4.1%	236,162	4.7%	239,657	5.3%
$35,001 to $50,000	272,040	7.2%	267,939	7.6%	266,625	8.6%	268,253	9.6%
$50,001 to $75,000	302,778	12.9%	295,028	13.6%	289,548	15.1%	286,609	16.5%
$75,001 to $100,000	189,359	12.5%	179,635	13.0%	171,170	14.0%	163,572	14.7%
$100,000 and Over	290,548	61.2%	256,424	59.2%	227,936	54.6%	202,886	50.4%
TOTAL	1,891,867	100.0%	1,842,428	100.0%	1,798,467	100.0%	1,778,773	100.0%

Source: Colorado Department of Revenue

1 – Returns and taxes generated by taxpayers claimed as dependents are excluded from this data.
2 – Data is not available for calendar year 1998.

SALES TAX RETURNS
BY INDUSTRY CLASS
2003 to 2008[1]

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

	2008		2007		2006	
	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
INDUSTRY CLASS						
Agriculture, Forestry, & Fisheries	3,653	0.1%	3,632	0.1%	3,808	0.1%
Mining	4,491	1.9%	4,104	1.7%	3,775	1.4%
Public Utilities	9,517	3.9%	8,725	3.0%	7,904	3.1%
Construction Trades	31,949	1.5%	30,929	1.5%	32,291	1.6%
Manufacturing	84,393	4.8%	87,475	4.9%	85,822	4.8%
Wholesale Trade	72,432	6.7%	74,498	6.7%	78,156	6.8%
Retail Trade	395,100	49.9%	399,395	51.5%	409,029	52.2%
Transportation & Warehousing	4,014	0.3%	4,733	0.3%	5,346	0.4%
Information Producers/Distributors	174,348	5.9%	170,488	5.8%	163,953	5.8%
Finance & Insurance	33,499	1.5%	34,308	1.2%	37,478	1.0%
Real Estate, Rental, & Leasing Services	79,541	3.8%	71,969	3.8%	72,110	3.7%
Professional, Scientific, & Technical Services	65,592	1.6%	66,352	1.8%	71,590	1.8%
Bus. Admin., Support, Waste/Remediation Services	23,401	0.7%	23,014	0.7%	23,497	0.6%
Educational Services	6,526	0.2%	5,566	0.2%	5,136	0.2%
Health Care & Social Assistance Services	13,013	0.2%	12,233	0.2%	12,290	0.2%
Arts, Entertainment, & Recreation Services	17,391	0.6%	17,196	0.6%	16,957	0.6%
Hotel & Other Accommodation Services	21,221	3.6%	20,995	3.5%	20,717	3.3%
Food & Drinking Services	129,123	10.5%	125,682	10.2%	121,234	10.0%
Other Personal Services	86,647	2.2%	85,361	2.1%	85,499	2.1%
Government Services	6,044	0.1%	7,445	0.2%	10,479	0.3%
TOTAL	1,261,895	100%	1,254,100	100%	1,267,071	100%

Source: Colorado Department of Revenue

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

2002		2001		2000		1999		1998[2]	1997	
# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax		# of Tax Returns	% of Income Tax
22,477	0.0%	16,539	0.0%	13,946	0.0%	13,043	0.0%	N/A	14,433	0.0%
73,714	0.0%	75,710	0.0%	73,929	0.0%	75,022	0.1%	N/A	106,941	0.0%
115,045	0.1%	113,237	0.1%	116,422	0.1%	122,123	0.2%	N/A	138,612	0.2%
134,152	0.5%	131,411	0.5%	134,898	0.5%	142,185	0.8%	N/A	153,626	1.1%
139,267	1.2%	139,013	1.2%	144,220	1.2%	151,091	1.4%	N/A	150,479	2.2%
136,897	1.9%	136,429	1.9%	140,010	1.9%	143,324	2.1%	N/A	134,014	3.1%
243,253	5.6%	244,586	5.5%	243,715	5.2%	239,847	5.6%	N/A	211,119	7.6%
271,283	9.9%	269,802	9.3%	263,657	8.7%	255,652	9.4%	N/A	219,857	12.4%
291,227	17.1%	290,662	15.9%	283,693	14.9%	270,042	16.2%	N/A	219,788	19.1%
161,047	14.7%	159,483	13.5%	150,626	12.2%	135,419	12.6%	N/A	98,073	12.7%
196,065	49.0%	203,312	52.1%	203,040	55.3%	170,546	51.6%	N/A	112,812	41.6%
1,784,427	100.0%	1,780,184	100.0%	1,768,156	100.0%	1,718,294	100.0%	N/A	1,559,754	100.0%

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

COLORADO TAX RATES[1]
2000 to 2009

Calendar Year	Income Tax Rate	Sales Tax Rate
2009	4.63%	2.90%
2008	4.63%	2.90%
2007	4.63%	2.90%
2006	4.63%	2.90%
2005	4.63%	2.90%
2004	4.63%	2.90%
2003	4.63%	2.90%
2002	4.63%	2.90%
2001	4.63%	2.90%
2000	4.63%	3.00%

Source: Colorado Department of Revenue

1 – Tax rates can be lowered by the General Assembly, but cannot be raised without a vote of the people.

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

	2009		2008	2007
GOVERNMENTAL ACTIVITIES:				
General Government:				
Funds	593		556	515
Employees (calculated Full-Time Equivalent)	64,535		61,915	59,873
Balance in Treasury Pool (in millions)	$5,663.2		$6,159.4	$5,250.7
Business, Community, and Consumer Affairs:				
Professional Licenses at Regulatory Agencies	679,836		640,332	575,124
Unemployment Rate (percent) [4]	7.6		4.9	3.8
Employment Level [4]	*		2,596,309	2,602,015
Education:				
Public Schools	1,769		1,771	1,771
Primary School Students	818,443		802,639	794,026
Health and Rehabilitation:				
Average Daily Population of Mental Health Institutes [3]	569		548	528
Average Daily Population of Regional Centers [3,5]	378		403	403
Justice:				
District Court Cases Filed [3]	191,749		199,681	189,884
County Court Cases Filed [3]	554,165		579,069	552,592
Inmate Admissions	*		11,038	10,625
Inmate Releases	*		10,565	10,110
Average Daily Inmate Population	23,210		22,887	22,424
Citations Issued by the State Patrol	168,916	6	221,544	226,324
Crashes Covered by the State Patrol	17,944	6	27,260	28,277
Natural Resources:				
Active Oil and Gas Wells [3]	36,000		35,000	34,000
Oil and Gas Drilling Permits [3]	7,400		6,780	4,200
Annual State Park Visitors [3]	13,680,012		11,272,418	11,475,000
Water Loans	269		258	255
Social Assistance:				
Medicaid Recipients [3]	381,390		383,784	429,233
Average # of Cash Assistance Payments per Month [3]	57,200		62,647	66,728
Transportation:				
Lane Miles	*		23,036,480	22,999,470
Bridges	*		3,406	3,775
BUSINESS-TYPE ACTIVITIES:				
Higher-Education:				
Resident Students [3]	136,900		135,275	136,108
Nonresident Students [3]	23,166		22,069	20,670
Unemployment Insurance:				
Individuals Served - Employment and Training [3]	350,000		300,000	270,000
Initial Unemployment Claims [3]	120,074		119,561	120,290
CollegeInvest:				
Loans Issued or Purchased	268,745		239,060	218,518
Average Balance per Loan	$6,326		$6,328	$6,057
Lottery:				
Scratch Tickets Sold	104,217,790		101,604,127	99,199,686
Lotto Tickets Sold	43,552,521		41,071,837	39,835,761
Powerball Tickets Sold	100,733,520		109,565,516	101,570,695
Other Lottery Tickets Sold	20,831,732		19,148,564	17,407,163
Wildlife:				
Hunting & Fishing Licenses Sold [3]	2,300,000		1,545,659	1,399,978
College Assist:				
Guaranteed Loans - In State	115,486		140,232	146,616
Guaranteed Loans - Out of State	47,892		18,859	5,080

Source: JBC Budget in Brief and various state departments.

* – Data is not available.
[1] – All amounts are counts, except where dollars or percentages are indicated.
[2] – Data is presented by either fiscal year or calendar year based on availability of information.

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

[3] – Data represents estimates from budgetary documents and is not adjusted to actual.
[4] – Data represents annual averages of monthly estimates from Department of Labor and Employment and is not adjusted to actual.
[5] – Prior to 2009, this represented Regional Center Residential Beds.
[6] – Data through September 30, 2009.

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

	2009	2008
GOVERNMENTAL ACTIVITIES:		
General Government	2,549,944	2,982,413
Business, Community, and Consumer Affairs[1]	981,809	937,389
Education	317,884	317,884
Health and Rehabilitation	1,365,606	1,561,507
Justice	8,103,126	8,047,872
Natural Resources	1,210,477	1,672,897
Social Assistance	1,700,847	1,351,964
Transportation	2,575,421	2,575,421
BUSINESS-TYPE ACTIVITIES:		
Higher-Education	44,026,204	41,437,896
Wildlife	1,065,240	901,526

Source: Colorado Office of the State Architect

[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

BUILDING SQUARE FOOTAGE LEASED BY THE PRIMARY GOVERNMENT BY FUNCTIONS/PROGRAMS Last Two Years

	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:		
General Government	288,210	199,967
Business, Community, and Consumer Affairs[1]	515,708	508,439
Education	19,440	9,396
Health and Rehabilitation	420,272	434,469
Justice	868,060	850,185
Natural Resources	73,546	49,495
Social Assistance	34,459	28,963
BUSINESS-TYPE ACTIVITIES:		
Higher-Education	1,243,524	1,294,663
CollegeInvest	15,318	15,318
Lottery	61,682	61,682
Wildlife	15,267	75,944
College Assist	12,807	12,807

Source: Colorado Office of the State Architect

[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

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

	2008-09	2007-08	2006-07	2005-06
General Government	2,454	2,392	2,322	2,255
Business, Community, and Consumer Affairs	2,437	2,372	2,335	2,342
Education	36,042	34,469	33,464	32,680
Health and Rehabilitation	3,944	3,865	3,774	3,729
Justice	13,000	12,467	11,791	11,372
Natural Resources	1,587	1,583	1,522	1,485
Social Assistance	1,671	1,656	1,593	1,520
Transportation	3,400	3,111	3,072	3,085
TOTAL FTE	64,535	61,915	59,873	58,468
TOTAL CLASSIFIED FTE	32,820	31,995	31,075	30,677
AVERAGE MONTHLY SALARY	$ 4,390	$ 4,278	$ 4,108	$ 4,036
TOTAL NON-CLASSIFIED FTE	31,715	29,920	28,798	27,791
AVERAGE MONTHLY SALARY	$ 5,723	$ 5,467	$ 5,214	$ 5,066

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor’s cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty in the Department of Higher Education.

2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
2,219	2,180	2,300	2,422	2,409	2,422
2,367	2,343	2,344	2,334	2,284	2,290
32,664	32,595	32,435	31,887	31,165	29,463
3,681	3,717	3,803	3,766	3,668	3,726
11,083	10,767	11,257	11,437	11,100	10,542
1,472	1,446	1,453	1,453	1,395	1,397
1,462	1,482	1,567	1,610	1,570	1,530
3,098	3,113	3,080	3,065	3,048	3,015
58,046	57,643	58,239	57,974	56,639	54,385
30,967	30,770	31,857	32,092	31,510	30,866
$ 3,955	$ 3,867	$ 3,913	$ 3,700	$ 3,491	$ 3,364
27,079	26,873	26,382	25,882	25,129	23,519
$ 4,926	$ 4,759	$ 4,788	$ 4,563	$ 4,352	$ 4,387

FTE is an acronym for Full-Time Equivalent employee. Employees on the state's payroll system are designated as either full-time or part-time. Each full-time employee was counted as one FTE. For each state agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the FTE for part-time employees.

REVENUE BOND COVERAGE[1]
2000 to 2009

(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Debt Service Requirements: Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
2008-09	$ 980,992	$ 813,000	$ 167,992	$ 107,795	$ 60,197	$ 167,992	1.00
2007-08	167,989	-	167,989	102,475	65,514	167,989	1.00
2006-07	167,982	-	167,982	97,490	70,492	167,982	1.00
2005-06	167,991		167,991	92,835	75,156	167,991	1.00
2004-05	84,787	-	84,787	5,870	78,917	84,787	1.00
2003-04	72,875	-	72,875	3,250	69,625	72,875	1.00
2002-03	71,141	-	71,141	10,005	61,136	71,141	1.00
2001-02	66,813	-	66,813	5,070	61,743	66,813	1.00
2000-01	33,792	-	33,792	1,850	31,942	33,792	1.00
Enterprise Funds (Excluding Higher Education): State Fair and CollegeInvest							
2008-09	$ 200,753	$ 34,107	$ 166,646	$ 24,000	$ 17,126	$ 41,126	4.05
2007-08	351,308	126,788	224,520	155	41,492	41,647	5.39
2006-07	402,013	101,632	300,381	16,155	76,077	92,232	3.26
2005-06	106,230	79,489	26,741	39,747	53,783	93,530	0.29
2004-05	71,365	55,119	16,246	44,077	33,182	77,259	0.21
2003-04	221,271	39,812	181,459	39,012	14,924	53,936	3.36
2002-03	204,866	42,252	162,614	29,142	15,564	44,706	3.64
2001-02	180,471	46,063	134,408	24,834	19,845	44,679	3.01
2000-01	166,092	59,185	106,907	30,212	37,482	67,694	1.58
Higher Education Institutions							
2008-09	$ 846,389	$ 450,057	$ 396,332	$ 40,965	$ 69,195	$ 110,160	3.60
2007-08	793,013	420,908	372,105	36,940	58,466	95,406	3.90
2006-07	687,200	391,433	295,767	34,145	48,073	82,218	3.60
2005-06	649,238	376,431	272,807	29,365	45,699	75,064	3.63
2004-05	623,247	354,669	268,578	28,375	30,028	58,403	4.60
2003-04	555,602	329,204	226,398	24,390	29,533	53,923	4.20
2002-03	522,448	332,697	189,751	20,665	24,550	45,215	4.20
2001-02	508,615	311,778	196,837	17,390	18,876	36,266	5.43
2000-01	508,892	369,334	139,558	22,263	16,459	38,722	3.60
1999-00	552,417	399,148	153,269	17,585	18,026	35,611	4.30

[1] – Pledged revenues supporting the Governmental Funds TRANs are primarily federal grants under agreement with the Federal Highway Administration (FHWA), and sales and use tax revenues of the Highway Users Tax Fund which were diverted from the General Fund. Pledged revenues supporting the Enterprise Funds' borrowings, excluding Higher Education, are primarily student loan repayment amounts at CollegeInvest, which are used to make the required debt service payments. Pledged revenues supporting Higher Education Institutions' borrowings are primarily auxiliary fees related to student housing and tuition.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
1999 to 2008

Mileage Type	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
CenterLine Miles[1]:										
Urban	1,400	1,398	1,419	1,411	1,421	1,421	1,038	1,033	1,035	1,049
Rural	7,744	7,736	7,742	7,737	7,736	7,736	8,105	8,104	8,051	8,110
TOTAL CENTERLINE MILES	9,144	9,134	9,161	9,148	9,157	9,157	9,143	9,137	9,086	9,159
Percent Change	0.1%	-0.3%	0.1%	-0.1%	0.0%	0.2%	0.1%	0.6%	-0.8%	0.4%
Lane Miles[2]:										
Urban	5,238	5,232	5,322	5,247	5,262	5,236	4,058	4,031	4,041	4,090
Rural	17,798	17,767	17,784	17,784	17,875	17,825	18,792	18,782	18,659	18,807
TOTAL LANE MILES	23,036	22,999	23,106	23,031	23,137	23,061	22,850	22,813	22,700	22,897
Percent Change	0.2%	-0.5%	0.3%	-0.5%	0.3%	0.9%	0.2%	0.5%	-0.9%	0.6%

Source: Colorado Department of Transportation

1 – Centerline miles measure roadway miles without accounting for the number of lanes.

2 – Lane miles measure the total distance of all roadway lanes, and are therefore a better indicator of actual maintenance requirements.

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
2002 to 2008[3]

Functional Classification	2008	2007	2006	2005	2004	2003	2002
Principal Arterial[1]	1,341	1,686	1,678	1,680	1,676	1,949	1,945
Other Principal Arterial[2]	795	911	884	943	894	321	322
Minor Arterial	773	802	798	787	798	818	817
Collector	404	350	368	319	326	403	405
Local	93	26	29	25	20	207	209
TOTAL BRIDGES	3,406	3,775	3,757	3,754	3,714	3,698	3,698
Percent Change	-9.8%	0.5%	0.1%	1.1%	0.4%	0.0%	NA

Source: Colorado Department of Transportation

1 – Includes interstate, expressways, and freeways.

2 – Prior to 2004, Other Principal Arterials in rural areas were included in the Principal Arterial category.

3 – Data is not available in this format prior to calendar year 2002.

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE 2000 to 2009

(AMOUNTS IN MILLIONS)

Year	Residential	Non-Residential	Non-Building	Total
2009 est	$ 3,654	$ 3,400	$ 1,650	$ 8,704
2008 est	4,254	3,850	1,825	9,929
2007	7,146	4,866	1,901	13,914
2006	7,770	4,310	2,967	15,047
2005	8,803	4,221	1,788	14,812
2004	8,050	3,291	1,754	13,095
2003	6,258	2,713	1,732	10,703
2002	6,357	2,787	2,162	11,306
2001	6,593	3,500	1,687	11,780
2000	7,029	3,476	1,835	12,340

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

COLORADO SALES AND GROSS FARMING REVENUES 2000 to 2009

(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2009 est	$ 67.9	$ 7.46
2008 est	67.3	7.57
2007	65.3	7.52
2006	61.7	6.80
2005	58.7	6.68
2004	55.8	6.53
2003	52.8	5.85
2002	52.9	5.42
2001	52.9	5.63
2000	52.2	5.44

Retail sales based on SIC Codes 52-59.

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

COLORADO DEMOGRAPHIC DATA
2000 to 2009

Year	Population (000)	Percentage Share of U.S. Population	Total Personal Income (Billions)	Per Capita Personal Income (Dollars)	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
2009 est	4,789	1.56%	$207.3	$ 43,289	110.9%	*	7.6%
2008	4,940	1.62%	209.3	42,377	110.1%	2,596	4.9
2007	4,862	1.62	199.4	41,019	106.4%	2,602	3.8
2006	4,766	1.60	188.2	39,489	107.5%	2,537	4.3
2005	4,674	1.59	175.4	37,522	108.3%	2,437	5.1
2004	4,609	1.57	163.7	35,523	107.2%	2,385	5.6
2003	4,555	1.58	154.8	33,989	107.9%	2,324	6.1
2002	4,508	1.57	153.1	33,956	110.2%	2,304	5.7
2001	4,434	1.56	152.7	34,438	112.6%	2,304	3.8
2000	4,328	1.54	144.4	33,361	111.8%	2,300	2.7

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment

* – Data is not available.

COLORADO EMPLOYMENT[1]
BY INDUSTRY
2000 to 2009

(AMOUNTS IN THOUSANDS)

Industry[2]	2009 est	2008 est	2007	2006	2005	2004	2003	2002	2001	2000
Natural Resources and Mining	32.9	29.9	25.2	21.1	17.2	14.4	13.2	12.9	12.9	12.2
Construction	149.4	160.6	167.7	167.8	160.0	151.3	149.9	160.4	167.7	163.6
Manufacturing	143.5	144.5	146.7	149.1	150.4	151.8	153.9	163.8	179.5	188.9
Transportation, Trade, and Utilities	428.7	433.5	429.7	419.3	413.0	406.6	404.5	412.1	423.0	418.9
Information	74.1	75.5	76.3	75.4	76.9	81.2	84.6	92.9	107.3	108.4
Financial Activities	154.7	157.6	159.5	160.4	158.5	154.6	154.1	149.5	148.3	147.0
Professional and Business Services	357.4	353.9	347.9	331.8	316.8	304.1	292.0	296.2	312.3	318.8
Educational and Health Services	255.1	248.1	240.3	231.2	224.6	218.5	213.0	208.5	200.8	192.8
Leisure and Hospitality	270.7	272.6	270.4	264.9	257.5	251.3	245.6	247.0	247.2	246.0
Other Services	95.4	94.4	93.0	90.8	88.5	87.4	85.9	85.6	83.8	80.2
Government	387.7	383.3	374.6	367.2	362.6	358.5	356.2	355.4	344.1	337.0
Total	2,349.6	2,353.9	2,331.3	2,279.0	2,226.0	2,179.7	2,152.9	2,184.3	2,226.9	2,213.8

Source: Colorado Department of Labor and Employment and the Colorado Business Economic Outlook Committee.

[1] – Provided in lieu of information regarding Colorado's principal employers for which employer data could not be obtained.

[2] – Excludes nonagricultural self-employed, unpaid family, and domestic workers.

OTHER COLORADO FACTS

Important Dates

1803 The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.

1806 Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. However, they do reach the headwaters of the Arkansas River near Leadville.

1848 By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.

1858 Gold is discovered along Cherry Creek near present day Denver.

1861 Congress establishes the Colorado Territory with the boundaries of the present state and chooses its name from the Spanish word for "colored red." President Lincoln appoints William Gilpin as the first territorial governor. The State Supreme Court is organized. The first assembly meets and creates 17 counties, authorizes the University of Colorado, and selects Colorado City as the territorial capital.

1867 Denver is established as the permanent seat of the territorial government by the legislature meeting in Golden.

1870 The Denver Pacific Railroad is completed to Denver.

1876 Colorado is admitted to the Union as the 38th state. John L. Routt is elected the first governor.

1877 The University of Colorado opens classes at Boulder with two teachers and forty-four students.

1894 The State Capitol Building, designed by Elijah E. Meyers, is completed at a cost of $2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.

1906 The U.S. Mint at Denver issues its first coins.

1958 The U.S. Air Force Academy's permanent campus opens near Colorado Springs.

1992 TABOR amendment is added to the State Constitution.

Geography

Area: 103,718 square miles.

Highest Elevation: Mt Elbert – 14,433 feet above sea level.

Lowest Elevation: Along the Arikaree River in Yuma County – 3,315 feet above sea level.

Colorado has the highest average elevation of all fifty states – 6,800 feet above sea level.

State Symbols and Emblems

State Motto – Nil Sine Numine – Nothing Without the Deity

State Nickname – Centennial State

State Animal – Rocky Mountain Bighorn Sheep

State Bird – Lark Bunting

State Fish – Greenback Cutthroat Trout

State Flower – White and Lavender Columbine

State Folk Dance – Square Dance

State Fossil – Stegosaurus

State Songs – "Where the Columbine Grow" and "Rocky Mountain High"

State Gemstone – Aquamarine

State Grass – Blue Grama Grass

State Insect – Colorado Hairstreak Butterfly

State Mineral – Rhodochrosite

State Reptile – Western Painted Turtle

State Rock – Yule Marble

State Tree – Colorado Blue Spruce