COLORADO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

Efficient, Effective, Elegant

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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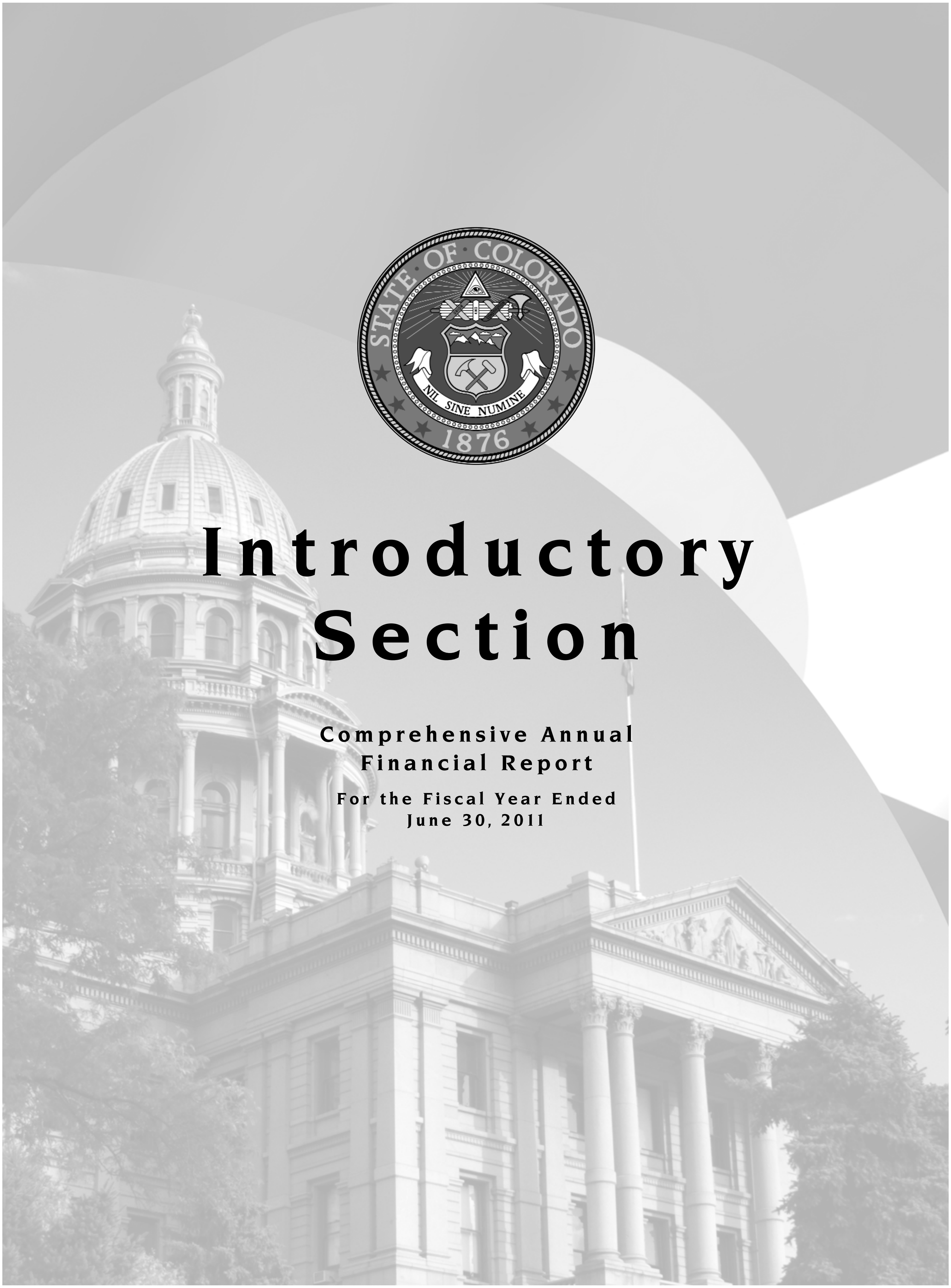

Introductory Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

State of Colorado

John W. Hickenlooper
Governor

Kathy Nesbitt
Executive Director

Jennifer Okes
Deputy Executive Director

David J. McDermott
State Controller

DPA

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December 16, 2011

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, 2011. This report is prepared by the Office of the State Controller and is submitted as required by Section 24-30-204 of the Colorado Revised Statutes. Except for certain institutions of higher education, the State Controller is responsible for managing the finances and financial affairs of the State and is committed to sound financial management and governmental accountability.

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

Except as noted below, the basic financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB), and except for the discretely presented component units, they are audited by the State Auditor of Colorado. The basic financial statements comprise the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and Required Supplementary Information. The MD&A, which begins on page 19, contains additional financial analysis and supplementary information that is required by GASB and should be read in conjunction with this transmittal letter. The schedules comparing budgeted to actual activity, included in the section titled Required Supplementary Information, are not presented in accordance with GAAP; rather, they reflect the budgetary basis of accounting which defers certain payroll, Medicaid, and other statutorily defined expenditures to the following fiscal year. (See additional information on "Cash Basis Accounting" on page 39 of the Management's Discussion and Analysis.) In addition to the basic financial statements, the CAFR includes: combining financial statements that present information by fund category, certain narrative information that describes the individual fund categories, supporting schedules, and statistical tables that present financial, economic, and demographic data about the State.

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

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

University of Colorado Hospital Authority
Colorado Water Resources and Power Development Authority
University of Colorado Foundation
Colorado State University Foundation
Colorado School of Mines Foundation
University of Northern Colorado Foundation
Other Component Units (nonmajor):
- Denver Metropolitan Major League Baseball Stadium District
- CoverColorado
- Venture Capital Authority
- Renewable Energy Authority
- Higher Education Competitive Research Authority
- Statewide Internet Portal Authority
- HLC @ Metro, Inc.
- University of Colorado Real Estate Foundation

Additional information about these component units and other related entities is presented in Note 2 of the financial statements (see page 71). Audited financial reports are available from each of these entities.

PROFILE OF THE STATE OF COLORADO

Colorado became the thirty-eighth state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,315 to 14,433 feet above sea level. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production, and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate, and other services. Given the State's semi-arid climate, water resource development, allocation, and conservation are ongoing challenges for State management.

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

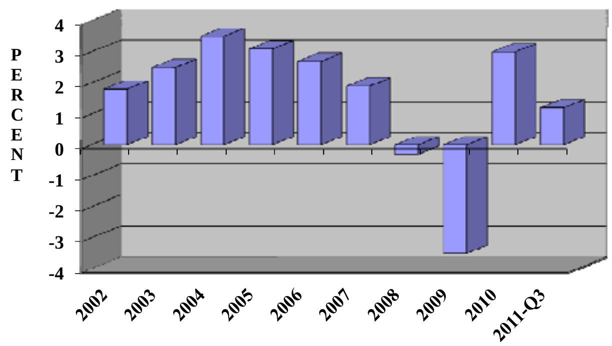
The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives who are also term limited. It is a citizen legislature whose general session lasts 120 days beginning in January of each year. Special sessions may be called by the Governor at his discretion and are limited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

The Judicial Branch is responsible for resolving disputes within the State, including those between the executive and legislative branches of government, and for supervising offenders on probation. The branch includes the Supreme Court, Court of Appeals, and district and county courts, served by more than 300 justices and judges in 22 judicial districts across the State (excluding 23 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 improved growth in Fiscal Year 2010-11; General Fund revenues increased by $632.0 million (9.8 percent) from the prior year. Although improving, General Fund revenue is $417.0 million (5.6 percent) below the pre-recession level in Fiscal Year 2007-08. In absolute dollars, the Office of State Planning and Budgeting (OSPB) reports personal income in the State increased by approximately 2.5 percent for 2010 and is forecast to increase by 5.0 percent for 2011. State nonagricultural employment levels continued to decline with 25,500 jobs lost in 2010; however, 17,700 jobs are forecasted to be added in 2011.

PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



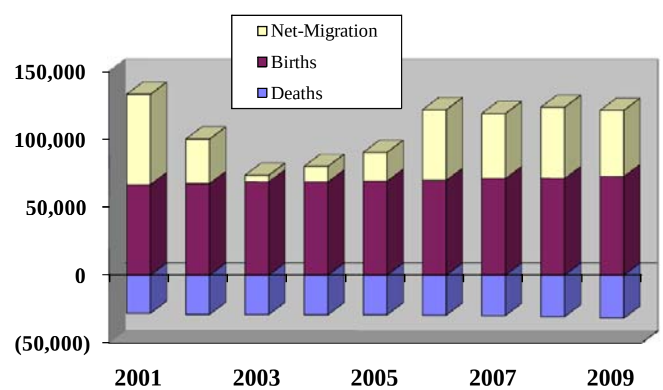
The Bureau of Economic Analysis reports that inflation adjusted national gross domestic product (GDP) grew at an annualized rate of 3.0 percent in the third quarter of calendar year 2010 and 1.2 percent in the third quarter of 2011. Inflation adjusted GDP increased 1.5 percent from the third quarter of 2010 to the third quarter of 2011 (all percentage changes in the balance of this paragraph are measured on the third quarter to third quarter basis). National personal consumption expenditures account for over two-thirds of GDP and increased 2.2 percent. Personal consumption was lead by a 7.0 percent increase in durable goods (including recreational goods and vehicles increasing at 11.6 percent) and was offset by anemic growth in household services consumption and a decline in nonprofit spending. Notwithstanding a 7.5 percent increase in fixed investment (including significant increases in transportation – 20 percent, industrial equipment – 12.5 percent and other equipment and software – 5.1 percent), private domestic investment was up only 0.4 percent in aggregate as nonfarm inventories grew only slightly and farm inventories declined. Also holding back private domestic investment, residential investment grew slightly by 1.4 percent from a significantly lowered base, and other information processing equipment and software declined by 2.5 percent. Government spending declined quarter-over-quarter by 2.4 percent related to decreases in federal, state and local government spending. Quarter-over-quarter exports increased by 5.9 percent and imports grew by 1.9 percent; net imports continued to be a reduction of GDP but by a lesser amount than in the third quarter of 2010.

The national economy is continuing through a prolonged, anemic recovery resulting from the credit and housing boom and bust of the past two decades. The September 2011 Economic and Revenue Forecast of the Colorado Legislative Council observed that:

> "…several sections of the economy have continued to weaken due to the persistence of a combination of negative factors affecting households, businesses, investors, and governments. The economy continues to deal with high debt levels, elevated food and gas prices, a slumped housing market, and the stock market volatility resulting from sovereign debt problems. Private investment – an important ingredient for economic growth – has mostly languished in this environment and unfortunately signals that a stronger pickup in growth is unlikely in the near term. However, there are positive trends in the economy. The services industries continue to expand, exports remain strong, and bank loans to businesses are increasing."

The recovery of the Colorado economy from the recession continues at a slow pace. According to the Office of State Planning and Budgeting (OSPB), uncertainties remain as to the strength of the recovery at the national level and Colorado has yet to experience significant job growth. Although there has been jobs added in economically important industries, the high unemployment rate persists which leaves households in a weaker financial state and the consumer reluctant to spend. Businesses remain uncertain as to the path of the recovery, with residential construction as the primary cause of weak private investment. Mixed signals exist regarding the pace of economic recovery in Colorado, and employment has yet to develop a discernable trend.

COMPONENTS OF COLORADO'S POPULATION CHANGE



Historically, Colorado economic activity and in-migration have been interdependent. However unlike the recession in 2001-2002, the recession in 2008-2009 has not resulted in a decreasing in-migration, which has averaged approximate 50,200 from 2006 to 2009. It remains slightly off its nine-year peak amount of about 66,400 which occurred in 2001, but is significantly in excess of its low of about 4,900 in 2003. International in-migration decreased from approximately 13,248 to 13,078 for 2008 and 2009, respectively, while in-migration from other states decreased more significantly from about 38,500 to about 35,600 for 2008 and 2009, respectively. The information in the adjacent chart is based on current Census Bureau estimates. Data for the year 2010 is not included in the chart because an adjustment was made to total state population for that year and matching estimates for deaths and births are not available. The Colorado State Demographer forecasts net population growth of 82,671 for 2011 and 84,399 for 2012, and OSPB forecasts net migration of 40,800 and 40,000, for those years respectively, which indicates persistent in-migration in spite of high unemployment and the State's economic challenges.

The OSPB September 20, 2011 quarterly estimate predicts that Colorado's recovery from the recession will continue throughout calendar years 2011 and 2012, albeit at a slow rate until employment conditions improve and increases in personal income are realized. OSPB has made the following calendar year forecast for Colorado's major economic variables:

- Unemployment will average 8.8 percent for 2011 compared with 8.9 percent and 8.3 percent in 2010 and 2009, respectively, and it is expected to slightly decrease in 2012 to 8.7 percent.
- Wages and salary income will increase by 3.5 percent in 2011 and by 2.1 percent in 2012 before increasing to 5.0 percent growth in 2014.
- Total personal income will increase by 5.0 percent in 2011 followed by 2.7 percent in 2012.
- Net in-migration is expected to be 40,800 in 2011 and 40,000 in 2012 with total population growth of about 1.6 percent in each year.
- Retail trade sales will increase 5.3 percent in 2011 followed by an increase of 3.0 percent in 2012.
- Colorado inflation will increase by 3.5 percent in 2011 and 2.6 percent in 2012.

MAJOR GOVERNMENT FISCAL INITIATIVES

The General Assembly enacted and the Governor signed a large number of bills during the 2011 session. However, in an environment of continued revenue shortfalls, resources available for major initiatives were very limited. Colorado is constitutionally required to maintain a balanced budget as well as a positive General Fund fund balance on the budgetary basis. As a result, the main fiscal focus of the session was on near term budget balancing and revenue issues.

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

- The General Assembly enacted several tax measures that overall increased State revenue by $32.5 million in Fiscal Year 2011-12 and $5.6 million in Fiscal Year 2012-13. These include revenues generated by a temporary reduction in the sales tax vendor fee, and the extension of sales and use tax to the sale of cigarettes. Additional revenue is offset by reductions from the reinstatement of the sales tax exemption on certain agricultural products, the extension of the time period for disputing sales tax, a sales tax exemption for standardized computer software, and changes to the trigger mechanism for child care credits. The timing of conservation easement tax credits changed as a result of modifications to the cap related to an expedited dispute resolution process.
- In an effort to address the declining funded status of the State and other divisions of the Public Employees' Retirement Association (PERA), the General Assembly authorized the one year continuation of a provision enacted in the 2010 legislative session temporarily decreasing the employer contribution and increasing the employee contribution.
- In an effort to reform financing of unemployment benefits, the General Assembly enacted a changes to the calculation of base wages subject to premiums, changes to the premium structure, along with a requirement for an on-line application for account management. The changes are anticipated to generate additional revenues of about $68.0 million in Fiscal Year 2011-12, and reach an estimated $202.8 million by Fiscal Year 2013-14.
- An amendment to the "Public School Finance Act of 1994" was enacted to modify the funding for K-12 public schools in Fiscal Year 2011-12 by extending the budget stabilization factor, renamed the negative factor, thereby reducing State expenditures by an estimated $229.0 million. This represents a 12.97 percent funding reduction as compared to not applying the negative factor. The legislation also diverted ending Fiscal Year 2010-11 General Fund Surplus to education including $67.5 million to the Public School Fund, and $221.4 million to the State Education Fund. Other legislative changes in property tax exemptions on certain agricultural lands will also serve to increase the local share of education funding and reduce the state share, as well as provide supplemental K-12 education funding through diversions from a tax amnesty program.
- The General Assembly enacted several measures concerning health care including an increase to the nursing facility provider fees received, a decrease in nursing facility provider rates paid, and increases to certain poverty levels for eligibility for the Children's Basic Health Plan These provisions are anticipated to reduce the state share of health care expenditures by $19.9 million in Fiscal Year 2011-12 and by a similar amount in Fiscal Year 2012-13. The General Assembly declared a State fiscal emergency for Fiscal Year 2010-11 allowing the use of Amendment 35 tobacco tax moneys for health-related purpose including funding of the Children's Basic Health Plan. Approximately $19.2 million was redirected from other tobacco tax funded programs to the Children's Basic Health Plan.

- The General Assembly addressed State's capital needs with the appropriation of $51.5 million of general-purpose revenues to fund four capital projects, sixteen maintenance projects, and three lease payments starting in Fiscal Year 2011-12. The Fort Lyons Prison was decommissioned at a savings of approximately $6.3 million in operating costs annually starting in Fiscal Year 2011-12. Additionally, future state historic preservation funds were allocated for the Capitol dome restoration project.
- The General Assembly reduced contributions to the Fire and Police Protection Association for the old hire pension plans by $20.0 million in Fiscal Year 2011-12, and $15.3 million in Fiscal Year 2012-13, and extended the date for funding the pension liability to April 30, 2019.
- In light of recurring reductions in discretionary budget allocations to institutions of higher education, the General Assembly provided institution's further flexibility in setting student fee policies, establishing not-for-profit entities, indemnifying contractors, managing classified employees, and carrying out capital activities.
- The General Assembly enacted legislation to merge the Division of Parks and the Division of Wildlife, and designated the new combined division as a TABOR enterprise. The merger will decrease the Excess State Revenue Cap under the Taxpayer Bill of Rights by an estimated $50.0 million in Fiscal Year 2011-12, and it will make a similar reduction in revenue subject to the Cap.

The State expended $2,047.1 million of American Recovery and Reinvestment Act (ARRA) funds in Fiscal Year 2010-11 – a significant portion of which backfilled shortfalls in General Fund general-purpose revenue. Notwithstanding the refinancing of general funds to federal ARRA funds, the State carried out the following major actions to maintain service levels.

- The General Assembly authorized the transfer of $158.1 million from various cash funds in Fiscal Year 2010-11 to augment General Fund revenues and to prevent a deficit fund balance. Additionally nine 2010 bills authorized additional augmenting transfers of $130.2 million in Fiscal Year 2011-12.
- The General Assembly authorized the refinancing of certain Medicaid expenditures hospital provider fees, $50.0 million for Fiscal Year 2011-12 and $25.0 million for Fiscal Year 2012-13.
- The General Fund required reserve was maintained at two and three-tenths percent, which is slightly more than half the normal four percent reserve that increases to 6.5 percent in Fiscal Year 2016-17 and beyond.

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

BUDGETARY AND OTHER CONTROL SYSTEMS

The General Assembly appropriates the annual State budget for ongoing programs, except for federal and custodial funds. New programs are funded for the first time in enabling legislation and are continued through the Long Appropriations Act in future periods. For the most part, appropriations lapse at the end of the fiscal year unless the State Controller approves an appropriation rollforward based on extenuating circumstances. Capital construction appropriations are normally effective for three years and do not require State Controller rollforward approval.

The State records the budget and certain nonappropriated spending authority (including most institutions of higher education activity) in its accounting system along with estimates of federal awards and custodial funds of the various departments. The accounting system will not disburse monies without spending authority. 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 throughout the year and result in a reduction of the available spending authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders, contracts, or other commitments are fulfilled. At fiscal year end, encumbrances represent appropriations that are approved for rollforward into the subsequent fiscal year, unspent revenue related to specific non-legislatively directed purposes, and legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Highway Users Tax Fund (see Note 41).

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

INDEPENDENT AUDIT

The State Auditor performs an audit of the Basic Financial Statements. The opinion of the auditor is on page 16 of this report. Besides annually auditing the statewide financial statements, the auditor has the authority to audit the financial statements and operations of the departments and institutions within State government.

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Colorado for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,

David J. McDermott

David J. McDermott, CPA
Colorado State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

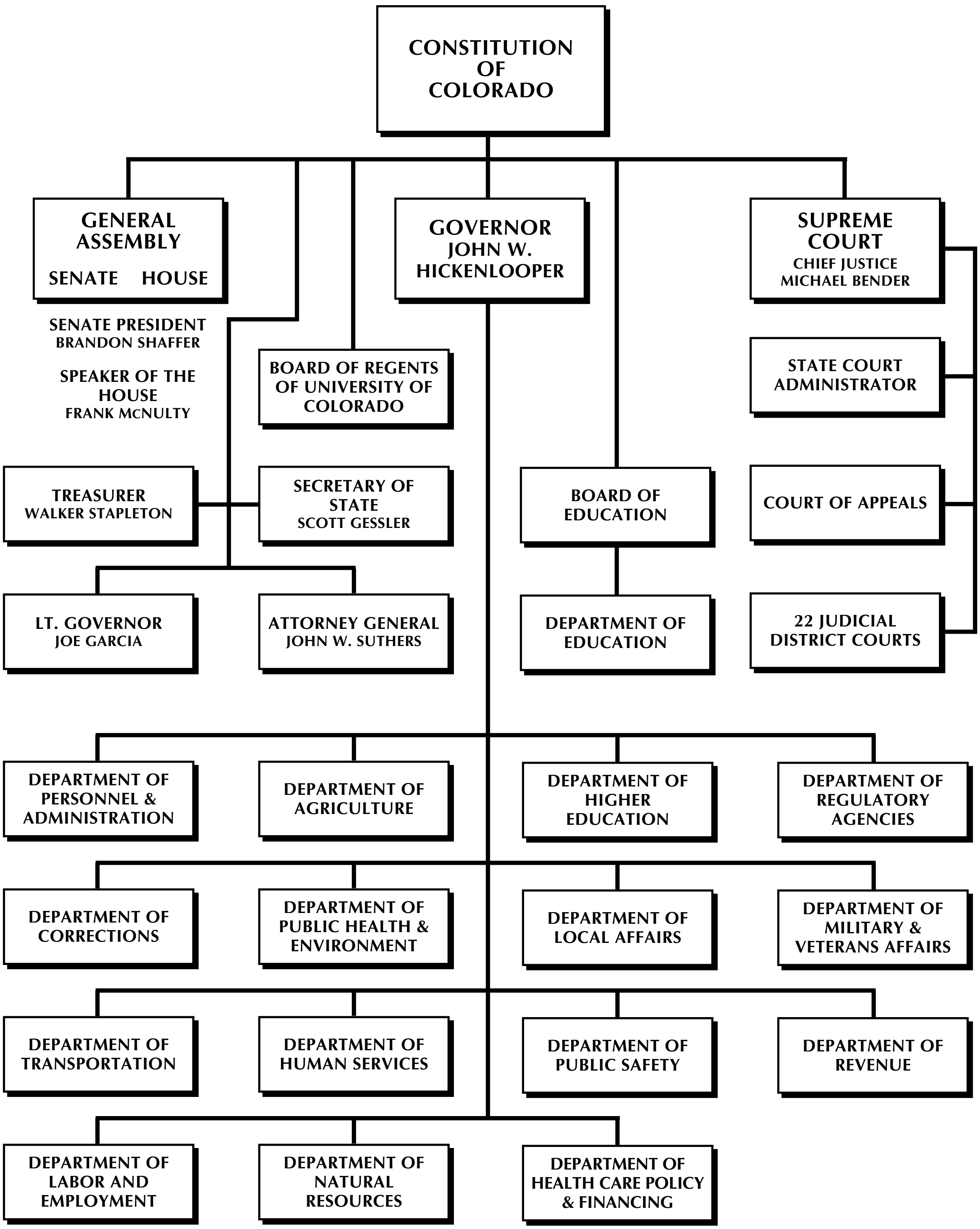
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

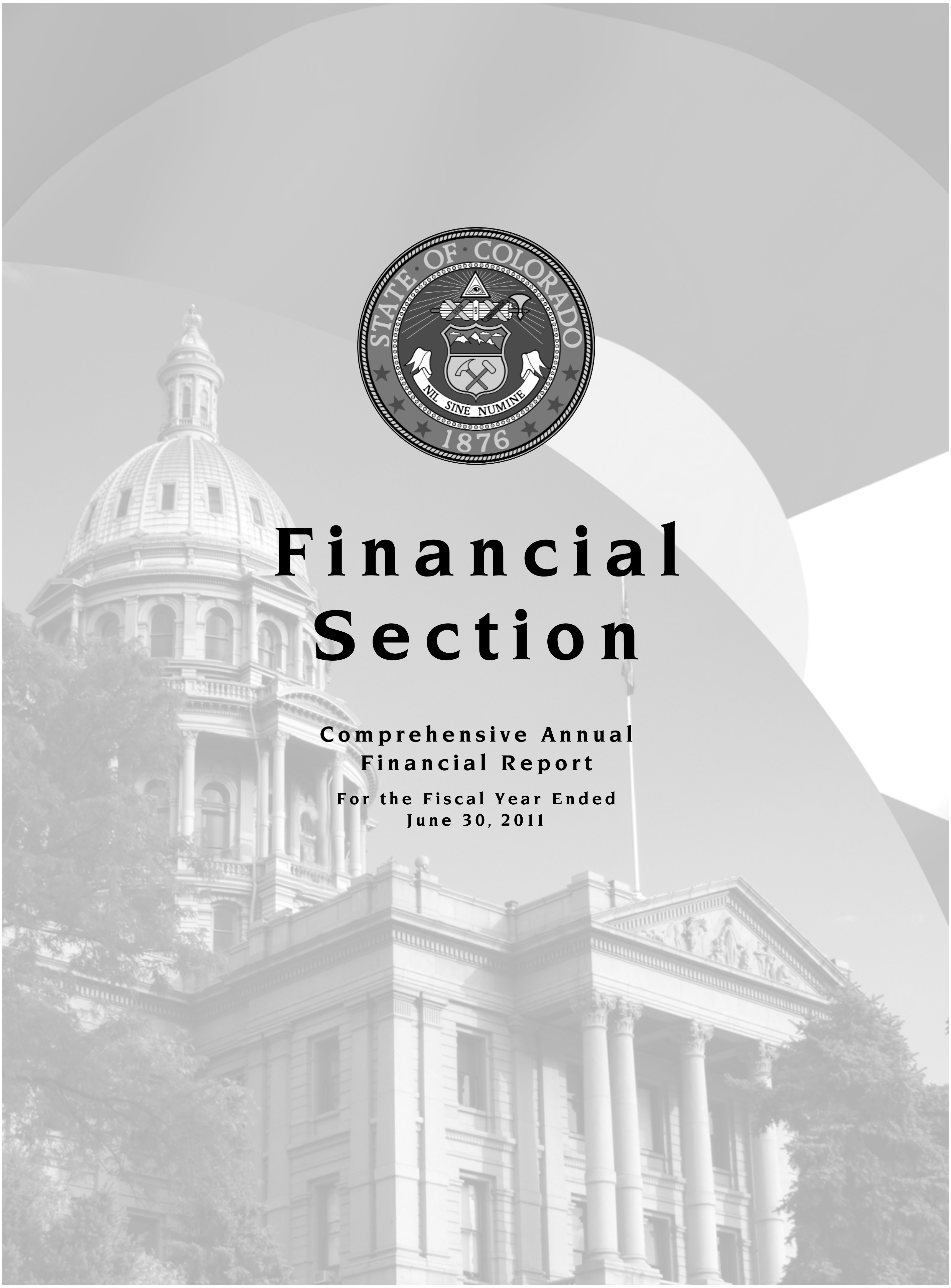
GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2011

Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

December 16, 2011

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado (the State) as of and for the fiscal year ended June 30, 2011, 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 discretely presented component units identified in Note 2, which represent 100 percent of the total assets, 100 percent of the net assets, and 100 percent of the total revenues of the discretely presented component units. In addition, we did not audit the financial statements of University Physicians, Inc., a blended component unit which represents approximately 3 percent of the assets, 4 percent of the net assets, and 8 percent of the total revenues of Higher Education Institutions, a major enterprise fund, and approximately 3 percent of the total assets, 4 percent of the net assets, and 5 percent of the total revenues of business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts and disclosures included for those discretely presented component units and for University Physicians, Inc., is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the University of Colorado Foundation, Colorado State University Foundation, Colorado School of Mines Foundation, and University of Northern Colorado Foundation, discretely presented major component units; and University Physicians, Inc., a blended component unit, were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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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 discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 6J to the financial statements, the State of Colorado adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in Fiscal Year 2011.

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

The management's discussion and analysis and required supplementary information listed in the table of contents, beginning on page 1, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

Government-wide:

Assets of the State's governmental activities exceeded liabilities by $13,393.1 million, a decrease of $62.2 million as compared to the prior year amount of $13,455.3 million. There was not a single factor impacting the decline, but several offsetting changes. Causes of the decrease in Net Assets include a reduction in cash and restricted cash balances of $352.0 million, primarily related to using existing resources in the General Fund ($27.1 million), the Capital Projects Fund ($39.7 million), and the State Education Fund ($42.2 million) to complete construction projects and to backfill general-purpose revenue shortfalls. Investments and restricted investments decreased by $66.2 million from liquidations of financing proceeds for construction activities, offset by additional investment proceeds for public school construction. Other long-term assets increased by $116.6 million, largely due to an increase in long-term taxes receivable. Capital assets decreased by $214.9 million, primarily due to $738.6 million in depreciation charges offsetting new transportation and public school construction, along with the construction of the Colorado History Center and the Ralph L. Carr Judicial Complex. Governmental activities notes, bonds, and certificates of participation payable decreased by $430.5 million because in the current fiscal year the State retired its short-term education tax revenue anticipation notes before fiscal year end while similar financing in the amount of $515.0 million in the prior fiscal year was defeased but still outstanding at June 30, 2010. Assets of the State's business-type activities exceeded liabilities by $5,264.7 million, an increase of $518.2 million as compared to the prior year amount of $4,746.5 million. The overall increase was primarily the result of the following net asset changes: an increase of $428.2 million in Higher Education Institutions and an increase of $171.0 million in Other Enterprises (primarily related to a newly created Transportation Enterprise). In total, net assets of the State increased by $456.0 million to $18,657.8 million.

Fund Level:

Governmental fund assets exceeded liabilities resulting in total fund balance of $4,842.0 million (prior year $4,676.3 million). In total, governmental fund balances increased by $165.7 million from the prior year due to increases in the General Fund and State Education Fund, which were partially offset by reductions in the Highways Users Tax Fund (HUTF), in the Capital Projects Fund and in the Other Governmental Funds. The General Fund increase is primarily due to the reclassification of $293.7 million into the General Fund as required by the newly implemented fund balance reporting standard and includes the Public School Fund, and various portions of Other Governmental Funds – the most significant of which is the Building Excellent Schools Today (BEST) public school construction program. These funds are referred to as the Special Purpose General Fund, while the general-purpose revenue funded portion of the General Fund is referred to as the General Purpose Revenue Fund. The General Purpose Revenue Fund fund balance increased by $40.2 million over the prior year due to increased tax collections that also allowed for the transfer of $221.4 million to the State Education Fund. Although revenue increased over the prior year, a portion of the normal four percent statutory reserve was needed to offset revenue shortfalls in relation to appropriations. While all revenues and expenditures contributed to the increase in the General Fund fund balance, the change includes an augmenting transfer into the General Fund of $158.1 million, which is down significantly from $815.3 million in Fiscal Year 2008-09 and $418.4 million in Fiscal Year 2009-10. The newly reported major Resource Extraction Fund has a fund balance of $868.5 million; it primarily consists of the Water Projects Fund and the Resource Extraction Fund, which were both reported as nonmajor funds in the prior year. The HUTF decreased primarily due to increased expenditures without the benefit of increasing revenue. The Capital Projects Fund decreased primarily due to the spending of proceeds of Certificates of Participation from the Ralph L. Carr Justice Complex and Colorado History Center projects. The

State Education Fund increased due to the transfer in of $221.4 million of General Fund Surplus at the end of Fiscal Year 2010-11. The Other Governmental Funds decreased by $1,223.1 million, largely due to the required reclassifications resulting from the new fund balance reporting standard GASB Statement No. 54. On the basis of generally accepted accounting principles (GAAP), the unreserved undesignated/unassigned fund balance of the General Purpose Revenue Fund was a deficit of ($21.5) million and ($30.8) million at June 30, 2011 and June 30, 2010, respectively. In addition (on the GAAP basis), the State was $156.6 million short of the amount of net assets required for the statutorily mandated 2.3 percent reserve. The reserve requirement was reduced through legislation from four percent to two and three-tenths percent for Fiscal Years 2010-11; that legislation restored the reserve to four percent for Fiscal Year 2011-12 and required it to increase by 0.5 percent each fiscal year from Fiscal Year 2012-13 through 2016-17. Thereafter, the reserve is to be maintained at 6.5 percent.

Enterprise Fund assets exceeded liabilities resulting in total net assets of $5,264.7 million (prior year $4,746.5 million), of which, $3,746.4 million (prior year $3,586.6 million) was restricted or invested in capital assets, and the balance of $1,518.3 million (prior year $1,159.9 million) was unrestricted. The total increase of $518.2 million in Enterprise Fund net assets was primarily due to an increase of $428.2 million in Institutions of Higher Education, and $171.0 million in Other Enterprises primarily from the newly created Transportation Enterprises – the Bridge Enterprise and the High Performance Transportation Enterprise.

Debt Issued and Outstanding:

The outstanding governmental activities' notes, bonds, and Certificates of Participation at June 30, 2011, were $1,766.9 million (prior year $2,197.4 million), which is 29.3 percent (prior year 33.8 percent) of financial assets (cash, receivables, and investments) and 9.8 percent (prior year 11.9 percent) of total assets of governmental activities. The governmental activities debt declined due to the retirement of short-term notes during the year as discussed in the Government-Wide section above; the largest single portion is 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 $3,196.2 million (prior year $2,783.3 million). The $412.9 million increase in revenue bonds from the prior year is primarily related to the issuance of $300.0 million in bonds by the Bridge Enterprise in the Department of Transportation. The majority of the remaining outstanding revenue bonds are related to institutions of higher education and are invested in capital assets that generate a future revenue stream to service the related debt.

Revenue and Spending Limits:

The State Constitution indirectly limits the rate of spending increases and directly limits the State's ability to retain revenues collected over an amount set by a constitutional amendment commonly known as TABOR. Revenues in excess of the limit must be refunded to the taxpayers unless otherwise approved by the voters. In the November 2005 election, voters passed Referendum C, which allowed the State to retain revenues in excess of the TABOR limit for Fiscal Years 2005-06 through 2009-10. Partially due to the economic downturn, the State did not have revenues in excess of the Referendum C Excess State Revenue Cap for Fiscal Year 2010-11, and although it did exceed the TABOR limit by $770.2 million, no refund was required because Referendum C removed the ratchet down provision of TABOR. 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, 2011. (See page 27 for more information on the TABOR requirements and Referendum C.)

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

Government-wide Statements

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

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

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

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

- Governmental activities are the normal operations of the primary government that are not presented as business-type activities. Governmental activities include Internal Service Funds and are primarily funded through taxes, intergovernmental revenues, and other nonexchange revenues.
- Business-type activities are primarily funded by charges to external parties for goods and services. These activities are generally reported in Enterprise Funds in the fund-level statements because the activity has revenue-backed debt or because legal requirements or management decisions mandate full cost recovery.
- Discretely presented component units are legally separate entities for which the State is financially accountable. More information on the discretely presented component units can be found in Note 2 on page 71.

Fund-Level Statements

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

- Governmental Funds – A large number of the State's individual funds and activities fall in this fund type; however, only some are reported as major – the remaining funds are aggregated into the nonmajor column with additional fund detail presented in the Supplementary section of this report. 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 best suited to showing amounts available for appropriation. The governmental fund type includes the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Funds.

- Proprietary Funds – Proprietary fund type accounting is similar to that used by businesses in the private sector. It is used for the State’s Enterprise Funds and Internal Service Funds. Enterprise Funds generally sell to external customers while Internal Service Funds generally charge other State agencies for goods or services. These funds are presented under the economic resources measurement focus, which reports all assets and liabilities. Accrual accounting is used, which results in revenues recognized when they are earned and expenses reported when the related liability is incurred. Because this is the same perspective and basis of accounting used on the government-wide statements, Enterprise Fund information flows directly to the business-type activities column on the government-wide statements without adjustment. Internal Service Fund assets and liabilities are reported in the governmental activities on the government-wide *Statement of Net Assets*. The net revenue or net expense of Internal Service Funds is reported as an increase or reduction to program expenses on the government-wide *Statement of Activities.* On the fund-level statements, nonmajor Enterprise Funds are aggregated in a single column, as are all Internal Service Funds.
- Fiduciary Funds – These funds report resources held under trust agreements for other individuals, organizations, or governments. The assets reported are not available to finance the State’s programs, and therefore, these funds are not included in the government-wide statements. The State’s fiduciary funds include Pension and Other Employee Benefits Trust Funds, several Private-Purpose Trust Funds, and several Agency Funds. Agency Funds track only assets and liabilities and do not report revenues and expenses on a statement of operations. All Fiduciary Funds are reported using the accrual basis of accounting.

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

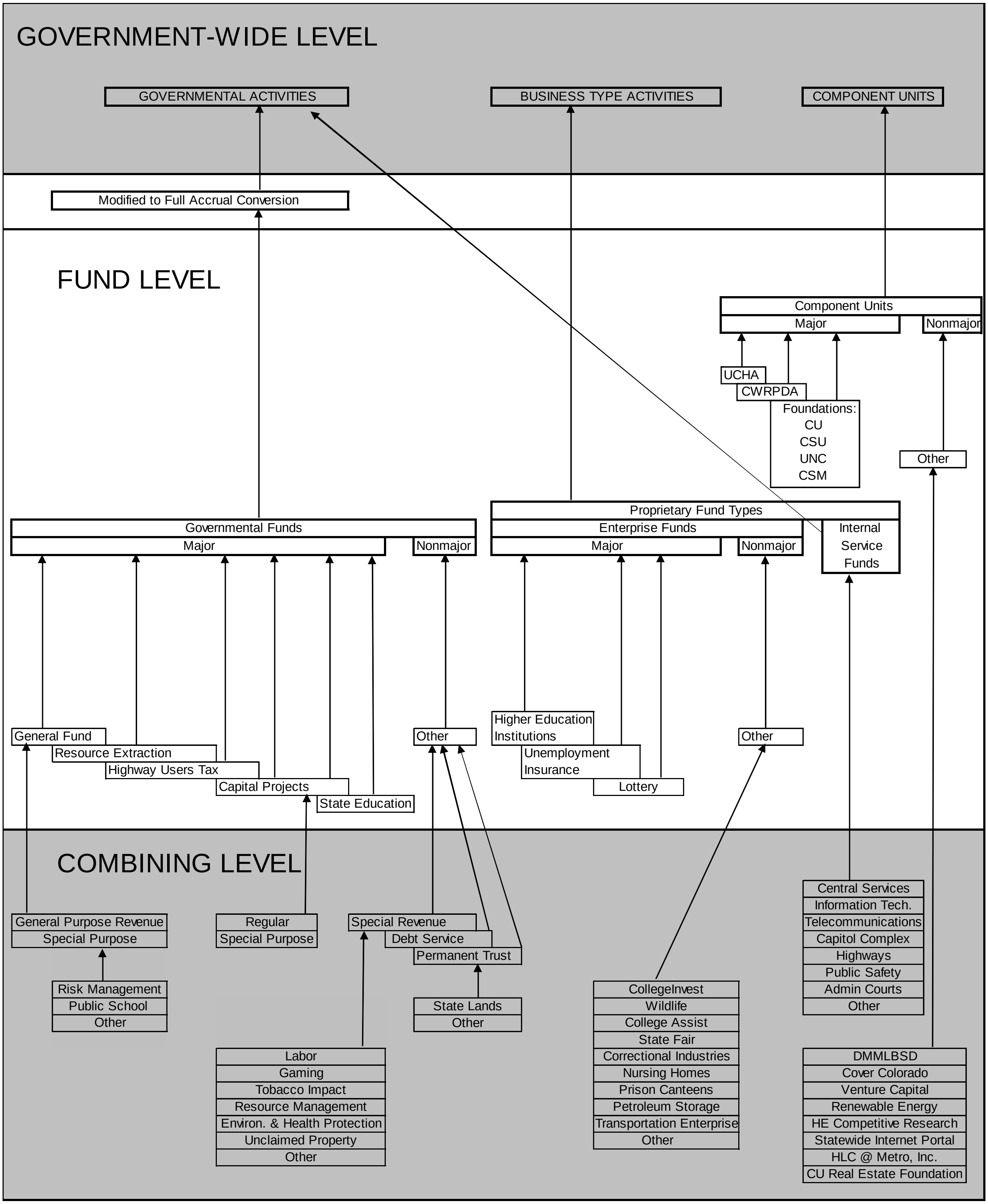
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

Generally accepted accounting principles require certain supplementary information to be presented following the notes to the financial statements. Required supplementary information differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes budgetary comparison schedules and a schedule of funding progress for other post-employment benefits.

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


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

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	
	2011	2010	2011	2010	2011	2010
Noncapital Assets	$ 6,874,659	$ 7,208,926	$ 4,588,450	$ 4,180,622	$ 11,463,109	$11,389,548
Capital Assets	11,112,240	11,327,140	5,600,890	5,119,819	16,713,130	16,446,959
Total Assets	17,986,899	18,536,066	10,189,340	9,300,441	28,176,239	27,836,507
Deferred Outflow of Resources	-	-	-	7,778	-	7,778
Current Liabilities	1,965,976	2,551,854	1,362,845	1,482,306	3,328,821	4,034,160
Noncurrent Liabilities	2,627,815	2,528,940	3,559,806	3,079,433	6,187,621	5,608,373
Total Liabilities	4,593,791	5,080,794	4,922,651	4,561,739	9,516,442	9,642,533
Deferred Inflow of Resources	-	-	2,006	-	2,006	-
Invested in Capital Assets, Net of Related Debt	9,836,378	10,118,621	2,990,094	2,854,803	12,826,472	12,973,424
Restricted	2,706,388	2,284,632	756,305	731,810	3,462,693	3,016,442
Unrestricted	850,342	1,052,019	1,518,284	1,159,867	2,368,626	2,211,886
Total Net Assets	$13,393,108	$13,455,272	$ 5,264,683	$ 4,746,480	$ 18,657,791	$18,201,752

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

Capital assets, net of related debt, account for $12,826.5 million or 68.7 percent of the State's total net assets, which represents a decrease of $146.9 million from the prior year; capital assets decreased in the governmental activities and increased in the business-type activities. The reduction in governmental capital assets is the result of depreciation on existing capital assets, primarily infrastructure, outpacing capital asset replacement and acquisition activity. Approximately $716.0 million in depreciation charges for bridge and roadway infrastructure offset increases related to transportation projects, public school construction, the Colorado History Center, and the Ralph L. Carr Justice Complex that totaled approximately $527.7 million. The current year increase of $135.3 million in business-type activities indicates that capital asset purchases from current resources and borrowing combined with paying down capital related debt exceeded the reduction in carrying value of capital assets caused by recognizing depreciation of those capital assets. It should be noted that the value of the capital assets is not available to meet related debt service requirements, which must be paid from current receipts or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $3,462.7 million or 18.6 percent of net assets, which represents an increase of $446.3 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 $421.8 million of the increase and business-type activities accounted for the remaining $24.5 million. The restriction increases in governmental activities are largely due to the implementation of the new GASB Statement No. 54 accounting standard that require analysis of restrictions for each of the State's funds. The largest individual restriction increases related to Gaming Fund moneys ($58.2 million), various federal funds ($49.6 million), State Aviation Fund moneys ($33.0 million), and Lottery funds held for parks and outdoor recreation projects ($25.4 million).

The Unrestricted Net Assets of $2,368.6 million represents 12.7 percent of total net assets and is the amount by which total assets exceed total liabilities after all restrictions and capital asset exclusions are considered. This represents an increase of $156.7 million from the prior fiscal year. The governmental activities unrestricted net assets declined by $201.7 million offset by an increase of $358.4 million in business-type activities. The largest portion of unrestricted net assets is reported in Special Revenue Funds; however, legislative action is generally 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 the governmental activities, expenses and transfers-out exceeded revenues and transfers-in resulting in net assets decreasing by $77.1 million. On the governmental fund-level statements, where capital outlay is reported as an expenditure and depreciation is not reported, governmental fund balances increased by $165.7 million. Program revenue of the governmental activities increased by $618.9 million (7.8 percent) related to increased grants and charges for services, and general-purpose revenues increased by $867.9 million (11.2 percent) primarily due to increased tax collections. Expenses increased by $570.3 million (3.5 percent) from the prior year primarily due to continued spending under the American Recovery and Reinvestment Act (ARRA),

(Amounts in Thousands)

Programs/Functions	Governmental Activities 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total Primary Government 2011	Total Primary Government 2010
Program Revenues:						
Charges for Services	$ 1,632,567	$ 1,398,714	$ 4,808,159	$ 3,991,677	$ 6,440,726	$ 5,390,391
Operating Grants and Contributions	6,218,836	5,885,657	3,689,492	3,957,310	9,908,328	9,842,967
Capital Grants and Contributions	659,288	607,383	25,432	24,619	684,720	632,002
General Revenues:						
Taxes	7,576,943	6,739,757	-	-	7,576,943	6,739,757
Restricted Taxes	928,260	873,287	-	-	928,260	873,287
Unrestricted Investment Earnings	6,523	10,215	-	-	6,523	10,215
Other General Revenues	91,608	112,138	-	-	91,608	112,138
Total Revenues	17,114,025	15,627,151	8,523,083	7,973,606	25,637,108	23,600,757
Expenses:						
General Government	192,579	189,865	-	-	192,579	189,865
Business, Community, and Consumer Affairs	667,929	662,854	-	-	667,929	662,854
Education	5,432,143	5,096,032	-	-	5,432,143	5,096,032
Health and Rehabilitation	696,539	659,187	-	-	696,539	659,187
Justice	1,538,363	1,527,857	-	-	1,538,363	1,527,857
Natural Resources	149,878	144,445	-	-	149,878	144,445
Social Assistance	6,397,426	6,091,958	-	-	6,397,426	6,091,958
Transportation	1,974,009	2,105,688	-	-	1,974,009	2,105,688
Interest on Debt	32,487	33,203	-	-	32,487	33,203
Higher Education Institutions	-	-	4,755,385	4,451,541	4,755,385	4,451,541
Unemployment Insurance	-	-	2,141,728	2,496,188	2,141,728	2,496,188
CollegeInvest	-	-	-	68,650	-	68,650
Lottery	-	-	470,480	456,352	470,480	456,352
Wildlife	-	-	108,425	105,037	108,425	105,037
College Assist	-	-	402,648	410,027	402,648	410,027
Other Business-Type Activities	-	-	191,123	170,410	191,123	170,410
Total Expenses	17,081,353	16,511,089	8,069,789	8,158,205	25,151,142	24,669,294
Excess (Deficiency) Before Contributions, Transfers, and Other Items	32,672	(883,938)	453,294	(184,599)	485,966	(1,068,537)
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(110,266)	(94,993)	110,266	94,993	-	-
Permanent Fund Additions	460	357	-	-	460	357
Special Item	-	-	1,493	(79,575)	1,493	(79,575)
Total Contributions, Transfers, and Other Items	(109,806)	(94,636)	111,759	15,418	1,953	(79,218)
Total Changes in Net Assets	(77,134)	(978,574)	565,053	(169,181)	487,919	(1,147,755)
Net Assets - Beginning	13,455,272	15,477,205	4,746,480	4,880,112	18,201,752	20,357,317
Prior Period Adjustment	14,970	(594,624)	(46,850)	35,549	(31,880)	(559,075)
Accounting Changes	-	(448,735)	-	-	-	(448,735)
Net Assets - Ending	$13,393,108	$ 13,455,272	$ 5,264,683	$ 4,746,480	$18,657,791	$18,201,752

albeit at a lower level than in the prior year. The table on the previous page was derived from the current and prior year government-wide *Statement of Activities*.

Business-type activities' revenues and net transfers-in in the preceding table exceeded expenses by $565.1 million resulting in an increase in net assets. From the prior year to the current year, program revenue of the business-type activities increased by $549.5 million (6.9 percent) and expenses decreased by $88.4 million. Most of the program revenue increase occurred in Higher Education Institutions' Charges for Services ($474.4 million) that offset reductions in Operating Grants and Contributions related to phase-out of American Recovery and Reinvestment Act of 2009 funding ($340.1 million), along with increases in Unemployment Insurance's Charges for Services ($290.7 million). The decrease in expenses is primarily attributable to a 14.6 percent decrease in Unemployment Insurance benefits paid.

TABOR Revenue, Debt, and Tax-Increase Limits

Background and Current Condition

Fiscal Year 2010-11 is the eighteenth year of State operations under Article X, Section 20 of the State Constitution revenue limitations, which is also known as TABOR. With certain exceptions, the rate of growth of State revenues is limited to the combination of the percentage change in the State's population and inflation based on the Denver-Boulder CPI-Urban index. The exceptions include federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, and qualified enterprise fund revenues.

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

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

The TABOR limits are calculated and applied at the statewide level without regard to fund type; however, the TABOR refunds have historically been paid from the General Fund. Therefore, the TABOR revenue, expenditure, debt, and tax-increase limitations have been significant factors in the changing fiscal status of the State's General Fund. The original decision to pay TABOR refunds out of the General Fund continues to be important under Referendum C because revenues in excess of the limit that are recorded by cash funds remain in those funds (barring Legislative action) but are required to be budgeted and expended from the General Fund Exempt Account created in the General Fund by Referendum C.

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

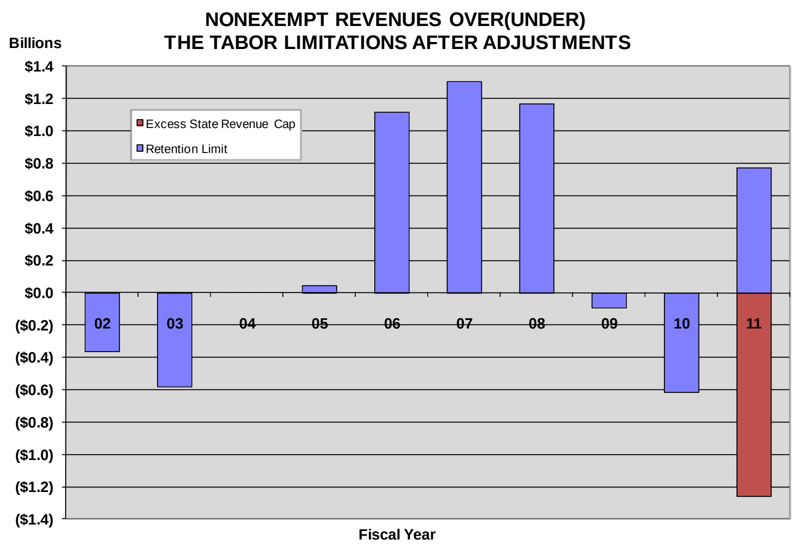
In the first three years of operations under TABOR, the State did not exceed the revenue limitation. In Fiscal Years 1996-97 through 2000-01, State revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million, and $927.2 million, respectively. The economic downturn in Fiscal Years 2001-02 and 2002-03 and adjustments for inaccurate population estimates applied in Fiscal Year 2003-04 precluded TABOR refunds in those years. The State was required to refund $41.1 million in Fiscal Year 2004-05. At the end of Fiscal Year 2010-11, 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 except for the $0.7 million amount currently shown in the financial statements.

With the end of the Referendum C five-year excess revenue retention period that encompassed Fiscal Year 2005-06 through Fiscal Year 2009-10, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2010-11. Calculation of the TABOR retention limit continues to apply, but the new ESRC replaces it as the limit that triggers taxpayer refunds. The basis for the ESRC is the highest adjusted TABOR revenue during the five-year excess revenue retention period; the highest adjusted TABOR revenue occurred in Fiscal Year 2007-08. For Fiscal Year 2010-11, unaudited State revenues subject to TABOR were $9,424.8 million, which was $1,260.1 million under the ESRC, and $770.2 million over the retention limit. Absent Referendum C, the State would have been required to refund the amount exceeding the retention limit.

During Fiscal Year 2010-11, Ft. Lewis College requalified as TABOR enterprises because it received less than 10 percent of revenues from the State. As required by TABOR, the State Controller makes the qualification or requalification of enterprises neutral in the excess revenue calculation by removing the newly qualified or requalified enterprise's nonexempt revenues from the TABOR base before adjusting for allowable growth. In Fiscal Year 2010-11, the TABOR limit was decreased by $17.7 million related to the enterprise qualification.

Legislation was enacted in the 2011 legislative session to merge the Division of Parks (a nonexempt-TABOR activity) and the Division of Wildlife (a TABOR enterprise); the new Division is in its entirety authorized as a TABOR enterprise starting in Fiscal Year 2011-12.

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 State retained $3,593.6 million during the five-year refund time-out authorized by Referendum C.

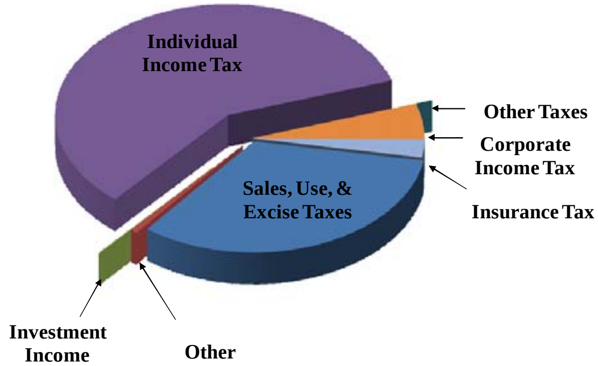
The amount of revenues in excess of the limit cannot be known for certain until the completion of the TABOR audit, which is generally not available until up to six months after fiscal year-end. Currently, due to the sluggish economic recovery the State's revenues are not expected to exceed the ESRC cap during Fiscal Year 2010-11. Neither the Legislative Council nor the Governor's economic forecast projects TABOR revenue in excess of the TABOR limit throughout the forecast period that goes through Fiscal Year 2013-14.

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. Beginning in Fiscal Year 2010-11, with the implementation of new accounting standards, the General Fund includes all funds that do not have sufficient original source revenue streams to qualify as special revenue funds. As a result, the Public School Fund and Other Special Purpose Funds reside in the General Fund along with Risk Management. These funds are referred to as Special Purpose General Funds, and the traditional General Fund is referred to as the General Purpose Revenue Fund. Revenues of the General Purpose Revenue 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 Purpose Revenue Fund, they have little impact on fund balance because most federal revenues are earned on a reimbursement basis and are closely matched with federal expenditures.

GENERAL-PURPOSE REVENUES BY SOURCE

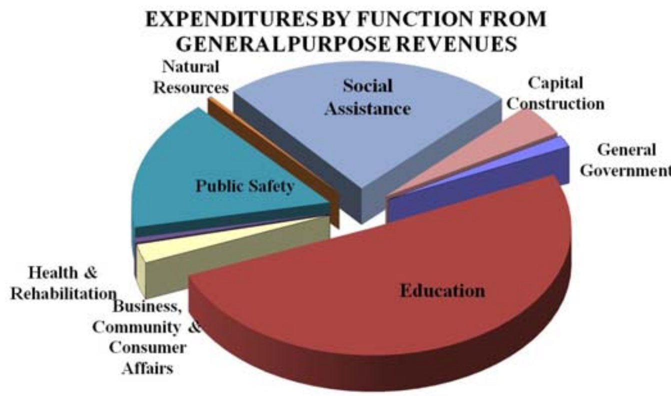


The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $602.8 million, $32.4 million of which was attributable to the General Purpose Revenue Fund, including nonspendable, restricted, committed, assigned, and unassigned amounts. On a comparable basis, the net assets of General Purpose Revenue Fund increased by $39.6 million from the prior year. While the State was able to fund the General Fund Statutory Reserve of $156.6 million on the budget basis due to the deferral of certain expenditures into the following fiscal year, the required reserve on a GAAP basis was zero and the Unassigned Fund Balance was a deficit of $21.5 million. On both the budget basis and the GAAP basis, the General Purpose Revenue Fund received augmenting transfers of $158.1 million in Fiscal Year 2010-11 ($418.4 million Fiscal Year 2009-10) to address the State's budget crisis. In Fiscal Year 2010-11 the augmenting transfers were not necessary to prevent a General Purpose Revenue Fund deficit as was the case in the prior year; General Purpose Revenue Fund fund deficits are constitutionally prohibited. However, absent these transfers general-purpose-revenue-funded programs would eventually be required to reduce expenditures by the transferred amounts. The General Purpose Revenue Fund's $173.6 million year-end cash balance increased by $293.0 million from the prior year primarily due to improving tax collections.

General-purpose revenues for Fiscal Years 2010-11 and 2009-10 were $7,085.8 million (see page 165) and $6,456.1 million, respectively – an increase of $629.7 million or 9.8 percent. Individual income tax revenue increased by $377.1 million or 10.0 percent. The major categories of individual income tax, that contributed to the increase, were estimated payments (up 38.3 percent), and withholding payments (up 4.8 percent). Cash with income tax returns and income tax refunds did not change significantly from the prior year. The significant percentage increase in estimated tax payments is normally associated with improving self-employment income and taxpayers' investment earnings. The increase in withholding reflects modest job growth and some wage inflation. Corporate income tax receipts increased by $15.5 million or 4.4 percent reflecting corporate cost cutting and improved profitability. Sales, use, and excise taxes increased by $251.6 million or 12.1 percent, which is consistent with the 5.0 percent projected increase in personal income in 2011. Other revenue decreased by $14.7 million or 24.3 percent primarily related to a $14.2 million decrease in court receipts that were redirected to support the Ralph L. Carr Judicial Complex.

On the budgetary basis, total expenditures and transfers-out (excluding transfers not appropriated by department) funded from general-purpose revenues during Fiscal Years 2010-11 and 2009-10 were $6,921.6 million (see page 165) and $6,727.7 million, respectively. For Fiscal Year 2010-11, the total annual increase in general-funded appropriations was limited to five percent of personal income with certain adjustments. The primary adjustments are for changes in federal mandates, lawsuits against the State, and most transfers not appropriated by department. The limit is controlled through the legislative budget process. In Fiscal Year 2010-11, revenues were not sufficient to support the allowed appropriation growth and budget cuts were enacted that resulted in the budget decreasing by 8.4 percent.

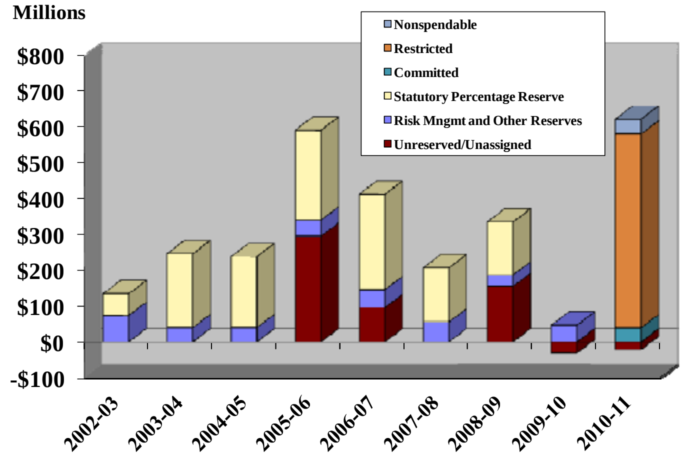
The Special Purpose portion of the General Fund fund balance totaled $570.4 million in Fiscal Year 2010-11. Risk Management was previously reported in the General Fund, and continues to be reported in the General Fund as part of the Special Purpose General Fund. Beginning in Fiscal Year 2010-11 the Public School Fund and Other Special Purpose Funds are also reported as part of the Special Purpose General Fund, and together they increased General Fund beginning fund balance by $557.1 million.



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 81.7 percent of all Fiscal Year 2010-11 general-funded expenditures, which is a decrease of 0.6 percent from the prior year. The Departments of Higher Education, Corrections, and Health Care Policy and Financing's general-funded expenditures increased $276.3 million (64.4 percent), $92.6 million (16.4 percent), and $151.6 million (13.2 percent), respectively. The percentage use of general-funded resources by these three departments increased as a result of the phase-out of American Recovery and Reinvestment Act of 2009 moneys for education stabilization and government services stabilization, and because of increased Medicaid caseloads coupled with the deferral of two additional weeks of Medicaid expenditures from Fiscal Year 2009-10 into Fiscal Year 2010-11. The Departments of Revenue, Education and Human Services' general-funded expenditures decreased by $18.5 million (34.2 percent), $275.8 million (8.5 percent), and $27.0 million (3.6 percent), respectively. The percentage reductions of general-funded resources by these three departments was primarily the result of fewer Old Age Pension payments in the Department of Revenue, the receipt of federal funds offsetting mandated increased in the Department of Education related to local public school districts pursuant to Amendment 23 passed in the 2000 legislative session, and reductions in the Department of Human Services related to child welfare services, residential treatment placement in the Division of Youth Corrections, and in the mental health institutes.

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. House Bill 09-1367 also deferred certain Office of Information Technology (OIT) expenditures into the subsequent year. These changes result in an ongoing difference between the GAAP fund balance and budgetary basis fund balance of the General Fund. During Fiscal Year 2010-11, the State met the statutory required reserve on a budgetary basis, but not on the GAAP basis. The statutorily required process of deferring expenditures moved $86.4 million of payroll, $166.7 million of Medicaid, and $1.3 million of OIT expenditures into Fiscal Year 2011-12. Revenues related to the deferral of the Medicaid expenditures were also deferred in the amount of $101.3 million. In total, the effect was to increase General Fund budgetary fund balance by $151.8 million, which was $16.4 million less than the effect of deferring Fiscal Year 2009-10 expenditures into Fiscal Year 2010-11. Although Medicaid expenditures continue to increase, the Medicaid related deferral declined because the additional two weeks of Medicaid expenditure deferral that occurred in the prior year did not recur in the current fiscal year. These deferrals made available funds to meet the statutorily required reserve and allowed excess general-purpose resources (including the $158.1 million referenced in the revenue section above) in the amount of $221.4 million and $67.5 million to be transferred to the State Education Fund and the State Public School Fund, respectively.

GENERAL FUND - FUND BALANCE[1]



[1] Beginning in Fiscal year 2010-11, the implementation of GASB Statement No. 54 modified the required fund balance classifications. As a result, Risk Management remained part of General Fund fund balance and other Special Purpose Funds became part of General Fund fund balance.

The chart 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 2010-11 require a two and three-tenths percent fund balance reserve of $156.6 million; however, as previously discussed, the General Purpose Revenue Fund did not have adequate unassigned resources to meet the required two and three-tenths percent reserve on the GAAP basis and ended the year with a ($21.5) million shortfall. Statutory compliance was achieved on a budgetary basis by deferring $151.8 million of payroll, Medicaid, and other costs into Fiscal Year 2011-12. The deferral of payroll and Medicaid costs has been in place since Fiscal Year 2002-03, and has prevented shortfalls in the budget basis statutory reserve in each year except Fiscal Years 2005-06 and 2006-07 when adequate resources were available for a positive budgetary reserve without the deferral. In Fiscal Year 2010-11 the statutorily required reserve was lowered from four percent to two and three-tenths percent of appropriations. As previously noted and shown in the graph above, the implementation of GASB Statement No. 54 in Fiscal Year 2010-11 modified the required fund balance classifications. As a result, “Risk Management and Other Reserves” are included as Special Purpose Fund balances. The implementation also moved a number of Special Purpose Funds that do not have sufficient original source revenue streams to qualify as special revenue funds into the General Fund; this significantly increased the overall General Fund fund balance ($293.7 million). See Note 29B and the General Fund Components Combining Statement in the Supplementary Information section of this report for additional information on the GASB Statement No. 54 implementation.

Resource Extraction Fund

The Resource Extraction Fund comprises receipts from severance taxes, mineral leasing, and fees associated with regulation of mining activities. Expenditures include distributions to local governments and regulatory costs. This fund also accounts for construction loans made to local governments and special districts to enhance the use of water resources of the State. The Resource Extraction Fund was previously reported as a nonmajor special revenue fund, and with the implementation of GASB Statement No. 54, the Water Projects Fund, also formerly a nonmajor special revenue fund, was combined into the Resource Extraction Fund. A significant portion, $427.2 million, of the fund’s net assets of $868.5 million comprises long-term loans receivables related to the financing of local government water projects by the Water Projects Fund.

Highway Users Tax Fund

The Highway Users Tax Fund (HUTF) fund balance decreased by $39.5 million from the prior year largely due to increased expenditures and minimal increases in revenue. Legislation in response to the economic downturn has permanently eliminated General Purpose Revenue Fund Surplus diversions to HUTF and also terminated the diversion of sales and use tax from the General Fund to the Highway Fund until at least Fiscal Year 2018-19.

The HUTF shows a fund balance of $1,203.0 million. This amount includes $854.3 million in encumbrances for multi-year construction projects. The majority of the fund balance, $1,160.8 million, is constitutionally restricted for highway construction and maintenance.

Capital Projects Fund

The Capital Projects Fund fund balance decreased by $165.7 million from the prior fiscal year primarily due to significant spending of Certificates of Participation proceeds to construct the Ralph L. Carr Justice Complex and the Colorado History Center. Fund expenditures of $217.5 million were primarily related to projects appropriated in previous years. Capital outlay expenditures increased by $53.6 million due to the Ralph L. Carr Justice Complex construction, General Government expenditures decreased by $6.8 million, and Justice expenditures decreased by $41.9 million due to the use of refunding proceeds that occurred in Fiscal Year 2009-10, but not Fiscal Year 2010-11. Investment income declined by $4.2 million. The Capital Projects Fund reported fund balance restrictions of $185.4 million related to certificates of participation and HUTF funding.

State Education Fund

The State Education Fund fund balance increased by $171.2 million during Fiscal Year 2010-11. Except for investment income, revenues of the fund are fixed as a percentage of taxpayer tax liability, and the fund's portion of those receipts increased in Fiscal Year 2010-11 by $41.5 million from the prior year. Investment income declined by $6.8 million from the prior year primarily due to unrealized investment losses, that reduced realized investment income by over two-thirds. 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 Purpose Revenue Fund increased by $221.4 million which contributed to the improved fund balance position. Expenditures of the fund were $416.6 million and $475.0 million in Fiscal Year 2010-11 and 2009-10, respectively.

Higher Education Institutions

Current activity reduced by a prior period adjustment of $46.3 million increased the net assets of the Higher Education Institutions by $428.3 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 $188.0 million, sales of goods and services increased by $286.4 million, federal revenues decreased by $168.9 million, and Other Operating revenues increased by $13.4 million. In addition, investment income (including an increase in fair value of investments) was $166.2 million. Overall, revenues increased by 7.6 percent and expenses increased by 7.2 percent The State made capital contributions of $11.3 million and $32.8 million in Fiscal Years 2010-11 and 2009-10, respectively, that were funded by the Capital Projects Fund and transferred $185.6 million ($174.5 million in Fiscal Year 2009-10) 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 the remaining $29.1 million of funding from American Recovery and Reinvestment Act (ARRA) moneys in the State Fiscal Stabilization Fund to institutions of higher education. The money was used to fund normal operations and to prevent reductions that would otherwise have been made to the related general-funded appropriations.

Unemployment Insurance

The net assets of the Unemployment Insurance Fund were in deficit by ($117.9) million because the fund's current liabilities exceeded the fund's assets. This represents a slight decrease in net assets of $2.2 million, as high unemployment persists due to the sluggish economy. Unemployment benefits paid decreased by $364.9 million, or (14.6) percent, after increasing $1,357.0 million in the prior year. The reduced benefits paid caused a reduction of $135.9 million in federal grants – including ARRA funds that extended the duration of unemployment benefits. Unemployment insurance premiums collected increased by $290.7 million over the prior year. The change in net assets was also affected by a $2.6 million decrease in investment earnings. 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 of $2.7 million from Fiscal Year 2009-10 was completely depleted, and it borrowed $1.7 million of General Purpose Revenue Fund pooled cash to avoid a cash deficit. In addition, the fund reports a $302.5 million payable to the federal government for borrowing to support the State's share of unemployment benefit payments.

State Lottery

The Lottery produced operating income of $113.3 million ($113.8 million in Fiscal Year 2009-10) on sales of $526.3 million ($512.3 million in Fiscal Year 20009-10). The change represents a 0.4 percent decrease in operating income. The Lottery distributed $56.0 million ($56.4 million in Fiscal Year 2009-10) to the Great Outdoors Colorado program, a related organization, and transferred $57.9 million ($57.1 million in Fiscal Year 2009-10) to other State funds, of which, $10.1 million was used to fund operations of the State's Division of Parks and Recreation and $45.3 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 165. 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 $13.0 million.

Department of Education – The department's original budget exceeded the final budget by $576.4 million. House Bill 10-1369 reduced the budgeted amount by $363.5 million in order to balance the State budget due to general-purpose revenue shortfalls. Another reduction of $216.4 million in general-funded budget was enacted as federal money became available through two sources.

Department of Health Care Policy and Financing – The department's original budget exceeded the final budget by $77.2 million. The primary reasons for the decrease include:

- $140.7 million decrease due to the additional transfers in from cash sources including transfers from the Health Care Expansion Fund, the Hospital Provider Fee Cash fund, the Supplemental Old Age Pension Fund, and tobacco tax funds,
- $53.4 million increase due to the phase-out of ARRA funding, offset by new Children's Health Insurance Reauthorization Act bonus moneys,
- $13.1 million increase required by the deferral of June 2010 Medicaid payments from Fiscal Year 2009-10 into Fiscal Year 2010-11 (a matching deferral was not done in June 2011), and
- $8.2 million decrease related to rate reductions in payments to nursing facility providers.

Department of Higher Education – The department's original budget was $44.8 million under the final budget. This difference comprises a $15.4 million reduction of general-funded budget to be funded from the proceeds of the sale of CollegeInvest's loan portfolio, and an increase of $60.0 million in institution of higher education fee for service contracts and area vocation support that had been ARRA-funded (federal funds) in the prior year.

Department of Human Services – The department's original budget exceeded the final budget by $13.0 million. This was largely the result of decreases in community services for people with developmental disabilities. A portion of the costs were refinanced with Medicaid funds, and a portion of the costs were eliminated with reductions in contract placement services in the Division of Youth Corrections.

Department of Revenue – The department's original budget exceeded the final budget by $19.3 million. This was largely the result of decreases in general-funded appropriations for driver and vehicle services that were refinanced to cash-funded appropriations.

Differences Between Final Budget and Actual Expenditures

Overexpenditures for all funds totaled $171.7 million for Fiscal Year 2010-11 including deficit fund balances that are considered overexpenditures and excluding $18.2 million of duplicate overexpenditures resulting from inadequate imputed spending authority related to Long Bill cash fund annotations where reappropriations were not made. General-funded overexpenditures are discussed in detail in Note 8A on page 84 at the individual line item appropriation level. After reduction for general-funded overexpenditures ($12.0 million), State departments reported general-funded appropriation reversions of $19.4 million. In addition, departments reverted $6.7 million of revenue earned in excess of the amount that was needed to support specific cash-funded appropriations in the General Fund. The final budget is presented without reduction for restrictions in order to show the total reversion of appropriated budget. The following list shows those departments that had reversions of at least $1.0 million.

- Department of Corrections – The department reverted $2.3 million (0.4 percent) primarily due to difficulty in hiring qualified drug and alcohol counselors coupled with the uncertainty of funding those positions in the future. Additional funds were appropriated for wrap around services for parolees; however, the availability of services was limited. There were smaller reversions related to parole board contracts, dispatch services, and medical services.

- Department of Health Care Policy and Financing – The department had negative reversions of $6.1 million (0.5 percent) primarily caused by the general fund overexpenditure of $8.5 million detailed in Note 8A. Caseloads and utilization of medical services increased more than forecasted.

- Department of Human Services – The department reverted $3.9 million (0.6 percent) comprising numerous small amounts, the most significant of which are:

  - $1.0 million of county tax-base relief moneys that were not expended for Tier I counties were reverted in lieu of being transferred for county administration costs,

  - $0.8 million of general administration appropriations not expended due availability of additional federal indirect costs recoveries, and worker's compensation and risk management costs being lower than anticipated,

  - $0.6 million due to unanticipated cash collections for which the department could add cash-funded spending authority which also reduced general-funded needy and disabled state support expenditures,

  - $0.4 million from a one-time federal reimbursement reducing general-funded food assistance expenditures, and

  - $0.3 million in reduced Division of Youth Corrections' spending related to slightly lower than estimated caseloads and a policy changes prohibiting conference expenses.

- Legislative Branch – The Legislative Branch reverted $3.0 million (8.7 percent) including $1.6 million due to amounts appropriated for a Special Session, which did not occur. Other reversions were not deemed individually significant and were related to personal services, travel, and leased computers.

- Department of Public Safety – The department reverted $1.9 million (2.3 percent) from its community corrections appropriation, primarily due to the underutilization of residential beds. Prior year legislative changes continue to account for reduced referrals to the program.
- Department of Revenue – The department reverted $9.4 million (5.5 percent) compromising several amounts the most significant which are:
  - $5.7 million for demand driven old age pension programs administered by the Department of Human Services,
  - $1.6 million in personal services and benefits for various programs throughout the department,
  - $1.3 million for old age heat and fuel rebates that have decreased with the requirement for verification of legal presence, and
  - $0.3 million for cigarette tax rebates issued to counties, based on monthly cigarette tax collections that have been declining.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's investment in capital assets at June 30, 2011, was $16.7 billion ($16.4 billion in Fiscal Year 2009-10). Included in this amount were $14.0 billion of depreciable capital assets after reduction for $6.1 billion of accumulated depreciation. Also included was $2.7 billion of land, construction in progress, and nondepreciable infrastructure and other assets. The State added $1,440.4 million and $1,362.7 million of capital assets in Fiscal Year 2010-11 and 2009-10, respectively. Of the Fiscal Year 2010-11 additions, $656.1 million was recorded by governmental funds and $784.4 million was recorded by business-type activities. General-purpose revenues funded $42.3 million of capital and controlled maintenance expenditures during Fiscal Year 2010-11 and the balance of capital asset additions was funded by federal funds, cash funds, or borrowing. The table below provides information on the State's capital assets by asset type for both governmental and business-type activities.

The State's capital assets at June 30, 2011 and 2010, were (see Note 17 for additional detail):

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 153	$ 154	$ 384	$ 360	$ 537	$ 514
Collections	9	9	19	18	28	27
Construction in Progress	738	613	534	829	1,272	1,442
Infrastructure	881	861	1	-	882	861
Total Capital Assets Not Being Depreciated	1,781	1,637	938	1,207	2,719	2,844
Capital Assets Being Depreciated						
Buildings and Related Improvements	1,908	1,662	6,383	5,483	8,291	7,145
Software	209	173	109	74	318	247
Vehicles and Equipment	647	646	852	815	1,499	1,461
Library Books, Collections, and Other Capital Assets	44	41	489	481	533	522
Infrastructure	9,466	9,313	25	21	9,491	9,334
Total Capital Assets Being Depreciated	12,274	11,835	7,858	6,874	20,132	18,709
Accumulated Depreciation	(2,943)	(2,145)	(3,195)	(2,961)	(6,138)	(5,106)
Total	$ 11,112	$ 11,327	$ 5,601	$ 5,120	$ 16,713	$ 16,447

The State's major commitments for capital expenditures are reported in the attached financial statements as restricted or committed fund balances. At June 30, 2011, the State had commitments of $62.1 million in the Capital Projects Fund ($91.7 million in Fiscal Year 2009-10) and $854.3 million in the Highway Users Tax Fund ($960.9 million in Fiscal Year 2009-10). Certain construction projects of the Higher Education Institutions are not reported in the Capital Projects Fund because they are not subject to appropriation. The State is constitutionally prohibited from issuing general obligation debt except to fund buildings for State use, to defend the

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

Fiscal Year 2010-11
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 107.6	$ 33.8	$ 869.3	$ 142.1	$ 897.6	$ 660.7	$ 1,874.5	$ 836.6
Business-Type Activities	48.4	17.2	2,762.2	2,278.8	430.5	219.9	3,241.1	2,515.9
Total	$ 156.0	$ 51.0	$ 3,631.5	$ 2,420.9	$ 1,328.1	$ 880.6	$ 5,115.6	$ 3,352.5

Fiscal Year 2009-10
(Amounts in Millions)

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

In Fiscal Year 2009-10, the total principal amount of capital leases, revenue bonds, and COPs was 40.4 percent of assets other than capital assets. In Fiscal Year 2010-11, that measure increased to 44.6 percent because noncapital assets increased 0.6 percent while the principal amount of capital leases, revenue bonds, and COPs increased by 11.2 percent. The majority of the increase for governmental activities is related to several financed construction projects for local schools under the Build Excellent Schools Today (BEST) program ($217.5 million), offset by principal payments on the Department of Transportation's Transportation Revenue Anticipation Notes ($119.4 million), while the majority of the increase for business-type activities is related to the issuance of bonds by the Bridge Enterprise in the Department of Transportation ($300.0 million). Total per capita borrowing including bonds, Certificates of Participation, mortgages, notes, and capital leases was $1,050 , $1,022 , $1,201, $1,134, and $1,064 per person in Fiscal Years 2010-11, 2009-10, 2008-09, 2007-08, and 2006-07, respectively.

INFRASTRUCTURE ASSETS PREVIOUSLY REPORTED UNDER THE MODIFIED APPROACH

Each year the Colorado Department of Transportation (CDOT) provides the Colorado Transportation Commission with estimates of the funding needed to either maintain or improve existing infrastructure condition over the next 20 years. Based on the estimates, the State previously reported bridge and roadway infrastructure owned and maintained by the State's Department of Transportation under the modified approach. The main feature of the modified approach is that annual maintenance and preservation costs were reported rather than depreciation. However, the State was unable to provide adequate resources to meet acceptable condition assessment targets and bridges were taken off the modified approach in Fiscal Year 2007-08; roadways were taken off the modified approach in Fiscal Year 2009-10.

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 Commission established condition levels as required by the modified approach. Therefore, the department began reporting depreciation of its bridges in Fiscal Year 2007-08. CDOT monitors and rates the condition of approximately 3,800 bridges under its jurisdiction. Bridges that are unsafe are closed to traffic without regard to their condition rating. Although the modified approach is no longer used for bridges, the following information is included to show historical condition levels through the current fiscal year.

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Percent Rated Poor	5.53	5.48	5.62	6.21	5.81	5.61	3.39	3.84	4.37

Beginning in Fiscal Year 2009-10, the Department of Transportation reported that due to several years of decreases in General Fund diversions and transfers, available resources were no longer adequate to maintain the State's roadways at the Commission established condition levels as required by the modified approach. Therefore, the department began reporting depreciation of its roadways in Fiscal Year 2009-10. Although the modified approach is no longer used, the following information is included to show historical condition levels through the current fiscal year.

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Percent Rated Good/Fair	48	48	50	53	59	63	65	61	58
Percent Rated Poor	52	52	50	47	41	37	35	39	42

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the State that were included in the Fiscal Year 2009-10 Management Discussion and Analysis continue to affect the State at the end of Fiscal Year 2010-11, as follows:

- Referendum C Sunsets – Referendum C was passed by the voters in November 2005 and allowed the State to retain all revenues in excess of the TABOR limit for a five-year period from Fiscal Year 2005-06 through 2009-10. During that period, the State retained $3,593.6 million that it would otherwise have been required to refund to State taxpayers. Due to the shortfall in current and prior year revenues, no amounts were retained in Fiscal Years 2008-09 or 2009-10. Referendum C created an Excess State Revenue Cap (ESRC) that increases each year for inflation and population growth and allows the State to retain and spend amounts above the TABOR limit and below the ESRC. This provision removes the effect of the TABOR ratchet down provision (discussed earlier in this MDA). However, economic recovery and State revenue growth rates in excess of the population and inflation adjustment could result in future refunds of TABOR revenues in excess of the new ESRC. In Fiscal Year 2010-11, the State was $1,260.2 million under the ESRC, but absent Referendum C, would have been required to refund $770.2 million per the TABOR limit due to its ratchet down provision. Both the Legislative Council economist and the Governor's Office of State Planning and Budgeting economists project there will be no TABOR refunds in their three-year forecast period.

- Pension Plan Contributions

  - Like most institutions that rely heavily on investments, the Public Employees Retirement Association (PERA) was severely affected by the global economic downturn beginning in 2008. A negative 26.0 percent return on investments in 2008 was partially offset by positive returns of 17.4 percent and 14.0 percent in 2009 and 2010, respectively. These investment returns caused the funded ratio (actuarial value of assets, using a four-year smoothed-market value, divided by the actuarial accrued liability) of the State Division of PERA to decline from 73.3 percent at December 31, 2007 to 62.8 percent at December 31, 2010. Because of the four-year smoothing, the full effect of the 2008 negative return and subsequent partial recovery is not reflected in the funding ratio. In 2000, when the State Division and the School Division were reported as a single division, the combined division had a funding ratio of 104.7 percent. At December 31, 2010, the amortization period for the plan was 47 years, which means that at the existing contribution level and using the currently applicable actuarial assumptions the liability associated with existing benefits will be fully funded by December 31, 2057. The employer contribution rate of 12.25 percent for most State employees as of June 30, 2011, was 0.8 percentage points (or 7.0 percent) above the average during the 1990s. If not for Senate Bill 10-146 (discussed below) requiring State employees to pay an additional 2.5 percent of salary in Fiscal Year 2010-11, the State's contribution would have been 14.75 percent – 3.6 percent points or 32.3 percent above the 1990s' average. However, based on the 2008, 2009, and 2010 valuations, PERA's actuary estimated that the State's prospective employer contribution rate would need to be 20.16, 16.09, and 17.77 percent, respectively, to achieve the 30-year amortization period required by the Governmental Accounting Standards Board.

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

  - To provide budgetary relief for the State, Senate Bill 10-146 requires that beginning July 1, 2010, members contribute an additional 2.5 percent of salary to their member accounts and the employer contribution rate be reduced to 11.35 percent. In the 2011 legislative session, Senate Bill 11-076 continued the 2.5 percent swap an additional year through June 30, 2012. This legislation sunsets as of June 30, 2012, after which employee contribution rates will return to the 8.0 percent level in effect prior to July 1, 2010, and State employer contributions will increase to 15.65 percent including the AED and SAED. The Governor's most recent budget balancing plan does not recommend the extending of the 2.5 percent contribution swap past June 30, 2012.

  - Senate Bill 10-001 made significant changes to the plan provisions that will affect the State over the long-term by improving the funded status of the plan. The most significant changes affecting the State Division of the plan include reducing the current 3.5 percent annual increase for retiree benefits to the lesser of the consumer price index or 2.0 percent, changing the timing of the annual increase, and making the annual increase contingent on the plan's funded status; extending the AED and SAED as discussed above; requiring future early retirement adjustments to be actuarially neutral; limiting annual increases in the highest average salary calculation for future retirees to 8.0 percent; removing the indexing of benefits for future retirees who become inactive with more than 25 years of service; changing the vesting period required for employer matching contributions; increasing the combined age and years of service requirement for current nonvested employees to 85, to 88 for new hires after 2011, to 90 for new hires after 2017, and increasing the related minimum retirement age; and requiring retirees returning to work for a PERA employer to pay member contributions that are not refundable and that do not increase service credits. Some of the changes authorized by Senate Bill 10-001 were the subject of a class action lawsuit naming the Governor and certain PERA Board members in claiming the changes are unconstitutional and seeking a mandatory injunction requiring payment of the annual increase in effect before the passage of Senate Bill 10-001. In its 2010 Comprehensive Annual Financial Report, PERA assessed a negative outcome as unlikely, and in June 2011, the Denver District Court dismissed the lawsuit.

- 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 Years 2008-09 and 2009-10, and the implementation of the Excess State Revenue Cap in Fiscal Year 2010-11, 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. For Fiscal Year 2011-12, $658.9 million is budgeted from the State Education Fund. The amendment requires the General Assembly to increase funding of education by one percent over inflation through Fiscal Year 2010-11 and by inflation thereafter. This requirement will have increasing impact if the inflation rate increases. The revenue diversion and mandated expenditure growth infringes on general funding for other programs when State revenues decline with the business cycle. Notwithstanding these expenditure increases, the State continues to face legal challenges that assert the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution.

- 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 beginning in Fiscal Year 2010-11 to all information technology staff formerly paid by the General Fund. In Fiscal Year 2009-10 this treatment was extended to two weeks of Medicaid payments. 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 ($153.1 million net of related deferred revenue in Fiscal Year 2010-11) 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 Purpose Revenue Fund shows a cash balance of $173.6 million at June 30, 2011, providing apparent liquidity. However, as noted previously, this amount was augmented by $158.1 million of cash transfers from other funds. When combined with nontax receivables it is still significantly less than the $892.2 million due to vendors, other governments, and other funds at June 30, 2011. These conditions demonstrate that the General Fund increasingly comprises tax receivables ($1,065.5 million) net of tax refunds payable ($615.2 million) and deferred revenue ($281.9 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. If the State's economy turns down again, tax receivables will likely decline (due to declining personal income) and tax refunds will likely increase (due to higher than required estimated tax and withholding payments) putting additional pressure on General Purpose Revenue Fund fund balance. Although there were increased tax collections in Fiscal Year 2010-11, the anemic State economy has over time resulted in significantly lower general-purpose revenues than pre-recession amounts and has exacerbated the lack of General Fund liquidity. The General Fund legally has access to short-term borrowing from the cash balances of other funds. Additional cash transfers occurred in Fiscal Year 2010-11 and more are scheduled for Fiscal Year 2011-12 and beyond; however, those transfers become increasingly difficult as accessible cash fund balances are depleted.

- Debt Service
  - Principal and interest payments on the remaining $828.2 million of Transportation Revenue Anticipation Notes issued by the Department of Transportation average $168.0 million per year over the next five years. While a portion of the debt service will be funded by federal funds, a significant amount will be funded by State sources. The Department of Transportation reports significant projected shortfalls in the funding needed to meet transportation infrastructure demand, and legislation increasing fees to provide other sources of transportation funding was enacted for Fiscal Year 2009-10.
  - In Fiscal Year 2010-11, the Bridge Enterprise in the Department of Transportation issued $300.0 million of enterprise fund revenue bonds to be paid from the revenue stream mentioned above. The department has additional large borrowings planned.
  - In previous years, the State entered into lease purchase agreements for all or a portion of various construction projects including the Ralph L. Carr Justice Complex, the Colorado History Center, a prison, a hospital building, and a number of school buildings in local school districts. The average debt service over next five years totals $64.3 million. The majority of the revenue streams to cover the debt service payments comprises cash sources, as there is no general obligation associated with these lease purchases and the investors' sole recourse is the leased asset. However, if the revenue streams intended to fund this debt service do not materialize, the State will need to find other ways to pay for the service-potential represented by these capital assets.
- Intergovernmental Fiscal Dependency – The State expended $9,547.4 million (unaudited and including amounts in nonappropriated funds) in federal awards during Fiscal Year 2010-11 which represents 38.0 percent of the $25,151.1 million shown as expended by the State on the Government-Wide *Statement of Activities*, which is up from the 36.0 percent reported in Fiscal Year 2009-10. 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 $0.7 trillion for the 2012 federal Fiscal Year, and a $3.2 trillion deficit for federal Fiscal Years 2011-2015. The increasing expenditures in both the Social Security and Medicare Part A programs, residual stimulus spending, employee tax cuts under consideration 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 federal revenue increases or potentially unsustainable 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 have been and continue to be made available to the public through state and local governments.

  The State expects to receive approximately $7.2 billion dollars in ARRA funds with approximately $3.5 billion overseen or distributed by State government. The State expended $533.5 million of funds in Fiscal Year 2008-09, $2,461.8 million in Fiscal Year 2009-10, and $1,769.0 million in Fiscal Year 2010-11. These amounts differ from the amounts reported under Section 1512 of the Act because entitlement based amounts such as Unemployment Benefits and Medicaid services were not subject to 1512 reporting. The most significant Fiscal Year 2010-11 ARRA expenditures were:

  - $798.6 million of Unemployment Benefits ($1,355.2 million in the prior year),
  - $397.5 million of increased Medicaid funding ($415.3 million in the prior year),
  - $346.5 million distributed to local school districts by the Colorado Department of Education ($93.1 million in the prior year),
  - $62.6 million for Social Assistance programs in the Department of Human Services ($32.2 million in the prior year), and
  - $29.4 million of State Fiscal Stabilization Funds expended by the Higher Education Institutions ($382.1 million in the prior year).

  With a substantial portion of ARRA funding expended, the State will have to reduce State services unless it identifies other revenue streams to replace ARRA funding. Current revenue forecasts do not project adequate revenues to compensate for the reduction in ARRA funding.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 1,548,435	$ 1,306,800	$ 2,855,235	$ 223,855
Investments	45,548	273,605	319,153	72,810
Restricted Securities Not Held for Investment	-	-	-	7,884
Taxes Receivable, net	830,730	186,161	1,016,891	-
Contributions Receivable, net	-	-	-	42,817
Other Receivables, net	147,768	302,042	449,810	197,235
Due From Other Governments	486,655	177,822	664,477	2,122
Internal Balances	18,620	(18,620)	-	-
Due From Component Units	62	19,736	19,798	-
Inventories	19,837	43,600	63,437	17,069
Prepaids, Advances, and Deferred Charges	56,543	18,018	74,561	10,426
Other Current Assets	-	-	-	435
Total Current Assets	3,154,198	2,309,164	5,463,362	574,653
Noncurrent Assets:				
Restricted Cash and Pooled Cash	1,635,476	409,652	2,045,128	112,899
Restricted Investments	1,097,797	98,146	1,195,943	511,691
Restricted Receivables	173,347	24,980	198,327	22,416
Restricted Securities Not Held for Investment	-	-	-	40,793
Investments	52,343	1,623,569	1,675,912	2,486,498
Contributions Receivable, net	-	-	-	56,799
Net Pension Asset	-	-	-	6,800
Other Long-Term Assets	761,498	122,939	884,437	1,255,050
Depreciable Capital Assets and Infrastructure, net	9,331,295	4,662,346	13,993,641	729,462
Land and Nondepreciable Infrastructure	1,780,945	938,544	2,719,489	78,944
Total Noncurrent Assets	14,832,701	7,880,176	22,712,877	5,301,352
TOTAL ASSETS	17,986,899	10,189,340	28,176,239	5,876,005
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	625,145	-	625,145	-
Accounts Payable and Accrued Liabilities	785,496	556,294	1,341,790	116,648
TABOR Refund Liability (Note 8B)	706	-	706	-
Due To Other Governments	216,956	331,246	548,202	397
Due To Component Units	-	524	524	-
Deferred Revenue	111,506	234,662	346,168	10,839
Accrued Compensated Absences	9,741	14,579	24,320	17,902
Claims and Judgments Payable	44,641	-	44,641	26,910
Leases Payable	12,872	4,950	17,822	700
Notes, Bonds, and COPs Payable	145,165	79,106	224,271	77,598
Other Current Liabilities	13,748	141,484	155,232	137,722
Total Current Liabilities	1,965,976	1,362,845	3,328,821	388,716
Noncurrent Liabilities:				
Deposits Held In Custody For Others	14	-	14	270,691
Accrued Compensated Absences	137,139	205,621	342,760	-
Claims and Judgments Payable	340,003	35,373	375,376	-
Capital Lease Payable	94,716	43,466	138,182	2,032
Derivative Instrument Liability	-	6,182	6,182	-
Notes, Bonds, and COPs Payable	1,621,749	3,117,100	4,738,849	1,873,316
Due to Component Units	-	2,374	2,374	-
Other Postemployment Benefits	-	105,876	105,876	-
Other Long-Term Liabilities	434,194	43,814	478,008	139,548
Total Noncurrent Liabilities	2,627,815	3,559,806	6,187,621	2,285,587
TOTAL LIABILITIES	4,593,791	4,922,651	9,516,442	2,674,303
DEFERRED INFLOW OF RESOURCES:	-	2,006	2,006	-
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	9,836,378	2,990,094	12,826,472	210,847
Restricted for:				
Construction and Highway Maintenance	1,160,789	-	1,160,789	-
Education	485,171	-	485,171	-
Debt Service	10,127	6,753	16,880	-
Emergencies	85,400	12,368	97,768	24
Permanent Funds and Endowments:				
Expendable	8,017	5,936	13,953	768,198
Nonexpendable	641,802	73,956	715,758	659,318
Other Purposes	315,082	657,292	972,374	576,703
Unrestricted	850,342	1,518,284	2,368,626	986,612
TOTAL NET ASSETS	$ 13,393,108	$ 5,264,683	$ 18,657,791	$ 3,201,702

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Expenses		Program Revenues		
(DOLLARS IN THOUSANDS) Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 209,361	$ (16,782)	$ 115,099	$ 262,891	$ -
Business, Community, and Consumer Affairs	665,833	2,096	128,502	305,940	921
Education	5,431,151	992	20,032	1,017,935	84
Health and Rehabilitation	695,524	1,015	83,967	383,316	-
Justice	1,533,786	4,577	193,663	67,514	1,146
Natural Resources	148,761	1,117	170,661	55,309	15
Social Assistance	6,395,276	2,150	517,493	4,032,317	18
Transportation	1,972,582	1,427	403,150	93,614	657,104
Interest on Debt	32,487	-	-	-	-
Total Governmental Activities	17,084,761	(3,408)	1,632,567	6,218,836	659,288
Business-Type Activities:					
Higher Education	4,753,306	2,079	3,112,618	1,903,938	20,260
Unemployment Insurance	2,141,728	-	792,951	1,348,832	-
Lottery	470,020	460	527,184	560	-
Wildlife	107,983	442	101,338	22,256	5,172
College Assist	402,565	83	3,859	390,851	-
Other Business-Type Activities	190,779	344	270,209	23,055	-
Total Business-Type Activities	8,066,381	3,408	4,808,159	3,689,492	25,432
Total Primary Government	25,151,142	-	6,440,726	9,908,328	684,720
Component Units:					
University of Colorado Hospital Authority	745,108	-	847,564	3,585	1,568
Colorado Water Resources and Power Development Authority	71,793	-	47,965	69,097	-
University of Colorado Foundation	120,512	-	5,100	200,974	-
Colorado State University Foundation	25,741	-	-	73,146	-
Colorado School of Mines Foundation	26,681	-	-	39,304	-
University of Northern Colorado Foundation	9,341	-	-	18,114	-
Other Component Units	141,072	-	95,215	3,529	2,870
Total Component Units	$ 1,140,248	$ -	$ 995,844	$ 407,749	$ 4,438

General Revenues:
- Taxes:
  - Sales and Use Taxes
  - Excise Taxes
  - Individual Income Tax
  - Corporate Income Tax
  - Other Taxes
  - Restricted for Education:
    - Individual Income Tax
    - Corporate and Fiduciary Income Tax
  - Restricted for Transportation:
    - Fuel Taxes
    - Other Taxes
- Unrestricted Investment Earnings (Losses)
- Other General Revenues

Payment from State of Colorado
Special and/or Extraordinary Items (See Note 35)
(Transfers-Out) / Transfers-In
Permanent Fund Additions

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Fiscal Year Beginning
Prior Period Adjustment (See Note 29)

Net Assets - Fiscal Year 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
$ 185,411	$ -	$ 185,411	
(232,566)	-	(232,566)	
(4,394,092)	-	(4,394,092)	
(229,256)	-	(229,256)	
(1,276,040)	-	(1,276,040)	
76,107	-	76,107	
(1,847,598)	-	(1,847,598)	
(820,141)	-	(820,141)	
(32,487)	-	(32,487)	
(8,570,662)	-	(8,570,662)	
-	281,431	281,431	
-	55	55	
-	57,264	57,264	
-	20,341	20,341	
-	(7,938)	(7,938)	
-	102,141	102,141	
-	453,294	453,294	
(8,570,662)	453,294	(8,117,368)	
-	-	-	107,609
-	-	-	45,269
-	-	-	85,562
-	-	-	47,405
-	-	-	12,623
-	-	-	8,773
-	-	-	(39,458)
-	-	-	267,783
2,280,693	-	2,280,693	12
236,945	-	236,945	-
4,151,119	-	4,151,119	-
441,778	-	441,778	-
466,408	-	466,408	-
340,910	-	340,910	-
29,589	-	29,589	-
557,168	-	557,168	-
593	-	593	-
6,523	-	6,523	180,179
91,608	-	91,608	-
-	-	-	40,718
-	1,493	1,493	-
(110,266)	110,266	-	-
460	-	460	-
8,493,528	111,759	8,605,287	220,909
(77,134)	565,053	487,919	488,692
13,455,272	4,746,480	18,201,752	2,713,010
14,970	(46,850)	(31,880)	-
$ 13,393,108	$ 5,264,683	$ 18,657,791	$ 3,201,702

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 212,360	$ 474,072	$ 30,229
Taxes Receivable, net	1,065,527	19,859	-
Other Receivables, net	44,712	20,171	2,849
Due From Other Governments	468,171	567	61
Due From Other Funds	125,006	1,325	288
Due From Component Units	62	-	-
Inventories	8,742	270	9,390
Prepaids, Advances, and Deferred Charges	33,008	18,066	55
Restricted Cash and Pooled Cash	187,125	-	1,161,810
Restricted Investments	284,059	-	-
Restricted Receivables	184	-	171,134
Investments	6,578	-	-
Other Long-Term Assets	-	427,188	15,813
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 2,435,534	$ 961,518	$ 1,391,629
LIABILITIES:			
Tax Refunds Payable	$ 615,164	8,396	$ 1,439
Accounts Payable and Accrued Liabilities	533,266	6,765	100,686
TABOR Refund Liability (Note 8B)	706	-	-
Due To Other Governments	72,344	60,715	63,190
Due To Other Funds	317,839	895	4,854
Deferred Revenue	285,392	16,247	18,421
Compensated Absences Payable	47	-	-
Claims and Judgments Payable	314	-	-
Other Current Liabilities	7,606	-	26
Deposits Held In Custody For Others	9	-	-
TOTAL LIABILITIES	1,832,687	93,018	188,616
FUND BALANCES:			
Nonspendable:			
Inventories	8,742	270	9,390
Permanent Fund Principal	-	-	-
Prepaids	33,009	18,066	55
Restricted	542,997	13,792	1,160,789
Committed	39,458	836,372	32,779
Assigned	109	-	-
Unassigned	(21,468)	-	-
TOTAL FUND BALANCES	602,847	868,500	1,203,013
TOTAL LIABILITIES AND FUND BALANCES	$ 2,435,534	$ 961,518	$ 1,391,629

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 51,152	$ -	$ 760,278	$ 1,528,091
-	-	39,235	1,124,621
132	861	78,607	147,332
4,091	-	13,256	486,146
13,711	221,372	9,324	371,026
-	-	-	62
-	-	179	18,581
88	-	3,331	54,548
10,222	103,989	172,330	1,635,476
173,053	44,958	595,727	1,097,797
2,029	-	-	173,347
9,214	1,308	80,791	97,891
102	-	23,107	466,210
-	-	17,162	17,162
$ 263,794	$ 372,488	$ 1,793,327	$ 7,218,290
$ -	$ -	$ 146	$ 625,145
41,930	6,656	53,992	743,295
-	-	-	706
-	-	20,707	216,956
573	31	50,333	374,525
1,959	-	82,943	404,962
-	-	-	47
-	-	81	395
-	-	2,641	10,273
-	-	5	14
44,462	6,687	210,848	2,376,318
-	-	179	18,581
-	-	658,883	658,883
88	-	3,331	54,549
185,363	365,801	262,343	2,531,085
33,881	-	657,743	1,600,233
-	-	-	109
-	-	-	(21,468)
219,332	365,801	1,582,479	4,841,972
$ 263,794	$ 372,488	$ 1,793,327	$ 7,218,290

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET ASSETS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET ASSETS TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 1,528,091	$ 20,344	$ -	$ -	$ -	$ -	$ -	$ 1,548,435
Investments	-	-	-	-	-	45,548	-	45,548
Taxes Receivable, net	1,124,621	-	-	-	-	(293,891)	-	830,730
Other Receivables, net	147,332	436	-	-	-	-	-	147,768
Due From Other Governments	486,146	509	-	-	-	-	-	486,655
Due From Other Funds	371,026	2,323	-	-	-	-	(354,729)	18,620
Due From Component Units	62	-	-	-	-	-	-	62
Inventories	18,581	1,256	-	-	-	-	-	19,837
Prepaids, Advances, and Deferred Charges	54,548	1,995	-	-	-	-	-	56,543
Total Current Assets	3,730,407	26,863	-	-	-	(248,343)	(354,729)	3,154,198
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,635,476	-	-	-	-	-	-	1,635,476
Restricted Investments	1,097,797	-	-	-	-	-	-	1,097,797
Restricted Receivables	173,347	-	-	-	-	-	-	173,347
Investments	97,891	-	-	-	-	(45,548)	-	52,343
Other Long-Term Assets	466,210	58	-	-	-	295,230	-	761,498
Depreciable Capital Assets and Infrastructure, net	-	73,721	9,257,574	-	-	-	-	9,331,295
Land and Nondepreciable Infrastructure	17,162	939	1,762,844	-	-	-	-	1,780,945
Total Noncurrent Assets	3,487,883	74,718	11,020,418	-	-	249,682	-	14,832,701
TOTAL ASSETS	7,218,290	101,581	11,020,418	-	-	1,339	(354,729)	17,986,899
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	625,145	-	-	-	-	-	-	625,145
Accounts Payable and Accrued Liabilities	743,295	12,034	-	10,371	-	19,796	-	785,496
TABOR Refund Liability (Note 8B)	706	-	-	-	-	-	-	706
Due To Other Governments	216,956	-	-	-	-	-	-	216,956
Due To Other Funds	374,525	-	-	-	-	(19,796)	(354,729)	-
Deferred Revenue	404,962	435	-	-	-	(293,891)	-	111,506
Compensated Absences Payable	47	43	-	-	-	9,651	-	9,741
Claims and Judgments Payable	395	-	-	-	33,042	11,204	-	44,641
Leases Payable	-	9,658	-	3,214	-	-	-	12,872
Notes, Bonds, and COPs Payable	-	3,535	-	141,630	-	-	-	145,165
Other Current Liabilities	10,273	258	-	-	-	3,217	-	13,748
Total Current Liabilities	2,376,304	25,963	-	155,215	33,042	(269,819)	(354,729)	1,965,976
Noncurrent Liabilities:								
Deposits Held In Custody For Others	14	-	-	-	-	-	-	14
Accrued Compensated Absences	-	6,870	-	-	-	130,269	-	137,139
Claims and Judgments Payable	-	-	-	-	102,013	237,990	-	340,003
Capital Lease Payable	-	54,066	-	40,650	-	-	-	94,716
Notes, Bonds, and COPs Payable	-	4,749	-	1,617,000	-	-	-	1,621,749
Other Long-Term Liabilities	-	-	-	-	-	434,194	-	434,194
Total Noncurrent Liabilities	14	65,685	-	1,657,650	102,013	802,453	-	2,627,815
TOTAL LIABILITIES	2,376,318	91,648	-	1,812,865	135,055	532,634	(354,729)	4,593,791
NET ASSETS:								
Invested in Capital Assets, Net of Related Debt	17,162	2,652	11,020,418	(1,203,854)	-	-	-	9,836,378
Restricted for:								
Construction and Highway Maintenance	1,346,545	-	-	(185,756)	-	-	-	1,160,789
Education	765,914	-	-	(280,743)	-	-	-	485,171
Debt Service	10,127	-	-	-	-	-	-	10,127
Emergencies	85,400	-	-	-	-	-	-	85,400
Permanent Funds and Endowments:								
Expendable	8,017	-	-	-	-	-	-	8,017
Nonexpendable	641,802	-	-	-	-	-	-	641,802
Other Purposes	315,082	-	-	-	-	-	-	315,082
Unrestricted	1,651,923	7,281	-	(142,512)	(135,055)	(531,295)	-	850,342
TOTAL NET ASSETS	$ 4,841,972	$ 9,933	$ 11,020,418	$ (1,812,865)	$ (135,055)	$ (531,295)	$ -	$ 13,393,108

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 technology and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services, and
- Debt collection.

(B) Capital assets used in governmental activities are not current 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 single 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*.
- Claims and Judgments Payable and 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, 2011

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 4,153,913	$ -	$ -
Corporate Income	365,558	-	-
Sales and Use	2,233,521	-	-
Excise	89,544	-	557,168
Other Taxes	190,140	140,047	593
Licenses, Permits, and Fines	21,787	1,945	327,705
Charges for Goods and Services	72,840	6,553	119,879
Rents	409	5	1,485
Investment Income (Loss)	13,652	21,167	16,990
Federal Grants and Contracts	5,838,528	159,631	682,441
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	127,265	998	50,189
TOTAL REVENUES	13,107,157	330,346	1,756,450
EXPENDITURES:			
Current:			
General Government	489,381	-	9,061
Business, Community, and Consumer Affairs	214,732	5,904	-
Education	720,436	-	-
Health and Rehabilitation	492,477	-	9,953
Justice	1,187,343	-	84,869
Natural Resources	61,828	45,414	-
Social Assistance	5,456,134	-	-
Transportation	-	-	1,062,710
Capital Outlay	111,529	239	27,906
Intergovernmental:			
Cities	62,572	51,259	141,283
Counties	1,170,506	47,574	187,075
School Districts	3,906,584	3,398	-
Special Districts	45,929	6,704	44,537
Federal	337	502	-
Other	36,012	2,400	668
Debt Service	9,925	-	-
TOTAL EXPENDITURES	13,965,725	163,394	1,568,062
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(858,568)	166,952	188,388
OTHER FINANCING SOURCES (USES):			
Transfers-In	4,253,424	298	1,405
Transfers-Out	(3,341,863)	(209,059)	(230,140)
Face Amount of Bond/COP Issuance	217,530	-	-
Bond/COP Premium/Discount	25	-	-
Capital Lease Proceeds	13,698	-	-
Sale of Capital Assets	-	-	-
Insurance Recoveries	1,165	-	831
TOTAL OTHER FINANCING SOURCES (USES)	1,143,979	(208,761)	(227,904)
NET CHANGE IN FUND BALANCES	285,411	(41,809)	(39,516)
FUND BALANCE, FISCAL YEAR BEGINNING	15,784	519,520	1,242,529
Prior Period Adjustment (See Note 29)	7,953	-	-
Accounting Changes (See Note 29)	293,699	390,789	-
FUND BALANCE, FISCAL YEAR END	$ 602,847	$ 868,500	$ 1,203,013

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 342,173	$ -	$ 4,496,086
-	28,326	-	393,884
-	-	34,237	2,267,758
-	-	147,368	794,080
-	-	147,033	477,813
10	-	393,268	744,715
-	-	531,064	730,336
-	-	126,690	128,589
3,169	2,432	39,173	96,583
33,851	-	202,797	6,917,248
-	-	460	460
-	-	40,446	40,446
2,236	94	39,883	220,665
39,266	373,025	1,702,419	17,308,663
12,163	-	49,223	559,828
1	-	167,008	387,645
7,764	31,012	18,297	777,509
650	-	89,159	592,239
8,095	-	33,454	1,313,761
2,465	-	22,508	132,215
461	-	198,826	5,655,421
-	-	1,442	1,064,152
183,512	-	5,562	328,748
185	-	44,224	299,523
146	-	72,333	1,477,634
-	385,266	8,897	4,304,145
-	-	7,041	104,211
-	-	1,482	2,321
2,011	319	37,100	78,510
-	-	197,897	207,822
217,453	416,597	954,453	17,285,684
(178,187)	(43,572)	747,966	22,979
59,072	221,482	240,055	4,775,736
(49,958)	(6,695)	(1,028,155)	(4,865,870)
-	-	-	217,530
-	-	-	25
2,950	-	-	16,648
-	-	46	46
389	-	65	2,450
12,453	214,787	(787,989)	146,565
(165,734)	171,215	(40,023)	169,544
385,059	194,586	1,728,058	4,085,536
7	-	(11,736)	(3,776)
-	-	(93,820)	590,668
$ 219,332	$ 365,801	$ 1,582,479	$ 4,841,972

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

(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	$ 4,496,086	$ -	$ -	$ -	$ (2,813)	$ 4,493,273
Corporate Income	393,884	-	-	-	76,220	470,104
Sales and Use	2,267,758	-	-	-	12,938	2,280,696
Excise	794,080	-	-	-	32	794,112
Other Taxes	477,813	-	-	-	8,239	486,052
Licenses, Permits, and Fines	744,715	-	-	-	(24)	744,691
Charges for Goods and Services	730,336	-	-	-	39	730,375
Rents	128,589	-	-	-	-	128,589
Investment Income (Loss)	96,583	189	-	-	86	96,858
Federal Grants and Contracts	6,917,248	-	-	-	1,601	6,918,849
Additions to Permanent Funds	460	-	-	-	-	460
Unclaimed Property Receipts	40,446	-	-	-	-	40,446
Other	220,665	-	38	-	164	220,867
TOTAL REVENUES	17,308,663	189	38	-	96,482	17,405,372
EXPENDITURES:						
Current:						
General Government	559,828	121	5,111	-	10,436	575,496
Business, Community, and Consumer Affairs	387,645	738	4,579	-	(18,890)	374,072
Education	777,509	(11)	1,961	-	46	779,505
Health and Rehabilitation	592,239	465	22,625	-	(1,027)	614,302
Justice	1,313,761	1,933	22,913	-	154	1,338,761
Natural Resources	132,215	430	6,675	-	(507)	138,813
Social Assistance	5,655,421	2,213	10,094	-	(1,740)	5,665,988
Transportation	1,064,152	1,085	449,078	-	(1,083)	1,513,232
Capital Outlay	328,748	-	(304,466)	-	-	24,282
Intergovernmental:						
Cities	299,523	-	-	-	-	299,523
Counties	1,477,634	-	-	-	-	1,477,634
School Districts	4,304,145	-	-	-	-	4,304,145
Special Districts	104,211	-	-	-	-	104,211
Federal	2,321	-	(176)	-	-	2,145
Other	78,510	-	-	-	-	78,510
Debt Service	207,822	3,141	-	(130,310)	-	80,653
TOTAL EXPENDITURES	17,285,684	10,115	218,394	(130,310)	(12,611)	17,371,272
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,979	(9,926)	(218,356)	130,310	109,093	34,100
OTHER FINANCING SOURCES (USES):						
Transfers-In	4,775,736	7,900	-	-	-	4,783,636
Transfers-Out	(4,865,870)	(9,482)	-	-	-	(4,875,352)
Face Amount of Bond/COP Issuance	217,530	-	-	(217,530)	-	-
Bond/COP Premium/Discount	25	-	-	20	-	45
Capital Lease Proceeds	16,648	-	-	(16,648)	-	-
Sale of Capital Assets	46	-	(21,396)	-	-	(21,350)
Insurance Recoveries	2,450	-	-	-	-	2,450
TOTAL OTHER FINANCING SOURCES (USES)	146,565	(1,582)	(21,396)	(234,158)	-	(110,571)
Internal Service Fund Charges to BTAs	-	(663)	-	-	-	(663)
NET CHANGE FOR THE YEAR	$ 169,544	$ (12,171)	$ (239,752)	$ (103,848)	$ 109,093	$ (77,134)

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 technology services,
- Telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court 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, 2011

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 1,090,730	$ -
Investments	271,367	-
Premiums Receivable, net	-	186,161
Student and Other Receivables, net	247,251	10,548
Due From Other Governments	162,204	7,976
Due From Other Funds	9,785	-
Due From Component Units	19,736	-
Inventories	28,927	-
Prepaids, Advances, and Deferred Charges	12,197	-
Total Current Assets	1,842,197	204,685
Noncurrent Assets:		
Restricted Cash and Pooled Cash	326,854	-
Restricted Investments	98,146	-
Restricted Receivables	-	-
Investments	1,241,150	-
Other Long-Term Assets	118,409	-
Depreciable Capital Assets and Infrastructure, net	4,540,550	-
Land and Nondepreciable Infrastructure	672,134	-
Total Noncurrent Assets	6,997,243	-
TOTAL ASSETS	8,839,440	204,685
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	493,779	9,272
Due To Other Governments	-	302,542
Due To Other Funds	18,115	1,720
Due To Component Units	524	-
Deferred Revenue	202,958	-
Compensated Absences Payable	13,838	-
Leases Payable	4,731	-
Notes, Bonds, and COPs Payable	78,332	-
Other Current Liabilities	90,638	9,059
Total Current Liabilities	902,915	322,593
Noncurrent Liabilities:		
Accrued Compensated Absences	196,081	-
Claims and Judgments Payable	35,373	-
Capital Lease Payable	39,525	-
Derivative Instrument Liability	6,182	-
Notes, Bonds, and COPs Payable	2,807,824	-
Due to Component Units	2,374	-
Other Postemployment Benefits	105,876	-
Other Long-Term Liabilities	18,036	-
Total Noncurrent Liabilities	3,211,271	-
TOTAL LIABILITIES	4,114,186	322,593
DEFERRED INFLOW OF RESOURCES:	2,006	-
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	2,621,596	-
Restricted for:		
Debt Service	6,753	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	5,936	-
Nonexpendable	73,956	-
Other Purposes	635,191	-
Unrestricted	1,379,816	(117,908)
TOTAL NET ASSETS	$ 4,723,248	$ (117,908)

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 39,200	$ 176,870	$ 1,306,800	$ 20,344
-	2,238	273,605	-
-	-	186,161	-
19,406	24,797	302,002	436
-	7,642	177,822	509
-	4,456	14,241	2,323
-	-	19,736	-
1,232	13,441	43,600	1,256
4,509	1,312	18,018	1,995
64,347	230,756	2,341,985	26,863
-	82,798	409,652	-
-	-	98,146	-
-	24,980	24,980	-
-	382,419	1,623,569	-
-	4,530	122,939	58
3,783	118,013	4,662,346	73,721
-	266,410	938,544	939
3,783	879,150	7,880,176	74,718
68,130	1,109,906	10,222,161	101,581
2,744	32,614	538,409	12,034
22	28,682	331,246	-
25,622	5,249	50,706	-
-	-	524	-
-	31,704	234,662	435
25	716	14,579	43
-	219	4,950	9,658
-	774	79,106	3,535
32,472	9,315	141,484	258
60,885	109,273	1,395,666	25,963
807	8,733	205,621	6,870
-	-	35,373	-
-	3,941	43,466	54,066
-	-	6,182	-
-	309,276	3,117,100	4,749
-	-	2,374	-
-	-	105,876	-
69	25,709	43,814	-
876	347,659	3,559,806	65,685
61,761	456,932	4,955,472	91,648
-	-	2,006	-
3,783	364,715	2,990,094	2,652
-	-	6,753	-
-	12,368	12,368	-
-	-	5,936	-
-	-	73,956	-
-	22,101	657,292	-
2,586	253,790	1,518,284	7,281
$ 6,369	$ 652,974	$ 5,264,683	$ 9,933

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
Unemployment Insurance Premiums	$ -	$ 782,417
License and Permits	-	80
Tuition and Fees	2,073,305	-
Scholarship Allowance for Tuition and Fees	(506,667)	-
Sales of Goods and Services	1,460,118	8,900
Scholarship Allowance for Sales of Goods & Services	(22,839)	-
Investment Income (Loss)	1,189	-
Rental Income	15,908	-
Gifts and Donations	18,669	-
Federal Grants and Contracts	1,038,682	1,345,621
Intergovernmental Revenue	12,773	-
Other	239,358	-
TOTAL OPERATING REVENUES	4,330,496	2,137,018
OPERATING EXPENSES:		
Salaries and Fringe Benefits	3,265,941	1,310
Operating and Travel	906,254	2,131,539
Cost of Goods Sold	145,748	-
Depreciation and Amortization	281,242	-
Intergovernmental Distributions	31,919	-
Debt Service	-	-
Prizes and Awards	424	-
TOTAL OPERATING EXPENSES	4,631,528	2,132,849
OPERATING INCOME (LOSS)	(301,032)	4,169
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	21	1,552
Investment Income (Loss)	165,018	3,232
Rental Income	11,115	2
Gifts and Donations	114,173	-
Intergovernmental Distributions	(22,418)	-
Federal Grants and Contracts	335,214	-
Gain/(Loss) on Sale or Impairment of Capital Assets	18,959	-
Insurance Recoveries from Prior Year Impairments	159	-
Debt Service	(118,599)	(8,900)
Other Expenses	(146)	-
Other Revenues	5,650	-
TOTAL NONOPERATING REVENUES (EXPENSES)	509,146	(4,114)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	208,114	55
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	86,826	-
Additions to Permanent Endowments	34	-
Special and/or Extraordinary Item (See Note 35)	1,493	-
Transfers-In	185,579	-
Transfers-Out	(7,601)	(2,205)
TOTAL CONTRIBUTIONS AND TRANSFERS	266,331	(2,205)
CHANGE IN NET ASSETS	474,445	(2,150)
NET ASSETS - FISCAL YEAR BEGINNING	4,294,966	(115,758)
Prior Period Adjustments (See Note 29)	(46,163)	-
Accounting Changes (See Note 29)	-	-
NET ASSETS - FISCAL YEAR ENDING	$ 4,723,248	$ (117,908)

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ -	$ 782,417	$ -
60	84,037	84,177	-
-	217	2,073,522	-
-	-	(506,667)	-
526,285	180,130	2,175,433	192,326
-	-	(22,839)	-
-	11,110	12,299	-
-	1,521	17,429	11,523
-	-	18,669	-
-	444,942	2,829,245	-
-	22,395	35,168	-
836	18,819	259,013	394
527,181	763,171	7,757,866	204,243
9,169	176,754	3,453,174	111,365
57,968	450,089	3,545,850	71,709
11,818	37,871	195,437	7,597
795	7,752	289,789	16,959
-	8,128	40,047	98
-	16,386	16,386	-
334,104	794	335,322	-
413,854	697,774	7,876,005	207,728
113,327	65,397	(118,139)	(3,485)
-	36,731	36,731	-
-	373	1,946	-
560	4,927	173,737	189
3	958	12,078	-
-	3,515	117,688	-
(56,018)	-	(78,436)	-
-	-	335,214	657
(110)	5,942	24,791	(4,805)
-	64	223	-
-	(9,779)	(137,278)	(3,095)
-	(91)	(237)	(49)
-	-	5,650	-
(55,565)	42,640	492,107	(7,103)
57,762	108,037	373,968	(10,588)
-	10,526	97,352	553
-	-	34	-
-	-	1,493	-
-	3,937	189,516	7,347
(57,871)	(29,633)	(97,310)	(9,482)
(57,871)	(15,170)	191,085	(1,582)
(109)	92,867	565,053	(12,170)
6,478	560,794	4,746,480	22,012
-	(687)	(46,850)	-
-	-	-	91
$ 6,369	$ 652,974	$ 5,264,683	$ 9,933

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 1,578,124	$ -
Fees for Service	1,387,785	-
Sales of Products	4,011	-
Gifts, Grants, and Contracts	1,554,597	1,346,650
Loan and Note Repayments	384,438	-
Unemployment Insurance Taxes	-	795,132
Income from Property	27,022	-
Other Sources	77,121	-
Cash Payments to or for:		
Employees	(3,104,616)	-
Suppliers	(941,533)	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(2,145,452)
Scholarships	(115,391)	-
Others for Student Loans and Loan Losses	(394,083)	-
Other Governments	(31,919)	-
Other	(64,054)	(21)
NET CASH PROVIDED BY OPERATING ACTIVITIES	361,502	(3,691)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	185,530	-
Transfers-Out	(7,601)	(2,205)
Receipt of Deposits Held in Custody	651,113	-
Release of Deposits Held in Custody	(648,245)	-
Gifts and Grants for Other Than Capital Purposes	106,864	-
Intergovernmental Distributions	(22,418)	-
NonCapital Debt Proceeds	2,867	-
NonCapital Debt Service Payments	(2,897)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	265,213	(2,205)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(678,440)	-
Capital Contributions	14,492	-
Capital Gifts, Grants, and Contracts	65,988	-
Proceeds from Sale of Capital Assets	27,629	-
Capital Debt Proceeds	351,234	-
Capital Debt Service Payments	(306,766)	-
Capital Lease Payments	(44,289)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(570,152)	-

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

(Continued)

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 776	$ 1,578,900	$ 3
-	223,860	1,611,645	189,661
526,390	53,437	583,838	1,157
-	453,997	3,355,244	622
-	16,273	400,711	-
-	-	795,132	-
3	197,279	224,304	11,486
896	41,766	119,783	267
(8,400)	(119,620)	(3,232,636)	(85,037)
(32,443)	(209,567)	(1,183,543)	(95,791)
(370,867)	(5,821)	(376,688)	(706)
-		(2,145,452)	-
-	-	(115,391)	-
-	(553,316)	(947,399)	-
-	(7,767)	(39,686)	(98)
(14)	(10,971)	(75,060)	(180)
115,565	80,326	553,702	21,384
-	3,937	189,467	5,812
(57,871)	(29,633)	(97,310)	(7,947)
-	11	651,124	529
-	(11)	(648,256)	(271)
-	1,619	108,483	-
(60,645)	-	(83,063)	-
-	-	2,867	7
-	(983)	(3,880)	(7)
(118,516)	(25,060)	119,432	(1,877)
(857)	(62,904)	(742,201)	(66,559)
-	-	14,492	-
-	2,748	68,736	-
-	5,436	33,065	55,603
-	260,228	611,462	-
-	(8,585)	(315,351)	(5,548)
-	(822)	(45,111)	(1,861)
(857)	196,101	(374,908)	(18,365)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	69,480	3,232
Proceeds from Sale/Maturity of Investments	4,512,469	-
Purchases of Investments	(4,408,640)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(4,100)	-
NET CASH FROM INVESTING ACTIVITIES	169,209	3,232
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	225,772	(2,664)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,191,812	2,664
Accounting Changes (See Note 29)	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,417,584	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (301,032)	$ 4,169
Adjustments to Reconcile Operating Income (Loss)		
to Net Cash Provided by Operating Activities:		
Depreciation	281,242	-
Investment/Rental Income and Other Revenue in Operating Income	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	360,203	1,553
(Gain)/Loss on Disposal of Capital and Other Assets	49	-
Compensated Absences	12,804	-
Interest and Other Expense in Operating Income	(11,997)	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(33,233)	(98,512)
(Increase) Decrease in Inventories	(73)	-
(Increase) Decrease in Other Operating Assets	2,750	-
Increase (Decrease) in Accounts Payable	2,357	93,782
Increase (Decrease) in Other Operating Liabilities	48,432	(4,683)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 361,502	$ (3,691)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	9,667	-
Capital Assets Acquired by Grants or Donations and Payable Increases	19,530	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	99,637	-
Loss on Disposal of Capital and Other Assets	1,330	-
Disposal of Capital Assets	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	563	8,900
Assumption of Capital Lease Obligation or Mortgage	7,948	-
Financed Debt Issuance Costs	81	-
Fair Value Change in Derivative Instrument	1,596	-
Deferral of Loss on Derivative Instrument	8,499	-

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
806	11,183	84,701	42
-	80,757	4,593,226	34
-	(374,897)	(4,783,537)	-
(246)	(1,163)	(5,509)	114
560	(284,120)	(111,119)	190
(3,248)	(32,753)	187,107	1,332
42,448	292,421	1,529,345	18,913
-	-	-	99
$ 39,200	$ 259,668	$ 1,716,452	$ 20,344
$ 113,327	$ 65,397	$ (118,139)	$ (3,485)
795	7,752	289,789	16,959
-	(11,109)	(11,109)	(54)
3	38,633	400,392	661
-	(228)	(179)	4
(145)	(638)	12,021	4,290
-	(4,129)	(16,126)	162
577	202,187	71,019	(1,745)
38	(784)	(819)	28
(526)	219	2,443	(1,453)
(889)	(209,930)	(114,680)	5,978
2,385	(7,044)	39,090	39
$ 115,565	$ 80,326	$ 553,702	$ 21,384
-	-	9,667	-
-	9,146	28,676	1,929
-	1,403	101,040	-
110	-	1,440	652
-	-	-	1,376
-	-	9,463	-
-	-	7,948	-
-	-	81	-
-	-	1,596	-
-	-	-	-

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 41,102	$ 112,477	$ 1,173,671
Taxes Receivable, net	-	-	132,480
Other Receivables, net	556	9,515	379
Due From Other Governments	8	-	-
Due From Other Funds	20,770	4,766	12,144
Inventories	-	-	6
Noncurrent Assets:			
Investments:			
Government Securities	-	13,411	-
Repurchase Agreements	-	748	-
Mutual Funds	-	4,015,280	-
Other Investments	-	38,698	-
Other Long-Term Assets	-	-	19,168
TOTAL ASSETS	62,436	4,194,895	$ 1,337,848
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	4,493
Accounts Payable and Accrued Liabilities	14,182	8,147	1,143
Due To Other Governments	-	-	216,831
Due To Other Funds	-	-	39
Deferred Revenue	-	9,191	-
Claims and Judgments Payable	13,904	-	516
Other Current Liabilities	-	-	1,064,991
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	2,919	40,452
Accrued Compensated Absences	54	-	-
Other Long-Term Liabilities	-	-	9,383
TOTAL LIABILITIES	28,140	20,257	$ 1,337,848
NET ASSETS:			
Held in Trust for:			
Pension/Benefit Plan Participants	33,830	-	
Individuals, Organizations, and Other Entities	-	4,174,638	
Unrestricted	466	-	
TOTAL NET ASSETS	$ 34,296	$ 4,174,638	

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, 2011

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 812,330
Member Contributions	79,525	-
Employer Contributions	205,726	-
Investment Income/(Loss)	402	615,230
Employee Participation Fees	1,062	-
Unclaimed Property Receipts	-	24,939
Other Additions	7,175	2,867
Transfers-In	405	-
TOTAL ADDITIONS	294,295	1,455,366
DEDUCTIONS:		
Distributions to Participants	-	267,335
Health Insurance Premiums Paid	129,813	-
Health Insurance Claims Paid	119,300	-
Other Benefits Plan Expense	19,121	-
Payments in Accordance with Trust Agreements	-	419,785
Other Deductions	16,810	-
Transfers-Out	250	92
TOTAL DEDUCTIONS	285,294	687,212
CHANGE IN NET ASSETS	9,001	768,154
NET ASSETS - FISCAL YEAR BEGINNING	25,295	3,406,484
NET ASSETS - FISCAL YEAR ENDING	$ 34,296	$ 4,174,638

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

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2011

(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	$ 26,793	$ 104,179	$ 14,348
Investments	-	-	-
Restricted Securities Not Held for Investment	-	7,884	-
Contributions Receivable, net	-	-	29,299
Other Receivables, net	103,308	86,296	84
Due From Other Governments	-	1,719	-
Inventories	17,069	-	-
Prepaids, Advances, and Deferred Charges	10,085	-	85
Other Current Assets	-	-	-
Total Current Assets	157,255	200,078	43,816
Noncurrent Assets:			
Restricted Cash and Pooled Cash	-	108,892	-
Restricted Investments	207,202	304,489	-
Restricted Receivables	17,834	4,582	-
Restricted Securities Not Held for Investment	-	40,793	-
Investments	685,357	-	1,159,997
Contributions Receivable, net	-	-	23,368
Net Pension Asset	6,800	-	-
Other Long-Term Assets	11,463	1,221,201	-
Depreciable Capital Assets and Infrastructure, net	556,507	48	2,537
Land and Nondepreciable Infrastructure	29,901	-	-
Total Noncurrent Assets	1,515,064	1,680,005	1,185,902
TOTAL ASSETS	1,672,319	1,880,083	1,229,718
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	76,377	18,009	10,264
Due To Other Governments	-	397	-
Deferred Revenue	-	568	396
Compensated Absences Payable	17,902	-	-
Claims and Judgments Payable	-	-	-
Leases Payable	-	-	700
Notes, Bonds, and COPs Payable	13,295	63,795	-
Other Current Liabilities	17,457	109,211	10,795
Total Current Liabilities	125,031	191,980	22,155
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	242,268
Capital Lease Payable	-	-	2,032
Notes, Bonds, and COPs Payable	702,365	1,047,011	-
Other Long-Term Liabilities	22,957	73,937	18,798
Total Noncurrent Liabilities	725,322	1,120,948	263,098
TOTAL LIABILITIES	850,353	1,312,928	285,253
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	74,975	48	(196)
Restricted for:			
Emergencies	-	-	-
Expendable	-	-	549,066
Nonexpendable	-	-	322,524
Other Purposes	18,220	501,647	-
Unrestricted	728,771	65,460	73,071
TOTAL NET ASSETS	$ 821,966	$ 567,155	$ 944,465

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
$ 491	$ 6,050	$ 2,315	$ 69,679	$ 223,855
-	-	-	72,810	72,810
-	-	-	-	7,884
6,331	1,876	640	4,671	42,817
-	2,836	331	4,380	197,235
-	-	-	403	2,122
-	-	-	-	17,069
162	-	-	94	10,426
-	-	-	435	435
6,984	10,762	3,286	152,472	574,653
-	146	-	3,861	112,899
-	-	-	-	511,691
-	-	-	-	22,416
-	-	-	-	40,793
296,900	216,272	95,882	32,090	2,486,498
22,681	9,375	465	910	56,799
-	-	-	-	6,800
513	281	101	21,491	1,255,050
17	216	996	169,141	729,462
-	-	-	49,043	78,944
320,111	226,290	97,444	276,536	5,301,352
327,095	237,052	100,730	429,008	5,876,005
951	1,968	1,294	7,785	116,648
-	-	-	-	397
-	-	-	9,875	10,839
-	-	-	-	17,902
-	-	-	26,910	26,910
-	-	-	-	700
-	-	-	508	77,598
-	-	-	259	137,722
951	1,968	1,294	45,337	388,716
12,245	15,448	686	44	270,691
-	-	-	-	2,032
-	-	-	123,940	1,873,316
885	10,306	203	12,462	139,548
13,130	25,754	889	136,446	2,285,587
14,081	27,722	2,183	181,783	2,674,303
17	216	996	134,791	210,847
-	-	-	24	24
148,167	47,267	18,717	4,981	768,198
133,333	138,287	65,174	-	659,318
-	-	-	56,836	576,703
31,497	23,560	13,660	50,593	986,612
$ 313,014	$ 209,330	$ 98,547	$ 247,225	$ 3,201,702

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
OPERATING REVENUES:			
Fees	$ -	$ 47,869	$ 5,100
Sales of Goods and Services	826,814	-	-
Investment Income (Loss)	-	14,194	-
Rental Income	-	-	-
Gifts and Donations	-	-	107,232
Federal Grants and Contracts	-	6,475	-
Other	20,750	95	943
TOTAL OPERATING REVENUES	847,564	68,633	113,275
OPERATING EXPENSES:			
Salaries and Fringe Benefits	332,597	1,293	-
Operating and Travel	181,457	19,530	22,109
Cost of Goods Sold	162,407	-	-
Depreciation and Amortization	44,228	9	-
Debt Service	-	50,961	-
Foundation Program Distributions	-	-	98,402
TOTAL OPERATING EXPENSES	720,689	71,793	120,511
OPERATING INCOME (LOSS)	126,875	(3,160)	(7,236)
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	91,470	-	125,332
Gifts and Donations	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(28)	-	-
Debt Service	(23,519)	-	-
Other Expenses	(900)	-	-
Other Revenues	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	67,023	-	125,332
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	193,898	(3,160)	118,096
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	5,181	62,623	-
TOTAL CONTRIBUTIONS AND TRANSFERS	5,181	62,623	-
CHANGE IN NET ASSETS	199,079	59,463	118,096
NET ASSETS - FISCAL YEAR BEGINNING	622,887	507,692	826,369
NET ASSETS - FISCAL YEAR ENDING	$ 821,966	$ 567,155	$ 944,465

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
$ -	$ -	$ -	$ 86,043	$ 139,012
-	-	-	-	826,814
-	-	-	4,917	19,111
-	-	-	9,172	9,172
44,293	10,290	4,955	1,681	168,451
-	-	-	3,319	9,794
120	198	610	2,540	25,256
44,413	10,488	5,565	107,672	1,197,610
-	-	-	-	333,890
2,056	3,102	2,409	131,322	361,985
-	-	-	-	162,407
-	-	-	6,700	50,937
-	-	-	-	50,961
23,685	23,580	6,933	-	152,600
25,741	26,682	9,342	138,022	1,112,780
18,672	(16,194)	(3,777)	(30,350)	84,830
52,136	36,350	16,456	2,221	323,965
-	-	-	9,243	9,243
-	-	-	-	(28)
-	-	-	-	(23,519)
-	-	-	(3,049)	(3,949)
-	-	-	30,343	30,343
52,136	36,350	16,456	38,758	336,055
70,808	20,156	12,679	8,408	420,885
-	-	-	-	67,804
-	-	-	-	67,804
70,808	20,156	12,679	8,408	488,689
242,206	189,174	85,868	238,817	2,713,013
$ 313,014	$ 209,330	$ 98,547	$ 247,225	$ 3,201,702

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS RECAST TO THE STATEMENT OF ACTIVITIES FORMAT FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	*Statement of Revenues, Expenses, and Changes in Net Assets* Totals	*Statement of Activities* Treatment	*Statement of Activities* Amounts
OPERATING REVENUES:			
Fees	$ 139,012	Charges for Services	$ 139,012
Sales of Goods and Services	826,814	Charges for Services	826,814
Investment Income (Loss)	19,111	Unrestricted Investment Earnings	19,111
Rental Income	9,172	Charges for Services	9,172
Gifts and Donations	168,451	Operating Grants & Contributions	166,770
Federal Grants and Contracts	9,794	Operating Grants & Contributions	9,794
		Capital Grants & Contributions	1,681
Other	25,256	Charges for Services	20,846
		Operating Grants & Contributions	2,080
		Payment from State	2,330
TOTAL OPERATING REVENUES	1,197,610		
OPERATING EXPENSES:			
Salaries and Fringe Benefits	333,890	Expenses	333,890
Operating and Travel	361,985	Expenses	361,985
Cost of Goods Sold	162,407	Expenses	162,407
Depreciation and Amortization	50,937	Expenses	50,937
Debt Service	50,961	Expenses	50,961
Foundation Program Distributions	152,600	Expenses	152,600
TOTAL OPERATING EXPENSES	1,112,780		
OPERATING INCOME (LOSS)	84,830		
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	323,965	Unrestricted Investment Earnings	161,068
		Operating Grants & Contributions	162,897
Gifts and Donations	9,243	Payment from State	9,243
Gain/(Loss) on Sale or Impairment of Capital Assets	(28)	Operating Grants & Contributions	(28)
Debt Service	(23,519)	Expenses	(23,519)
Other Expenses	(3,949)	Expenses	(3,949)
Other Revenues	30,343	Payment from State	29,142
		Capital Grants & Contributions	1,189
		Sales and Use Tax	12
TOTAL NONOPERATING REVENUES (EXPENSES)	336,055		
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	420,885		
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	67,804	Operating Grants & Contributions	66,236
		Capital Grants & Contributions	1,568
TOTAL CONTRIBUTIONS AND TRANSFERS	67,804		
CHANGE IN NET ASSETS	488,689		488,689
NET ASSETS - FISCAL YEAR BEGINNING	2,713,013		2,713,013
NET ASSETS - FISCAL YEAR ENDING	$ 3,201,702		$ 3,201,702

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 2010-11, the State implemented GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions and Statement No. 59 – Financial Instruments Omnibus.

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

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

NOTE 2 – REPORTING ENTITY

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

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

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

The following entities qualify as discretely presented component units:

- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- University of Colorado Foundation
- Colorado State University Foundation
- Colorado School of Mines Foundation
- University of Northern Colorado Foundation
- Other Component Units (Nonmajor)
  - Denver Metropolitan Major League Baseball Stadium District
  - CoverColorado
  - Colorado Venture Capital Authority
  - Colorado Renewable Energy Authority
  - Higher Education Competitive Research Authority
  - Statewide Internet Portal Authority
  - HLC @ Metro, Inc.
  - University of Colorado Real Estate Foundation

With the exception of the University of Colorado Hospital Authority, HLC @ Metro, Inc., and the five 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, the Renewable Energy Authority, and HLC @ Metro, Inc. 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 Purpose Revenue Fund, and therefore, it qualifies as a component unit because it would be misleading to exclude it. The Statewide Internet Portal Authority is included because it manages a single point of access to electronic State government information, and therefore, it would be misleading to exclude it.

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

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

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

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

University of Colorado Foundation
4740 Walnut Street
Boulder, Colorado 80301

Colorado State University Foundation
410 University Services Center
Fort Collins, CO 80523-9100

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

University of Northern Colorado Foundation, Inc.
Judy Farr Center
1620 Reservoir Road
Greeley, Colorado 80639

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

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

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

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

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

Statewide Internet Portal Authority
633 17th Street, Suite 1610
Denver, CO 80202

HLC @ Metro, Inc.
1512 Larimer St., Suite 800
Denver, CO 80202

University of Colorado Real Estate Foundation
1800 Grant St., Suite 250
Denver, CO 80203

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 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

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the State cannot impose its will upon these entities, it does not have a financial benefit or burden relationship with them. Detailed financial information may be obtained directly from these organizations.

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

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

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

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

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

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

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

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities in State government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or business-type activities. Direct costs are those that can be specifically identified with a program. The State allocates indirect costs based on an approved Statewide Federal Indirect Cost Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants.

Taxes, with the exception of unemployment insurance premiums supporting a business-type activity, are presented as general-purpose 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 proprietary funds as business-type activities. The business-type activities follow all current GASB pronouncements. The proprietary statements and government-wide statements also follow all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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

Some of the State's component units have fiscal year-ends that differ from the State's fiscal year-end, and as a result amounts receivable and payable between the primary government and component units may not be equal. Amounts shown as receivable and payable between the primary government and the component units are primarily with the University of Colorado Hospital Authority and the four foundations, which are reported as component units and have matching fiscal year ends, but also include amounts related to component units not deemed material for discrete reporting.

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. The State's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, the Renewable Energy Authority, the Higher Education Competitive Research Authority, the Statewide Internet Portal Authority, HLC @ Metro, Inc., and the University of Colorado Real Estate Foundation which are presented as nonmajor component units.

The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

General Fund
Transactions that are not related to specific revenue streams for dedicated purposes for services traditionally provided by State government 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. With the implementation of GASB Statement No. 54, the Public School Fund, previously a major fund, the Public School Building Fund, previously a nonmajor special revenue fund, and portions of the Environmental Health and Protection (nonmajor special revenue fund), Resource Management (nonmajor special revenue fund) and Other Special Revenue Funds (a major fund) were moved into the General Fund. As a result of comingling current and cumulative special-purpose revenue into the General Fund, combining statements detailing the components of the General Fund are included as supplementary information. The statements segregate activities funded with general-purpose revenue in order to demonstrate compliance with the legal definition of the General Fund, which will be referred to as the General Purpose Revenue Fund.

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, regulatory costs, and loans to special districts and local governments for water projects. These activities were previously reported as two nonmajor special revenue funds, Water Projects and Resource Extraction.

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 maintenance of highway infrastructure. Most of the State's infrastructure is owned by this fund.

Capital Projects Fund
Transactions related to resources obtained and used for acquisition, construction, or improvement of State owned facilities and certain equipment are accounted for in the Capital Projects Fund unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund. As a result of changes in fund balance categorization due to the implementation of GASB Statement No. 54, a combining statement of the components of the Capital Projects Fund is presented as supplementary information to segregate regular (primarily general-funded) and special (primarily cash-funded) capital construction.

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

PROPRIETARY FUND TYPE:

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

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

Lottery
The State Lottery encompasses the various lottery and lotto games run under Colorado Revised Statutes. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Purpose Revenue 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 (CAFR).

GOVERNMENTAL FUND TYPE (NONMAJOR):

General Fund
Although the General Fund and its components are classified as a major fund in the basic financial statements, special-purpose revenue activities in the General Fund expanded with the implementation of GASB Statement No. 54. Because of the requirement to separately identify activity related to general-purpose revenues for legal compliance purposes, the general-purpose revenue activity and the special-purpose revenue activities are shown in a combining statement detailing the components of the General Fund. As a result, the General Fund activity is presented similar to major and nonmajor funds. The general-purpose activity is presented in the General Purpose Revenue Fund, while the special-purpose revenue activities include the Public School Fund, the Risk Management Fund, and the Other Special Purpose Fund.

Capital Projects
Although the Capital Projects Fund and its components are classified as a major fund in the basic financial statements, the implementation of GASB Statement No. 54 resulted in fund balance classifications that did not support the calculation of resources available for future appropriation. In order to demonstrate legal compliance, the Regular Capital Projects, which is primarily funded from general-purpose revenue, and Special Capital Projects Fund, which is primarily funded with dedicated revenues, are presented similar to nonmajor funds.

Special Revenue Funds
Transactions related to resources obtained from specific sources and dedicated to specific purposes are accounted for in special revenue funds. The individual nonmajor funds include Labor, Gaming, Tobacco Impact Mitigation, Resource Management, Environment and Health Protection, 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. On the fund-level financial statements the principal portion is reported as Nonspendable.

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 CollegeInvest (previously reported as a major fund), Wildlife, College Assist, State Fair Authority, Correctional Industries, State Nursing Homes, Prison Canteens, Petroleum Storage Tank, Transportation Enterprise (previously reported as part of Other Enterprise Funds), 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 include Central Services, Information Technology Services (previously reported as the General Government Computer Center and before April 22, 2011, Telecommunications), Capitol Complex, Highways, Public Safety, Administrative Courts, and Other Enterprise Services (previously reported as Debt Collection). In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Assets*, and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPE:

The resources reported in fiduciary fund types are not available for use in the State's programs; therefore, none of the fiduciary funds are included in the government-wide financial statements.

Pension and Benefit Trust Funds
In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for members and beneficiaries of the Group Benefits Plan.

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

Agency Funds
Agency funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Agency funds primarily include local sales tax collections, trustee investments related to State capital projects, and investments of the Colorado Water Resource and Power Development Authority. Typically the time between receipt and disbursement of these resources is short and investment earnings are inconsequential.

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

In the governmental fund types, expenditures are presented on a functional basis rather than an individual program basis because of the large number of programs operated by the State. The State's eight functional classifications and the State agencies or departments comprising each are:

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

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

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

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

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

Natural Resources
Department of Natural Resources

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

Transportation
Department of Transportation

Component Units

The University of Colorado Hospital Authority uses proprietary fund accounting for its operations. The financial statements for the authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting, but are not presented in the State's Comprehensive Annual Financial Report. The pension plan statements are available from the authority. Financial information for the authority is presented as of June 30, 2011.

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, 2010.

Four of the eight 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, 2010, with the exception of the Higher Education Competitive Research Authority, and the Statewide Internet Portal Authority, which are presented as of June 30, 2011.

The five foundations presented as component units and HLC @ Metro, Inc. 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 five foundation component units and HLC @ Metro, Inc. is presented as of June 30, 2011.

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the State has an enforceable legal claim.
- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets are 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, and termination benefits are reported as fund liabilities only in the period that they become due and payable. Expenditures/liabilities not recognized in the fund-level statements are reported as expenses/liabilities on the government-wide statements.

Proprietary and Fiduciary Funds

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

Component Units

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

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

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

A. CASH AND POOLED CASH

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

B. RECEIVABLES

Component Units

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

C. INVENTORY

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

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

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

D. INVESTMENTS

Primary Government

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

Component Units

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

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

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

E. CAPITAL ASSETS

Primary Government

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

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

(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
Intangible Assets	NA	$ 50,000
Vehicles and Equipment	NA	$ 5,000
Software (purchased)	NA	$ 5,000
Software (internally developed)	NA	$ 50,000
Library Books	NA	$ 0
Collections	NA	$ 5,000
Infrastructure	NA	$ 500,000

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

(Amounts in Years)

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

Roads and bridges, except for right-of-way and fiber optic infrastructure, owned by the Department of Transportation and other infrastructure primarily owned by the Department of Natural Resources, are capitalized and depreciated. The Department of Transportation depreciates roadways over 40 years, and bridges over 75 years.

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

Component Units

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

The University of Colorado Real Estate Foundation records land, buildings, and improvements at cost, which includes the acquisition cost plus any subsequent investments in improvements, while donated assets are reported at fair market value as of the date of acquisition. Property and equipment over $3,000 and a useful life of more than 3 years is capitalized and depreciated over a period from 3 to 40 years, or the lease term, if shorter.

F. DEFERRED REVENUE

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

G. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

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

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

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

Component Units

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

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

H. INSURANCE

The State had an agreement with Pinnacol Assurance through June 30, 2011, a related organization, to act as the third party administrator for the State's self-insured workers' compensation claims. The State reimbursed Pinnacol for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

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

I. NET ASSETS AND FUND BALANCES

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

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

The following paragraphs describe the restrictions reported in the three financial statement types cited above:

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

<u>Restricted for Construction and Highway Maintenance</u> – Article X Section 18 of the State Constitution restricts the motor fuels tax and fee portion of the Highway Users Tax Fund. The restricted portion of the fund is appropriated for highway construction and maintenance activities.

<u>Restricted for Education</u> – The entire net assets balance of the State Education Fund, a major special revenue fund, is restricted for education purposes based on Article IX, Section 17, of the State Constitution. Section 17 is commonly referred to as Amendment 23, which references the ballot number assigned to the issue in the general election of 2000. In addition, the net assets of the Public School Fund, a Special Purpose General Fund, are restricted for exclusive use in the maintenance of schools pursuant to Article IX, Section 3 of the State Constitution.

<u>Restricted for Unemployment Insurance</u> – The entire net assets balance of the Unemployment Insurance Fund is normally reported as restricted because federal regulations limit nearly all the balance to paying unemployment insurance claims. However, starting in Fiscal Year 2009-10, the net asset balance went into a deficit due to a significant increase in the unemployment claims paid by the State and a normal lag in the receipt of additional employer unemployment insurance premiums. The current deficit of approximately $117.9 million is reported as unrestricted.

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

Restricted 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 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. State properties included as part of the required reserve are not represented in this amount. (See Note 8B for more information on the current year amount of the emergency reserve.)

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

Restricted for Other Purposes – The State operates certain funds that were established at the direction of federal government, the courts, the State Constitution, or other external parties, as follows:

- Net assets of $127.0 million are of settlements in various funds that have been directed by the courts for specific uses in environmental remediation and consumer protection cases.
- Net assets of $58.2 million related to Gaming activities pursuant to Article XVIII, Section 9 of the State Constitution are restricted to provide an operating reserve, for historic preservation purposes, and for distribution to support local and State community colleges.
- Net assets of $49.6 million consist of federal moneys held for mining reclamation, housing programs, scholarship trusts, and remaining funds from the Jobs and Growth Tax Relief Act of 2003.
- Net assets of $33.0 million in the Aviation Fund, consists on constitutionally restricted funds under Article X, Section 18 exclusively for aviation purposes.
- Net assets of $25.4 million in Lottery proceeds are directed by Article XXVII of the State Constitution for parks and outdoor projects.
- Net assets of $21.9 million for various purposes including voter approved tobacco taxes for health related programs, grants funds, and others not individually significant.

On the *Balance Sheet – Governmental Funds,* assets in excess of liabilities are reported as fund balances and are segregated between spendable and nonspendable amounts, as follows:

Nonspendable – This fund balance category consists of inventories, prepaid expenditures, and the corpus of permanent funds. The net assets consist primarily of prepaid advances to counties for social assistance programs and to local entities for energy-related grants, and permanent funds related to state lands.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained. The categorization, in part, is a result of the State's spending prioritization policy. When an expenditure is incurred that could be funded from either restricted or unrestricted sources it is the State's general policy that unrestricted dollars are spent first, and within unrestricted sources funding is allocated first from unassigned, then assigned, and then committed resources. However, in certain circumstances restricted and/or committed resources are spent without regard to other available funding sources including transfers

- to pay indirect costs,
- to fund programs operating in the General Purpose Revenue Fund,
- to support health-related programs funded by tobacco tax, and
- other situations that are not individually significant.

Spendable fund balance classifications include:

Restricted – This classification is the portion of fund balance that is restricted by the State Constitution or external parties, and therefore, the related net assets can only be expended as directed by the State Constitution or the external party.

Restrictions are in place on the *Balance Sheet – Governmental Funds* to reflect the restrictions discussed for the government-wide *Statement of Net* Assets, except for Permanent Funds that are presented as Nonspendable. The emergency reserve is restricted in the Labor Fund, a nonmajor Other Special Revenue Fund, the gaming proceeds are restricted in the Gaming Fund, a nonmajor Other Special Revenue Fund, funds legally required to be held for debt service in the Debt Service Fund, an Other Governmental Fund, while the remaining restrictions are represented in various funds.

In addition to restrictions on the government-wide *Statement of Net Assets*, the *Balance Sheet-Governmental Funds* includes a restriction in the Highway Users Tax Fund and the Other Special Purpose General Fund for net assets related to Certificates of Participation and other financing arrangements under which the proceeds are restricted to the purpose of the issuance. Fund balance of $10.3 million in the General Fund is held in the General Purpose Revenue Fund by the Department of Corrections for energy efficiency projects and $280.7 million in the

Other Special Purpose General Fund for public school construction under the BEST program. Fund balance of $175.5 million is held in the Capital Projects Fund by the Colorado Historical Society primarily related to the construction of the Colorado History Center and in the Judicial Department related to the construction of the Ralph L. Carr Justice Complex.

Committed – This fund balance classification consists of amounts constrained by the General Assembly, the State's highest level of decision-making authority, and is the default classification for the majority of governmental funds, excluding the General Purpose Revenue Fund.

In the General Purpose Revenue Fund the Committed category would normally represent the requirement in Colorado Revised Statutes 24-75-201.1(d) to reserve four percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. Historically, the legislature has acted to reduce the four percent reserve when revenues were projected to be inadequate to fund appropriations and the reserve. In the 2009 session, the General Assembly passed legislation reducing the required reserve to two percent of General Purpose Revenue Fund appropriations for Fiscal Year 2009-10, and in the 2011 session partially restored the reserve to 2.3 percent for Fiscal Year 2010-11. The reserve is applicable for both GAAP and budget basis purposes.

A Committed fund balance related to the statutory reserve is only presented when the Unassigned fund balance in the General Purpose Revenue Fund is greater than zero. In Fiscal Year 2010-11, on a GAAP basis, the resources available in the General Purpose Revenue Fund (exclusive of other fund balance classifications) were not sufficient to support all appropriated expenditures or to fund any portion of the required 2.3 percent statutory reserve. In addition, expenditures exceeded the available resources of the fund causing a ($21.5) million Unassigned fund balance deficit on the *Balance Sheet - Governmental Funds*. As shown on the *Schedule of Revenues, Expenditures, and Changes in General Fund Surplus – Budget and Actual – Budgetary Basis*, the State exceeded the 2.3 percent reserve requirement on the budget basis by deferring Medicaid, payroll, information technology expenditures, and certain other expenditures to the following fiscal year.

A portion of the Committed fund balance represents the current fiscal year appropriation that the legislature expressly directed to rollfoward for availability in the subsequent fiscal year.

Committed balances also includes earned augmenting revenue, such as insurance proceeds, that state agencies are not required to revert into General Purpose Revenue Fund fund balance.

In the Capital Projects Fund, the Committed classification represents the fund balance of the Corrections Expansion Reserve and the balance of certain other projects that are allowed to maintain a fund balance. These projects are not required to revert excess cash revenue to the Capital Projects Fund.

Assigned – This classification represents the portion of the fund balance related to Fiscal Year 2010-11 appropriations that were encumbered for goods and services that were not received before June 30 due to extenuating circumstances. These balances were approved by the Colorado State Controller in accordance with Fiscal Rule 7-3 for use in supporting the receipt of the related goods and services in Fiscal Year 2011-12.

Unassigned – This classification is the residual classification in the General Fund, and is not shown in other governmental funds unless the fund balance is a deficit.

J. RESTATEMENT OF BEGINNING BALANCES

The Governmental Accounting Standards Board issues statements for financial reporting to improve the usefulness of financial information, provide consistency across entities, clarify existing provisions, and in response to changing conditions in the financial environment. When standards impact the presentation of net assets, or components thereof, the resulting change is not reflected as current operating activity, but rather as an accounting change presented as a restatement of beginning balances. The implementation of GASB Statement No. 54 in Fiscal Year 2010-11 impacted governmental fund types and resulted in an accounting change restating beginning balances. See Note 30 for additional details.

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/EXPENSES

A. PROGRAM REVENUES

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

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

B. INDIRECT COST ALLOCATION

The State allocates indirect costs on the government-wide *Statement of Activities.* In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities. The allocation is based on the Statewide Indirect Cost Allocation Plan Agreement with the federal government that was approved during Fiscal Year 2010-11.

The Plan uses costs from Fiscal Year 2008-09 that will be incorporated in State agency indirect cost rates and plans to be charged to federal grants in Fiscal Year 2012-13. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Assets.* However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the Transfers line item at the bottom of the *Statement of Activities.*

Included in the allocation of indirect costs reported on the *Statement of Activities* is $936.6 thousand of central service agency costs for Fiscal Year 2010-11 related to the American Recovery and Reinvestment Act (ARRA). The President's Office of Management and Budget authorized the State to collect a three-year estimate of the ARRA costs from ARRA grants. The State collected the three-year estimate in Fiscal Year 2008-09 in the General Purpose Revenue Fund where the unexpended portion is included as Committed Fund Balance. Based on a three-year appropriation, the moneys not expended at the end of Fiscal Year 2010-11 will be provided to central service agencies in Fiscal Year 2011-12.

C. OPERATING REVENUES AND EXPENSES

The State reports three major enterprise funds, multiple nonmajor enterprise funds, and multiple internal service funds. Because these funds engage in a wide variety of activities, the State's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.

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

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

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

NOTE 8 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. In the General Purpose Revenue Fund and Regular Capital Projects Fund, if earned cash revenues plus available reserved 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. Absent general-funded appropriations, 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 157. Differences noted between departmental reversions or overexpended amounts on the budgetary schedules and the overexpended amounts discussed below are due to offsetting underexpended line item appropriations.

Within the limitations discussed below, the State Controller with the approval of the Governor may allow certain overexpenditures of the legal appropriation, as provided by Colorado Revised Statutes 24-75-109. Unlimited over-expenditures are allowed in the Medicaid program. The statute also provides for $250,000 of general-funded overexpenditure authority in the Children's Basic Health Plan. 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 over-expenditures up to $3.0 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 an overexpenditure is approved. Such a restriction requires the agency to seek a supplemental appropriation from the General Assembly, earn adequate cash or federal revenue to cover the expenditure in the following year, and/or reduce their subsequent year's expenditures.

Per Colorado Revised Statutes 24-75-109(2)(b), neither the Governor nor the State Controller is allowed to approve any overexpenditure in excess of the unencumbered balance of the fund from which the overexpenditure is made.

Total overexpenditures at June 30, 2011, were $171,674,677 as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- <u>Medicare Modernization Act of 2003 State Contribution</u> – The Department of Health Care Policy and Financing overexpended this line item by $396,224 of general funds. The Clawback payment under the Act was based on a projected caseload for Fiscal Year 2010-11. The payment results from an entitlement program driven by eligible populations. The actual expenditure exceeded the appropriation by 0.7 percent due to caseload in excess of the estimate upon which the budget was based.
- <u>Medicaid Mental Health Capitation Payments</u> – The Department of Health Care Policy and Financing over expended this line item by $2,909,851 of general funds. The department stated that the expenditure increase in this entitlement program was driven by an unanticipated eligible population that increased to 540,599 from an estimate of 536,311.
- <u>Medical Services Premiums</u> – The Department of Health Care Policy and Financing overexpended this line item by $8,471,270 in general funds and $30,676,423 in cash funds. This program is an entitlement program driven by eligible populations. The department reported that caseloads increased from the estimate of 558,307 to 560,722 clients per month. Other contributing factors include underearnings from cash funds intended to provide General Purpose Revenue Fund relief, actual recoveries that were higher than appropriated, and increases in new populations funded with nursing facility and hospital provider fees. The cash funded overexpenditure is related to a combination of cash sources transferred into the General Purpose Revenue Fund in excess the appropriated amounts. As a result of transfers into the General Purpose Revenue Fund, duplicate cash fund overexpenditures also occurred in the following source cash funds: Hospital Provider Fee Cash Fund - $17,092,220, Nursing Facility Provider Fee Cash Fund - $839,008, and Breast and Cervical Cancer Prevention and Treatment Cash Fund - $230,109.
- <u>Medicaid Mental Health Fee for Service Payments</u> - The Department of Health Care Policy and Financing overexpended this line by $135,964 in general funds. This program provides mental health services on an entitlement basis that are paid on a fee-for-service basis to providers. The department reported increased expenditures due to an unanticipated rise in caseloads.

- Pediatric Specialty Hospital – The Department of Health Care Policy and Financing overexpended this line item by $42,475 in general funds. Payments from this line are eligibility-based Medicaid entitlements. The overexpenditure resulted from timing issues related to the phase out of the enhanced federal funding under the American Recovery and Reinvestment Act of 2009 (ARRA), and the underearning of tobacco tax revenue.

- Various Programs – The Department of Health Care Policy and Financing overexpended four line items by a total of $276 in general funds related to the phase out of enhanced federal ARRA funding.

Approved Department of Human Services Non-Medicaid Overexpenditures Subject to the $1.0 Million Limit:

- Colorado Trails – The Department of Human Services overexpended this line item by $27,867 in general funds. Costs attributable to three programs fund Colorado Trails and costs are allocated based on Random Moment Sampling (RMS) statistics, which measure work effort on federal programs and are beyond the control of program management. The department reported that these statistics drove less federal funding than predicted.

Approved Statewide Overexpenditures Subject to the $3.0 Million Limit:

- Workers' Compensation – The Department of Education overexpended this line item by $844 in cash funds. The department reported a funding mix problem due to reorganizations in the department that resulted in changes in the sources from which employees are funded. Charges are allocated based on how the employees are funded and resulted in the proportion of the line item funded by cash sources to be greater than the estimate used to set the budget.

- Nurse Home Visitor Program – The Department of Health Care Policy and Financing overexpended this line item by $1,080 in general funds. The department reported that this was the result of the return of federal monies related to ARRA billings after the expiration of related ARRA funding.

Overexpenditures Not Allowed to Be Approved (Deficit Fund Balances):

- Department of Higher Education – CollegeInvest – Colorado Prepaid Postsecondary Education Expense Trust Fund – Operating – CollegeInvest overexpended this line item by $596,020. The overexpenditure occurred because of unrealized losses due to changes in market conditions in the bond investment portfolio, which uses a bond laddering strategy designed to match bond investment cash flows with projected participant withdrawals. CollegeInvest expects to hold the bond investments to maturity, and therefore, it does not anticipate realizing any of these currently recognized unrealized losses.

- Department of Labor and Employment – Unemployment Insurance (UI) Benefit Payments – The Department of Labor and Employment overexpended the Unemployment Insurance Compensation Fund by $128,416,383. The deficit fund balance was due to the payment of benefits exceeding UI Tax Premium funds available, which required borrowing federal funds from the U.S. Treasury to pay regular UI benefits. The economic recession and high unemployment have resulted in a deficit in the fund due to regular UI benefits exceeding UI Tax premium revenues.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in CRS 25.5-8-108(5). However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2011-12 spending authority is recommended. The following cash funds were in deficit fund balance position as a result of this Medicaid activity as of June 30, 2011:

- Department of Health Care Policy and Financing

  Healthcare Expansion Fund - $6,525,390
  Primary Care Fund - $594,125

- Department of Public Health and Environment

  Tobacco Education Fund - $ 440,625
  Prevention, Detection and
  Treatment Fund - $197,704

The General Fund Surplus Schedule (page 165) shows a negative reversion of $6.1 million for the Department of Health Care Policy and Financing. This negative reversion is due to overexpenditures at the Department included in the discussion above.

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

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

In the 2005 general election, voters approved Referendum C – a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five Fiscal Years 2005-06 through 2009-10. During this period the State retained $3.6 billion.

With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The basis for the ESRC is the highest adjusted TABOR revenue during the five-year period which occurred in Fiscal Year 2007-08 and resulted in a Fiscal Year 2010-11 ESRC of $10.68 billion. TABOR revenue was below the ESRC by $1,260.1 million, and over the TABOR limit by $770.2 million. As a result of the ESRC replacing the TABOR limit as the trigger point for refunds, refunds of $770.2 million that would have occurred under the TABOR limit are not required.

The $0.7 million TABOR refund liability shown on the government-wide *Statement of Net Assets* and the fund-level *Balance Sheet* is the unrefunded portion of the Fiscal Year 2004-05 TABOR refund liability.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2010-11 that amount was $282,742,919.

At June 30, 2011, 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, a portion of the nonmajor Labor Fund – $85,400,000. The $94,000,000 designation by the Legislature has been reduced by $8,600,000 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 Fund's net assets not invested in capital assets (net of related debt) total $12,368,456, and that amount is shown as restricted for emergencies on the *Combining Statement of Net Assets*. The remaining $87,631,544 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 $52,613,752 of cash and receivables that are reported as restricted.

The 2010 legislative session Long Appropriations Act designated up to $70,700,000 of State properties as the remainder of the emergency reserve.

The estimate of the needed reserve was based on the December 2010 revenue estimate prepared by the Legislative Council. Because the revenues subject to the TABOR reserve requirement were more than estimated, the amount designated for the reserve was $18,042,919 less 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 2010-11, under the direction of the Governor's Executive Orders, the State transferred $8.6 million from the Major Medical Fund portion of the TABOR emergency reserve to the Disaster Emergency Fund to pay the costs related to the following emergencies:

- Reservoir Road Fire - $2.9 million
- Bear Fire - $2.5 million
- Indian Gulch Fire - $1.5 million
- Crystal Fire - $1.7 million

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 Purpose Revenue Fund unless a specific statute directs otherwise. Most funds are required to invest in noninterest bearing warrants of the General Purpose Revenue Fund if the General Purpose Revenue 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 Purpose Revenue 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 and fiduciary funds, the Cash and Pooled Cash line on the financial statements includes $6,141.1 million ($6,146.8 million at amortized cost) of claims of the State's funds on moneys in the Treasurer's pooled cash.

At June 30, 2011, the treasurer had invested $6,100.3 million (fair value) of the pool and held $46.4 million of demand deposits and certificates of deposit.

At June 30, 2011, the State had an accounting system cash deposit balance of $360.8 million, which includes the $46.4 million held as demand deposits and certificates of deposit in the Treasurer's pool.

Under the GASB Statement No. 40 definitions, $20.6 million of the State's total bank balance of $370.5 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 $26.8 million at June 30, 2011, and a related bank balance of $35.5 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 $1,418,530 at December 31, 2010, of which $250,000 was federally insured and $132,012 was collateralized with the securities held by the pledging institution in a collateral pool, but not in the authority's name. An additional $1,036,518 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 $64.4 million held by the State Treasurer in a Treasurer's Agency Fund and $147.3 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, 2010, the Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, had cash deposits of $2.3 million held by a major bank paying interest of 0.05 percent at year-end. All of the district's cash and cash equivalents are maintained with a single major Denver bank resulting in a concentration of credit risk. However, the collateralized amounts were in compliance with the Public Deposit Protection Act discussed above.

The Venture Capital Authority, a nonmajor component unit, had bank deposits of $6.7 million at December 31, 2010 – of that amount $6.3 million was not covered by federal deposit insurance.

NOTE 10 – NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

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

- Capital Assets Funded by the Capital Projects Fund – Most capital construction projects funded by general–purpose revenues are accounted for in the Capital Projects Fund. Several of the State's enterprise and internal service funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Certain State agencies are authorized to move general revenue cash of the Capital Projects Fund to the enterprise or internal service fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*
- Donations or Grants of Capital Assets – Capital assets received as donations or directly as grants are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows.* Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Assets;* therefore, they are reported as noncash transactions.
- Unrealized Gain/(Loss) on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the Treasurer's pooled cash in which they participate. The unrealized gains or losses on the Treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the Treasurer's pooled cash result in increases or decreases in investment balances, and therefore, are reported as noncash transactions. The unrealized gain/loss schedule in Note 14 shows the combined effect of these two sources of unrealized gains or losses.
- Loss on Disposal of Capital and Other Assets – When the cash received at disposal of a capital or other asset is less than the carrying value of the asset, a loss is recorded. The loss results in a reduction of the amount reported for capital or other 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 or Mortgage – Although no cash is exchanged, entering a capital lease or mortgage changes both the capital asset and related liability balances reported on the *Statement of Net Assets.* Therefore, these transactions are reported as noncash.
- Financed Debt Issuance Costs – When costs of debt issuance are financed by and removed from the debt proceeds, the State reports a noncash transaction.
- Fair Value Change in Derivative Instrument – When the State enters into a derivative instrument that qualifies as a hedge and has reported a deferred inflow or deferred outflow, the *Statement of Net Assets* also includes a real account, either asset or liability, that is measured at fair value but does not represent a current cash transaction.
- Deferral of Loss on Derivative Instrument – When a derivative instrument is terminated at a loss, there is a resulting change in the debt on the *Statement of Net Assets*. Since no cash is received or disbursed, the loss deferral is reported as noncash.

NOTE 11 – RECEIVABLES

Primary Government

The Taxes Receivable of $1,016.9 million shown on the government-wide *Statement of Net Assets* primarily comprises the following:

- $771.6 million, mainly of self-assessed income and sales tax recorded in the General Purpose Revenue Fund. This amount is after the removal of $293.9 million of taxes receivable expected to be collected after one year and reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Assets.* These long-term receivables are offset by deferred revenue on the *Balance Sheet – Governmental Funds*.
- $19.9 million recorded in the Resource Extraction Fund as severance taxes receivable.
- $39.2 million recorded in nonmajor special revenue funds, of which, approximately $10.7 million is from gaming tax, $12.9 million is insurance premium tax, and $12.4 million is tobacco tax.
- $186.2 million of unemployment insurance premiums recorded in the Unemployment Insurance Fund.

In addition, $54.7 million of Taxes Receivable, $33.3 million of Other Receivables, and $83.2 million of intergovernmental receivables were recorded in the Highway Users Tax Fund. All three items were reported as restricted receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

The Other Receivables of $449.8 million shown on the government-wide *Statement of Net Assets* are net of $194.8 million in allowance for doubtful accounts and primarily comprise the following:

- $247.3 million of student and other receivables of Higher Education Institutions.
- $44.7 million of receivables recorded in the General Fund, of which $19.7 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $14.2 million related primarily to rebates from drug companies and overpayments to healthcare providers. The Colorado Mental Health Institutes recorded $2.7 million of patient receivables.
- $78.6 million of receivables recorded by Other Governmental Funds including $44.8 million of tobacco settlement revenues expected within the following year, $5.4 million receivable from the Great Outdoors Colorado program by the Resource Management Fund, and $8.6 million of rent and royalty receivables recorded by the State Lands Funds.

Component Units

The University of Colorado Hospital Authority's primary revenue source is patient service revenue of $826.8 million, which it recorded net of third-party contractual allowances ($1,780.8 million), indigent and charity care ($224.8 million), provision for bad debt ($46.4 million), and self-pay discounts ($51.1 million). The hospital maintains a self-pay discount program to reduce uninsured patients' liabilities by up to 50 percent to a level more comparable to insured patients.

The hospital participates in the Colorado Disproportionate Share Hospital Program, and it received reimbursements from the State of $52.3 million for Fiscal Year 2010-11. In 2010, the Colorado Health Care Affordability Act was modified, authorizing the Department of Health Care Policy and Financing to collect a fee from hospital providers in order to expand Medicaid coverage. The hospital was charged $16.1 million out of $441.1 million collected by the State in hospital provider fees for Fiscal Year 2010-11.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (25 percent), Medicaid (10 percent), managed care (46 percent), other commercial insurance (2 percent), and self-pay and medically indigent (12 percent). However, the hospital's management does not believe there are credit risks associated with these payors other than the self-pay and medically indigent category. The authority continually monitors and adjusts its reserves and allowances associated with these receivables.

Net patient-service revenue under the Medicare and Medicaid programs in Fiscal Year 2010-11 was approximately $251.9 million. Medicaid, Medicare, and other third-party payer programs reimburse providers at rates generally less than the hospital's billing rates. Net patient-service revenue is adjusted for these differences and is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital reports pledges at their net present value. As of June 30, 2011, the hospital reported $3.3 million in restricted receivables related to contributions.

The Colorado Water Resources and Power Development Authority had loans receivable of $1.3 billion at December 31, 2010. During 2010, the authority made new loans of $186.4 million and canceled or received repayments for existing loans of $91.3 million.

The University of Colorado Foundation contributions receivable of $29.3 million and $23.4 million are reported as Contributions Receivable current and noncurrent, respectively, in the *Statement of Net Assets – Component Units*. At June 30, 2011, the amount reported as contributions receivable includes $60.2 million of unconditional promises to give which were offset by a $6.5 million allowance for uncollectible contributions and a $1.0 million unamortized pledge discount using discount rates ranging from 0.03 percent to 5.81 percent.

At June 30, 2011, the Contributions Receivable amount shown for the Colorado State University Foundation included contributions of $33.4 million, which were offset by $3.9 million of unamortized pledge discounts calculated using the five-year U.S. Treasury note rate and $0.6 million of allowance for uncollectible pledges. At June 30, 2011, contributions from two donors represented approximately 61 percent of total contributions receivable for the foundation.

At June 30, 2011, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $11.3 million was offset by $0.5 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 54 percent of the foundation's contributions receivable at June 30, 2011, consists of pledges from one donor in 2011, and approximately $3.7 million is due from trusts held by others.

At June 30, 2011, the combined current and noncurrent Contributions Receivable amount shown for the University of Northern Colorado Foundation of $1.2 million was offset by $0.1 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 27.4 percent of the foundation's contributions receivable at June 30, 2011, consists of pledges from one donor in 2011.

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 $16.6 million of accounts receivable from insurance companies that are reported as Contributions Receivable ($4.1 million) and Other Long-Term Assets ($12.5 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 $63.4 million shown on the government-wide *Statement of Net Assets* at June 30, 2011, primarily comprise:

- $11.3 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund,
- $23.7 million of resale inventories, of which, Higher Education Institutions recorded $20.7 million, and
- $21.6 million of consumable supplies inventories, of which, $8.2 million was recorded by the Higher Education Institutions, $9.4 million was recorded by the Highway Users Tax Fund, $2.3 million by the General Purpose Revenue Fund, and $1.0 million by Wildlife, a nonmajor enterprise fund.

NOTE 13 – PREPAIDS, ADVANCES, AND DEFERRED CHARGES

Prepaids, Advances, and Deferred Charges of $74.6 million shown on the government-wide *Statement of Net Assets* are primarily general prepaid expenses except for the following individually significant items:

- $22.7 million advanced to Colorado counties and special districts by the General Purpose Revenue Fund primarily related to social assistance programs.
- $18.0 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.
- $4.6 million advanced to local entities related to energy-related weatherization grants.
- $4.5 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.
- $3.6 million primarily related to cash payments for library subscriptions at Colorado State University.

NOTE 14 – INVESTMENTS

Primary Government

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

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

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

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

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. In Fiscal Year 2010-11, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $94,711, for the Unclaimed Property Tourism Trust Fund of $24,414, for the Major Medical Fund of $19,863, and for the Treasurer's pooled cash of $645,307.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2011 and 2010, the treasurer had $30.6 million and $41.0 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 nonmajor special revenue 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 $6.6 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.

The State Treasurer held Colorado Housing and Finance Authority bonds, a related party, totaling $11.0 million as of June 30, 2011. See Note 40 for additional details.

The Colorado School of Mines and Colorado State University, which are reported in the Higher Education Institutions Fund, held $3,268,406 and $949,961, respectively, of hedge funds that were valued based on the net asset value reported by the hedge fund manager. The net asset value is computed based on dealer quotations on the fair market value of the underlying securities – the majority of which are traded on national exchanges.

Excluding fiduciary funds, the State recognized $5,004,977 of net realized losses from the sale of investments held by State agencies other than the State Treasurer during Fiscal Year 2010-11.

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)	$ 360,786
Investments:	
Governmental Activities	7,296,027
Business-Type Activities	1,995,129
Fiduciary Activities	4,068,138
Total	$ 13,720,080
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 4,182,485
Add: Warrants Payable Included in Cash	233,322
Total Cash and Pooled Cash	4,415,807
Add: Restricted Cash	2,045,128
Add: Restricted Investments	1,195,943
Add: Investments	6,063,202
Total	$ 13,720,080

Custodial Credit Risk

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

Open-end mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. The following table lists the investments of the State Treasurer's pooled cash, major governmental funds, and nonmajor governmental funds in the aggregate, by investment type at fair value.

The *Other* category of the General Fund comprises the issuance trustee's deposit of proceeds from Certificates of Participation issued for local school district capital construction under the Build Excellent Schools Today (BEST) program. The $284.1 million is reported in the Public School Buildings Fund, a Special Purpose General Fund.

The remaining $9.6 million of the unexpended BEST issuance is reported in the Debt Service Fund, an Other Governmental fund.

The *Other* category of the Other Governmental funds primarily comprises the issuance trustees' deposit of unexpended proceeds from Certificates of Participation issued for the Ralph L. Carr Justice Complex ($143.4 million reported in a Special Capital Projects Fund) and the Colorado History Center ($18.3 million reported in a Special Capital Projects Fund).

The trustees have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments.

None of the securities listed in the table below are subject to custodial credit risk:

(Amounts in Thousands)

	Governmental Activities				
	Treasurer's Pool	General Fund	State Education	Other Governmental	Total
INVESTMENT TYPE					
U.S. Government Securities	$ 4,984,681	$ -	$ 20,337	$ 142,769	$ 5,147,787
Commercial Paper	79,999	-	-	-	79,999
Corporate Bonds	614,246	-	25,928	132,029	772,203
Asset Backed Securities	190,451	-	-	54,422	244,873
Mortgages Securities	230,965	6,578	-	334,611	572,154
Mutual Funds	-	-	-	20,627	20,627
Other	-	284,059	-	174,325	458,384
TOTAL INVESTMENTS	$ 6,100,342	$290,637	$ 46,265	$ 858,783	$ 7,296,027

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in the aggregate, 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 ($40.0 million), Absolute Return Funds ($44.2 million), Real Estate ($17.7 million), and the issuance trustee's deposit of proceeds from Certificates of Participation (COPs) issued for Higher Education capital construction ($26.1 million). The trustee has selected the State Treasurer's pool as its primary investment vehicle. The Treasurer accounts for the trustee's deposit in an agency fund, and the investment types and related risks are disclosed through the Treasurer's pool investments.

The *Other* category of the Other Enterprise funds comprise the Bridge Enterprise trustee's holdings including proceeds from the current year $300.0 million bond issuance, remaining unspent receipts of $40.0 million from the prior year short-term borrowing that were repaid in November 2010 using current resources, and interest earnings related to both balances.

The *Other* category of the Fiduciary funds represents a funding agreement with MetLife ($38.7 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	Other Enterprises	Total	Fiduciary
INVESTMENT TYPE				
U.S. Government Securities	$ 161,685	$ 7,147	$ 168,832	$ 13,412
Commercial Paper	2,550	-	2,550	-
Corporate Bonds	185,116	17,726	202,842	-
Corporate Securities	140,805	-	140,805	-
Repurchase Agreements	15,878	-	15,878	748
Asset Backed Securities	185	-	185	-
Mortgages Securities	106,715	18,025	124,740	-
Mutual Funds	837,678	563	838,241	4,015,280
Other	159,859	341,197	501,056	38,698
TOTAL INVESTMENTS	$ 1,610,471	$ 384,658	$ 1,995,129	$ 4,068,138
INVESTMENTS SUBJECT TO CUSTODIAL RISK				
U.S. Government Securities	$ 144	$ -	$ 144	$ 2,534
Corporate Bonds	4,227	-	4,227	-
Corporate Securities	8,261	-	8,261	-
Repurchase Agreements	-	-	-	748
Mortgages Securities	9	-	9	-
TOTAL SUBJECT TO CUSTODIAL RISK	$ 12,641	$ -	$ 12,641	$ 3,282

Credit Quality Risk

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

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

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

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

- CollegeInvest held a funding agreement valued at $38.7 million in its College Savings Plan, a Private Purpose Trust Fund that was unrated as to credit quality risk.
- The trustees for the Higher Education Institutions Lease Purchase Financing Program, Building Excellent Schools Today (BEST) program, Ralph L. Carr Justice Complex, and the Colorado History Center issued Certificates of Participation and selected the State Treasurer's cash and investment pool as their primary investment vehicle. The trustees for the Department of Transportation's Bridge Enterprise bonds also selected the State Treasurer's cash and investment pool as their primary investment vehicle. The pool has not been separately rated. See interest rate risk disclosure section for additional information on the pool.

(Amounts In Thousands)

	U.S. Govt. Agencies	Commercial Paper	Corporate Bonds	Repurchase Agreements	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Guaranteed Investment Contract	Municipal Bonds	Total
Treasurer's Pool:										
Long-term Ratings										
Gilt Edge	$ 1,480,085	$ -	$ 39,504	$ -	$ 421,416	$ -	$ -	$ -	$ -	$ 1,941,005
High Grade	-	-	272,561	-	-	-	-	-	-	272,561
Upper Medium	-	-	268,782	-	-	-	-	-	-	268,782
Lower Medium	-	-	18,384	-	-	-	-	-	-	18,384
Very Speculative	-	-	15,015	-	-	-	-	-	-	15,015
Short-term Ratings										
Highest	2,690,922	79,999	-	-	-	-	-	-	-	2,770,921
Higher Education Institutions:										
Long-term Ratings										
Gilt Edge	$ 36,262	$ -	$ 42,769	$ -	$ 24,633	$ 320,308	$ 102	$ -	$ 967	$ 425,041
High Grade	678	-	18,722	-	3,845	-	374	-	50	23,669
Upper Medium	2,369	499	78,730	-	6,204	-	119	-	209	88,130
Lower Medium	-	-	37,114	-	3,577	-	162	-	133	40,986
Speculative	-	-	3,357	-	796	-	60	-	-	4,213
Very Speculative	-	-	105	-	3,744	-	26	-	-	3,875
High Default Risk	-	-	-	-	7,613	-	9	-	-	7,622
Default	-	-	78	-	1,703	-	-	-	-	1,781
Short-term Ratings										
Highest	-	2,002	-	-	-	-	-	-	-	2,002
Unrated	44,188	-	4,183	15,878	54,784	64,261	127,481	-	70	310,845
Fiduciary Funds:										
Long-term Ratings										
Gilt Edge	$ 2,534	$ -	$ -	$ 748	$ -	$ -	$ -	$ -	$ -	$ 3,282
High Grade	2,168	-	-	-	-	-	-	-	-	2,168
Unrated	1,911	-	-	-	-	4,015,278	-	-	-	4,017,189
All Other Funds:										
Long-term Ratings										
Gilt Edge	$ 99,159	$ -	$ 12,776	$ -	$ 378,003	$ 21,190	$ -	$ -	$ -	$ 511,128
High Grade	-	-	85,130	-	-	-	-	3,117	-	88,247
Upper Medium	-	-	65,397	-	-	3,167	-	-	-	68,564
Lower Medium	-	-	12,381	-	-	-	-	-	-	12,381
Unrated	-	-	-	-	17,609	14,857	-	-	-	32,466

Interest Rate Risk

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

The University of Colorado operates a treasury function separate from the State Treasurer and uses duration to measure and manage interest rate risk for most of its investments. However, University Physicians Incorporated (UPI), a blended component unit of the University of Colorado, manages interest rate risk using weighted average maturity and limits the time to maturity of individual investments to between five and seven years, based on the credit quality rating.

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

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. 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 $39.2 million that have duration of 8.1 years. These securities are excluded from the duration table on the following page because interest rate risk is effectively mitigated by the inflation protection attribute of the securities.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure. The 14.91-year weighted average maturity reported in the Fiduciary Funds represents the Lottery's laddering of U.S. Government bonds to match a prize annuity. The Lottery plans to hold these investments to maturity.

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

	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
Investment Type	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity
U.S. Government Securities	$ 4,984,681	1.054	$ 16,586	1.734	$ 10,288	14.907	$ 170,253	3.853
Commercial Paper	79,999	0.015	2,502	0.475	-	-	-	-
Corporate Bonds	614,246	3.133	76,783	2.630	-	-	175,683	4.605
Asset Backed Securities	421,416	1.060	185	1.040	-	-	389,033	3.555
Municipal Bonds	-	-	-	-	-	-	3,117	13.460
Total Investments	$ 6,100,342		$ 96,056		$ 10,288		$ 738,086	

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

The University of Colorado participated in tri-party repurchase agreements of $15,878,202 to provide temporary investment of funds restricted for capital construction projects. The counterparty to the agreements is required to provide additional collateral when the fair value of U.S. Government securities and U.S. Government agencies securities provided as collateral declines below 104 percent or 105 percent, respectively. As a result, the university does not have interest rate risk associated with these agreements. The $15.9 million is not shown in the following duration table; however, the duration associated with the repurchase agreements is 0.4 years.

The University of Colorado has invested $2,396,215 in U.S. Treasury Inflation Protected Securities with duration of 8.3 years. The interest rate risk of this investment is effectively mitigated by the inflation protection attribute of the investment, and therefore, it is excluded from the weighted average maturity table above and the following duration table.

Trustees, separate of the State, issued Certificates of Participation that had remaining balances on deposit with the State Treasurer for the Higher Education Institutions Lease Purchase Financing Program ($26.1 million reported in the Higher Education Institutions Fund), the Building Excellent Schools Today (BEST) program ($293.6 million primarily reported in the Public School Buildings Fund, a Special Purpose General Fund), the Ralph L. Carr Justice Complex ($143.4 million reported in a Special Capital Projects Fund), and the Colorado History Center ($18.3 million reported in a Special Capital Projects Fund). The Treasurer also held deposits of the Department of Transportation's Bridge Enterprise trustees' notes and bonds. In each instance the trustees selected the State Treasurer's pool as their primary investment vehicle. The trustees' investment in the pool is not segregated, but is a share in the overall pool. See above for interest rate risk affecting the pool.

The table below presents the duration measure and fair value amount for State agencies that manage some or all of their investments using the duration measure.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
University of Colorado:		
U.S. Treasury Bonds and Notes	$ 57,672	6.330
U.S. Treasury Strips	942	18.900
U.S. Government Agency Notes	64,412	2.980
U.S. Government Agency Strips	16,111	1.160
Municipal Bonds	1,378	17.650
Corporate Bonds	105,436	5.820
Asset Backed Securities	181,471	14.130
Bond Mutual Funds	127,481	2.380
Colorado State University:		
Bond Mutual Funds	$ 851	1.870
Colorado School of Mines:		
Corporate Bonds	$ 2,199	5.000
Colorado Mesa University:		
U.S. Government Securities	$ 796	4.235
Corporate Bonds	639	2.942
Money Market Mutual Funds	41	0.164
Bond Mutual Funds	149	7.864
Private Purpose Trust:		
CollegeInvest:		
Bond Mutual Fund-1	$ 81,411	4.400
Bond Mutual Fund-2	27,835	5.200
Bond Mutual Fund-3	428,227	5.200
Bond Mutual Fund-4	616,142	4.800
Bond Mutual Fund-5	293,422	1.700
Bond Mutual Fund-6	1,250	3.800
Bond Mutual Fund-7	1,111	13.800
Bond Mutual Fund-8	742	8.800

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 also held investments in equities denominated in the following currencies (U.S. dollar amounts in millions): Euro Dollar - $30.3, British Pound - $21.4, Japanese Yen - $16.4, Swiss Franc - $7.3, Brazilian Real - $5.3, Chinese Yuan - $4.6, Korean Won - $3.5, Canadian Dollar - $3.0, Australian Dollar - $3.0, Swedish Kroner - $2.7, and Russian Ruble - $1.5, and various other currencies totaling $16.1 most of which are unidentifiable within the investment.

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

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for certain of the individual funds for which the State Treasurer manages investments. The pool and each of the individual funds may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 90 percent) set for the other allowed investment types. For the pool and the other funds for which the Treasurer manages investments, the policy sets maximum concentrations in an individual issuer for certain investment types.

The State Treasurer purchases investments separate of the Treasurer's Pool for the State Education Fund, a major special revenue fund.

The State Education Fund has a concentration of credit risk because the following corporate bond holdings each exceed 5 percent of the total investments in the fund; Colgate Palmolive – 11.3 percent, Eli Lilly – 11.2 percent, Verizon – 11.1 percent, General Electric – 11.2 percent, and Bank of America – 11.2 percent., The concentration occurred because the initial purchase of the bonds was expected to be a small portion of a growing investment balance, which has failed to materialize. New resources of the State Education Fund are being invested through the Treasurer's pooled cash.

Unrealized Gains and Losses

Unrealized gains and losses are a measure of the change in fair value of investments (including investments underlying pooled cash) from the end of the prior fiscal year to the end of the current fiscal year. With the implementation of GASB Statement No. 54, unrealized gains are not identified as a separate component of fund balance. The following schedule shows the State's net unrealized gains and (losses) for all funds by fund category. Fiscal Year 2009-10 has been recast under the fund structure adopted for GASB Statement No. 54 implementation to provide comparability. Total unrealized gains for Fiscal Year 2009-10 have not been changed.

(Amounts in Thousands)

	Fiscal Year 2010-11	Recast Fiscal Year 2009-10
Governmental Activities:		
Major Funds		
General-General Purpose	$ (5,436)	$ 6,710
General-Special Purpose	(505)	1,465
Resource Extraction	(3,335)	3,866
Highway Users Tax	(6,963)	8,090
Capital Projects-Regular	(2,659)	(2,800)
Capital Projects-Special	(79)	286
State Education	(3,472)	(1,016)
NonMajor Funds:		
State Lands	(5,192)	15,628
Other Permanent Trusts	(44)	61
Labor	(331)	4,829
Gaming	(1,009)	1,042
Tobacco Impact Mitigation	(2,143)	(317)
Resource Management	(85)	236
Environment Health Protection	(1,186)	1,871
Other Special Revenue	(193)	1,052
Unclaimed Property	(1,650)	3,197
Information Technology	140	-
Highways (Internal Service)	(12)	(1)
Administrative Courts	17	-
Other Internal Service	3	-
Business-Type Activities:		
Major Funds		
Higher Education Institutions	95,536	75,707
Lottery	(246)	374
NonMajor Funds:		
CollegeInvest	1,834	6,237
Wildlife	(451)	355
College Assist	(619)	659
State Fair Authority	(8)	4
Correctional Industries	(46)	46
State Nursing Homes	(42)	8
Prison Canteens	(86)	24
Petroleum Storage Tank	(22)	(21)
Transportation Enterprise	(272)	948
Other Enterprise Activities	(47)	(24)
Fiduciary:		
Pension/Benefits Trust	(437)	397
Private Purpose Trust	562,745	413,976
	$ 623,705	$ 542,889

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, 2011:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
Cash Equivalents	$ 259,747
U.S. Government Securities	107,721
Corporate Bonds	72,386
Corporate Securities	325,013
Asset Backed Securities	14,316
Mutual Funds	142,396
Guaranteed Investment Contracts	854
Other	(14,498)
TOTAL INVESTMENTS	$ 907,935

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, 2010, were:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
U.S. Government Securities	$ 113,190
Repurchase Agreements	191,299
TOTAL INVESTMENTS	$ 304,489

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, 2011:

(Amounts In Thousands)

	U.S. Govt. Agencies	Corporate Bonds	Asset Backed Securities	Guaranteed Investment Contract	Total
Long-term Ratings					
Gilt Edge	$ 24,606	$ 1,171	$ -	$ -	$ 25,777
High Grade	-	26,580	14,316	854	41,750
Upper Medium	-	36,135	-	-	36,135
Lower Medium	-	6,411	-	-	6,411
Speculative	-	928	-	-	928
Unrated	-	1,161	-	-	1,161

The Colorado Water Resources and Power Development Authority's repurchase agreements are collateralized with U.S. Treasuries, Government Agencies and obligations explicitly guaranteed by the U.S. Government. All existing repurchase agreements specify a collateralization rate between 103 percent and 105 percent, and all of the underlying securities are rated A - AAA.

CoverColorado, a nonmajor component unit, holds only bonds of U.S. Government agencies and corporate bonds guaranteed by U.S. Government agencies. The investments were rated Aaa by Moody's Investors Service at the dates of purchase. The Renewable Energy Authority, also a nonmajor component unit, held a money market fund rated AAA at December 31, 2010.

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, 2011:

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
U.S. Government Securities	$ 40,733	4.235
Corporate Bonds	72,386	2.219
Asset Backed Securities	14,316	1.270

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cash flow needs of its future bond debt service and holding those investments to maturity. The authority had $304.5 million of investments subject to interest rate risk with the following maturities; one year or less – 17 percent, two to five years – 25 percent, six to ten years – 26 percent, eleven to fifteen years – 21 percent, and 16 years or more – 11 percent. The authority has entered into agreements that allow it to sell U.S. Treasury bonds at fixed amounts that will provide the authority with funds to make debt service payments in the event that a borrower fails to make loan payments to the authority.

CoverColorado, a nonmajor component unit, manages interest rate risk by matching investment maturities with the cash flow needs of its operations. The authority had $72.8 million of investments subject to interest rate risk with the following maturities; one year or less – 32 percent, one to two years – 30 percent, and two to three years – 38 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, 2011, the authority had the following foreign currency exposures in United States dollars: Euro Dollar - $21.7 million, British Pound - $9.7 million, Swiss Franc - $4.5 million, Japanese Yen - $4.3 million, Chinese Yuan - $3.3 million, Canadian Dollar - $2.3 million, South Korean Wan - $1.9 million, Brazilian Real - $1.8 million, Hong Kong Dollar - $1.6 million, Norwegian Kroner - $1.3 million, and Taiwan New Dollar - $1.2 million. An additional $5.9 million was held in various international currencies, none of which exceeded $1.0 million.

Concentration of Credit Risk

At June 30, 2011, 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, 2010, all of its investments were held by a single issuer and were therefore subject to concentration of credit risk.

Investments Highly Sensitive to Interest Rate Risk

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

At June 30, 2011, the University of Colorado Hospital Authority was party to a floating-to-fixed rate swap having a notional value of $71.2 million and a floating-to-fixed rate swap having a notional value of $100.2 million. At June 30, 2011, the agreements had fair values of ($7,597,000) and ($12,182,000), respectively, and are scheduled to terminate in 2031 and 2033, respectively.

Realized and unrealized gains and losses on the swap agreements are reported as investment income on the *Statement of Revenue, Expenditures, and Changes in Fund Net Assets – Component Units*. During Fiscal Year 2010-11, the two swaps produced a net cash outflow of approximately $5.3 million. None of the hospital's swaps qualified for hedge accounting.

Component Units – Foundations

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

At June 30, 2011, the University of Colorado Foundation held $250.9 million of domestic equity securities, $191.3 million of international equity securities, $178.3 million of fixed income securities, $436.4 million of alternative investments including real estate, private equities, hedge funds, absolute return funds, venture capital, oil and gas assets, and other investments. The fair value of the alternative investments has been estimated in the absence of readily available market information, and those values may vary significantly from actual liquidation values. The foundation's spending policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment income of $123.2 million is net of $5.5 million of investment fees and comprises $12.2 million of interest and dividends, $19.0 million of realized gains, and $97.5 million of unrealized gains.

At June 30, 2011, the Colorado State University Foundation held $123.8 million of equity securities, $148.3 million of alternative investments (comprising hedge equities, absolute return, and private equity investments), $20.6 million of fixed income securities, and $4.2 million in cash and other investments.

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 6.5 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, 2011, the CSMF held bonds and bond mutual funds totaling $29.3 million, stocks and stock mutual funds totaling $71.1 million, and investments in limited partnerships and real estate totaling $81.9 million in its long-term investments pool.

Of the foundation's $216.1 million of investments, $16.6 million, or 7.7 percent, was related to split interest agreements. CSMF is also the beneficiary of an endowment valued at $7.9 million and several long-term trusts valued at $1.3 million which are reported as Investments on the *Statement of Net Assets – Component Units.* Forty-five 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, 2011, the University of Northern Colorado Foundation held $38.6 million of equity securities, $31.4 million of fixed income securities, and $25.9 million of cash and other investments. The foundation's investment income of $16.5 million is net of $0.2 million of management fees and comprises $14.1 million of net realized and unrealized gains, and $2.6 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 Colorado Mesa University and the University of Colorado and its blended component units; however, Colorado Mesa University does participate in the Treasurer's Pool. 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 – OTHER LONG-TERM ASSETS

Primary Government

The $884.4 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 $293.9 million and $54.7 million recorded in the General Purpose Revenue Fund and the Highway Users Tax Fund, respectively, are not segregated on the Balance Sheet – Governmental Fund, but are shown in Taxes Receivable and Restricted Receivables, respectively, and the taxes receivables are offset by Deferred Revenue.

The $466.2 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 ($15.8 million), a major special revenue fund, and the Resource Extraction Fund ($427.2 million), a major special revenue fund. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

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

The $122.9 million shown as Other Long-term Assets on the Statement of Net Assets – Proprietary Funds is primarily student loans issued by Higher Education Institutions, but also includes deferred debt issuance costs.

Component Units

In 2010 the Colorado Water Resources and Power Development Authority purchased securities with Water Revenue Bonds Program 2010 Series A bond proceeds on behalf of a governmental agency that entered into a loan agreement with the Authority. The securities mature in conjunction with the borrower's projected construction cost schedule and the borrower retains the risk of loss related to the value of the securities. The securities are shown as *Securities Not Held for Investment* on the *Statement of Net Assets-Component Units* totaling $48.7 million; $7.9 million is short-term and $40.8 million is long-term.

NOTE 17 – CAPITAL ASSETS

Primary Government

During Fiscal Year 2010-11 the State capitalized $35.0 million of interest incurred during the construction of capital assets. The majority of this interest was capitalized by Institutions of Higher Education in the amount of $34.4 million, while most of the remainder was attributable to the Bridge Enterprise Program in the Department of Transportation.

The schedule on the following page shows the capital asset activity for Fiscal Year 2010-11.

(Amounts in Thousands)

	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	$ 144,268	$ 3,235	$ -	$ (3,863)	$ 143,640
Land Improvements	9,638	-	-	(131)	9,507
Collections	8,955	21	-	-	8,976
Construction in Progress (CIP)	613,385	590,846	(450,705)	(15,244)	738,282
Infrastructure	860,978	-	19,562	-	880,540
Total Capital Assets Not Being Depreciated	1,637,224	594,102	(431,143)	(19,238)	1,780,945
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	103,582	1,398	-	(116)	104,864
Buildings	1,558,447	1,998	244,694	(1,888)	1,803,251
Software	173,396	14,033	18,102	3,950	209,481
Vehicles and Equipment	646,074	40,830	2,453	(42,643)	646,714
Library Materials and Collections	6,178	426	-	(168)	6,436
Other Capital Assets	34,707	3,089	-	-	37,796
Infrastructure	9,312,574	179	165,894	(13,006)	9,465,641
Total Capital Assets Being Depreciated	11,834,958	61,953	431,143	(53,871)	12,274,183
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(54,864)	(4,670)	-	71	(59,463)
Buildings	(641,020)	(41,289)	-	785	(681,524)
Software	(77,149)	(20,256)	-	(1,996)	(99,401)
Vehicles and Equipment	(388,023)	(46,465)	-	32,561	(401,927)
Library Materials and Collections	(4,028)	(398)	-	168	(4,258)
Other Capital Assets	(20,914)	(1,832)	-	-	(22,746)
Infrastructure	(959,044)	(717,342)	-	2,817	(1,673,569)
Total Accumulated Depreciation	(2,145,042)	(832,252)	-	34,406	(2,942,888)
Total Capital Assets Being Depreciated, net	9,689,916	(770,299)	431,143	(19,465)	9,331,295
TOTAL GOVERNMENTAL ACTIVITIES	11,327,140	(176,197)	-	(38,703)	11,112,240
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	341,863	26,180	-	(2,379)	365,664
Land Improvements	17,908	707	164	-	18,779
Collections	18,175	797	150	(6)	19,116
Construction in Progress (CIP)	829,076	592,178	(883,946)	(3,371)	533,937
Infrastructure	26	-	1,022	-	1,048
Total Capital Assets Not Being Depreciated	1,207,048	619,862	(882,610)	(5,756)	938,544
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	432,547	7,093	17,529	(21,771)	435,398
Buildings	5,048,924	50,636	837,018	9,937	5,946,515
Software	74,419	5,438	29,641	(653)	108,845
Vehicles and Equipment	815,294	80,617	(4,372)	(39,254)	852,285
Library Materials and Collections	471,228	19,293	-	(11,212)	479,309
Other Capital Assets	10,095	63	-	(29)	10,129
Infrastructure	20,911	1,368	2,794	-	25,073
Total Capital Assets Being Depreciated	6,873,418	164,508	882,610	(62,982)	7,857,554
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(195,854)	(18,279)	-	725	(213,408)
Buildings	(1,805,041)	(173,002)	-	8,709	(1,969,334)
Software	(30,402)	(14,745)	-	649	(44,498)
Vehicles and Equipment	(584,668)	(61,820)	-	33,904	(612,584)
Library Materials and Collections	(333,471)	(21,221)	-	11,212	(343,480)
Other Capital Assets	(441)	(157)	-	29	(569)
Infrastructure	(10,770)	(565)	-	-	(11,335)
Total Accumulated Depreciation	(2,960,647)	(289,789)	-	55,228	(3,195,208)
Total Capital Assets Being Depreciated, net	3,912,771	(125,281)	882,610	(7,754)	4,662,346
TOTAL BUSINESS-TYPE ACTIVITIES	5,119,819	494,581	-	(13,510)	5,600,890
TOTAL CAPITAL ASSETS, NET	$ 16,446,959	$ 318,384	$ -	$ (52,213)	$ 16,713,130

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	$ 12,707
Business, Community, and Consumer Affairs	4,965
Education	1,917
Health and Rehabilitation	7,192
Justice	33,724
Natural Resources	6,689
Social Assistance	9,476
Transportation	738,622
Internal Service Funds (Charged to programs and BTAs based on useage)	16,960
Total Depreciation Expense Governmental Activities	832,252
BUSINESS-TYPE ACTIVITIES	
Higher Education Institutions	281,241
State Lottery	795
Other Enterprise Funds	7,753
Total Depreciation Expense Business-Type Activities	289,789
Total Depreciation Expense Primary Government	$ 1,122,041

Component Units

At June 30, 2011, the University of Colorado Hospital Authority reported $29.9 million of nondepreciable assets, including land and construction in progress. Depreciable assets included buildings and improvements of $679.6 million and equipment of $244.0 million. Accumulated depreciation related to these capital assets was $367.1 million resulting in net depreciable capital assets of $556.5 million.

In June 2009, the hospital initiated a strategic plan to implement a fully integrated electronic medical record system and to standardize its human resources and financial systems. The project plan has a revised budget of $42.0 million and a five-year time line. Costs incurred as of June 30, 2011, for the project approximated $32.3 million.

In January 2010, the Hospital began plans for a $393.0 million expansion to inpatient and emergency department services, and the construction of two parking structures. To date, the total spent on the expansion is $26.0 million with an expected occupancy date of March 2013.

The Colorado Water Resources and Power Development Authority reported capital assets of $47,703 net of accumulated depreciation of $86,814, at December 31, 2010.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment of $143.0 million, net of accumulated depreciation of $67.0 million, at December 31, 2010. 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 $2.5 million, net of accumulated depreciation of $9.1 million, at June 30, 2011.

The University of Colorado Real Estate Foundation reported land, buildings and improvements, and furniture and equipment of $61.0 million net of accumulated depreciation of $10.8 million, at June 30, 2011.

NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

Most State of Colorado employees, excluding four-year college and university employees, participate in a defined benefit (DB) pension plan; however, all employees, with the exception of certain higher education employees, have the option of participating in a defined contribution (DC) plan instead (see Note 20). The DB plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). The State plan and the other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, CO 80217-5800 or by calling the PERA Info line at 1-800-759-7372, or by visiting http://www.copera.org.

<u>Administration of the Plan</u>

In 1931, State statute established PERA and the State Division Trust Fund; subsequent statutes created the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the Denver Public Schools Division Trust Fund, and the Health Care Trust Funds. 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.

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

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution plan. If that election is not made, the employee is automatically enrolled in the plan to which they last contributed or, if there was no prior participation, to the defined benefit plan. PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contribution to the defined contribution plan is the same amount as the contribution to the PERA defined benefit plan.

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

Based on changes in the 2010 legislative session, slightly different plan requirements were in effect during part of Fiscal Year 2010-11. Requirements stated are as of June 30, 2011.

<u>Defined Retirement Benefits</u>

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 between January 1, 2007 and December 31, 2010 – 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. For members with less than five years of service credit as of January 1, 2011 age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 3 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. For members eligible to retire as of January 1, 2011, reduced service benefits are calculated in the same manner as a service retirement benefit; however, the benefit is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement. For members eligible to retire after January 1, 2011, an additional actuarial reduction applies.

Members with five years of service credit as of January 1, 2011, 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 and age plus years of service equals 80 or more.
- Hired between January 1, 2007 and December 31, 2010 – age 55 and age plus years of service equals 85 or more. Age plus years of service requirements increase to 85 for members with less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

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

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

- Hired before January 1, 2007 – HAS is calculated based on four 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 four 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.

Notwithstanding any other provisions, members first eligible for retirement after January 2, 2011 have a maximum increase between periods of 8 percent.

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

Prior to January 1, 2010, retiree benefits were increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

In the 2010 legislative session, the general assembly set the current benefit increase as the lesser of 2 percent or the average of the monthly CPI amounts for calendar year 2009, and moved the payment date for all increases to July.

If PERA's overall funded status is at or above 103 percent, the annual increase cap of 2 percent will increase by 0.25 percentage points per year. If PERA's overall funded status reaches 103 percent then subsequently drops below 90 percent, the adjusted annual increase cap will decrease by 0.25 percentage points per year, but will never drop below 2 percent. The funded ratio increase does not apply for three years when a negative return on investment occurs.

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and accrued interest at the time of retirement. Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the money purchase formula only.

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who have 5 years of service and withdraw their accounts before reaching retirement eligibility and 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. Members not having 5 years of service and not eligible for full or reduced retirement receive employer matching contribution of one-half of their account balance measured at January 1, 2011. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limits the rate to a maximum of 5 percent. Effective January 1, 2009, the rate was set at 3 percent.

Disability and Survivor Benefits

PERA provides a two-tiered disability program for most members. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits through a third party insurance carrier. If the member is not totally and permanently disabled, they are provided reasonable income replacement (maximum 60 percent of PERA includable salary for 22 months). If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit. There is no earned service requirement for judges, and the earned service requirement may be waived for State troopers who become disabled as the result of injuries in the line of duty.

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

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 10.5 percent of their gross covered wages, except for State troopers and Colorado Bureau of Investigation officers, who contribute 12.5 percent. Prior to July 1, 2010, the member and State Trooper and Colorado Bureau of Investigation officers rate was 8.0 and 10.5 percent, respectively. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The following table presents the Statutorily Required Contribution (SRC) percentages and the percentage amount of the SRC paid by the State for the last three fiscal years:

Time Period	Statutorily Required Contribution (SRC) Percentage			Percent of SRC Paid
	Judges	Troopers	Other	
Fiscal Year 2010-11				
1-1-11 to 6-30-11	14.86	14.95	12.25	100
7-1-10 to 12-31-10	14.86	14.05	11.35	100
Fiscal Year 2009-10				
1-1-10 to 6-30-10	17.36	16.55	13.85	100
7-1-09 to 12-31-09	16.46	15.65	12.95	100
Fiscal Year 2008-09				
1-1-09 to 6-30-09	16.46	15.65	12.95	100
7-1-08 to 12-31-08	15.56	14.75	12.05	100

In the 2004 legislative session, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary beginning January 1, 2006, another 0.5 percent of salary in 2007, and subsequent year increases of 0.4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points.

For State employers, each year's one half percentage point increase in the SAED will be deducted from the amount otherwise available to increase State employees' salaries, and used by the employer to pay the SAED.

In the 2010 legislative session, the General Assembly extended both the AED and SAED. The AED will continue to increase at a rate of 0.4 percent of salary from calendar years 2013 through 2017. The SAED will continue to increase by one-half percentage point from calendar years 2014 through 2017. For the Judicial Division, the AED and SAED are frozen at the 2010 levels. At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent.

The preceding contribution table reflects the increase required by the AED/SAED legislation.

The Fiscal Year 2010-11 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, 2010, to December 31, 2010, 10.33 percent was allocated to the defined benefit plan, and
- From January 1, 2011, to June 30, 2011, 11.23 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, 2010, the State Division of PERA had a funded ratio of 62.8 percent and a 47-year amortization period based on current contribution rates. The funded ratio on the market value of assets is lower at 61.3 percent.

The State made the following retirement contributions:

- Fiscal Year 2010-11 - $256.7 million
- Fiscal Year 2009-10 - $291.9 million
- Fiscal Year 2008-09 - $277.2 million
- Fiscal Year 2007-08 - $239.9 million
- Fiscal Year 2006-07 - $236.8 million (*previously restated*)
- Fiscal Year 2005-06 - $189.2 million
- Fiscal Year 2004-05 - $189.4 million
- Fiscal Year 2003-04 - $167.7 million
- Fiscal Year 2002-03 - $155.7 million
- Fiscal Year 2001-02 - $135.8 million

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

PERA's actuary calculates the amount of Annual Required Contribution (ARC) for the State Division, assuming a 30-year amortization period and Generally Accepted Accounting Principle parameters. The State of Colorado is the majority, but not all, of the State Division.

The following table shows the three most recent calculations for the State Division ARC:

Calendar Year	$ Amount of ARC (Thousands)	ARC Percent of Payroll	Percent of ARC Contributed
2010	$452,821	18.93%	62%
2009 (restated)	$426,999	17.91%	69%
2008 (restated)	$437,537	18.45%	61%

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

C. OTHER PENSION CONTRIBUTIONS

The Fire and Police Pension Association (FPPA), a related organization, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2010-11 and 2009-10, the Department of Local Affairs transferred $4.3 million and $4.2 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 is required to make supplemental contributions; however, from Fiscal Year 2008-09 to Fiscal Year 2010-11 to address State budget shortfalls, the General Assembly authorized the State Treasurer to suspend transfers related to the actuarial soundness of the pension plan. 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 $86,000 to this plan in Fiscal Year 2010-11. 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 $20.1 million in Fiscal Year 2010-11 to this plan. The amount of the actuarially computed net periodic pension cost was $20.4 million. In Fiscal Year 2008-09, the hospital elected to contribute additional moneys to the plan resulting in a net pension asset of $6.8 million as of June 30, 2011, which will be used to offset funding requirements in future periods. The net pension asset is reported on the *Statement of Net Assets – Component Units*. At July 1, 2010, 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, 2008. The Authority also provides three other retirement plans, as discussed in Note 20.

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

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see Note RSI-2) following the notes to the financial statements, presents multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Primary Government

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 of service less than 20 years.

An additional implicit subsidy exists for participating retirees not eligible for Medicare Part A. This occurs because State statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding that the premium is calculated assuming that the participants have Medicare Part A coverage. At December 31, 2010, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.35 billion, a funded ratio of 17.5 percent, and a 42-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 $24.3 million, $24.0 million, $24.6 million, $23.1 million, $24.4 million, and $20.6 million in Fiscal Years 2010-11, 2009-10, 2008-09, 2007-08, and 2006-07, 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 2010. As of December 31, 2010, there were 48,455 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.

In the December 31, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an eight percent investment rate of return and discount rate, and a four and one-half percent projection of salary increases, both assuming a three and three-quarter percent inflation rate and productivity at three-quarter percent. Medical claims are projected to increase annually at three and one-half percent. There are no post-retirement benefit increases, and the UAAL is being amortized as a level dollar amount on an open basis over 30 years.

University of Colorado – Other Postemployment Benefits Plan

The University Post-Retirement Health Care & Life Insurance Benefits Plan is a single-employer defined benefit healthcare plan administered by the University of Colorado. The University's plan provides medical, dental and life insurance benefits for employees who retire from the University, as well as their spouses and dependents. The University's Board of Regents has the authority to establish and amend benefits provisions.

The contribution requirements of plan members and the University are established by the University's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2010-11, the University contributed $13.0 million to the plan. Plan members contributed 0.2 percent of covered payroll (defined as the annual payroll of active employees covered by the plan) and the University contributed 0.8 percent of covered payroll.

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

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

(Amounts In Thousands)

Annual required contribution	$ 40,717
Interest on net OPEB obligation	3,563
Adjustment to annual required contribution	(4,861)
Annual OPEB cost (expense)	39,419
Contributions made	(13,041)
Increase in net OPEB obligation	26,378
Net OPEB obligation - beginning of year	33,022
Prior Period Adjustment (see Note 29)	46,163
Net OPEB obligation - end of year	$ 105,563

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Year 2010-11 were as follows:

(Amounts In Thousands)

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010-11	$ 39,419	33.1%	$105,563

As of July 1, 2010, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $343.1 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $343.1 million. The UAAL of the plan exceeds the Net OPEB Obligation (NOPEBO) due to the portion of the UAAL not required to be recognized as NOPEBO at the implementation of GASB Statement No. 45. The covered payroll was $1,023.5 million, and the ratio of UAAL to covered payroll was 33.5 percent. The current valuation was calculated on the basis of the unit credit actuarial cost method. The actuarial assumptions included a four and one-half percent investment rate of return and various rates ranging from five to nine percent for annual increase in medical claims. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

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

Colorado State University administers four single employer defined benefit healthcare plans. The Retiree Medical Premium Refund Plan (RMPR) provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the university and are participants in its defined contribution plan. The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) provides a monthly subsidy for medical premiums of up to $317 (reduced by the amount of premium subsidy provided by PERA) for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) supplements prescription benefits provided through PERA for employees with ten or more years of PERA service. The Long-Term Disability Insurance Plan (LTD) provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or until attained age between 65 and 70 years depending on when the employee became disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by writing to 555 S. Howes St., Fort Collins, CO 80523, or by going to: http://busfin.colostate.edu/finstmt.aspx.

The contribution requirements of all plan members and the university are established by the university's Board of Governors. The required contribution for the RMPR, URX and LTD plans is set by the university in consultation with outside benefit consultants, underwriters, and actuaries. The subsidy amount under the RMPS is determined on a pay-as-you-go basis. For Fiscal Year 2010-11, the university contributed $506,311 to the RMPR, $1,246,899 to the RMPS, $82,227 to the URX and $1,030,679 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)

	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
RMPR	2010-11	$ 2,482	20.4%	$ 7,207
RMPS	2010-11	$ 3,980	31.3%	$ 11,016
URX	2010-11	$ 189	43.5%	$ 341
LTD	2010-11	$ 1,177	87.6%	$ 635

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 2010-11 were as follows:

(Amounts In Thousands)

	RMPR	RMPS
Annual required contribution	$ 2,447	$ 4,137
Interest on net OPEB obligation	211	331
Adjustment to annual required contribution	(176)	(488)
Annual OPEB cost (expense)	2,482	3,980
Contributions made	(506)	(1,247)
Increase in net OPEB obligation	1,976	2,733
Net OPEB obligation - beginning of year	5,231	8,283
Net OPEB obligation - end of year	$ 7,207	$ 11,016

(Amounts In Thousands)

	URX	LTD
Annual required contribution	$ 194	$ 1,173
Interest on net OPEB obligation	11	20
Adjustment to annual required contribution	(16)	(16)
Annual OPEB cost (expense)	189	1,177
Contributions made	(82)	(1,031)
Increase in net OPEB obligation	107	146
Net OPEB obligation - beginning of year	234	489
Net OPEB obligation - end of year	$ 341	$ 635

As of the most recent actuarial valuation date of January 1, 2011, 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 \$28.9 million, \$53.2 million, \$2.8 million, and \$13.0 million respectively, resulting in unfunded actuarial accrued liabilities of \$28.9 million, \$53.2 million, \$2.8 million and \$13.0 million, respectively. The UAAL of the plan exceeds the Net OPEB Obligation (NOPEBO) due to the portion of the UAAL not required to be recognized as NOPEBO at the implementation of GASB Statement No. 45. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was \$248.2 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was 11.65 percent. Neither the RMPS, the URX, nor the LTD plan contribution is based on salaries or covered payroll.

The RMPR and LTD plans used the entry age normal actuarial cost method, while the RMPS and URX plans used the unit credit method. All four plans used a four percent investment rate of return and a three percent inflation adjustment. The RMPR plan also used a four percent salary increase assumption, while the RMPS, URX, and LTD plans did not incorporate that assumption into their analysis because benefits are not based on salary.

The RMPR and RMPS plans assumed an annual healthcare cost trend initial rate of eight percent declining to an ultimate rate of five percent. The LTD does not use a healthcare trend rate because it provides income replacement, not healthcare. The RMPR and LTD plans used a level percentage of projected payroll to amortize the UAAL and 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-seven years remain on the closed period for the RMPS and URX and 30 years remains for the LTD open period.

Other Programs

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

Component Units

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

NOTE 20 – OTHER EMPLOYEE BENEFITS

Primary Government

A. MEDICAL AND DISABILITY BENEFITS

The Group Benefit Plans Fund is a Pension and Other Employee Benefits Trust Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care. Before January 1, 2000, the State offered a variety of medical plans; some of the plans were fully insured while others were self-funded using Anthem Blue Cross Blue Shield as the plan administrator. Between January 1, 2000, and June 30, 2005, self-funded plans were no longer offered, and the State and its employees paid premiums for insurance purchased to cover medical claims. After June 30, 2005, the State returned to a self-funded approach for certain employee and state-official medical claims. The State's contribution to the premium is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans.

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as 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. Effective July 1, 2010, the State began offering two state-wide, self-funded PPO options administered by United Healthcare and two regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). Two statewide, dental PPO options administered by Delta Dental were also offered.

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

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

B. EMPLOYEE DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan which was established for State and local government employees in 1981. At July 1, 2009, the State's administrative functions were transferred to PERA in a fiduciary to fiduciary transfer; all costs of administration and funding are borne by the plan participants. The 457 plan allows for voluntary participation to provide additional benefits at retirement, and all employees may contribute to the 457 plan. At conversion, State employees were the primary participants in the 457 plan. In calendar year 2010, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution with a temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $16,500. Participants who are age 50 and older, and contributing the maximum amount allowable, can make an additional $5,500 in 2010, for total contributions of $22,000. Contributions and earnings are tax deferred. At December 31, 2010, the plan had 18,215 participants.

C. OTHER RETIREMENT PLANS

<u>PERA 401k Plan</u>

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the 457 plan, the defined contribution plan, and the defined benefit plan. In calendar years 2009 and 2010, PERA members are allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution with a temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $16,500. Participants who are age 50 and older, and contributing the maximum amount allowable, can make an additional $5,500 in 2010, for total contributions of $22,000. Contributions and earnings are tax deferred. On December 31, 2010, the plan had net assets of $1,902.3 million and 73,860 accounts.

<u>PERA Defined Contribution Retirement Plan</u>

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the State's defined contribution plan was transferred to PERA and participants of the State's plan became participants of the PERA defined contribution plan. Existing State plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years. Participants in the plan are required to contribute 8 percent (10 percent for State troopers) of their salary. For Fiscal Years 2010-11 and 2011-12 the legislature temporarily increased the required contribution rate to 10.5 percent (12.5 percent for State Troopers). At December 31, 2010, the plan had 3,479 participants.

The financial statements for the PERA Deferred Compensation Plan, the PERA 401k Plan, and the PERA Defined Contribution Plan can be found within PERA's financial statements as referenced at the beginning of Note 18.

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 $100.4 million and $95.5 million during Fiscal Years 2010-11 and 2009-10, respectively. In addition, the State paid $80.9 million and $78.0 million in FICA and Medicare taxes on employee wages during Fiscal Years 2010-11 and 2009-10, respectively.

Component Units

Employees of the Colorado Water Resources and Power Development Authority and the Statewide Internet Portal Authority may voluntarily contribute to the PERA 401k Defined Contribution Pension Plan discussed above.

The University of Colorado Hospital Authority provides a single employer defined contribution plan (401a) and a single employer tax-deferred annuity plan (403b) that required the hospital to make matching contributions of $6.6 million in Fiscal Year 2010-11. The hospital also provides a single employer tax deferred plan (457b) that did not require hospital contributions. All three plans are administered by third-party investment companies. The financial statements of these pension plans are available from the hospital.

D. TERMINATION BENEFITS

The University of Colorado provides an early retirement incentive program to tenured professors who are at least 55 years of age, whose age and years of service combined equal at least 70, and who participate in the University's optional retirement plan. The time period for the arrangement is from calendar year 2010 to 2016. The incentive is equal to twice the base salary and supplemental pay and requires the immediate relinquishment of tenure status. In Fiscal Year 2010-11 48 faculty members participated in the program at a present value accrued cost of $9.0 million, with an assumed discount rate of 5 percent.

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 a Special Purpose General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State. Property claims are not self-insured; the State has purchased property insurance, which includes flood and terrorism coverage. Settlements have not exceeded insurance coverage in any of the three prior years.

All funds and agencies of the State, except for the University of Colorado, Colorado State University (not including CSU-Pueblo), the University of Northern Colorado, Fort Lewis College, Colorado Mesa University (formerly Mesa State College), and component units participate in the State Risk Management Fund. State agency premiums are based on an assessment of risk exposure and historical claims experience.

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

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

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $200,000 per individual. In Fiscal Year 2010-11, the State recovered approximately $7.0 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded $10.5 million of insurance recoveries during Fiscal Year 2010-11. Of that amount approximately $2.1 million was related to asset impairments that occurred in prior years primarily at the Departments of Corrections and Transportation, in the General Purpose Revenue Fund and Highway Users Tax Fund, respectively. The remaining $8.4 million relates to the current year and was primarily recorded by Group Benefits Plans ($7.0 million, as noted above), a Pension and Other Employee Benefits Fund, and by Higher Education $0.8 million in the Higher Education Institutions Fund.

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

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $150,000 per person and $600,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2010-11, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The university manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $200,000 per person and $10.0 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2010-11 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the university collected $1,074,189 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2009 through 2011. 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 2010-11, and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $200,000. The related liability is based on underwriting review of claims history and current data. The university is self-insured for worker's compensation up to $500,000, and has purchased re-insurance for individual claims up to statutory limits.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $5.0 million and additional insurance purchased for claims up to $10.0 million per occurrence. The university is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. There were no significant reductions in insurance coverage in Fiscal Year 2010-11, 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 retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2005-06. The university has purchased $3.0 million of general liability insurance ($0 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), $500.0 million of commercial property insurance ($25,000 deductible), and $2.0 million umbrella liability (10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2010-11, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the College was covered under the State's risk management program. The university retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2010-11, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance ($1,000 deductible). Before Fiscal Year 2010-11, the University was covered under the State's risk management program. The university retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2010-11, and the amount of settlements has not exceeded insurance coverage in any of the prior three 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				
2010-11	$22,938	$ 6,885	$ 5,090	$24,733
2009-10	17,703	9,941	4,706	22,938
2008-09	17,703	6,435	6,435	17,703
Workers' Compensation				
2010-11	100,787	44,977	35,442	110,322
2009-10	84,147	53,278	36,638	100,787
2008-09	83,203	37,147	36,203	84,147
Group Benefit Plans:				
2010-11	17,873	133,109	137,078	13,904
2009-10	16,621	143,098	141,846	17,873
2008-09	17,254	135,837	136,470	16,621
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2010-11	11,561	4,659	6,243	9,977
2009-10	11,663	5,905	6,007	11,561
2008-09	14,080	4,040	6,457	11,663
University of Colorado Denver:				
Medical Malpractice				
2010-11	4,589	1,864	1,327	5,126
2009-10	5,065	273	749	4,589
2008-09	4,175	2,830	1,940	5,065
Graduate Medical Education Health Benefits Program				
2010-11	1,321	6,319	6,349	1,291
2009-10	1,603	6,280	6,562	1,321
2008-09	1,257	8,693	8,347	1,603
Colorado State University:				
Medical, Dental, and Disability Benefits				
2010-11	21,766	34,865	29,618	27,013
2009-10	18,537	32,285	29,056	21,766
2008-09	17,798	28,919	28,180	18,537
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2010-11	25	92	96	21
2009-10	24	92	91	25
2008-09	75	15	66	24
Fort Lewis College:				
Workers' Compensation				
2010-11	288	124	97	315
Colorado Mesa University:				
Workers' Compensation				
2010-11	282	303	445	140

Component Units

In order to manage malpractice claims risk, the University of Colorado Hospital Authority participates in a self-insurance trust – the University of Colorado Self-Insurance and Risk Management Trust. The trust provides coverage up to the governmental immunity limits ($150,000 per individual and $600,000 per occurrence for claims arising within the State). The trust also provides coverage of $1.0 million for claims arising outside the State and contracts with a commercial insurance company for coverage to $6.0 million per occurrence or in aggregate per year when governmental immunity does not apply. For Fiscal Year 2010-11, the hospital recorded premium and administrative expenses of $505,000. The trust had a fund balance of $1.1 million, which was net of approximately $5.1 million in reserves for losses and loss adjustment expense. The hospital purchases insurance coverage for theft, property damage, injuries and accidents, business interruption, automobile, nonowned aircraft, errors and omissions, fiduciary responsibility, and employee health and dental through commercial insurance companies.

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

NOTE 22 – LEASE COMMITMENTS

Primary Government

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

At June 30, 2011, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease (Before Depreciation)

	Land	Buildings	Equipment and Other
Governmental Activities	$ 735	$ 56,875	$ 139,115
Business-Type Activities	5,130	44,369	24,484
Total	$ 5,865	$ 101,244	$ 163,599

At June 30, 2011, the State expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 263	$ 575	$ 838
Business-Type Activities	-	10	10
Total	$ 263	$ 585	$ 848

During the year ended June 30, 2011, the State incurred the following contingent rentals related to capital and operating leases:

(Amounts in Thousands)

Contingent Rentals

	Capital	Operating	Total
Business-Type Activities	$ -	$ 19	$ 19
Total	$ -	$ 19	$ 19

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, 2011, the total obligation for the space was $2.9 million, with an average annual lease payment of $136,086, and the total obligation for the vehicles and equipment was $4.1 million, with total annual lease payments of $1.7 million.

Colorado Mesa University has a lease-purchase agreement with the Colorado Mesa University Foundation for the acquisition of property. The remaining term of the lease is 8 years and it requires payment of interest at 3 percent; the university owed the foundation $1.2 million under this agreement at June 30, 2011.

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.

The Colorado Community College System made lease payments of $469,765 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 2010-11, the State recorded building and land rent of $50.2 million and $19.1 million in governmental and business-type activities, respectively. The State also recorded equipment and vehicle rental expenditures of $9.4 million and $31.1 million in governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State fleet management program.

The State recorded $3.3 million of lease interest costs in the governmental activities and $2.0 million in the business-type activities.

The State entered into approximately $5.9 million of capital leases related to the State's fleet management, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2011, 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
2012	$ 45,050	$ 19,098	$ 17,272	$ 7,057
2013	39,293	15,479	15,872	7,031
2014	33,856	13,713	14,214	6,305
2015	28,157	11,801	12,695	5,236
2016	20,056	11,085	10,577	4,812
2017 to 2021	46,350	18,150	37,514	16,434
2022 to 2026	158	3,954	21,794	11,865
2027 to 2031	116	1,875	9,701	6,123
2032 to 2036	124	830	1,740	793
2037 to 2041	126	645	-	-
2042 to 2046	136	645	-	-
2047 to 2051	61	193	-	-
Total Minimum Lease Payments	213,483	97,468	141,379	65,656
Less: Imputed Interest Costs			33,791	17,240
Present Value of Minimum Lease Payments	$ 213,483	$ 97,468	$ 107,588	$ 48,416

Component Units

The University of Colorado Hospital Authority leases certain equipment under noncancellable operating leases. Rental expense for operating leases approximated $5.1 million for Fiscal Year 2010-11. Future minimum lease payments for these leases at June 30, 2011, are:

(Amounts in Thousands)

Fiscal Year	Amount
2012	$ 4,985
2013	3,389
2014	2,841
2015	2,598
2016	1,968
2017-2020	2,862
Total Minimum Obligations	$ 18,643

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, 2010 was $118,581. The total minimum rental commitment under this lease is $215,557 as of December 31, 2010.

Effective October 1, 1999, the University of Colorado Foundation entered into an agreement to lease the building in which it operates. The foundation recorded a lease liability equal to the present value of the future minimum lease payments under the lease, which was $2.7 million at June 30, 2011. Total minimum lease payments including interest at June 30, 2011, were $3.3 million. The lessor of the building has promised to make a nonreciprocal transfer of the building or its cash equivalent to the foundation on or before September 2014.

The 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, 2011 was $156,071. The total minimum rental commitment under the leases was $0.5 million at June 30, 2011.

NOTE 23 – SHORT-TERM DEBT

On December 14, 2010**,** the State Treasurer issued $500.0 million of General Fund Tax Revenue Anticipation Notes, Series 2010. The notes were due and payable on June 27, 2011, at a coupon rate of 2.0 percent. The total interest related to this issuance was $5.4 million, however, the notes were issued at a premium of $4.6 million resulting in net interest costs of $808,611 and a yield of 0.29 percent. The notes were issued for cash management purposes and were repaid before June 30, 2011, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On December 10, 2010, the State Treasurer issued $325.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2010B. The notes had a coupon rate of 2.0 percent, resulting in net interest costs of $601,361. The notes matured on June 30, 2011 and were repaid.

The following schedule shows the changes in short-term financing for the period ended June 30, 2011:

(Amount in Thousands)

	Beginning Balance July 1	Changes: Additions	Changes: Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 500,000	$ (500,000)	$ -
Education Loan Anticipation Notes	$ 515,000	325,000	$ (840,000)	-
Total Governmental Activities Short-Term Financing	515,000	825,000	(1,340,000)	-
Business Type Activities:				
Short-Term External Loans	40,000	-	(40,000)	-
Total Business Type Activities Short-Term Financing	40,000	-	(40,000)	-
Total Short-Term Financing	$ 555,000	$ 825,000	$ (1,380,000)	$ -

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

Primary Government

Various institutions of higher education, the State Nursing Homes, the State Historical Society, the Judicial Branch, and the Departments of Corrections, Transportation, and Personnel & Administration have outstanding notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment or to construct facilities or infrastructure. Except for the Department of Corrections which receives Capital Projects Fund appropriations for lease payments related to COPs, specific user revenues are pledged for the payments of interest and future retirement of the obligations. The State is not allowed by its Constitution to issue general obligation debt except to fund buildings for State use, to defend the State or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies; additional restrictive limitations related to the valuation of taxable property also apply.

During Fiscal Year 2010-11 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 $611.6 million of available net revenue after operating expenses to meet the $183.2 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 37.)

The State recorded $244.5 million of interest costs, of which, $90.1 million was recorded by governmental activities and $154.4 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $50.0 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, and $16.3 million of interest primarily on Certificates of Participation issued by the Judicial Branch. The business-type activities interest cost primarily comprises $119.1 million of interest on revenue bonds issued by institutions of higher education, and $16.0 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program. College Assist is a nonmajor enterprise fund.

Annual maturities of notes, bonds, and COPs payable at June 30, 2011, are as follows:

(Amounts in Thousands)

	Governmental Activities					
	Revenue Bonds		Certificates of Participation		Totals	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 125,265	$ 42,725	$ 19,900	$ 39,803	$ 145,165	$ 82,528
2013	132,105	35,889	24,985	37,768	157,090	73,657
2014	140,545	27,446	25,360	36,853	165,905	64,299
2015	146,575	21,418	25,710	35,649	172,285	57,067
2016	156,565	11,426	33,190	42,345	189,755	53,771
2017 to 2021	127,185	3,180	125,076	152,251	252,261	155,431
2022 to 2026	-	-	183,120	126,399	183,120	126,399
2027 to 2031	-	-	256,965	91,760	256,965	91,760
2032 to 2036	-	-	65,590	57,096	65,590	57,096
2037 to 2041	-	-	74,225	33,181	74,225	33,181
2042 to 2046	-	-	55,440	7,588	55,440	7,588
2047 to 2051	-	-	-	-	-	-
Subtotals	828,240	142,084	889,561	660,693	1,717,801	802,777
Unamortized Prem/Discount	41,042	-	7,954	-	48,996	-
Accrued Capital Appreciation Certificates	-	-	117	-	117	-
Totals	$ 869,282	$ 142,084	$ 897,632	$ 660,693	$ 1,766,914	$ 802,777

(Amounts in Thousands)

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
	Business-Type Activities							
2012	$ 68,115	$ 136,195	$ 477	$ 147	$ 9,964	$ 21,028	$ 78,556	$ 157,370
2013	93,180	133,480	447	129	18,150	20,507	111,777	154,116
2014	76,475	130,284	463	110	18,954	19,715	95,892	150,109
2015	78,670	127,203	483	89	19,834	18,933	98,987	146,225
2016	79,620	123,780	506	65	20,749	18,035	100,875	141,880
2017 to 2021	432,935	564,390	1,098	69	119,895	73,760	553,928	638,219
2022 to 2026	507,950	457,202	60	8	138,715	39,356	646,725	496,566
2027 to 2031	527,140	322,780	-	-	84,960	8,603	612,100	331,383
2032 to 2036	502,195	183,449	-	-	-	-	502,195	183,449
2037 to 2041	324,995	64,553	-	-	-	-	324,995	64,553
2042 to 2046	24,475	3,463	-	-	-	-	24,475	3,463
Subtotals	2,715,750	2,246,779	3,534	617	431,221	219,937	3,150,505	2,467,333
Unamortized Prem/Discount	18,498	-	(31)	-	(684)	-	17,783	-
Unaccreted Interest	(14,592)	-	-	-	-	-	(14,592)	-
Totals	$ 2,719,656	$ 2,246,779	$ 3,503	$ 617	$ 430,537	$ 219,937	$ 3,153,696	$ 2,467,333

In March 2008, the Colorado School of Mines entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs. See Note 28 for additional information.

Assuming current interest rates are applied over the term of the debt, at June 30, 2011, Mine's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)
Net Debt Service for Colorado School of Mines' Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2012	$ 550	$ 365	$ 1,435	$ 2,350
2013	575	360	1,415	2,350
2014	600	355	1,395	2,350
2015	625	349	1,373	2,347
2016	625	344	1,352	2,321
2017 to 2021	3,350	1,627	6,396	11,373
2022 to 2026	4,800	1,453	5,711	11,964
2027 to 2031	11,250	1,100	4,323	16,673
2032 to 2036	14,100	508	1,996	16,604
2037 to 2041	6,035	27	105	6,167
Totals	$ 42,510	$ 6,488	$ 25,501	$ 74,499

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	$ -	$ 912,979	$ 2,400,544
Business Type Activities	3,221,796	6,552	457,759	$ 3,686,107
Total	$ 4,709,361	$ 6,552	$ 1,370,738	$ 6,086,651

Component Units

The debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2010, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2011	$ 63,795	$ 51,898	$ 115,693
2012	60,025	49,542	109,567
2013	58,425	46,801	105,226
2014	59,275	44,165	103,440
2015	56,155	41,386	97,541
2016 to 2020	281,155	166,709	447,864
2021 to 2025	226,400	103,899	330,299
2026 to 2030	131,745	60,970	192,715
2031 to 2035	131,525	31,844	163,369
2036 to 2040	24,775	8,427	33,202
2041 to 2043	17,065	1,822	18,887
Total Future Payments	$ 1,110,340	$ 607,463	$ 1,717,803

The original principal amount for the outstanding bonds was $1,757.5 million. Total interest paid during 2010 amounted to $51.0 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds (except for the 1996 Series A bonds) are insured as to payment of principal and interest by Nation Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The 1996 Series A bonds as well as the Clean Water Revenue Bonds Series 1989A are insured by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation.

The Water Resources Revenue Bonds, Series 2003A and 2003B, Series 2004A, 2004B, 2004C, 2004D, and 2004E, and Series 2005A, 2005E, and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B, 2005C, and 2005D, Series 2008A, Series 2009A, and Series 2010A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The authority can issue up to $150.0 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds, and as of December 31, 2010, it had $59.5 million of these bonds outstanding.

In May 2011, the University of Colorado Hospital Authority issued Series 2011A Revenue Bonds. The net proceeds of $200.0 million will be used to partially fund construction of a new inpatient tower on the Anschutz Medical Campus. The revenue bonds are variable rate, bear interest weekly, and pay principal according to a mandatory sinking fund schedule. The average interest rate in 2011 was 0.14%. To provide liquidity support for the Series 2011A the Authority entered into a letter of credit agreement with Wells Fargo Bank, which will expire May 2016 unless extended by the bank.

Also in May 2011, the hospital converted the replacement Standby Bond Purchase Agreement with Wells Fargo Bank to a letter of credit agreement with JP Morgan Chase to provide liquidity support for the Series 2004A Revenue Bonds. The letter of credit agreement expires May 2016 unless extended by the bank. As a result of the conversion, the hospital terminated the Assured Guaranty investment policy on the Series 2004A.

During Fiscal Year 2010-11, the hospital met all the financial ratio requirements of its bond indentures. The hospital's interest payments in Fiscal Year 2010-110 were $23.3 million.

The aggregate maturities of long-term debt for the University of Colorado Hospital Authority at June 30, 2011, are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2012	$ 13,295	$ 27,620	$ 40,915
2013	13,655	27,092	40,747
2014	12,748	26,596	39,344
2015	13,180	26,025	39,205
2016	13,450	25,464	38,914
2017 to 2021	77,330	117,319	194,649
2022 to 2026	97,450	97,119	194,569
2027 to 2031	123,800	70,767	194,567
2032 to 2036	149,485	45,078	194,563
2037 to 2040	175,365	19,202	194,567
2041 to 2042	38,480	436	38,916
Total Long-Term Debt Payments	728,238	$ 482,718	$ 1,210,956
Less: Unamortized Discount	(1,772)		
Deferred Amount on Refunding of			
Series 1997 A Bonds	(3,161)		
Series 2008 B Bonds	(7,414)		
Series 2009 A Bonds	(231)		
Total Carrying Amount of Long-Term Debt	$ 715,660		

In February 2011, the University of Colorado Foundation renewed a $20.0 million, three-year committed, unsecured line of credit with a bank. The credit line carries an interest rate tied to the LIBOR index floating rate plus 175 basis points. No amounts were outstanding at June 30, 2011.

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. The note is collateralized by the underlying property and related rentals under a Deed of Trust. The note may be prepaid in whole or in part at any time without penalty.

Metropolitan State College of Denver has unconditionally guaranteed the debt service on bonds issued by the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority and transferred to HLC @ Metro, Inc. in October 2010. Bonds of $54.9 million were issued to finance the College's Hotel and Hospitality Learning Center. The issuance comprised $49,640,000 of Taxable Revenue Bonds Series 2010A (Build America Bonds – Direct Payment), $4,500,000 Tax-Exempt Revenue Bonds Series 2010B, and $745,000 Taxable Revenue Bonds Series 2010C. The Series bonds have both serial and term components maturing between Fiscal Year 2015-16 and Fiscal Year 2042-43 and interest rates ranging from 2.0 percent to 6.5 percent.

The debt service requirements to maturity for HLC @ Metro, Inc. at June 30, 2011, are as follows:

(Amounts in Thousands)

Year	Principal	Interest	Total
2011	$ -	$ 1,613	$ 1,613
2012	-	3,226	3,226
2013	-	3,226	3,226
2014	410	3,226	3,636
2015	710	3,218	3,928
2016 to 2020	5,800	15,615	21,415
2021 to 2025	7,395	14,139	21,534
2026 to 2030	8,870	11,880	20,750
2031 to 2035	10,820	8,870	19,690
2036 to 2040	13,285	5,090	18,375
2041 to 2042	7,595	786	8,381
Total Future Payments	$ 54,885	$ 70,889	$ 125,774

The University of Colorado Real Estate Foundation (CUREF) entered into two mortgage notes payable, $10,687,500 and $5,081,690, with an annual interest rate of 6.6 and 6.37 percent, maturing in October and August 2016, respectively. Both notes are secured by the land and buildings held in the limited liability corporations, of which CUREF is the sole member. The foundation also maintains a $7,000,000 line of credit with the University of Colorado that matures on July 3, 2013, with a balance of $350,000 as of June 30, 2011, and carries an annual rate of 2.0 percent.

The University of Colorado Real Estate Foundation and Campus Village Apartments, LLC., of which CUREF is the sole member, entered into a lease vacancy and reimbursement agreement related to the repayment of loaned proceeds from the Colorado Educational Cultural Facilities Authority 2008 Student Housing Revenue Refunding Bonds in the amount of $54,055,000. The Series 2008 bonds are 30-year serial bonds maturing on June 1, 2038, with fixed interest rates ranging from 4.0 to 5.5 percent, and containing certain provisions for early redemption. The debt service requirements to maturity as of June 30, 2011, are as follows:

(Amounts in Thousands)

Year	Principal	Interest Rate
2014	$ 20	4.00%
2015	105	4.25%
2016	195	4.38%
2017	295	4.50%
2018	400	4.50%
2019 to 2023	3,850	4.75% - 5.00%
2024 to 2028	9,335	5.38%
2029 to 2033	15,735	5.50%
2034 to 2038	24,120	5.50%
Total Principal Payments	$ 54,055	
Less: Unamortized Discount	(953)	
Total Carrying Amount of Long-Term Debt	$ 53,102	

Mandatory sinking fund requirements begin on June 1 in 2024, 2029, and 2034.

NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2010-11:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 2,575	$ 2	$ (1,425)	$ 1,152	$ 1,138
Accrued Compensated Absences	148,511	9,543	(11,174)	146,880	9,741
Claims and Judgments Payable	391,575	10,117	(17,048)	384,644	44,641
Capital Lease Obligations	97,130	22,414	(11,956)	107,588	12,872
Bonds Payable	992,436	4,820	(127,973)	869,283	125,265
Certificates of Participation	689,972	1,038,409	(830,750)	897,631	19,900
Other Long-Term Liabilities	402,599	75,268	(43,673)	434,194	-
Total Governmental Activities Long-Term Liabilities	2,724,798	1,160,573	(1,043,999)	2,841,372	213,557
Business-Type Activities					
Accrued Compensated Absences	209,330	25,988	(15,118)	220,200	14,579
Claims and Judgments Payable	29,461	7,196	(1,284)	35,373	-
Capital Lease Obligations	83,374	10,492	(45,450)	48,416	4,950
Derivative Instrument Liabilities	7,778	410	(2,006)	6,182	-
Bonds Payable	2,306,693	563,630	(108,157)	2,762,166	68,665
Certificates of Participation	432,699	125,358	(127,522)	430,535	9,964
Notes, Anticipation Warrants, Mortgages	3,925	70	(490)	3,505	477
Other Postemployment Benefits	47,259	94,877	(17,375)	124,761	18,885
Other Long-Term Liabilities	43,739	11,988	(4,697)	51,030	4,842
Total Business-Type Activities Long-Term Liabilities	3,164,258	840,009	(322,099)	3,682,168	122,362
Fiduciary Activities					
Deposits Held In Custody For Others	778,744	345,075	(17,207)	1,106,612	1,063,241
Accrued Compensated Absences	41	13	-	54	-
Other Long-Term Liabilities	7,846	1,626	(89)	9,383	-
Total Fiduciary Activities Long-Term Liabilities	786,631	346,714	(17,296)	1,116,049	1,063,241
Total Primary Government Long-Term Liabilities	$ 6,675,687	$2,347,296	$ (1,383,394)	$ 7,639,589	$ 1,399,160

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 Derivative Instrument Liabilities, Claims and Judgments Payable in business-type activities, and Other Long-Term Liabilities, except for CollegeInvest's prepaid tuition costs in the business-type activities. For Fiscal Year 2010-11, the current portion of Other Postemployment Benefits is being reported as Other Current Liabilities on the Statement of Net Assets.

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

Governmental activities include internal service funds, which apply full accrual accounting, and as a result, additions to Capital Lease Obligations shown above include amounts that are not shown as capital lease proceeds on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*.

At June 30, 2011, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Assets*:

The $434.2 million shown for governmental activities primarily comprises:

- $269.0 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 Purpose Revenue Fund and Highway Users Tax Fund. Payment is not expected within one year.
- $148.0 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $17.0 million of unclaimed property liabilities to claimants.

The $46.2 million (including $2.4 million Due to Component Units) shown for business-type activities primarily comprises:

- $25.7 million of commitments to pay future tuition costs related to the prepaid tuition program of CollegeInvest. An additional $23.7 million (including $18.9 million of current Other Postemployment Benefits) will be paid within one year and is reported as an Other Current Liability.
- $18.0 million of deferred revenue that the State does not expect to recognize within the following year. The most significant balances relate to an early retirement incentive program and an alternate Medicare program at the University of Colorado ($7.6 million and $3.2 million, respectively) and a ground lease at the University of Northern Colorado ($2.1 million).

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
University of Colorado Hospital Authority					
Bonds Payable	$ 527,132	$ 202,119	$ (13,591)	$ 715,660	$ 13,295
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 974,593	$ 145,195	$ (72,777)	$ 1,047,011	$ 63,795
Other Long-Term Liabilities	$ 126,383	$ 196,559	$ (132,914)	$ 190,028	$ 109,211

The Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority are primarily related to water operations 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), two charitable lead trusts, 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, 2011, the foundation held $61.9 million of split interest agreement investments with $22.0 million of related liabilities and reported $3.9 million of net beneficial interest in charitable trusts held by others.

At June 30, 2011, the University of Colorado Foundation held $247.1 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, 2011, total life income agreement assets of CSUF were $747,310. Life income agreements payable at the same date totaled $885,499. 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, 2011, the foundation held $12.2 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, 2011, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust and pooled income assets of $16.6 million; related liabilities of $10.1 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 $10.1 million mentioned above and total $4.8 million. At June 30, 2011, CSMF reported $15.4 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

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 2010-11, debt was defeased only in business-type activities.

At June 30, 2011, 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	$ 210,955
Department of Treasury	26,335
Department of Corrections	18,100
Business-Type Activities:	
University of Colorado	201,410
Mesa State College	28,445
Colorado School of Mines	23,800
Community College System	5,920
Colorado State University	9,595
Western State College	8,395
Adams State College	8,430
Total	$ 541,385

The Board of Regents of the University of Colorado issued $19,060,000 of its Enterprise Refunding Revenue Bonds, Series 2010B to partially defease $18,785,000 of its Enterprise Revenue Bonds, Series 2002A and 2003A. The defeased debt had an interest rate of 5.0 percent, and the new debt has an interest rate of 2.47 percent. The remaining term of the debt varies, and the estimated debt service cash flows decreased by $949,126. The defeasance resulted in an economic gain of $838,666 and a book loss of $2,179,768 that will be amortized as an adjustment of interest expense over the remaining ten years of the new debt.

The Colorado School of Mines issued $42,860,000 of its Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds, Series 2010A to fully defease its Variable Rate Demand Institutional Enterprise Refunding Revenue Bonds, Series 2008A. Both the defeased debt and the new debt had a variable interest rate equal to 67 percent of LIBOR. The remaining term of the debt was 28 years, and the estimated debt service cash flows decreased by $5,157,053. The defeasance did not result in an economic gain or loss, but produced a book loss of $11,633,538 that will be amortized as an adjustment of interest expense over the remaining years of the new debt. The book loss includes $8.2 million related to an ongoing interest rate swap hedge derivative that is deemed terminated for accounting and reporting purposes.

NOTE 27 – POLLUTION REMEDIATION OBLIGATIONS

Various State agencies and institutions of higher education have pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Other Current Liabilities or Other Long-Term Liabilities on the government-wide and proprietary fund-level *Statement of Net Assets*

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

The State's total amount of pollution remediation obligations as of June 30, 2011 was $152.5 million ($3.8 million of which was a current liability). Superfund sites account for approximately $150.6 million of the State's total pollution remediation obligation. Other pollution obligations of the State include remediation activities related to asbestos abatement and removal, ground water contamination, and underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $68.0 million related to the operation of a water treatment plant. Currently the department shares the cost of operating the water treatment plant, construction of a new treatment plant in Fiscal Year 2011-12, 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, 2011, the State has received $11.0 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $51.1 million related to a number of inactive precious metal mines that have caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a new water treatment plant whose construction is expected to commence in 2013. Current operating and maintenance costs are borne 100 percent by the State. Beginning in 2016, the department will share these costs with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill of approximately $5.9 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.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $17.8 million related to the clean-up of contamination from mine waste piles and drainage. The liability includes the construction of a water treatment plan from 2015 to 2017. 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 until 2028, 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.

NOTE 28 – DERIVATIVE INSTRUMENTS

On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2008A debt issuance. The swap agreement was not terminated with the refunding of the Series 2008A bonds with the Series 2010A bonds (see Note 26). This agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the *Statement of Net Assets*, and accordingly, the State recognized a Deferred Inflow of Resources of $2.0 million as of June 30, 2011.

The Swap Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing variable rate revenue bonds. The Agreement, with an original notional amount of $43.2 million and current notional amount of $42.5 million, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London InterBank Offering Rate (payable by Morgan Stanley), which was 0.18 percent at June 30, 2011. Cash flows between the parties are settled on the net difference. The market value as of June 30, 2011 was $6.2 million as determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2037. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Assets.*

There are inherent risks associated with interest rate swaps that the Colorado School of Mines monitors and addresses including:

- Termination Risk – Terminating the transaction while the market value is negative would likely require a termination payment by the School. An unanticipated termination and related payment could occur due to management decision to terminate, a counterparty default, or a decrease in the School's credit rating.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School considers the Swap Agreement counterparty's credit quality rating and whether the counterparty can withstand continuing credit market stress. The School does not consider this a significant risk.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices, including, but not limited to, the Securities Industry and Financial Markets Association or the London Interbank Offered Rate.

NOTES 29 Through 32 – DETAILS OF NET ASSETS AND FUND EQUITY

NOTE 29 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

Adjustments that are due to corrections of errors or statutory changes are presented in the table below as Prior Period Adjustments. Beginning balances adjusted for accounting changes required by Governmental Accounting Standards Board Statement No. 54 are presented in Section B of this note.

A. PRIOR PERIOD ADJUSTMENTS

The beginning net assets of the Governmental Activities on the government-wide *Statement of Activities* increased by $14,971,609 due to the following adjustments:

- An increase of $32,244,111, when the Department of Transportation identified that construction in progress related to roadway and bridge projects in prior years had not been recorded correctly. This adjustment appears only on the government-wide *Statement of Activities* because the related assets are not reported in the fund level statements.
- A decrease of $3,555,667, when the Department of Health Care Policy and Financing corrected an error in calculating the federal share of amounts recovered to be returned to the federal government since Fiscal Year 2008-09. The correction of this error also reduced the beginning net assets on the fund-level *Statement of Revenue, Expenditures and Changes in Fund Balance*.
- A decrease of $428,835, when the Department of Personnel & Administration reduced the beginning fund balance of the Worker's Compensation Risk Management Fund, a Special Purpose General Fund, by $282,037 and $146,798 when it paid Colorado Mesa University and Fort Lewis College respectively, to assume responsibility for claims that would have otherwise been current liabilities of the fund in Fiscal Year 2010-11. These transactions had no effect on the Higher Education Institutions enterprise fund because these institutions received cash equivalent to the newly assumed current liability.
- A decrease of $13,288,000 when the Department of Public Health and Environment identified that expenditures related to pollution remediation obligations for Fiscal Year 2009-10 were erroneously not recorded until Fiscal Year 2010-11. This adjustment appears only on the government-wide *Statement of Activities* because the related liabilities are not reported in the funds.

The beginning net assets of the Business-Type Activities on the government-wide *Statement of Activities* decreased by $46,850,329 due to the following adjustments:

- A decrease of $46,163,000, due to an erroneous actuarial valuation for the University of Colorado's post employment benefit plan. It was determined that the healthcare trend rate had been developed but had not been utilized in the calculation of the actuarial accrued liability. The correction of this error also reduced the beginning net assets on the fund-level Statement of Net Assets – Proprietary Funds.
- A decrease of $687,329 in CollegeInvest, a nonmajor enterprise fund, related to CollegeInvest's failure to record their amortized discount income for the Prepaid Tuition Fund at the cost amount in prior years. The correction of this error also reduced the beginning net assets on the fund-level *Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Funds.*

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

- The beginning fund balance of the General Purpose Revenue Fund increased by $12,158,021 due to the accrual of the cash funded revenue portion of Medicaid costs that had not been recorded in the prior year by the Department of Health Care Policy and Financing. This correction also decreased the beginning fund balance in the Tobacco Impact Mitigation Fund and the Environment and Health Protection Fund, both nonmajor special revenue funds, in the amounts of $11,607,443 and $550,578, respectively.
- The beginning fund balance of the Capital Projects Fund, a major governmental fund, increased by $6,730. The decrease is related to legislation enacted in Fiscal Year 2009-10 which transferred the fund balance between the Capital Projects Fund and other nonmajor special revenue funds. The beginning fund balances on the fund-level *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* in the Gaming Fund, a nonmajor special revenue fund, decreased by $1,474,551 and Other Special Revenue Funds increased in the amount of $1,467,821.
- The beginning fund balance of the Environment and Health Protection Fund, a nonmajor special revenue fund, increased due to the elimination of a liability of $210,000 by the Department of Public Health and Environment, to correct an error in a pollution remediation obligation recorded in a prior year.
- The beginning fund balance of the Environment and Health Protection Fund, a nonmajor special revenue

fund, increased by $504,958. This increase is due to transfer of the Waste Tire Program from the Department of Local Affairs to the Department of Public Health and Environment. This activity also decreases by the same amount the beginning fund balance of Other Special Revenue Funds.

- The beginning fund balance of the Other Special Purpose Fund, a component of the Special Purpose General Funds, decreased by $220,000 when the Department of Public Health and Environment transferred the fund balance of the Advance Technology Fund, to the Process and End Users Waste Tire Fund, a nonmajor Other Special Revenue fund. This transaction also increased the beginning fund balance on the fund-level *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* in Other Special Revenue Funds in the same amount.

Additional changes on the *Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds* that did not affect the *Statement of Fiduciary Net Assets* are as follows:

- The beginning asset balance and the beginning liabilities balance for Other Agency Funds decreased by $283,454,328. This is due to the identification of an agency fund with Treasury activity that had previously been included in the Other Agency Fund category. This adjustment appropriately reflects the activity and increases the beginning asset and the beginning liabilities balance of the Department of Treasury agency funds in the same amount.

Amounts shown in this note are actual balances and do not agree to the amounts shown on the financial statements due to rounding on the statements.

B. ACCOUNTING CHANGES

Accounting changes due to fund category reclassifications required by Governmental Accounting Standards Board Statement No. 54 are summarized in the table below. The accounting change in the Internal Service Funds also requires an adjustment of $99,039 to the Other Enterprises Funds on the *Statement of Cash Flows - Proprietary Funds*.

	Major Governmental Funds				
	General	State Public School	Capital Projects	Water Projects	Labor
BEGINNING FUND BALANCE	$ 15,784	$ 32,675	$ 385,059	$ 348,910	$ 193,556
GASB 54 FUND RECLASSIFICATION ADJUSTMENTS					
MAJOR FUNDS:					
General to General - Risk Management[1]	-	-	-	-	-
Resource Management to General - Other Special Purpose	24,505	-	-	-	-
Environment and Health Protection to General - Other Special Purpose	56	-	-	-	-
Other Special Revenue to General - Other Special Purpose	27,289	-	-	-	-
Public School Buildings to General - Other Special Purpose	209,174	-	-	-	-
State Public School to General - State Public School	32,675	(32,675)	-	-	-
Resource Management to Resource Extraction	-	-	-	-	-
Other Special Revenue to Resource Extraction	-	-	-	-	-
Regular Capital Projects to Special Capital Projects[2]	-	-	-	-	-
Water Projects to Resource Extraction	-	-	-	(348,910)	-
NONMAJOR FUNDS:					
Other Special Revenue to Labor	-	-	-	-	5,492
Other Special Revenue to Gaming	-	-	-	-	-
Other Special Revenue to Tobacco Impact Mitigation	-	-	-	-	-
Tobacco Impact Mitigation to Other Special Revenue	-	-	-	-	-
Environment and Health Protection to Tobacco Impact Mitigation	-	-	-	-	-
Resource Extraction to State Lands Trust - Expendable	-	-	-	-	-
Other Special Revenue to Unclaimed Property	-	-	-	-	-
Other Special Revenue to State Lands Trust	-	-	-	-	-
Other Special Revenue to Other Internal Service Activities	-	-	-	-	-
TOTAL GASB 54 FUND RECLASSIFICATION ADJUSTMENTS	$ 293,699	(32,675)	-	(348,910)	5,492
BEGINNING FUND BALANCE, RESTATED	$ 309,483	-	385,059	-	199,048

[1] - $23,589 million was reclassified from the General Fund - General Purpose Revenues to the General Fund - Risk Management. This amount is shown as both a decrease and an increase to the General Fund column, which nets to zero.

[2] - $323,428 million was reclassified from the Regular Capital Projects Fund to the Special Capital Projects Fund. This amount is shown as both a decrease and an increase to the Capital Projects Fund column, which nets to zero.

(Amounts in Thousands)

Nonmajor Governmental Funds									Proprietary Funds
Gaming	Tobacco Impact Mitigation	Resource Extraction	Resource Management	Environment and Health Protection	Public School Buildings	Unclaimed Property	Other Special Revenue	State Lands Trust	Other Internal Service Activities
$ 92,231	$ 178,040	$ 519,520	$ 49,492	$ 110,757	$ 209,174	$ 119,627	$ 305,977	$ 665,995	$ 339
-	-	-	-	-	-	-	-	-	-
-	-	-	(24,505)	-	-	-	-	-	-
-	-	-	-	(56)	-	-	-	-	-
-	-	-	-	-	-	-	(27,289)	-	-
-	-	-	-	-	(209,174)	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	6,983	(6,983)	-	-	-	-	-	-
-	-	34,980	-	-	-	-	(34,980)	-	-
-	-	-	-	-	-	-	-	-	-
-	-	348,910	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(5,492)	-	-
29,910	-	-	-	-	-	-	(29,910)	-	-
-	240	-	-	-	-	-	(240)	-	-
-	(193)	-	-	-	-	-	193	-	-
-	949	-	-	(949)	-	-	-	-	-
-	-	(84)	-	-	-	-	-	84	-
-	-	-	-	-	-	1,161	(1,161)	-	-
-	-	-	-	-	-	-	(1,655)	1,655	-
-	-	-	-	-	-	-	(91)	-	91
29,910	996	390,789	(31,488)	(1,005)	(209,174)	1,161	(100,625)	1,739	91
122,141	179,036	910,309	18,004	109,752	-	120,788	205,352	667,734	430

NOTE 30 – FUND EQUITY

On the *Balance Sheet – Governmental Funds,* the fund balance comprises the following (See Note 6I for additional details.):

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND:			
General Government	$ 284,056	$ 32,437	$ 109
Business, Community and Consumer Affairs	-	1,114	-
Education	223,389	1,682	-
Health and Rehabilitation	-	4,225	-
Justice	10,282	-	-
Natural Resources	25,270	-	-
TOTAL	$ 542,997	$ 39,458	$ 109
RESOURCE EXTRACTION:			
General Government	$ -	$ 329,193	$ -
Business, Community and Consumer Affairs	-	83,547	-
Education	-	15,649	-
Natural Resources	13,792	407,983	-
TOTAL	$ 13,792	$ 836,372	$ -
HIGHWAY USERS TAX:			
General Government	$ 8,920	$ 5,684	$ -
Health and Rehabilitation	-	1,307	-
Justice	-	68	-
Transportation	1,151,869	25,720	-
TOTAL	$ 1,160,789	$ 32,779	$ -
CAPITAL PROJECTS:			
General Government	$ 2,042	$ 31,026	$ -
Education	22,129	2,855	-
Justice	161,192	-	-
TOTAL	$ 185,363	$ 33,881	$ -
STATE EDUCATION:			
Education	$ 365,801	$ -	$ -
TOTAL	$ 365,801	$ -	$ -
OTHER GOVERNMENTAL FUNDS:			
General Government	$ 35,421	$ 206,342	$ -
Business, Community and Consumer Affairs	104,644	131,229	-
Education	63,855	52,686	-
Health and Rehabilitation	7,692	86,500	-
Justice	9,645	109,122	-
Natural Resources	6,371	22,118	-
Social Assistance	-	49,746	-
Transportation	34,715	-	-
TOTAL	$ 262,343	$ 657,743	$ -

NOTE 31 – STABILIZATION ARRANGEMENTS

In accordance with C.R.S. 24-75-201.1(d) the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. The reserve is calculated as four percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature historically takes action to use the reserve and for Fiscal Year 2010-11 the legislature acted to set the reserve at 2.3 percent of General Purpose Revenue Fund appropriations, thereby allowing the appropriation of 1.7 percent of the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. As of June 30, 2011, there were no reserves on a GAAP basis; however, on a legal budgetary basis the reserve contained reserves at the 2.3 percent level of $156.6 million. See further detail regarding GAAP versus budget in Note 6I.

Article XXIV Section 7 of the State Constitution created the Old Age Pension Stabilization Fund, which is reported as a component of the General Fund – Special Purpose Funds. The fund is maintained at $5.0 million and is only accessible through appropriation for old age pension basic minimum awards. Historically, the reserves in the fund have not been accessed.

NOTE 32 – MINIMUM FUND BALANCE POLICIES

The appropriations process and statutory structure that governs State fiscal matters generally does not provide for the ability to set aside fund balances outside of those processes. However, in limited circumstances boards and committees have fiscal policy and/or rulemaking authority. The following minimum fund balances were established under this type of authority.

Pursuant to Rule 8.2003.D the Hospital Provider Fee Oversight Advisory Board has established a reserve of four percent of the estimated expenditures for the Hospital Provider Fee Cash Fund plus any interest accrued by the fund. For Fiscal Year 2010-11 the reserve was $5.4 million. The reserve acts as a buffer to minimize the need for midyear fee increases in the event that expenditures are higher than estimated. The minimum fund balance is reported as Committed in the nonmajor Health and Environmental Protection Fund.

The Department of Local Affairs Impact Advisory Committee recommended that the DOLA Executive Director reserve $3.0 million in both the Severance Tax Fund and the Federal Mineral Lease Fund to meet local community emergencies, such as failure of a water system. The Department adopted a formal policy that governs the use of these reserves. The minimum balance is reported as Committed in the Resource Extraction Fund.

NOTE 33 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2011, were:

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SELLER'S / LENDER'S RECEIVABLE	General Fund	Resource Extraction	Highway Users Tax	Capital Projects	State Education Fund
MAJOR FUNDS:					
General Fund					
General Purpose	$ 190	$ -	$ 4,568	$ 1	$ -
Special Purpose	68,135	-	-	-	-
Resource Extraction	1,213	-	-	112	-
Highway Users	143	-	-	145	-
Capital Projects					
Regular Capital Projects	-	-	-	-	-
State Education	221,372	-	-	-	-
Higher Education Institutions	3,275	895	251	-	31
NONMAJOR FUNDS:					
SPECIAL REVENUE FUNDS:					
Labor	158	-	-	-	-
Tobacco Impact Mitigation	-	-	-	-	-
Resource Management	-	-	-	-	-
Environment and Health Protection	59	-	31	-	-
Other Special Revenue	61	-	-	-	-
PERMANENT FUNDS:					
State Lands Trust Expendable	-	-	-	-	-
ENTERPRISE FUNDS:					
CollegeInvest	24	-	-	-	-
Wildlife	-	-	-	-	-
Correctional Industries	-	-	-	-	-
State Nursing Homes	1,414	-	-	-	-
INTERNAL SERVICE FUNDS:					
Central Services	-	-	-	-	-
Information Technology	1,988	-	-	315	-
Capitol Complex	15	-	-	-	-
FIDUCIARY FUNDS:					
Group Benefit Plans	19,792	-	4	-	-
College Savings Plan	-	-	-	-	-
Other Fiduciary	-	-	-	-	-
TOTAL	$ 317,839	$ 895	$ 4,854	$ 573	$ 31

(Amounts in Thousands)

BUYER'S / BORROWER'S PAYABLE

Higher Education Institutions	Unemployment Insurance	State Lottery	All Other Funds	Total
$ 468	$ 1,720	$ 9	$ 32,968	$ 39,924
-	-	13,469	3,478	85,082
-	-	-	-	1,325
-	-	-	-	288
13,711	-	-	-	13,711
-	-	-	-	221,372
-	-	-	5,333	9,785
-	-	-	-	158
-	-	-	3,864	3,864
-	-	-	124	124
-	-	-	-	90
1	-	-	1,548	1,610
-	-	-	3,478	3,478
-	-	-	-	24
-	-	-	62	62
2,956	-	-	-	2,956
-	-	-	-	1,414
5	-	-	-	5
-	-	-	-	2,303
-	-	-	-	15
974	-	-	-	20,770
-	-	-	4,766	4,766
-	-	12,144	-	12,144
$ 18,115	$ 1,720	$ 25,622	$ 55,621	$ 425,270

Except for the transfer of excess General Fund Surplus discussed below; all of the material receivables and related payables shown in the schedule on the previous two pages 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 Special Purpose General Fund receivable of $68.1 million includes $67.5 million for the Public School Fund (Special Purpose General Fund) payable from the General Purpose Revenue Fund. This is a portion of the excess General Fund Surplus transfer for Fiscal Year 2010-11 required in accordance with CRS 24-75-201.1. The cash transfer will occur upon the issuance of the State's Comprehensive Annual Financial Report. The State Education Fund receivable of $221.4 million represents the remainder of the General Fund Surplus transfer referenced in the preceding paragraph, also payable from the General Purpose Revenue Fund.

The Group Benefits Plan Fund receivable of $19.8 million from the General Purpose Revenue Fund primarily represents the health insurance benefits premium portion of payroll for services provided in the fiscal year that is required by statute to be paid in the next fiscal year.

The Capital Projects Fund receivable of $13.7 million represents the required cash contributions from the University of Colorado for its share of appropriated capital project vendor payables that were outstanding at fiscal year end.

The Special Purpose General Fund receivable of $13.5 million was recorded by the Conservation Trust Fund (a Special Purpose General Fund) and the Other Fiduciary Fund receivable of $12.1 million was recorded by the State Treasurer for the Great Outdoors Colorado Fund. Both of these are statutory distributions of the Lottery net profits.

The General Purpose Revenue Fund receivable of $33.0 million from All Other Funds includes $20.4 million of receivables from the Limited Gaming Fund and $9.4 million from various cash funds to support incurred Medicaid expenditures.

NOTE 34 – TRANSFERS BETWEEN FUNDS

Transfers between funds for the fiscal year ended June 30, 2011, were as follows:

TRANSFER-OUT FUND	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund			
General Purpose	$ 2,885,606	$ -	$ -
Special Purpose	53,995	-	-
Resource Extraction	189,499	-	-
Highway Users Tax	58,114	-	-
Capital Projects			
Regular Capital Projects	-	-	500
Special Capital Projects	81	-	-
State Education	1,192	-	-
Higher Education Institutions	7,601	-	-
Unemployment	2,205	-	-
Lottery	56,615	-	-
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	38,610	-	-
Gaming	23,926	-	-
Tobacco Impact Mitigation	201,511	-	-
Resource Management	20,760	2	-
Environment and Health Protection	472,375	-	-
Unclaimed Property	2,031	-	-
Other Special Revenue	70,180	-	-
PERMANENT FUNDS:			
State Lands Trust Nonexpendable	-	-	-
State Lands Trust Expendable	137,852	-	-
Other Permanent Trust Nonexpendable	-	-	-
ENTERPRISE FUNDS:			
CollegeInvest	15,494	-	-
Wildlife	7,268	296	-
College Assist	115	-	-
State Fair	143	-	-
Correctional Industries	330	-	-
State Nursing Homes	1,765	-	-
Prison Canteens	50	-	-
Petroleum Storage	905	-	-
Transportation Enterprise	-	-	905
Other Enterprise	240	-	-
INTERNAL SERVICE FUNDS:			
Central Services	1,567	-	-
Information Technology	1,193	-	-
Telecommunications	363	-	-
Capitol Complex	879	-	-
Public Safety	16	-	-
Administrative Courts	258	-	-
Other Internal Service	343	-	-
FIDUCIARY FUNDS:			
Group Benefit Plans	250	-	-
Other Fiduciary	92	-	-
TOTAL	$ 4,253,424	$ 298	$ 1,405

(Amounts in Thousands)

TRANSFER-IN FUND

Capital Projects	State Education	Higher Education Institutions	All Other Funds	TOTAL
$ 11,985	$ 221,372	$ 135,446	$ 21,281	$ 3,275,690
6,193	42	-	5,943	66,173
723	-	12,386	6,451	209,059
2,185	-	-	169,841	230,140
2,870	-	10,093	8,048	21,511
7,293	-	-	21,073	28,447
-	-	5,503	-	6,695
-	-	-	-	7,601
-	-	-	-	2,205
-	-	-	1,256	57,871
1,578	-	-	-	40,188
6,623	-	5,582	3,317	39,448
9,896	-	15,674	2,510	229,591
4,913	-	-	76	25,751
-	-	-	6,117	478,492
-	-	-	-	2,031
713	68	-	219	71,180
1,797	-	792	498	3,087
406	-	103	11	138,372
-	-	-	15	15
-	-	-	-	15,494
-	-	-	225	7,789
-	-	-	-	115
-	-	-	-	143
-	-	-	-	330
-	-	-	-	1,765
1,897	-	-	-	1,947
-	-	-	-	905
-	-	-	-	905
-	-	-	-	240
-	-	-	-	1,567
-	-	-	-	1,193
-	-	-	4,406	4,769
-	-	-	457	1,336
-	-	-	-	16
-	-	-	-	258
-	-	-	-	343
-	-	-	-	250
-	-	-	-	92
$ 59,072	$ 221,482	$ 185,579	$ 251,744	$ 4,973,004

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 Purpose Revenue Fund and into the State Public School Fund of $2,797.8 million (a Special Purpose General Fund), and into the Higher Education Institutions of $135.4 million (primarily for student financial aid, occupational education, and job training).

In response to continuing fiscal stress caused by revenue shortfalls, the Governor and the Legislature authorized significant nonroutine transfers totaling $158.1 million from various funds to augment the General Purpose Revenue Fund, including transfers from various major and nonmajor funds, as follows:

<u>Resource Extraction (major governmental fund)</u>

- $70.0 million from the Severance Tax Fund
- $16.0 million from the Base Account of the Severance Tax Trust Fund
- $15.0 million from the Mineral Leasing Fund
- $7.0 million from the Higher Education Federal Mineral Lease Revenues Fund

<u>Tobacco Mitigation Impact (nonmajor special revenue fund)</u>

- $6.7 million from the Short-Term Innovative Heath Program Grant Fund

<u>Labor (nonmajor special revenue fund)</u>

- $10.0 million from the Major Medical Fund

<u>Nonmajor special revenue funds</u>

- $33.4 million from 23 funds where individual transfer amounts did not exceed $5.0 million

During the 2011 legislative session Senate Bill 11-230 was enacted to provide for the distribution of General Fund Surplus. Of the General Fund Surplus of $288.9 million, $67.5 million was transferred to the Public School Fund, a Special Purpose General Fund, and $221.4 million was transferred to the State Education Fund, a major Governmental Fund.

In addition to these General Purpose Revenue Fund transfers, other individually significant routine transfers include the following:

Transfers-out from the special-purpose funds within the General Fund primarily comprise $43.4 million in transfers from the Public School Fund to the Charter School Institute Fund.

The Highway Users Tax Fund transfer-out to the General Purpose Revenue Fund includes $47.4 million transferred to the Department of Revenue and $6.7 million to the Department of Public Safety to support programs that generate revenue for or that provide services to the Highway Users Tax Fund.

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

The Lottery transfer-out to the Special Purpose General Fund primarily comprises $45.3 million to the Conservation Trust Fund in the Department of Local Affairs as a statutory distribution of Lottery net proceeds.

The Labor transfer-out to the General Purpose Revenue Fund includes $25.3 million from the Employment Support Fund to fund employment related activities at the Department of Labor and Employment.

The Tobacco Impact Mitigation Fund transfers-out to the General Purpose Revenue Fund includes $173.9 million in transfers to the Department of Health Care Policy and Financing for the purchase of medical services.

The Resource Extraction transfer-out to the Special Purpose General Fund includes a $65.0 million transfer from the Mineral Leasing Fund to the Department of Education State Public School Fund.

The Environment and Health Protection transfer-out to the General Purpose Revenue Fund includes $461.6 million in transfers to the Department of Health Care Policy and Financing primarily from the Hospital Provider Fee Cash Fund ($424.2 million) and the Medicaid Nursing Facility Cash Fund ($30.8 million).

Transfers from the Other Special Revenue to the General Purpose Revenue Fund also include approximately $61.3 million of legislatively mandated transfers to fund programs in agencies that operate primarily in the General Purpose Revenue Fund that are in addition to appropriated indirect cost transfers.

The State Lands Trust Expendable transfer-out to the General Fund includes $137.5 million for the State Public School Fund (a Special Purpose General Fund) related to distributions to school districts and charter schools.

NOTE 35 – UNUSUAL OR INFREQUENT TRANSACTIONS

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

Fort Lewis State College sold 357 acres of land to the City of Durango for $1,650,000 less closing costs. The net proceeds of $1,492,813 were deposited in a quasi-endowment. The event was considered a special item because it was within the control of management and infrequent in occurrence.

NOTE 36 – 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 $8.4 million that was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may also be expended.

Colorado State University reported $12,204 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 $1.56 million of net appreciation on its donor-restricted endowments held by its foundation and the full amount was available for spending. The university reported a portion of the related net assets in Restricted for Permanent Funds and Endowments – Nonexpendable and a portion of the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds*. The payout policy of the Colorado State University Foundation governs expenditure of these funds. The policy assumes a 10 percent return on investment, a 4 to 5 percent pay out, a management fee of 1 to 2 percent, and a return to principal sufficient to preserve the purchasing power of the endowment.

The University of Northern Colorado reported $297,272 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 37 – PLEDGED REVENUE

Various institutions of higher education and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2010-11, the following pledges were in place:

The Department of Transportation pledged $168.0 million of federal grants under agreement with the Federal Highway Administration and certain motor vehicle fees and taxes of the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes. The debt was originally issued in Fiscal Year 1999-00 to finance the reconstruction of a portion of a major interstate highway through Denver and other infrastructure projects across the State, and it has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents approximately 14.4 percent of the total revenue stream, and $970.3 million of the pledge commitment remains outstanding.

The Department of Transportation Statewide Bridge Enterprise pledged $74.3 million of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2010-11, and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the revenue stream, and $716.4 million of the pledge commitment remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1995-96 and furthest maturity date of Fiscal Year 2044-45. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $628.3 million. Individually significant Higher Education Institution pledges include:

- $273.6 million pledged by the University of Colorado to secure $87.0 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 50.4 percent of the revenue stream, and $1.78 billion of the pledge (principal and interest) remains outstanding.

- $185.3 million pledged by Colorado State University to secure $25.7 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents 100 percent of the total revenue stream, and $800.4 million of the pledge (principal and interest) remains outstanding.

- $35.1 million pledged by the Colorado School of Mines to secure $19.6 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 1998-99 and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents approximately 87.4 percent of the total revenue stream, and $340.6 million of the pledge (principal and interest) remains outstanding.

- $24.3 million pledged by Metropolitan State College of Denver to secure $3.6 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the total revenue stream, and $131.4 million of the pledge (principal and interest) remains outstanding.

- $15.9 million pledged by Colorado Mesa University to secure $6.5 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 2041-42. The pledged revenue represents approximately 52.8 percent of the revenue stream, and $286.3 million of the pledge (principal and interest) remains outstanding.

- $15.1 million pledged by the Auraria Higher Education Center to secure $5.5 million of current principal and interest on debt issued to renovate the Student Union and to build parking structures. The related debt was originally issued in Fiscal Year 2002-03 and has a final maturity date of Fiscal Year 2028-29. The pledged revenue represents 100 percent of the total revenue stream, and $90.7 million of the pledge (principal and interest) remains outstanding.

- $23.8 million pledged by the University of Northern Colorado to secure $9.3 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 37.1 percent of the total auxiliary and student fee revenue streams and also represents 10.0 percent of gross tuition revenues. $235.7 million of the pledge (principal and interest) remains outstanding.

- $7.7 million pledged by Colorado State University – Pueblo to secure $3.3 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2003-04 and has a final maturity date of Fiscal Year 2038-39. The pledged revenue represents 47.2 percent of the revenue stream, and $129.1 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Department of Transportation	$ 1,162,586	$ (994,596)	$ 167,990	$ 119,385	$ 48,605	$ 167,990
Higher Education Institutions	1,025,079	(487,781)	537,298	64,345	110,488	174,833
Statewide Bridge Enterprise	74,280	-	74,280	-	8,408	8,408
	$ 2,261,945	$ (1,482,377)	$ 779,568	$ 183,730	$ 167,501	$ 351,231

NOTE 38 – SEGMENT INFORMATION

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.

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

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

The following page presents condensed financial information for the State's segments.

CONDENSED STATEMENT OF NET ASSETS
JUNE 30, 2011

	UNIVERSITY OF COLORADO	AURARIA HIGHER EDUCATION CENTER	
(DOLLARS IN THOUSANDS)	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
ASSETS:			
Current Assets	$ 129,866	$ 9,058	$ 10,671
Other Assets	82,211	7,188	362
Capital Assets	45,207	35,127	30,839
Total Assets	257,284	51,373	41,872
LIABILITIES:			
Current Liabilities	30,281	3,781	4,549
Noncurrent Liabilities	16,886	30,147	28,111
Total Liabilities	47,167	33,928	32,660
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	27,579	2,214	1,672
Other Restricted Net Assets	-	6,621	401
Unrestricted	182,538	8,610	7,139
Total Net Assets	$ 210,117	$ 17,445	$ 9,212

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

OPERATING REVENUES:			
Tuition and Fees	$ -	$ -	$ 5,902
Sales of Goods and Services	415,591	8,904	23,792
Other	-	-	58
Total Operating Revenues	415,591	8,904	29,752
OPERATING EXPENSES:			
Depreciation	2,912	1,732	2,040
Other	398,367	4,380	23,583
Total Operating Expenses	401,279	6,112	25,623
OPERATING INCOME (LOSS)	14,312	2,792	4,129
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income	4,979	304	124
Other Nonoperating Revenues	1,542	-	-
Debt Service	(443)	(1,662)	(1,311)
Other Nonoperating Expenses	(8,613)	-	-
Total Nonoperating Revenues(Expenses)	(2,535)	(1,358)	(1,187)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Transfers-In	-	(723)	(3,079)
Total Contributions, Transfers, and Other	-	(723)	(3,079)
CHANGE IN NET ASSETS	11,777	711	(137)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	198,340	16,734	9,349
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 210,117	$ 17,445	$ 9,212

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

NET CASH PROVIDED (USED) BY:			
Operating Activities	$ 19,058	$ 3,807	$ 7,031
Noncapital Financing Activities	(8,613)	(2,625)	(2,943)
Capital and Related Financing Activities	(12,647)	1,278	(3,041)
Investing Activities	22,471	-	685
NET INCREASE (DECR.) IN CASH AND POOLED CASH	20,269	2,460	1,732
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	46,171	6,419	5,542
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 66,440	$ 8,879	$ 7,274

NOTE 39 – COMPONENT UNITS

The State reports fourteen 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. The State's component units are separated into major, and nonmajor below. Financial statements for the major component units are presented in the Basic Financial Statements and for the nonmajor component units in the Supplementary Section of the Comprehensive Annual Financial Report.

A. MAJOR COMPONENT UNITS

University Hospital is a nonsectarian, general acute care regional hospital, licensed for 407 beds with five outpatient primary care clinics, and six specialty care clinics operated by the University of Colorado Hospital Authority (UCHA). It includes the Anschutz Centers for Advanced Medicine, and is the teaching hospital of the University of Colorado Denver (UCD), a State institution of higher education. The hospital's mission is to advance healthcare for patients and their families through healing, discovery, and education. UCHA is exempt from federal income tax under Internal Revenue Code Section 115 (as a governmental entity) and under Section 501(c)(3) 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 EPA grants. The authority paid the State $6.9 million during 2010 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 2010-11, it received $5.1 million of fund raising fee revenue from the University of Colorado under an annually renewable Agreement for Development Services.

For the fiscal year ended June 30, 2011, the foundation distributed $98.4 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 2010-11, the foundation transferred $23.8 million to the University.

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

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to provide financial resource development and support to the University of Northern Colorado. The foundation's primary revenue is derived from exempt contributions and investment income. During Fiscal Year 2010-11, the foundation granted $4.5 million to the university.

B. NONMAJOR COMPONENT UNITS

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

CoverColorado is a not-for-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Legislation enacted in 2001 authorized the CoverColorado board of directors to assess a special fee against insurers for the financial solvency of the program. In March 2010 with the passage of the Patient Protection and Affordable Care Act, the need for high risk insurance pools such as CoverColorado will be eliminated. CoverColorado will likely only exist until December 31, 2013.

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

In 2005, the authority created Colorado Fund I, 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 I, LP thru June 2015 (unless otherwise terminated) for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agritechnology and medical device industries, and retail. As of December 31, 2010, the VCA has contributed approximately $19.0 million or 87 percent of its total funding commitment to Colorado Fund I, LP.

In 2010 the authority created Colorado Fund II, LP and has committed to providing up to $25.4 million over the term of the fund (through December 2019 unless otherwise terminated). As of December 31, 2010, the VCA has contributed approximately $1.4 million or 5 percent of its total funding commitment to Colorado Fund II, 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 moneys is directed by the Renewable Energy Collaboratory which comprises the U.S. Department of Energy's National Renewable Energy Laboratory, the Colorado School of Mines, Colorado State University, and the University of Colorado.

The enabling legislation allocated the authority $2.0 million in each of Fiscal Years 2006-07 through 2008-09 for this purpose. Due to the economic downturn however, only $1.2 million was appropriated in 2009. The authority has provided a total of $3.5 million in matching funds to the research centers as of December 31, 2010. The authority has until 2012 to demonstrate that at least $6 million in grants and contracts for renewable energy research in Colorado has been secured through the availability of the matching funds.

The Higher Education Competitive Research Authority was created during the 2007 legislative session to provide matching funds for inclusion in grant proposals made by institutions of higher education for federally sponsored research projects. The authority received all of its funding for Fiscal Year 2010-11 through an appropriation to the Department of Higher Education. As of June 30, 2011, the authority has made commitments to provide matching funds for eleven research proposals, six of which, totaling $6.4 million, are currently funded.

The Statewide Internet Portal Authority was formed in the 2004 legislative session to provide a single point of access to electronic government information. The authority has partnered with Colorado Interactive, a subsidiary of NIC, Inc., to design, implement, and maintain a statewide portal to provide an alternate way to transact business with State and local governments. The agreement with Colorado Interactive provides for fees and charges assessed to the users of the portal to be passed on to the participating governmental agencies, as well as a base fee and percentage of revenue to fund the authority's operations. The agreement expires May 2014. In 2010 the authority entered into a five-year agreement with Tempus Nova, Inc. to provide certain Google applications and licenses to its participating governments on a cost reimbursement basis, as well beginning to license software as a service. For the fiscal year ended June 30, 2011, the authority recognized $2.7 million in fee revenue.

In August 2010, the Board of Trustees of the Metropolitan State College of Denver established the HLC @ Metro, Inc. as a non-profit entity to provide for the financing, construction, operation, and management of the Hotel and Hospitality Learning Center at Metro State. The facility includes a fully functioning hotel and learning laboratory for the college's Hospitality, Tourism, and Events department. The construction is being financed though $54.9 million in bond issuances (see Note 24), with 75 percent of the debt service estimated to be covered by hotel operations and the remainder from fundraising, further supported by the college's unconditional guarantee. The hotel is expected to open in August 2012.

The University of Colorado Real Estate Foundation (CUREF), a non-for-profit tax exempt organization as described in Section 501(c)(3) of the Internal Revenue Service Code, was incorporated in 2002 as a nonprofit corporation to receive, hold, invest, and administer real and personal property, borrow money, and make expenditures to, or for the benefit, of the University of Colorado. CUREF carries out its real estate investing activities though direct ownership, management, and operation of certain real estate and through participation with other investors. As of June 30, 2011, CUREF was the sole member of six limited liability corporations with various interests in land, real estate LLCs, student housing, and office and industrial buildings.

NOTE 40 – RELATED PARTIES AND ORGANIZATIONS

The Colorado State University - Pueblo Foundation was established to benefit the Colorado State University - Pueblo. The foundation transferred $1.4 million to the university during Fiscal Year 2010-11, owed the university $1.0 million, and was due $50,000 from the university at June 30, 2011.

The Adams State College Foundation provides scholarships and work-study grants to students, provides funding for athletics and administration, as well as providing program development grants to Adams State College. The foundation provided $1.0 million in scholarships and grants during Fiscal Year 2010-11.

The Colorado Mesa University Foundation provides financial assistance to Colorado Mesa University students and assists the university in serving educational needs. In Fiscal Year 2010-11, the foundation awarded $511,010 of scholarships directly to Colorado Mesa University students, provided approximately $2.2 million in property. The university has a lease-purchase agreement with the foundation for the acquisition of property. The remaining term of the lease is 8 years and it requires payment of interest at 3 percent; the university owed the foundation $1.2 million under this agreement at June 30, 2011.

Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of Metropolitan State College of Denver. The foundation provided $2.3 million of funding to the college in Fiscal Year 2010-11. The foundation also reimbursed the college $218,376 for services provided by college employees in Fiscal Year 2010-11. At June 30, 2011, the foundation owed the college $392,651. As of this date, the college also had payables to the foundation of $36,378.

Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred $3.3 million to the college in Fiscal Year 2010-11.

Most of the State's community colleges have established foundations to assist in their educational missions. With the exception of Northeastern Junior College and Colorado Northwestern Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000. The Northeastern Junior College Foundation provided support to Northeastern Junior College in the amount of $1.0 million for scholarships, grants, construction, and administrative costs. The Colorado Northwestern Community College Foundation provided support to Colorado Northwestern Community College in the amount of $1.6 million for scholarships, instruction, athletics, administration, fund raising, and construction.

The University of Colorado Foundation is the sole member of CUF Boulder I, LLC and CUF Boulder II, LLC (the LLCs). The LLCs were formed in September 2009 for the purposes of purchasing specific buildings near the University of Colorado at Boulder. In September 2010, the University of Colorado Boulder purchased the assets of CUF Boulder I, LLC. At June 30, 2011 $22.3 million of net property investments were held by CUF Boulder II.

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, 2011, the LLC had capital assets of $13.1 million, other assets of $6.8 million, long-term debt of $22.8 million, and current liabilities of $1.1 million. The total liabilities of the foundation exceeded its total assets by $4.0 million. The LLC owed the University of Northern Colorado $481,233 for a working capital loan at June 30, 2011.

The Auraria Foundation, a legally separate tax-exempt component of the Auraria Higher Education Center (AHEC), was established to receive gifts, legacies, and grants of money and property for the purpose of benefiting the AHEC. At June 30, 2011, the foundation provided support to AHEC in the amount of $1.8 million for construction, administrative and other expenses.

The Fort Lewis College Foundation provides gifts, scholarships, and capital donations to Fort Lewis College. The foundation provided $3.3 million in support during Fiscal Year 2010-11. At June 30, 2011, the foundation owed the college $345,387.

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 2010-11, the board funded $33.3 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2011, GOCO owed the Department of Natural Resources $16.3 million in unreimbursed expenditures.

The Colorado Housing Finance Authority (CHFA) Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. The CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S. Rural Business Cooperative Service. The Department of Treasury holds five CHFA bonds purchased from 2003 through 2007 with a face value of $11.0 as of June 30, 2011, and a total original face value of $24.2 million. The Department receives monthly payments from CHFA for all principal payments and interest collected by the Authority. On the bond maturity dates ranging from 2023 through 2027, the Department of Treasury will receive any unpaid principal balance of the bond, plus all accrued and unpaid interest.

CHFA also acts as the fiscal agent for the Governor's Energy Office State Energy Plan grant that provides loans for energy efficiency or renewable energy projects. CHFA retains an annual loan servicing fee of 0.05 percent on the outstanding principal balance of each loan. As of June 30, 2011, CHFA held cash of $8.0 million for administration of the grant program.

Component Units

The University of Colorado Hospital Authority and the University of Colorado Denver (UCD) had previously developed and received approval for an Institutional Master Plan to create a new academic health sciences center on the Anschutz Medical Campus. An original ground lease, entered into in 1998 for a period of 30 years, provided for approximately 18.4 acres of property acquired by the University of Colorado Regents from the U.S. Department of Education pursuant to a quitclaim deed. Subsequent agreements between the parties have provided additional land to the hospital to continue the development of the Anschutz Medical Campus allowing the hospital to expand its facilities with an office tower, parking garage, inpatient tower, and additional staff and patient parking. The hospital is planning to continue development with a second inpatient tower and parking garages on its current leased space to meet growing demand for inpatient services.

Under an Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1991, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the hospital. The hospital paid approximately $32.9 million for these services in Fiscal Year 2010-11. 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 $2.4 million in Fiscal Year 2010-11. In total, the UCD paid the hospital $10.4 million in Fiscal Year 2010-11.

The hospital has contracted with University Physicians, Inc., a blended component unit of the State's Higher Education Institutions Fund to provide support for faculty administrative services and recruitment support. The hospital passed through $5.0 million of government external funds and paid UPI an additional $51.0 million for services in Fiscal Year 2010-11.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately $4.5 million were billed to CRC for the cost of these services during Fiscal Year 2010-11. The amount due from University of Colorado Denver, including CRC, was $0.4 million at June 30, 2011.

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. It subsequently sold 1,656.55 shares in October 2007 to TriWest for approximately $18.1 million. The investment in TriWest is accounted for under the cost method. The hospital received dividends of approximately $0.6 million in July 2011.

In July 2010, the hospital entered into an agreement with University Physicians, Inc. (UPI) and the University of Colorado Denver (UCD) to begin a self-insurance trust called Colorado Health and Welfare Trust (Voluntary Employee Benefits Association Trust). The trust is managed by a third-party administrator to provide healthcare coverage for employees of UPI, UCD and University of Colorado Hospital and their dependents. In Fiscal Year 2010-11 the hospital paid premiums of $22.0 million and on June 30, 2011 recorded a liability of $2.3 million for its share of costs in excess of premiums paid.

The hospital and two other entities participate in Colorado Access, a Colorado not-for-profit corporation that owns and operates a statewide HMO to provide services to medically underserved Coloradoans. There are no earning distribution agreements between Colorado Access and the hospital. In August 2001 the hospital entered into an agreement to loan Colorado Access $625,000. The principal and interest were 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 Limited Partnership Agreements with Colorado Fund I, LP and Colorado Fund II, LP, and has selected High Country Venture, LLC, to serve as manager and general partner of both funds. The partnership agreements allocate 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, 2010, VCA's investments in Colorado Fund I and Colorado Fund II totaled $23.1 million and $1.4 million, respectively.

NOTE 41 – ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Fund and the Highway Users Tax Fund include multi-year encumbrances of $58.8 million and $854.3 million, respectively, that are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure. In the General Fund ($6.7 million), Resource Extraction Fund ($0.7 million), Regular Capital Projects Fund ($3.3 million), and Other Special Revenue Funds ($3.8 million) encumbrances include approved rollfowards of annual appropriations for goods and services that were not received before June 30 due to extenuating circumstances, annual appropriations with express legislative intent to rollforward, and earned augmenting revenue for specific non-legislatively directed purposes going beyond the fiscal year end, such as insurance proceeds.

NOTE 42 – CONTINGENCIES

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, engaged in regulatory misfeasance, 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. One such claim exceeds $122 million. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the State often files counterclaims. While it is reasonably possible that awards of judgment could occur, it is unlikely that those awards would have a material adverse effect on the State's financial condition.

The State is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners, mental health patients, nursing home patients, or the developmentally disabled. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services costs that are not subject to reasonable estimation.

The State is the defendant in lawsuits by employees accusing the State of various infractions of law or contract. These may include claims related to age and sex discrimination, sexual harassment, wrongful termination, contractual agreements for paying salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The State does not believe that any of these cases are material to its financial operations.

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.9 billion, of the $11.4 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 $55.6 million.

At June 30, 2011, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $400.4 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the State to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds up to $20.0 million individually. In addition, there a large number of conservation easement tax credit denial cases pending at the Department. Per legislation passed in 2011, the taxpayers involved must elect to proceed with administrative or district court resolution of their refund claims. Including potential penalties and interest, claims currently referred to the Attorney General total an estimated $30 million and the total amount at issue is estimated at $220 million. These amounts represent both unpaid income taxes and claims for income tax refunds.

Various notes and bonds have been issued by State school districts that may impact the State. Colorado statutes provide that if a district indicates it will not make a required 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 property-tax-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 approximately $7.87 billion are outstanding. Of this amount, $4.56 billion is covered by private insurance.

The State of Kansas will likely seek injunctive relief against Colorado in a potential suit against Colorado and Nebraska claiming violations of the Republican River Compact. Although the State anticipates reaching a resolution with the State of Kansas prior to any suit being filed, the estimated potential damages range from $1.0 million to $10.0 million. The State has recorded a liability for the minimum amount of the potential damages range.

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. Individually significant disallowances are disclosed in the following paragraph.

The Department of Health Care Policy and Financing may be responsible for repaying the Centers for Medicare and Medicaid Services (CMS) approximately $75.3 million in federal matching funds paid to Rocky Mountain Health Plan HMO (RMHP) for benefits paid to Medicaid clients during Fiscal Years 2008-09 through 2010-11. The payments were made to RMHP without the federally required claims review prior to payment. The State has established a process that has been accepted by CMS to accomplish a review of the claims in question. If the historical review is not completed, CMS has stated that potential disallowance of these payments may occur. The department has worked with CMS towards a resolution and assesses the probability of disallowance at 25 percent. The Department may also be required to repay CMS $7.9 million because CMS rejected a State Plan Amendment designed to reduce rates for Non-Emergent Medical Transportation due to inadequate notification to clients.

School districts, students, and parents have filed suit against the State asserting that the current school funding system fails to provide a thorough and uniform system of free public education as required by the State Constitution. The plaintiffs seek to overturn the current funding system and ensure that additional funding of approximately $1.35 billion to $4.15 billion annually for operations funding and $5.7 billion to $17.9 billion for capital facility funding is provided. All claims were dismissed by the District Court and the Colorado Court of Appeals. After the Colorado Court of Appeals decision, both the plaintiffs and the State petitioned the Colorado Supreme Court. The Supreme Court reversed the lower courts' ruling and remanded the case to District Court for trial, which concluded on September 2, 2011. On December 9, 2011, the District Court ruled in favor of the plaintiffs and held the State's school finance system is unconstitutional because it is inadequate and not rationally related to the constitutional mandate of a thorough and uniform system of free public education. The plaintiffs' action for declaratory and injunctive relief was stayed until final action by the Colorado Supreme Court upon appeal of the District Court's decision; provided that if appeal is not perfected to the Colorado Supreme Court, the District Court will review the stay upon application of either party submitted no earlier than the conclusion of the 2012 legislative session. The District Court's decision did not specify an immediate or long-term remedy, and the certainty, timing, and extent of fiscal impact on the State cannot be determined at this time. The State will appeal the ruling to the State Supreme Court. Estimates of plaintiff attorney fees and costs currently exceed $1.0 million.

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

The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in this Note 42, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 43 – SUBSEQUENT EVENTS

Primary Government

A. DEBT ISSUANCES AND REFUNDINGS

The High Performance Transportation Enterprise in the Department of Transportation received approval for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to fund the costs of building a managed lane on US 36. The maximum amount of the loan is $54.0 million and carries an interest rate of 3.58%. The loan is to be used to fund up to 33 percent of the costs of the project, with other funds provided by the Regional Transportation District, the Bridge Enterprise, DRCOG, and grant funds.

On July 1, 2011, the University of Northern Colorado refinanced its 3.0 to 5.5 percent, Auxiliary Revenue

Refunding and Improvement bonds, issued July 31, 2001, in the original amount of $50,000,000, and maturing in varying amounts through June 1, 2031. The refunding Institutional Enterprise Revenue Refunding Bonds, Series 2011A bonds were issued at fixed rate of 2.0 to 5.0 percent, in the amount of $41,690,000, and mature in varying amounts through June 1, 2031.

On July 1, 2011, the University of Northern Colorado issued Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds (Series 2011B) to purchase the Arlington Park Student Housing Facility and dissolved the University of Northern Colorado Student Housing LLC, a related organization. These bonds were issued at a variable rate projected at 3.5 percent, in the original amount of $21,130,000, and maturing in variable amounts through June 1, 2036. This resulted in the termination of the ground lease between the LLC and the University.

On July 14, 2011, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2011A. The notes mature on June 29, 2012. The total due on that date includes $100 million in principal and $1,916,667 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $1,692,000, a coupon rate of 2.00 percent, and a true interest cost of 0.24 percent.

On July 19, 2011, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2011A. The notes mature on June 27, 2012. The total due on that date includes $500 million in principal and $9,388,889 in interest. The GTRAN was issued with a premium of $8,620,000, a coupon rate of 2.00 percent, and a true interest cost of 0.18 percent.

On August 9, 2011, Colorado Mesa University issued Auxiliary Facilities System Enterprise Revenue Bond Series 2011 for $8,000,000. The bond matures in August 2021 with variable interest calculated as the product of the Bank Qualified factor times the sum of the Five Year Treasury (Constant Maturity) plus 210 basis points. The initial rate is 2.49 percent and shall remain in effect for a five-year period. Bond interest will be recalculated in 2016 and each successive year using the above formula. Colorado Mesa University may accept the recalculated rate for a period of five years or through the maturity date, whichever is shorter. The University is under no obligation to accept any recalculated rate.

On September 7, 2011, the Department of Transportation issued $104,650,000 in Series 2011 Refunding Transportation Revenue Anticipation Notes (TRANS), to partially refund $106,070,000 of the Series 2004A TRANS. The tax-exempt notes were issued with a premium of $18,617,111, an average coupon rate of 4.92 percent, and a true interest cost of 1.43 percent. Interest payments are due semiannually starting on December 15, 2011, with the entire principal due at maturity on December 15, 2016.

On October 6, 2011, in a related party transaction, the State's Public School Permanent Fund invested $4,875,000 in Treasury's Colorado Housing and Finance Authority Bond Program. The bond has a coupon rate of 2.92 percent and matures on October 6, 2031. Principal and interest received on December 1, 2011 for the period ending November 2011 was $197,000 and $22,143, respectively.

On December 8, 2011, the State issued Building Excellent Schools Today (BEST) Certificates of Participation, Series 2011G in the amount of $146,635,000. BEST was issued as tax-exempt certificates with a premium of $12,777,838, an average coupon rate of 4.89 percent, and a true interest cost of 4.00 percent. Base Rents are due semiannually beginning on March 15, 2012, with a final maturity date of March 15, 2032.

On December 13, 2011, the Board of Trustees of Western State College issued tax-exempt Institutional Enterprise Refunding Bonds Series 2011A in the amount of $6,180,000, and tax-exempt Institutional Enterprise Refunding Bonds Series 2011B in the amount of $6,550,000, to fully refund the Series 2003A and Series 2003B issuance. Interest rates range from 1.280 percent to 3.625 percent with principal due in varying amounts from May 15, 2012 through May 15, 2025.

B. OTHER

On April 8, 2011, the University of Colorado's Board of Regents approved the sale of the former Ninth Avenue campus in Denver for $34,800,000. A nonrefundable amount of $325,000 is on deposit from the purchase and sale agreement that was not terminated during a 150-day Investigation Period, which ended September 16, 2011. Another 120-day Rezoning Period began under which the buyer placed an additional $300,000 in escrow that becomes nonrefundable unless the buyer terminates the contract within the next 120 days. In the event the agreement is completed, the amounts placed in escrow will be applied against the purchase price. As part of the agreement, the buyer is purchasing the property in "as-is" condition and will be responsible for all remaining site remediation.

College Assist submitted a Voluntary Flexible Agreement proposal in accordance with *Federal Register, Vol. 72, No. 104* issued May 31, 2011, in partnership with the Nebraska Student Loan Program. If accepted, College Assist will operate under the requirements of the agreement in lieu of the current guaranty agency agreement. It is anticipated that the proposal will improve College Assist's long-term financial position.

Colorado State University received an in-kind gift of software in August 2011 with a commercial value of $44.5 million. The software will be used in the University's EcoCAR program.

The long-term sovereign credit of the United States of America was placed on negative CreditWatch by Standard & Poor's, effective July 14, 2011. On August 5, 2011, Standard & Poor's reduced that credit rating from AAA to AA+ with a negative outlook. The related sovereign short-term credit rating, A-1+, remained unchanged and was removed from the CreditWatch negative status. The State Treasury and the University of Colorado Treasury hold US Government Securities that are affected by the sovereign credit rating of the United States of America. The investment policies and guidelines of the State Treasury and University of Colorado Treasury required no actions as a result of this downgrade. No changes have been made to the investment disclosures as of June 30, 2011.

Component Units

Subsequent to Fiscal Year 2010-11, the University of Colorado Hospital Authority's board approved repayment of the Series 1997A bonds and issuing new bonds with a lower interest rate, but with similar terms. The board also approved refinancing the Series 1997A Bonds with a lower interest rate. The new bonds are expected to be issued in November 2011.

Subsequent to December 31, 2010, both the Colorado Funds I and II, L.P. made equity investments in eleven entities totaling $5.3 million with approximately $5.2 million of that amount representing the authority's share of the capital contribution.

On March 30, 2011, the Colorado Water Resources and Power Development Authority issued Drinking Water Revenue Bonds 2011 Series A for $24,795,000. The bond issuance consists of serial bonds that mature annually through September 1, 2032. Interest on the bonds is payable semi-annually with rates ranging from 2.0 to 4.375 percent. The bonds maturing on or after September 1, 2022, are subject to optional redemption on or after September 1, 2021, at a redemption price equal to principal plus interest accrued to the redemption date.

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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, 2011

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 2,323,065	
Income Taxes			4,519,468	
Other Taxes			190,090	
Sales and Services			289	
Interest Earnings			8,993	
Other Revenues			21,556	
Transfers-In			201,072	
TOTAL REVENUES AND TRANSFERS-IN			7,264,533	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 4,957	$ 4,925	4,798	$ 127
Corrections	647,180	658,803	656,582	2,221
Education	3,176,664	2,963,614	2,963,105	509
Governor	11,291	11,930	10,912	1,018
Health Care Policy and Financing	1,290,651	1,265,225	1,271,497	(6,272)
Higher Education	660,271	705,315	705,065	250
Human Services	639,803	624,111	623,564	547
Judicial Branch	332,424	327,055	324,697	2,358
Law	9,615	9,510	9,400	110
Legislative Branch	34,797	34,797	31,746	3,051
Local Affairs	10,785	10,754	10,580	174
Military and Veterans Affairs	5,320	5,286	5,052	234
Natural Resources	26,419	26,201	25,983	218
Personnel & Administration	5,521	5,149	4,819	330
Public Health and Environment	27,541	27,460	27,385	75
Public Safety	82,654	82,315	80,403	1,912
Regulatory Agencies	1,510	1,510	1,503	7
Revenue	178,552	178,678	169,236	9,442
Treasury	6,161	5,974	5,715	259
Transfers Not Appropriated by Department	288,872	288,872	288,872	-
SUB-TOTAL OPERATING BUDGETS	7,440,988	7,237,484	7,220,914	16,570
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	952	488	464
Corrections	18,952	12,682	8,795	3,887
Education	-	272	148	124
Governor	876	876	12	864
Higher Education	8,709	26,467	13,425	13,042
Human Services	1,496	4,661	3,076	1,585
Military and Veterans Affairs	4,210	4,470	3,000	1,470
Personnel & Administration	3,018	7,374	3,417	3,957
Public Health and Environment	-	184	109	75
Public Safety	-	1,356	1,316	40
Revenue	7,064	14,378	8,036	6,342
Transportation	500	500	500	-
Treasury	4,067	-	-	-
Budgets/Transfers Not Recorded by Department	14,844	14,844	14,844	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	63,736	89,016	57,166	31,850
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 7,504,724	$ 7,326,500	7,278,080	$ 48,420
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (13,547)	

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, 2011

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 738,774	
Income Taxes			370,499	
Other Taxes			1,176,965	
Tuition and Fees			2,150,904	
Sales and Services			1,939,533	
Interest Earnings			195,808	
Other Revenues			2,534,133	
Transfers-In			6,259,730	
TOTAL REVENUES AND TRANSFERS-IN			15,366,346	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 31,274	$ 31,253	27,122	$ 4,131
Corrections	96,402	96,944	79,677	17,267
Education	3,581,239	3,591,303	3,534,486	56,817
Governor	225,077	239,266	182,396	56,870
Health Care Policy and Financing	1,231,959	1,420,994	1,434,718	(13,724)
Higher Education	3,186,432	3,254,667	3,001,446	253,221
Human Services	719,829	321,547	289,197	32,350
Judicial Branch	198,780	190,063	178,169	11,894
Labor and Employment	968,208	981,053	877,214	103,839
Law	41,889	51,280	40,860	10,420
Legislative Branch	8,167	8,167	3,202	4,965
Local Affairs	423,398	423,398	267,795	155,603
Military and Veterans Affairs	9,105	9,060	6,475	2,585
Natural Resources	730,540	715,379	392,035	323,344
Personnel & Administration	464,776	455,443	429,312	26,131
Public Health and Environment	195,272	227,123	191,228	35,895
Public Safety	149,693	149,378	132,639	16,739
Regulatory Agencies	78,365	77,499	71,607	5,892
Revenue	902,657	925,924	750,888	175,036
State	21,827	25,281	19,108	6,173
Transportation	2,249,707	2,249,793	769,050	1,480,743
Treasury	1,897,630	1,898,206	1,660,077	238,129
Budgets/Transfers Not Recorded by Department	-	3,337	937	2,400
SUB-TOTAL OPERATING BUDGETS	17,412,226	17,346,358	14,339,638	3,006,720
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	1	-	1
Corrections	9,923	18,411	13,746	4,665
Education	-	622	39	583
Governor	1,138	1,939	427	1,512
Higher Education	183,465	429,833	206,295	223,538
Human Services	1,510	5,778	1,870	3,908
Judicial Branch	221,299	221,299	91,668	129,631
Labor and Employment	33,332	36,742	33,002	3,740
Military and Veterans Affairs	-	6,130	4,044	2,086
Natural Resources	52,962	84,625	27,819	56,806
Personnel & Administration	3,821	4,654	865	3,789
Public Health and Environment	14,921	23,126	2,215	20,911
Public Safety	-	1,150	-	1,150
Revenue	-	5,279	1,276	4,003
Transportation	500	500	500	-
Treasury	8,380	8,878	8,860	18
Budgets/Transfers Not Recorded by Department	15,223	15,223	14,215	1,008
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	546,474	864,190	406,841	457,349
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 17,958,700	$ 18,210,548	14,746,479	$ 3,464,069
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 619,867	

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, 2011

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 8,844,332	
TOTAL REVENUES AND TRANSFERS-IN			8,844,332	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 4,020	$ 12,605	5,659	$ 6,946
Corrections	2,003	5,135	3,486	1,649
Education	569,851	1,247,776	887,537	360,239
Governor	34,529	556,326	360,234	196,092
Health Care Policy and Financing	2,750,370	2,845,656	2,804,488	41,168
Higher Education	124,482	567,476	498,851	68,625
Human Services	758,401	1,808,534	1,537,204	271,330
Judicial Branch	9,451	19,358	10,304	9,054
Labor and Employment	138,956	1,690,238	1,464,384	225,854
Law	1,469	2,559	1,869	690
Local Affairs	96,977	149,317	85,571	63,746
Military and Veterans Affairs	222,410	41,629	28,385	13,244
Natural Resources	27,366	70,746	40,924	29,822
Personnel & Administration	-	4,648	463	4,185
Public Health and Environment	274,732	384,304	260,328	123,976
Public Safety	27,918	74,890	38,125	36,765
Regulatory Agencies	1,231	5,621	2,470	3,151
Revenue	815	5,406	2,342	3,064
State	-	2,048	1,050	998
Transportation	369,101	865,046	694,732	170,314
Treasury	-	164,307	164,307	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	5,414,082	10,523,625	8,892,713	1,630,912
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,414,082	$ 10,523,625	8,892,713	$ 1,630,912
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (48,381)	

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, 2011

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES					
	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX	CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:						
Revenues and Transfers-In:						
General	$ 7,243,906	$ -	$ -	$ 20,627	$ -	$ -
Cash	4,838,429	313,760	1,696,660	194,997	598,177	2,245,161
Federal	5,951,388	159,631	682,441	40,956	-	201,025
Sub-Total Revenues and Transfers-In	18,033,723	473,391	2,379,101	256,580	598,177	2,446,186
Expenditures/Expenses and Transfers-Out						
General Funded	7,232,899	-	-	45,181	-	-
Cash Funded	4,574,303	376,857	1,826,459	336,382	423,490	2,101,545
Federally Funded	5,951,042	159,631	682,408	40,963	-	204,142
Expenditures/Expenses and Transfers-Out	17,758,244	536,488	2,508,867	422,526	423,490	2,305,687
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	275,479	(63,097)	(129,766)	(165,946)	174,687	140,499
BUDGETARY BASIS ADJUSTMENTS:						
Increase/(Decrease) for Unrealized Gains/Losses	(5,940)	(3,335)	(6,963)	(2,738)	(3,472)	(11,832)
Increase for Budgeted Non-GAAP Expenditures	-	25,858	-	-	-	343
Increase/(Decrease) for GAAP Expenditures Not Budgeted	209,490	(37)	97,213	155,102	-	(69,880)
Increase/(Decrease) for GAAP Revenue Adjustments	(193,618)	(1,198)	-	(152,152)	-	(99,153)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	285,411	(41,809)	(39,516)	(165,734)	171,215	(40,023)
GAAP BASIS FUND BALANCES/NET ASSETS:						
FUND BALANCE/NET ASSETS, FISCAL YEAR BEGINNING	15,784	519,520	1,242,529	385,059	194,586	1,728,058
Prior Period Adjustments (See Note 29)	7,953	-	-	7	-	(11,736)
Accounting Changes (See Note 29)	293,699	390,789	-	-	-	(93,820)
FUND BALANCE/NET ASSETS, FISCAL YEAR END	$ 602,847	$ 868,500	$ 1,203,013	$ 219,332	$ 365,801	$ 1,582,479

The notes to the required supplementary information are an integral part of this schedule.

PROPRIETARY FUND TYPES						
HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ 7,264,533
2,320,566	796,182	527,880	435,131	209,973	1,189,430	15,366,346
17,670	1,345,621	-	444,943	657	-	8,844,332
2,338,236	2,141,803	527,880	880,074	210,630	1,189,430	31,475,211
-	-	-	-	-	-	7,278,080
2,286,002	770,622	527,952	333,298	214,998	974,571	14,746,479
39,202	1,345,642	-	469,026	657	-	8,892,713
2,325,204	2,116,264	527,952	802,324	215,655	974,571	30,917,272
13,032	25,539	(72)	77,750	(5,025)	214,859	557,939
(69)	-	(246)	240	147	562,309	528,101
-	-	860	24,417	869	-	52,347
73,994	(27,689)	(651)	(8,847)	(9,449)	(13)	419,233
-	-	-	(693)	1,288	-	(445,526)
387,488	-	-	-	-	-	387,488
474,445	(2,150)	(109)	92,867	(12,170)	777,155	1,499,582
4,294,966	(115,758)	6,478	560,794	22,012	3,431,779	12,285,807
(46,163)	-	-	(687)	-	-	(50,626)
-	-	-	-	91	-	590,759
$ 4,723,248	$ (117,908)	$ 6,369	$ 652,974	$ 9,933	$ 4,208,934	$ 14,325,522

GENERAL FUND SURPLUS SCHEDULE

With the implementation of GASB Statement No. 54 the General Fund for GAAP purposes is not equivalent to the General Fund for budgetary purposes. The General Fund for GAAP purposes contains activities that are considered cash funds for budget purposes, and includes, State Public School, Risk Management Fund, and Other Special Purpose Funds that do not have a sufficient original-source revenue stream to qualify as special revenue funds. The General Purpose Revenue Fund balance represents $32.4 million of the GAAP General Fund balance of $602.8 million on the *Balance Sheet – Governmental Funds.*

The General Purpose Revenue 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 fund balance reported in the General Purpose Revenue Fund 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* by the specific purpose revenue funds discussed above and in several other ways as discussed below.

The total fund balance in the General Purpose Revenue Fund column on the *Combining Balance Sheet – General Funds* represents cumulative general-purpose and augmenting revenues in excess of expenditures. The total fund balance comprises several sub-classifications indicating the relative enforceability of constrains on those resources in accordance with GAAP definitions. The sub-classifications include Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balances and do not represent availability for purposes of computing General Fund Surplus. As a result, the ending General Fund Surplus is reconciled to the General Purpose Revenue Fund fund balance on the combining *Balance Sheet – General Fund Components*, rather than the Unassigned fund balance on the *Balance Sheet – General Funds* in the Basic Financial Statements.

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 Purpose Revenue Fund. These revenues in excess of the related expenditures become part of total fund balance. *(See Note 8A beginning on page 84 for information regarding the negative reversion at the Department of Health Care Policy & Financing.)*

In order to measure the General Fund Surplus, encumbrances of the prior year related to approved rollforwards 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 related to approved rollforwards are considered expenditures and are added to the actual expenditures column.

In order to properly state the amounts reverted, restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule.

Due to declining general-purpose revenues throughout the Fiscal Year 2009-10, in June 2010, the Director of the Office of State Planning and Budgeting and the State Controller, under the authority of Colorado Revised Statutes 25.5-4-401(1)(c), authorized the Department of Health Care Policy and Financing to interrupt the normal Medicaid provider payment schedule. As a result, approximately $28.1 million of payments that otherwise would have occurred in the last two weeks of June were delayed until July 1, 2010. Consequently, these payments are included as departmental expenditures for purpose of budget compliance on the General Fund Surplus Schedule in Fiscal Year 2010-11. This treatment is similar to the recognition for budget purposes of the other amounts shown as deferred into Fiscal Year 2010-11 on the Fiscal Year 2009-10 General Fund Surplus Schedule.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 2,217,600	$ 2,192,400	$ 2,233,521		
Other Excise Taxes	91,500	89,800	89,544		
Individual Income Tax, net	4,103,700	4,270,800	4,153,910		
Corporate Income Tax, net	405,800	347,200	365,558		
Estate Tax	-	-	(50)		
Insurance Tax	192,200	191,600	189,648		
Parimutuel, Courts, and Other	31,600	21,300	25,380		
Investment Income	16,800	6,600	7,907		
Gaming	33,500	20,400	20,400		
TOTAL GENERAL PURPOSE REVENUES	7,092,700	7,140,100	7,085,818		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	4,956	4,924	4,798	$ 126	$ 122
Corrections	653,358	658,794	656,452	2,342	1
Education	3,540,055	2,963,614	2,963,107	507	1,191
Governor	11,291	11,930	11,528	402	6
Health Care Policy and Financing	1,343,025	1,265,814	1,271,909	(6,095)	122
Higher Education	660,271	705,108	705,085	23	99
Human Services	637,144	624,138	620,208	3,930	2,612
Judicial Branch	329,936	327,054	324,697	2,357	329
Labor and Employment	-	-	-	-	43
Law	9,546	9,510	9,400	110	410
Legislative Branch	35,185	34,796	31,764	3,032	99
Local Affairs	10,704	10,754	10,579	175	212
Military and Veterans Affairs	5,320	5,286	5,051	235	-
Natural Resources	26,419	26,201	25,983	218	422
Personnel & Administration	5,619	5,149	4,819	330	288
Public Health and Environment	27,541	27,461	27,385	76	63
Public Safety	80,878	82,315	80,403	1,912	78
Regulatory Agencies	1,510	1,510	1,502	8	-
Revenue	190,008	170,661	161,218	9,443	594
State	-	-	-	-	50
Treasury	2,550	5,974	5,715	259	-
TOTAL ACTUAL BUDGET AND EXPENDITURES	7,575,316	6,940,993	6,921,603	$ 19,390	$ 6,741
Variance Between Actual and Estimated Budgets	(459,316)	(5,893)	-		
TOTAL ESTIMATED BUDGET	7,116,000	6,935,100	6,921,603		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	(23,300)	205,000	164,215		
EXCESS AUGMENTING REVENUES			6,741		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	44,900	159,300	158,087		
Transfer-Out For the Older Coloradans Act	(8,000)	(8,000)	(8,000)		
Transfer-Out to Capital Projects - General Fund	(8,600)	(12,000)	(11,985)		
Transfer to State Education Fund Per C.R.S. 24-75-201.1	-	(257,500)	(221,372)		
Transfer to Public School Fund Per C.R.S. 24-75-201.1	-	(67,500)	(67,500)		
TOTAL TRANSFERS	28,300	(185,700)	(150,770)		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES	5,000	19,300	20,186		
BEGINNING GENERAL FUND SURPLUS	(74,500)	4,800	4,793		
Release of Prior Year Statutory Reserve (2%)	132,600	132,600	132,628		
Establish Current Year Statutory Reserve (4.0% reduced to 2.3%)	(277,600)	(156,700)	(156,648)		
GAAP Revenues/(Expenditures) Not Budgeted			12,878		
Contractually Restricted Energy Performance Leases			(10,281)		
Prior Period Adjustment (see Note 29)			(3,556)		
ENDING GENERAL FUND SURPLUS	$ (214,500)	$ -	-		
ADJUSTMENTS TO BUDGETED REVENUE AND EXPENDITURES FOR GAAP FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2011-12 for Budget			(166,667)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2011-12 for Budget			(86,363)		
GAAP Information Technology Expenditures Deferred to Fiscal Year 2011-12 for Budget			(1,288)		
GAAP Revenues Related to Deferred Medicaid Payroll and Medicaid Program Expenditures			101,264		
GAAP FUND BALANCE NOT AVAILABLE FOR GENERAL FUND SURPLUS:					
Fair Value of Investments in Excess of Cost			11,860		
Restricted			10,282		
Committed			6,590		
Assigned			109		
Shortfall in GAAP Basis Statutory Reserve			156,648		
ENDING GAAP GENERAL PURPOSE REVENUE FUND BALANCE			$ 32,435		

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 157 to 160). 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 until appropriated by the General Assembly.

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.
- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed. However, in the prior year, as allowed in Colorado Revised Statutes 25.5-4-401(1)(c), the Director of the Office of State Planning and Budgeting and the State Controller authorized the Department to interrupt the normal provider payment schedule for the last two weeks of June. For purposes of the budget, delaying the payments until July 1, 2010 resulted in those expenditures being recognized for budget purposes in Fiscal Year 2010-11. The Department estimated the expenditures at $28.1 million.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of State government, with the exception of custodial funds and federal moneys not requiring matching State funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the State into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Act, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 41. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remains available in future years through action of the Transportation Commission. In Fiscal Year 2010-11, the Department of Transportation capitalized a project expenditures of $327.1 million from all funding sources.

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. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and estimates of statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded if no General Fund matching funds are required, supplemental appropriations of the Legislature, statutorily authorized appropriations, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 8A.

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

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (see page 162) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 157 to 160) relate to the change in fund balances/net assets for the funds presented in the fund-level statements (see pages 48 to 65).

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June, June general-funded purchases of service from the Office of Information Technology, Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30, are excluded from the budget and from budget basis expenditures. These expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as "GAAP Expenditures Not Budgeted". Some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

As required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the State's Schedule of Funding Progress for its other post-employment benefit plans.

Under the standard, the State must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations.

In Fiscal Year 2010-11 the University of Colorado had several factors impacting its funding progress. Deductibles of $250/$750 were implemented for some individual/family coverage, certain lifetime maximums were extended to unlimited, and some preventative service copays were eliminated. Termination and participation rates were updated, and the discount rate was reduced to 4.5 percent. In addition the Fiscal Year 2010-11 increase in the Unfunded Actuarial Accrued Liability reflects a $46.2 million correction of the prior years' actuarial valuation.

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:								
	2010-11	7/1/2010	-	$ 343,144,000	$ 343,144,000	0.0%	$ 1,023,525,000	33.5%
	2009-10	7/1/2008	-	$ 196,714,735	$ 196,714,735	0.0%	$ 944,167,317	20.8%
	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								
	2010-11	1/1/2011	-	$ 28,917,402	$ 28,917,402	0.0%	$ 248,227,800	11.6%
Restated	2009-10	1/1/2009	-	$ 25,187,719	$ 25,187,719	0.0%	$ 235,974,968	10.7%
	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								
	2010-11	1/1/2011	-	$ 53,177,425	$ 53,177,425	0.0%	N/A	N/A
	2009-10	1/1/2009	-	$ 55,863,780	$ 55,863,780	0.0%	N/A	N/A
	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								
	2010-11	1/1/2011	-	$ 2,832,107	$ 2,832,107	0.0%	N/A	N/A
Restated	2009-10	1/1/2011	-	$ 2,822,691	$ 2,822,691	0.0%	N/A	N/A
	2008-09	1/1/2009	-	$ 2,899,120	$ 2,899,120	0.0%	N/A	N/A
	2007-08	1/1/2008	-	$ 4,267,306	$ 4,267,306	0.0%	N/A	N/A
LTD								
	2010-11	1/1/2011	-	$ 13,017,464	$ 13,017,464	0.0%	N/A	N/A
Restated	2009-10	1/1/2011	-	$ 12,300,594	$ 12,300,594	0.0%	N/A	N/A
	2008-09	1/1/2009	-	$ 12,218,851	$ 12,218,851	0.0%	N/A	N/A
	2007-08	1/1/2008	-	$ 10,209,899	$ 10,209,899	0.0%	N/A	N/A

[1] –The CSU-RMPS, CSU-URX, and CSU-LTD plans' benefits are not based on salaries or covered payroll.

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE

This fund is the general operating fund for State operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.

SPECIAL PURPOSE REVENUE

The State Public School fund is a statutory fund that distributes substantially all of its revenue to school districts each year, most of the funds' resources are transfers into the fund from the General Purpose Revenue Fund.

The Risk Management fund accounts for the State's liability, property, and worker's compensation insurance activities; its revenues are primarily from charges to State agencies.

The Other Special Purpose Fund comprises all other funds without sufficient original source revenues to qualify as Special Revenue Funds. Included in this category is the Building Excellent Schools Tomorrow (BEST) program that provides grants and funds for public school construction, Lottery proceeds held by the Division of Parks for parks and outdoor recreation projects, the Charter School Institute, as well as over thirty smaller funds.

COMBINING BALANCE SHEET
GENERAL FUND COMPONENTS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOL	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 173,588	$ 1,562	$ 16,849	$ 20,361	$ 212,360
Taxes Receivable, net	1,065,527	-	-	-	1,065,527
Other Receivables, net	44,312	-	49	351	44,712
Due From Other Governments	463,517	4,645	-	9	468,171
Due From Other Funds	39,924	68,244	-	16,838	125,006
Due From Component Units	62	-	-	-	62
Inventories	4,318	-	-	4,424	8,742
Prepaids, Advances, and Deferred Charges	32,604	-	270	134	33,008
Restricted Assets:					
Restricted Cash and Pooled Cash	-	49,943	-	137,182	187,125
Restricted Investments	-	-	-	284,059	284,059
Restricted Receivables	-	-	-	184	184
Investments	6,578	-	-	-	6,578
TOTAL ASSETS	$ 1,830,430	$ 124,394	$ 17,168	$ 463,542	$ 2,435,534
LIABILITIES:					
Tax Refunds Payable	$ 615,164	$ -	$ -	$ -	$ 615,164
Accounts Payable and Accrued Liabilities	519,499	19	3,746	10,002	533,266
TABOR Refund Liability (Note 8B)	706	-	-	-	706
Due To Other Governments	56,451	-	-	15,893	72,344
Due To Other Funds	316,277	-	158	1,404	317,839
Deferred Revenue	281,924	3,463	-	5	285,392
Compensated Absences Payable	47	-	-	-	47
Claims and Judgments Payable	314	-	-	-	314
Other Current Liabilities	7,604	-	-	2	7,606
Deposits Held In Custody For Others	9	-	-	-	9
TOTAL LIABILITIES	1,797,995	3,482	3,904	27,306	1,832,687
TOTAL NET ASSETS	$ 32,435	$ 120,912	$ 13,264	$ 436,236	$ 602,847
FUND BALANCES:					
Nonspendable:					
Inventories	4,318	-	-	4,424	8,742
Prepaids	32,604	1	270	134	33,009
Restricted	10,282	119,370	-	413,345	542,997
Committed	6,590	1,541	12,994	18,333	39,458
Assigned	109	-	-	-	109
Unassigned	(21,468)	-	-	-	(21,468)
TOTAL FUND BALANCES	32,435	120,912	13,264	436,236	602,847
TOTAL LIABILITIES AND FUND BALANCES	$ 1,830,430	$ 124,394	$ 17,168	$ 463,542	$ 2,435,534

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 4,153,913	$ -	$ -	$ -	$ 4,153,913
Corporate Income	365,558	-	-	-	365,558
Sales and Use	2,233,521	-	-	-	2,233,521
Excise	89,544	-	-	-	89,544
Other Taxes	190,140	-	-	-	190,140
Licenses, Permits, and Fines	20,339	-	-	1,448	21,787
Charges for Goods and Services	30,911	-	41,929	-	72,840
Rents	393	-	-	16	409
Investment Income (Loss)	6,500	16	373	6,763	13,652
Federal Grants and Contracts	5,833,725	-	-	4,803	5,838,528
Other	115,358	7,164	690	4,053	127,265
TOTAL REVENUES	13,039,902	7,180	42,992	17,083	13,107,157
EXPENDITURES:					
Current:					
General Government	433,627	-	51,722	4,032	489,381
Business, Community, and Consumer Affairs	211,876	-	-	2,856	214,732
Education	717,552	138	-	2,746	720,436
Health and Rehabilitation	491,707	-	-	770	492,477
Justice	1,187,343	-	-	-	1,187,343
Natural Resources	57,976	-	-	3,852	61,828
Social Assistance	5,456,068	-	-	66	5,456,134
Capital Outlay	30,748	-	-	80,781	111,529
Intergovernmental:					
Cities	31,253	-	-	31,319	62,572
Counties	1,159,964	-	-	10,542	1,170,506
School Districts	961,349	2,881,165	-	64,070	3,906,584
Special Districts	32,506	-	-	13,423	45,929
Federal	337	-	-	-	337
Other	35,679	-	-	333	36,012
Debt Service	4,021	-	-	5,904	9,925
TOTAL EXPENDITURES	10,812,006	2,881,303	51,722	220,694	13,965,725
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,227,896	(2,874,123)	(8,730)	(203,611)	(858,568)
OTHER FINANCING SOURCES (USES):					
Transfers-In	1,064,569	3,010,486	-	178,369	4,253,424
Transfers-Out	(3,275,690)	(48,126)	(1,166)	(16,881)	(3,341,863)
Face Amount of Bond/COP Issuance	-	-	-	217,530	217,530
Bond/COP Premium/Discount	-	-	-	25	25
Capital Lease Proceeds	13,698	-	-	-	13,698
Insurance Recoveries	1,165	-	-	-	1,165
TOTAL OTHER FINANCING SOURCES (USES)	(2,196,258)	2,962,360	(1,166)	379,043	1,143,979
NET CHANGE IN FUND BALANCES	31,638	88,237	(9,896)	175,432	285,411
FUND BALANCE, FISCAL YEAR BEGINNING	15,784	-	-	-	15,784
Prior Period Adjustment (See Note 29)	8,602	-	(429)	(220)	7,953
Accounting Changes (See Note 29)	(23,589)	32,675	23,589	261,024	293,699
FUND BALANCE, FISCAL YEAR END	$ 32,435	$ 120,912	$ 13,264	$ 436,236	$ 602,847

CAPITAL PROJECTS FUND COMPONENTS

REGULAR CAPITAL PROJECTS	This fund accounts for projects transferred from the General Fund that are either fully or partially funded with general-purpose revenue, and may also include cash-funded projects.
SPECIAL CAPITAL PROJECTS	This fund accounts for certain projects that are not funded with general-purpose revenue. This includes projects funded with the proceeds of certificates of participation such as the Colorado History Center and the Ralph L. Carr Justice Complex, federal projects in the Department of Military Affairs, Lottery-funded projects in the Department of Natural Resources, and several smaller projects.

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND COMPONENTS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 33,518	$ 17,634	$ 51,152
Other Receivables, net	131	1	132
Due From Other Governments	3,873	218	4,091
Due From Other Funds	13,711	-	13,711
Prepaids, Advances, and Deferred Charges	10	78	88
Restricted Cash and Pooled Cash	2,042	8,180	10,222
Restricted Investments	-	173,053	173,053
Restricted Receivables	-	2,029	2,029
Investments	-	9,214	9,214
Other Long-Term Assets	102	-	102
TOTAL ASSETS	$ 53,387	$ 210,407	$ 263,794
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 24,851	$ 17,079	$ 41,930
Due To Other Funds	573	-	573
Deferred Revenue	-	1,959	1,959
TOTAL LIABILITIES	25,424	19,038	44,462
FUND BALANCES:			
Nonspendable:			
Prepaids	10	78	88
Restricted	2,042	183,321	185,363
Committed	25,911	7,970	33,881
TOTAL FUND BALANCES	27,963	191,369	219,332
TOTAL LIABILITIES AND FUND BALANCES	$ 53,387	$ 210,407	$ 263,794

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECT FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Licenses, Permits, and Fines	10	-	10
Investment Income (Loss)	(1,573)	4,742	3,169
Federal Grants and Contracts	24,614	9,237	33,851
Other	208	2,028	2,236
TOTAL REVENUES	23,259	16,007	39,266
EXPENDITURES:			
Current:			
General Government	10,311	1,852	12,163
Business, Community, and Consumer Affairs	1	-	1
Education	6,590	1,174	7,764
Health and Rehabilitation	650	-	650
Justice	4,838	3,257	8,095
Natural Resources	701	1,764	2,465
Social Assistance	461	-	461
Capital Outlay	50,909	132,603	183,512
Intergovernmental:			
Cities	6	179	185
Counties	10	136	146
Other	1,532	479	2,011
TOTAL EXPENDITURES	76,009	141,444	217,453
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,750)	(125,437)	(178,187)
OTHER FINANCING SOURCES (USES):			
Transfers-In	40,204	18,868	59,072
Transfers-Out	(21,511)	(28,447)	(49,958)
Capital Lease Proceeds	-	2,950	2,950
Insurance Recoveries	389	-	389
TOTAL OTHER FINANCING SOURCES (USES)	19,082	(6,629)	12,453
NET CHANGE IN FUND BALANCES	(33,668)	(132,066)	(165,734)
FUND BALANCE, FISCAL YEAR BEGINNING	385,059	-	385,059
Prior Period Adjustment (See Note 29)	-	7	7
Accounting Changes (See Note 29)	(323,428)	323,428	-
FUND BALANCE, FISCAL YEAR END	$ 27,963	$ 191,369	$ 219,332

OTHER GOVERNMENTAL FUNDS

The following statements present the combining balance sheet for Other Governmental Funds comprising Special Revenue, Debt Service, and Permanent funds.

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 760,278	$ -	$ -	$ 760,278
Taxes Receivable, net	39,235	-	-	39,235
Other Receivables, net	70,019	-	8,588	78,607
Due From Other Governments	12,907	341	8	13,256
Due From Other Funds	5,846	-	3,478	9,324
Inventories	179	-	-	179
Prepaids, Advances, and Deferred Charges	3,328	-	3	3,331
Restricted Cash and Pooled Cash	44,395	218	127,717	172,330
Restricted Investments	76,655	-	519,072	595,727
Restricted Receivables	-	-	-	-
Investments	71,223	9,568	-	80,791
Other Long-Term Assets	17,547	-	5,560	23,107
Land and Nondepreciable Infrastructure	81	-	17,081	17,162
TOTAL ASSETS	$ 1,101,693	$ 10,127	$ 681,507	$ 1,793,327
LIABILITIES:				
Tax Refunds Payable	$ 146	$ -	$ -	$ 146
Accounts Payable and Accrued Liabilities	53,262	-	730	53,992
Due To Other Governments	20,702	-	5	20,707
Due To Other Funds	43,170	-	7,163	50,333
Deferred Revenue	77,744	-	5,199	82,943
Claims and Judgments Payable	81	-	-	81
Other Current Liabilities	2,641	-	-	2,641
Deposits Held In Custody For Others	5	-	-	5
TOTAL LIABILITIES	197,751	-	13,097	210,848
FUND BALANCES:				
Nonspendable:				
Inventories	179	-	-	179
Permanent Fund Principal	-	-	658,883	658,883
Prepaids	3,328	-	3	3,331
Restricted	244,199	10,127	8,017	262,343
Committed	656,236	-	1,507	657,743
TOTAL FUND BALANCES	903,942	10,127	668,410	1,582,479
TOTAL LIABILITIES AND FUND BALANCES	$ 1,101,693	$ 10,127	$ 681,507	$ 1,793,327

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 34,237	$ -	$ -	$ 34,237
Excise	147,368	-	-	147,368
Other Taxes	147,033	-	-	147,033
Licenses, Permits, and Fines	393,268	-	-	393,268
Charges for Goods and Services	531,064	-	-	531,064
Rents	8,522	-	118,168	126,690
Investment Income (Loss)	16,949	121	22,103	39,173
Federal Grants and Contracts	202,789	-	8	202,797
Additions to Permanent Funds	-	-	460	460
Unclaimed Property Receipts	40,446	-	-	40,446
Other	39,870	-	13	39,883
TOTAL REVENUES	1,561,546	121	140,752	1,702,419
EXPENDITURES:				
Current:				
General Government	48,936	-	287	49,223
Business, Community, and Consumer Affairs	167,008	-	-	167,008
Education	18,295	-	2	18,297
Health and Rehabilitation	89,159	-	-	89,159
Justice	33,454	-	-	33,454
Natural Resources	15,658	-	6,850	22,508
Social Assistance	198,826	-	-	198,826
Transportation	1,442	-	-	1,442
Capital Outlay	5,557	-	5	5,562
Intergovernmental:				
Cities	44,224	-	-	44,224
Counties	72,234	-	99	72,333
School Districts	8,897	-	-	8,897
Special Districts	7,041	-	-	7,041
Federal	1,482	-	-	1,482
Other	37,100	-	-	37,100
Debt Service	106	197,791	-	197,897
TOTAL EXPENDITURES	749,419	197,791	7,243	954,453
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	812,127	(197,670)	133,509	747,966
OTHER FINANCING SOURCES (USES):				
Transfers-In	36,051	203,704	300	240,055
Transfers-Out	(886,681)	-	(141,474)	(1,028,155)
Sale of Capital Assets	-	-	46	46
Insurance Recoveries	60	-	5	65
TOTAL OTHER FINANCING SOURCES (USES)	(850,570)	203,704	(141,123)	(787,989)
NET CHANGE IN FUND BALANCES	(38,443)	6,034	(7,614)	(40,023)
FUND BALANCE, FISCAL YEAR BEGINNING	1,049,680	4,093	674,285	1,728,058
Prior Period Adjustment (See Note 29)	(11,736)	-	-	(11,736)
Accounting Changes (See Note 29)	(95,559)	-	1,739	(93,820)
FUND BALANCE, FISCAL YEAR END	$ 903,942	$ 10,127	$ 668,410	$ 1,582,479

SPECIAL REVENUE FUNDS

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 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.
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.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Assets Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of 217 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 234 for a detail listing of these funds that have net assets in excess of $200,000.)

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT
ASSETS:				
Cash and Pooled Cash	$ 62,580	$ 113,359	$ 39,051	$ 18,211
Taxes Receivable, net	12,946	10,679	12,435	-
Other Receivables, net	1,565	519	44,751	5,871
Due From Other Governments	166	-	9,214	875
Due From Other Funds	158	-	3,864	124
Inventories	-	-	-	165
Prepaids, Advances, and Deferred Charges	-	16	2	1,639
Restricted Cash and Pooled Cash	17,345	23,915	-	3,135
Restricted Investments	76,655	-	-	-
Investments	18,258	-	-	-
Other Long-Term Assets	-	-	-	-
Land and Nondepreciable Infrastructure	-	-	-	-
TOTAL ASSETS	$ 189,673	$ 148,488	$ 109,317	$ 30,020
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	1,270	3,687	20,622	2,951
Due To Other Governments	-	19,614	293	212
Due To Other Funds	3,209	22,744	11,853	84
Deferred Revenue	-	564	-	2,291
Claims and Judgments Payable	70	-	-	-
Other Current Liabilities	148	11	-	11
Deposits Held In Custody For Others	-	4	-	-
TOTAL LIABILITIES	4,697	46,624	32,768	5,549
FUND BALANCES:				
Nonspendable:				
Inventories	-	-	-	165
Prepaids	-	16	2	1,639
Restricted	85,400	58,150	7,030	2,084
Committed	99,576	43,698	69,517	20,583
TOTAL FUND BALANCES	184,976	101,864	76,549	24,471
TOTAL LIABILITIES AND FUND BALANCES	$ 189,673	$ 148,488	$ 109,317	$ 30,020

ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 129,936	$ 77,457	$ 319,684	$ 760,278
-	-	3,175	39,235
7,213	374	9,726	70,019
1	-	2,651	12,907
90	-	1,610	5,846
-	-	14	179
-	-	1,671	3,328
-	-	-	44,395
-	-	-	76,655
-	52,965	-	71,223
-	-	17,547	17,547
-	-	81	81
$ 137,240	$ 130,796	$ 356,159	$ 1,101,693
$ -	$ -	$ 146	$ 146
4,437	1,666	18,629	53,262
-	-	583	20,702
4,153	10	1,117	43,170
1,781	6	73,102	77,744
-	-	11	81
-	-	2,471	2,641
-	-	1	5
10,371	1,682	96,060	197,751
-	-	14	179
-	-	1,671	3,328
11,270	-	80,265	244,199
115,599	129,114	178,149	656,236
126,869	129,114	260,099	903,942
$ 137,240	$ 130,796	$ 356,159	$ 1,101,693

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT
REVENUES:				
Taxes:				
Sales and Use	$ -	$ -	$ -	$ -
Excise	-	-	145,104	-
Other Taxes	39,642	104,808	-	-
Licenses, Permits, and Fines	430	1,070	87,677	21,342
Charges for Goods and Services	200	365	428	3,106
Rents	-	345	-	8,153
Investment Income (Loss)	5,567	1,199	335	305
Federal Grants and Contracts	-	135	119,288	1,678
Unclaimed Property Receipts	-	-	-	-
Other	450	1,368	796	11,684
TOTAL REVENUES	46,289	109,290	353,628	46,268
EXPENDITURES:				
Current:				
General Government	235	-	47	-
Business, Community, and Consumer Affairs	20,276	36,172	-	120
Education	-	14,137	191	-
Health and Rehabilitation	-	75	23,774	-
Justice	-	-	-	-
Natural Resources	-	-	-	15,658
Social Assistance	-	-	185,375	-
Transportation	-	-	-	-
Capital Outlay	-	25	64	1,815
Intergovernmental:				
Cities	-	17,261	1,190	286
Counties	562	16,655	14,075	385
School Districts	-	285	5,333	-
Special Districts	-	2,811	-	-
Federal	-	-	-	-
Other	-	1,231	5,305	1,836
Debt Service	-	-	-	-
TOTAL EXPENDITURES	21,073	88,652	235,354	20,100
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,216	20,638	118,274	26,168
OTHER FINANCING SOURCES (USES):				
Transfers-In	900	-	20,437	5,998
Transfers-Out	(40,188)	(39,448)	(229,591)	(25,751)
Insurance Recoveries	-	8	-	52
TOTAL OTHER FINANCING SOURCES (USES)	(39,288)	(39,440)	(209,154)	(19,701)
NET CHANGE IN FUND BALANCES	(14,072)	(18,802)	(90,880)	6,467
FUND BALANCE, FISCAL YEAR BEGINNING	193,556	92,231	178,040	49,492
Prior Period Adjustment (See Note 29)	-	(1,475)	(11,607)	-
Accounting Changes (See Note 29)	5,492	29,910	996	(31,488)
FUND BALANCE, FISCAL YEAR END	$ 184,976	$ 101,864	$ 76,549	$ 24,471

ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ 34,237	$ 34,237
-	-	2,264	147,368
-	-	2,583	147,033
39,982	-	242,767	393,268
490,256	-	36,709	531,064
-	-	24	8,522
2,497	2,989	4,057	16,949
277	-	81,411	202,789
-	40,446	-	40,446
309	3	25,260	39,870
533,321	43,438	429,312	1,561,546
-	31,916	16,738	48,936
-	634	109,806	167,008
-	-	3,967	18,295
37,138	-	28,172	89,159
172	-	33,282	33,454
-	-	-	15,658
21	-	13,430	198,826
-	-	1,442	1,442
346	90	3,217	5,557
630	10	24,847	44,224
2,050	223	38,284	72,234
130	-	3,149	8,897
111	208	3,911	7,041
28	-	1,454	1,482
899	-	27,829	37,100
-	-	106	106
41,525	33,081	309,634	749,419
491,796	10,357	119,678	812,127
3,650	-	5,066	36,051
(478,492)	(2,031)	(71,180)	(886,681)
-	-	-	60
(474,842)	(2,031)	(66,114)	(850,570)
16,954	8,326	53,564	(38,443)
110,757	119,627	305,977	1,049,680
163	-	1,183	(11,736)
(1,005)	1,161	(100,625)	(95,559)
$ 126,869	$ 129,114	$ 260,099	$ 903,942

PERMANENT FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and operations related to lands granted to the State by the federal government for educational purposes. This fund also includes unclaimed assets from estates or trusts with unknown beneficiaries. Per statute, these assets become property of the State after 21 years.
OTHER PERMANENT TRUST	This fund category represents several minor permanent funds including Wildlife for Future Generations Fund and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 8,588	$ -	$ 8,588
Due From Other Governments	-	8	8
Due From Other Funds	3,478	-	3,478
Prepaids, Advances, and Deferred Charges	3	-	3
Restricted Cash and Pooled Cash	119,339	8,378	127,717
Restricted Investments	519,072	-	519,072
Other Long-Term Assets	5,560	-	5,560
Capital Assets Held as Investments	17,081	-	17,081
TOTAL ASSETS	$ 673,121	$ 8,386	$ 681,507
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 720	$ 10	$ 730
Due To Other Governments	5	-	5
Due To Other Funds	7,163	-	7,163
Deferred Revenue	5,199	-	5,199
TOTAL LIABILITIES	13,087	10	13,097
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	651,949	6,934	658,883
Prepaids	3	-	3
Restricted	8,014	3	8,017
Committed	68	1,439	1,507
TOTAL FUND BALANCES	660,034	8,376	668,410
TOTAL LIABILITIES AND FUND BALANCES	$ 673,121	$ 8,386	$ 681,507

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Rents	$ 118,168	$ -	$ 118,168
Investment Income (Loss)	21,987	116	22,103
Federal Grants and Contracts	-	8	8
Additions to Permanent Funds	460	-	460
Other	9	4	13
TOTAL REVENUES	140,624	128	140,752
EXPENDITURES:			
Current:			
General Government	285	2	287
Education	-	2	2
Natural Resources	6,827	23	6,850
Capital Outlay	5	-	5
Intergovernmental:			
Counties	99	-	99
TOTAL EXPENDITURES	7,216	27	7,243
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	133,408	101	133,509
OTHER FINANCING SOURCES (USES):			
Transfers-In	300	-	300
Transfers-Out	(141,459)	(15)	(141,474)
Sale of Capital Assets	46	-	46
Insurance Recoveries	5	-	5
TOTAL OTHER FINANCING SOURCES (USES)	(141,108)	(15)	(141,123)
NET CHANGE IN FUND BALANCES	(7,700)	86	(7,614)
FUND BALANCE, FISCAL YEAR BEGINNING	665,995	8,290	674,285
Accounting Changes (See Note 29)	1,739	-	1,739
FUND BALANCE, FISCAL YEAR END	$ 660,034	$ 8,376	$ 668,410

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:

COLLEGEINVEST	CollegeInvest's Prepaid Tuition Fund, which was established in 1997, provides an opportunity for saving for future college expenses at private and public colleges, universities, and vocational schools throughout the United States.
WILDLIFE	Expenses of this fund are to preserve the State's wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.
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.
TRANSPORTATION ENTERPRISE	This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees. Before Fiscal Year 2010-11 these enterprises were reported as Other Enterprises.
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, 2011

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 64,945	$ -	$ 36,165	$ 2,003
Investments	1,675	-	-	-
Student and Other Receivables, net	502	10,411	155	22
Due From Other Governments	-	-	1,718	46
Due From Other Funds	24	62	-	-
Inventories	-	995	-	24
Prepaids, Advances, and Deferred Charges	57	527	348	166
Total Current Assets	67,203	11,995	38,386	2,261
Noncurrent Assets:				
Restricted Cash and Pooled Cash	3,275	49,427	30,096	-
Restricted Receivables	1,576	3,186	20,218	-
Investments	41,222	-	-	-
Other Long-Term Assets	485	-	-	-
Depreciable Capital Assets and Infrastructure, net	11	56,475	-	11,232
Land and Nondepreciable Infrastructure	-	214,461	-	1,676
Total Noncurrent Assets	46,569	323,549	50,314	12,908
TOTAL ASSETS	113,772	335,544	88,700	15,169
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	349	10,341	380	532
Due To Other Governments	-	-	28,102	-
Due To Other Funds	4,846	403	-	-
Deferred Revenue	-	29,316	-	819
Compensated Absences Payable	-	308	-	9
Leases Payable	-	-	-	11
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	4,842	-	4,455	10
Total Current Liabilities	10,037	40,368	32,937	1,381
Noncurrent Liabilities:				
Accrued Compensated Absences	130	4,738	140	128
Capital Lease Payable	-	-	-	1,743
Notes, Bonds, and COPs Payable	-	-	-	-
Other Long-Term Liabilities	25,709	-	-	-
Total Noncurrent Liabilities	25,839	4,738	140	1,871
TOTAL LIABILITIES	35,876	45,106	33,077	3,252
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	11	270,936	-	11,154
Restricted for:				
Emergencies	-	12,368	-	-
Other Purposes	-	-	22,101	-
Unrestricted	77,885	7,134	33,522	763
TOTAL NET ASSETS	$ 77,896	$ 290,438	$ 55,623	$ 11,917

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 5,717	$ 6,540	$ 1,433	$ 8,508	$ 44,475	$ 7,084	$ 176,870
-	563	-	-	-	-	2,238
1,187	806	296	3,944	6,769	705	24,797
204	3,578	-	49	2,004	43	7,642
2,956	1,414	-	-	-	-	4,456
11,552	200	488	-	-	182	13,441
38	5	-	-	-	171	1,312
21,654	13,106	2,217	12,501	53,248	8,185	230,756
-	-	-	-	-	-	82,798
-	-	-	-	-	-	24,980
-	-	-	-	341,197	-	382,419
1,796	280	-	-	1,820	149	4,530
3,404	27,815	2,022	387	4,113	12,554	118,013
980	10,256	-	-	35,034	4,003	266,410
6,180	38,351	2,022	387	382,164	16,706	879,150
27,834	51,457	4,239	12,888	435,412	24,891	1,109,906
4,133	3,833	552	3,622	7,500	1,372	32,614
-	580	-	-	-	-	28,682
-	-	-	-	-	-	5,249
-	759	-	10	-	800	31,704
26	172	-	-	-	201	716
-	208	-	-	-	-	219
-	410	-	-	-	364	774
4	1	-	-	-	3	9,315
4,163	5,963	552	3,632	7,500	2,740	109,273
1,026	1,683	200	333	19	336	8,733
-	2,198	-	-	-	-	3,941
-	2,844	-	-	300,000	6,432	309,276
-	-	-	-	-	-	25,709
1,026	6,725	200	333	300,019	6,768	347,659
5,189	12,688	752	3,965	307,519	9,508	456,932
4,384	32,380	2,022	387	33,680	9,761	364,715
-	-	-	-	-	-	12,368
-	-	-	-	-	-	22,101
18,261	6,389	1,465	8,536	94,213	5,622	253,790
$ 22,645	$ 38,769	$ 3,487	$ 8,923	$ 127,893	$ 15,383	$ 652,974

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
OPERATING REVENUES:				
License and Permits	$ -	$ 75,992	$ -	$ -
Tuition and Fees	-	2	-	-
Sales of Goods and Services	3	2,160	-	6,208
Investment Income (Loss)	7,985	-	3,125	-
Rental Income	-	-	-	566
Federal Grants and Contracts	1,180	21,575	387,725	-
Intergovernmental Revenue	-	22,053	-	-
Other	13,969	557	3,859	28
TOTAL OPERATING REVENUES	23,137	122,339	394,709	6,802
OPERATING EXPENSES:				
Salaries and Fringe Benefits	455	56,482	45,326	3,721
Operating and Travel	3,157	45,829	341,274	4,014
Cost of Goods Sold	1,730	-	-	-
Depreciation and Amortization	24	4,161	2	526
Intergovernmental Distributions	2,243	1,943	-	-
Debt Service	431	-	15,955	-
Prizes and Awards	-	9	-	785
TOTAL OPERATING EXPENSES	8,040	108,424	402,557	9,046
OPERATING INCOME (LOSS)	15,097	13,915	(7,848)	(2,244)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	-	213	-	-
Investment Income (Loss)	-	263	-	876
Rental Income	-	516	-	-
Gifts and Donations	-	1,118	-	528
Federal Grants and Contracts	-			
Gain/(Loss) on Sale or Impairment of Capital Assets	-	26	-	-
Insurance Recoveries from Prior Year Impairments	-	64	-	-
Debt Service	-	(63)	-	(4)
Other Expenses	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	2,137	-	1,400
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	15,097	16,052	(7,848)	(844)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	-	5,109	-	479
Transfers-In	162	2,789	-	-
Transfers-Out	(15,494)	(7,789)	(115)	(143)
TOTAL CONTRIBUTIONS AND TRANSFERS	(15,332)	109	(115)	336
CHANGE IN NET ASSETS	(235)	16,161	(7,963)	(508)
NET ASSETS - FISCAL YEAR BEGINNING	78,818	274,277	63,586	12,425
Prior Period Adjustments (See Note 29)	(687)	-	-	-
NET ASSETS - FISCAL YEAR ENDING	$ 77,896	$ 290,438	$ 55,623	$ 11,917

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 537	$ -	$ 7,508	$ 84,037
-	-	-	-	-	215	217
45,299	35,549	17,214	4	69,450	4,243	180,130
-	-	-	-	-	-	11,110
-	-	-	-	-	955	1,521
-	16,688	-	1,822	15,264	688	444,942
-	342	-	-	-	-	22,395
157	40	37	15	113	44	18,819
45,456	52,619	17,251	2,378	84,827	13,653	763,171
10,645	35,693	6,629	9,993	2,777	5,033	176,754
8,741	9,345	2,368	25,773	1,725	7,863	450,089
25,315	-	10,695	-	-	131	37,871
502	1,606	110	127	48	646	7,752
-	3,942	-	-	-	-	8,128
-	-	-	-	-	-	16,386
-	-	-	-	-	-	794
45,203	50,586	19,802	35,893	4,550	13,673	697,774
253	2,033	(2,551)	(33,515)	80,277	(20)	65,397
-	-	-	36,731	-	-	36,731
-	-	-	116	19	25	373
32	(20)	24	109	3,614	29	4,927
440	2	-	-	-	-	958
1	10	-	-	1,368	490	3,515
16	5,426	-	-	-	474	5,942
-	-	-	-	-	-	64
-	(300)	-	-	(9,528)	116	(9,779)
-	(42)	-	-	(38)	(11)	(91)
489	5,076	24	36,956	(4,565)	1,123	42,640
742	7,109	(2,527)	3,441	75,712	1,103	108,037
-	2,190	-	-	-	2,748	10,526
-	986	-	-	-	-	3,937
(330)	(1,765)	(1,947)	(905)	(905)	(240)	(29,633)
(330)	1,411	(1,947)	(905)	(905)	2,508	(15,170)
412	8,520	(4,474)	2,536	74,807	3,611	92,867
22,233	30,249	7,961	6,387	53,086	11,772	560,794
-	-	-	-	-	-	(687)
$ 22,645	$ 38,769	$ 3,487	$ 8,923	$ 127,893	$ 15,383	$ 652,974

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ 2	$ -	$ -
Fees for Service	1,255	64,857	678	4,763
Sales of Products	-	733	587	158
Gifts, Grants, and Contracts	1,180	22,203	398,522	28
Loan and Note Repayments	16,273	-	-	-
Income from Property	194,800	516	-	566
Other Sources	-	28,702	3,272	2,091
Cash Payments to or for:				
Employees	(464)	(53,312)	(1,873)	(2,225)
Suppliers	(21,215)	(32,970)	(50,382)	(5,413)
Sales Commissions and Lottery Prizes	-	(5,820)	-	-
Others for Student Loans and Loan Losses	(197,962)	-	(355,354)	-
Other Governments	(2,243)	(1,943)	-	-
Other	(1,185)	(8,478)	-	(910)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(9,561)	14,490	(4,550)	(942)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	162	2,789	-	-
Transfers-Out	(15,494)	(7,789)	(115)	(143)
Receipt of Deposits Held in Custody	-	-	8	2
Release of Deposits Held in Custody	-	(1)	(8)	(2)
Gifts and Grants for Other Than Capital Purposes	-	1,118	-	-
NonCapital Debt Service Payments	(431)	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(15,763)	(3,883)	(115)	(143)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(23,283)	(4)	(737)
Capital Gifts, Grants, and Contracts	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Capital Debt Proceeds	-	-	-	1,754
Capital Debt Service Payments	-	(1)	-	(4)
Capital Lease Payments	-	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	(23,284)	(4)	1,013

(Continued)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ 559	$ -	$ -	$ -	$ 215	$ 776
9,953	35,400	-	35,787	67,711	3,456	223,860
34,078	33	17,227	-	-	621	53,437
-	15,040	-	2,080	14,018	926	453,997
-	-	-	-	-	-	16,273
440	2	-	-	-	955	197,279
173	787	37	658	18	6,028	41,766
						-
(9,256)	(34,605)	(6,556)	(3,426)	(2,975)	(4,928)	(119,620)
(34,960)	(10,467)	(13,080)	(32,729)	(647)	(7,704)	(209,567)
-	-	-	-	-	(1)	(5,821)
-	-	-	-	-	-	(553,316)
-	(3,581)	-	-	-	-	(7,767)
(112)	(10)	(22)	(1)	(182)	(71)	(10,971)
316	3,158	(2,394)	2,369	77,943	(503)	80,326
-	986	-	-	-	-	3,937
(330)	(1,765)	(1,947)	(905)	(905)	(240)	(29,633)
-	1	-	-	-	-	11
-	-	-	-	-	-	(11)
1	10	-	-	-	490	1,619
-	(552)	-	-	-	-	(983)
(329)	(1,320)	(1,947)	(905)	(905)	250	(25,060)
(384)	(4,575)	-	(23)	(30,934)	(2,964)	(62,904)
-	-	-	-	-	2,748	2,748
14	5,422	-	-	-	-	5,436
-	-	-	-	258,144	330	260,228
-	-	-	-	(8,013)	(567)	(8,585)
-	(822)	-	-	-	-	(822)
(370)	25	-	(23)	219,197	(453)	196,101

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	1,977	714	3,744	884
Proceeds from Sale/Maturity of Investments	66,891	-	-	-
Purchases of Investments	(19,836)	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	431	(451)	(619)	(8)
NET CASH FROM INVESTING ACTIVITIES	49,463	263	3,125	876
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	24,139	(12,414)	(1,544)	804
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	44,081	61,841	67,805	1,199
CASH AND POOLED CASH, FISCAL YEAR END	$ 68,220	$ 49,427	$ 66,261	$ 2,003
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 15,097	$ 13,915	$ (7,848)	$ (2,244)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	24	4,161	2	526
Investment/Rental Income and Other Revenue in Operating Income	(7,984)	-	(3,125)	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	757	-	528
(Gain)/Loss on Disposal of Capital and Other Assets	-	(253)	-	-
Compensated Absences	(29)	(421)	10	13
Interest and Other Expense in Operating Income	463	6	4	-
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	199,718	(5,751)	14,043	(49)
(Increase) Decrease in Inventories	-	50	-	5
(Increase) Decrease in Other Operating Assets	369	(98)	(18)	(57)
Increase (Decrease) in Accounts Payable	(215,154)	2,037	(3,013)	7
Increase (Decrease) in Other Operating Liabilities	(2,065)	87	(4,605)	329
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (9,561)	$ 14,490	$ (4,550)	$ (942)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Acquired by Grants or Donations and Payable Increases	-	5,109	-	479
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	1,403	-	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
78	22	110	131	3,446	77	11,183
-	621	-	-	13,244	1	80,757
-	(621)	-	-	(354,440)	-	(374,897)
(46)	(42)	(86)	(22)	(272)	(48)	(1,163)
32	(20)	24	109	(338,022)	30	(284,120)
(351)	1,843	(4,317)	1,550	(41,787)	(676)	(32,753)
6,068	4,697	5,750	6,958	86,262	7,760	292,421
$ 5,717	$ 6,540	$ 1,433	$ 8,508	$ 44,475	$ 7,084	$ 259,668
$ 253	$ 2,033	$ (2,551)	$ (33,515)	$ 80,277	$ (20)	$ 65,397
502	1,606	110	127	48	646	7,752
-	-	-	-	-	-	(11,109)
456	3	-	36,847	17	25	38,633
-	-	-	-	-	25	(228)
70	(291)	13	2	19	(24)	(638)
-	-	-	-	(4,635)	33	(4,129)
(1,268)	(834)	12	(703)	(3,098)	117	202,187
(820)	24	(15)	-	-	(28)	(784)
(54)	16	-	-	-	61	219
1,178	(155)	37	(394)	5,315	212	(209,930)
(1)	756	-	5	-	(1,550)	(7,044)
$ 316	$ 3,158	$ (2,394)	$ 2,369	$ 77,943	$ (503)	$ 80,326
-	2,190	-	-	1,368	-	9,146
-	-	-	-	-	-	1,403

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.
INFORMATION TECHNOLOGY	This fund accounts for computer services sold to other State agencies formerly General Government Computer Center (GGCC). In April 2011 the GGCC and Telecommunications were merged into one fund, the Information Technology Fund.
TELECOMMUNICATIONS	This fund accounts for telecommunications services sold primarily to other State agencies. In April 2011 this fund was consolidated into the Information Technology Fund.
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.
OTHER INTERNAL SERVICE ACTIVITIES	This fund primarily 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, 2011

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	TELECOM-MUNICATIONS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 6,909	$ 8,501	$ -
Other Receivables, net	263	83	-
Due From Other Governments	318	191	-
Due From Other Funds	5	2,303	-
Inventories	644	37	-
Prepaids, Advances, and Deferred Charges	19	1,966	-
Total Current Assets	8,158	13,081	-
Noncurrent Assets:			
Other Long-Term Assets	58	-	-
Depreciable Capital Assets and Infrastructure, net	52,061	2,402	-
Land and Nondepreciable Infrastructure	-	-	-
Total Noncurrent Assets	52,119	2,402	-
TOTAL ASSETS	60,277	15,483	-
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	2,593	7,440	-
Deferred Revenue	169	254	-
Compensated Absences Payable	22	21	-
Leases Payable	8,971	-	-
Notes, Bonds, and COPs Payable	3,535	-	-
Other Current Liabilities	258	-	-
Total Current Liabilities	15,548	7,715	-
Noncurrent Liabilities:			
Accrued Compensated Absences	506	5,743	-
Capital Lease Payable	36,841	-	-
Notes, Bonds, and COPs Payable	4,749	-	-
Total Noncurrent Liabilities	42,096	5,743	-
TOTAL LIABILITIES	57,644	13,458	-
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	(2,035)	2,402	-
Unrestricted	4,668	(377)	-
TOTAL NET ASSETS	$ 2,633	$ 2,025	$ -

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,829	$ 645	$ 483	$ 1,126	$ 851	$ 20,344
69	4	11	2	4	436
-	-	-	-	-	509
15	-	-	-	-	2,323
278	297	-	-	-	1,256
-	-	-	-	10	1,995
2,191	946	494	1,128	865	26,863
-	-	-	-	-	58
18,105	99	1,031	13	10	73,721
939	-	-	-	-	939
19,044	99	1,031	13	10	74,718
21,235	1,045	1,525	1,141	875	101,581
1,326	143	49	300	183	12,034
4	-	-	-	8	435
-	-	-	-	-	43
687	-	-	-	-	9,658
-	-	-	-	-	3,535
-	-	-	-	-	258
2,017	143	49	300	191	25,963
291	-	-	300	30	6,870
17,225	-	-	-	-	54,066
-	-	-	-	-	4,749
17,516	-	-	300	30	65,685
19,533	143	49	600	221	91,648
1,132	99	1,031	13	10	2,652
570	803	445	528	644	7,281
$ 1,702	$ 902	$ 1,476	$ 541	$ 654	$ 9,933

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	TELECOM-MUNICATIONS
OPERATING REVENUES:			
Sales of Goods and Services	$ 57,763	$ 98,358	$ 26,291
Rental Income	-	-	-
Other	375	2	2
TOTAL OPERATING REVENUES	58,138	98,360	26,293
OPERATING EXPENSES:			
Salaries and Fringe Benefits	8,465	82,514	11,038
Operating and Travel	27,021	20,746	15,099
Cost of Goods Sold	7,597	-	-
Depreciation and Amortization	14,544	439	265
Intergovernmental Distributions	-	-	-
TOTAL OPERATING EXPENSES	57,627	103,699	26,402
OPERATING INCOME (LOSS)	511	(5,339)	(109)
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	26	140	-
Federal Grants and Contracts	-	53	154
Gain/(Loss) on Sale or Impairment of Capital Assets	(4,156)	(4)	-
Debt Service	(2,200)	(77)	-
Other Expenses	(49)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(6,379)	112	154
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(5,868)	(5,227)	45
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	553	-	-
Transfers-In	472	6,405	55
Transfers-Out	(1,567)	(1,193)	(4,769)
TOTAL CONTRIBUTIONS AND TRANSFERS	(542)	5,212	(4,714)
CHANGE IN NET ASSETS	(6,410)	(15)	(4,669)
NET ASSETS - FISCAL YEAR BEGINNING	9,043	2,040	4,669
Accounting Changes (See Note 29)	-	-	-
NET ASSETS - FISCAL YEAR ENDING	$ 2,633	$ 2,025	$ -

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 2,013	$ 152	$ 4,443	$ 3,306	$ 192,326
11,523	-	-	-	-	11,523
11	-	-	-	4	394
11,534	2,013	152	4,443	3,310	204,243
3,264	1,099	186	3,500	1,299	111,365
4,984	1,321	310	787	1,441	71,709
-	-	-	-	-	7,597
1,270	14	412	7	8	16,959
98	-	-	-	-	98
9,616	2,434	908	4,294	2,748	207,728
1,918	(421)	(756)	149	562	(3,485)
-	(12)	-	30	5	189
450	-	-	-	-	657
(643)	-	-	(2)	-	(4,805)
(818)	-	-	-	-	(3,095)
-	-	-	-	-	(49)
(1,011)	(12)	-	28	5	(7,103)
907	(433)	(756)	177	567	(10,588)
-	-	-	-	-	553
27	-	388	-	-	7,347
(1,336)	-	(16)	(258)	(343)	(9,482)
(1,309)	-	372	(258)	(343)	(1,582)
(402)	(433)	(384)	(81)	224	(12,170)
2,104	1,335	1,860	622	339	22,012
-	-	-	-	91	91
$ 1,702	$ 902	$ 1,476	$ 541	$ 654	$ 9,933

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	TELECOM-MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ -	$ -	$ -
Fees for Service	57,355	97,455	26,060
Sales of Products	42	-	-
Gifts, Grants, and Contracts	-	105	67
Income from Property	-	-	-
Other Sources	242	2	2
Cash Payments to or for:			
Employees	(6,818)	(58,442)	(10,988)
Suppliers	(35,983)	(36,089)	(15,737)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	-
Other	(23)	(51)	(3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,815	2,980	(599)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	472	4,870	55
Transfers-Out	(1,567)	(1,193)	(3,234)
Receipt of Deposits Held in Custody	529	-	-
Release of Deposits Held in Custody	(271)	-	-
NonCapital Debt Proceeds	-	7	-
NonCapital Debt Service Payments	-	(7)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(837)	3,677	(3,179)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(16,795)	(23,107)	(23,881)
Proceeds from Sale of Capital Assets	8,929	22,643	23,881
Capital Debt Service Payments	(4,653)	(77)	-
Capital Lease Payments	(1,861)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(14,380)	(541)	-

(Continued)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ -	$ 3	$ -	$ -	$ 3
-	900	142	4,441	3,308	189,661
-	1,112	-	-	3	1,157
450	-	-	-	-	622
11,486	-	-	-	-	11,486
18	-	-	-	3	267
(3,100)	(1,048)	(187)	(3,338)	(1,116)	(85,037)
(4,632)	(1,374)	(311)	(882)	(783)	(95,791)
-	-	-	-	(706)	(706)
(98)	-	-	-	-	(98)
-	-	-	-	(103)	(180)
4,124	(410)	(353)	221	606	21,384
27	-	388	-	-	5,812
(1,336)	-	(16)	(258)	(343)	(7,947)
-	-	-	-	-	529
-	-	-	-	-	(271)
-	-	-	-	-	7
-	-	-	-	-	(7)
(1,309)	-	372	(258)	(343)	(1,877)
(2,776)	-	-	-	-	(66,559)
150	-	-	-	-	55,603
(818)	-	-	-	-	(5,548)
-	-	-	-	-	(1,861)
(3,444)	-	-	-	-	(18,365)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	TELECOM-MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	26	-	-
Proceeds from Sale/Maturity of Investments	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	140	-
NET CASH FROM INVESTING ACTIVITIES	26	140	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(376)	6,256	(3,778)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	7,285	2,245	3,778
Accounting Changes (See Note 29)	-	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 6,909	$ 8,501	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 511	$ (5,339)	$ (109)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	14,544	439	265
Investment/Rental Income and Other Revenue in Operating Income	(54)	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	53	154
(Gain)/Loss on Disposal of Capital and Other Assets	4	-	-
Compensated Absences	62	4,164	-
Interest and Other Expense in Operating Income	3	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(281)	(1,107)	(316)
(Increase) Decrease in Inventories	94	8	-
(Increase) Decrease in Other Operating Assets	(11)	(1,494)	62
Increase (Decrease) in Accounts Payable	161	6,002	(655)
Increase (Decrease) in Other Operating Liabilities	(218)	254	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 14,815	$ 2,980	$ (599)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Acquired by Grants or Donations and Payable Increases	553	1,376	-
Loss on Disposal of Capital and Other Assets	-	3	
Disposal of Capital Assets	-	-	1,376

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	-	14	2	42
-	-	-	34	-	34
-	(12)	-	(17)	3	114
-	(12)	-	31	5	190
(629)	(422)	19	(6)	268	1,332
2,458	1,067	464	1,132	484	18,913
-	-	-	-	99	99
$ 1,829	$ 645	$ 483	$ 1,126	$ 851	$ 20,344
$ 1,918	$ (421)	$ (756)	$ 149	$ 562	$ (3,485)
1,270	14	412	7	8	16,959
-	-	-	-	-	(54)
454	-	-	-	-	661
-	-	-	-	-	4
14	-	-	55	(5)	4,290
159	-	-	-	-	162
(40)	(1)	(5)	(1)	6	(1,745)
(44)	(30)	-	-	-	28
-	-	-	-	(10)	(1,453)
389	28	(4)	11	46	5,978
4	-	-	-	(1)	39
$ 4,124	$ (410)	$ (353)	$ 221	$ 606	$ 21,384
-	-	-	-	-	1,929
647	-	-	2	-	652
-	-	-	-	-	1,376

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the State in its governmental capacity on behalf of local governments, citizens, and other external parties. Pension and Other Employee Benefits Trust Funds are included in this category. The major components of the remaining fiduciary funds are:

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S

This fund primarily includes moneys managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the moneys in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.

UNCLAIMED PROPERTY

This fund comprises a portion of the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity. The fund reports Net Assets Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections. The remaining unclaimed assets are reported in the Unclaimed Property nonmajor Special Revenue Fund.

COLLEGE SAVINGS PLAN

The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the State.

COLLEGE OPPORTUNITY FUND

The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the State. The appropriated amounts are held in trust in the COF until the institutions apply for the stipend on behalf of the students. The COF administrator only distributes the stipend to the higher education institution as directed by the student. Any unused stipends remain in the COF and do not revert to the State.

MULTI-STATE LOTTERY WINNERS

The Multistate Lottery Winners Fund was created in Fiscal Year 2007-08 to account for the Colorado Lottery's investments held by the Multi-State Lottery Association (MUSL) for the benefit of Colorado's Powerball annuity prize winners. The winnings are invested by MUSL in bond funds with staggered maturities that correspond with the annual payments required under the terms of the annuity. Under an agreement with MUSL, the Colorado Lottery is responsible for making payments to the Colorado winners.

OTHER

This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts; contractor's performance escrow accounts; sales taxes collected for cities and counties; deposits held to ensure land restoration by mining and oil exploration companies; amounts held for the trustee related to the most recent issuance of Certificates of Participation for Higher Education Institutions, Building Excellent Schools Today (BEST), the Ralph L. Carr Justice Complex, and the Colorado History Center; the Bridge Enterprise program; 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, 2011

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,512	$ 92,712	$ 9,860
Other Receivables, net	7	-	6,946
Due From Other Funds	-	-	4,766
Noncurrent Assets:			
Investments:			
Government Securities	-	-	2,534
Repurchase Agreements	-	-	748
Mutual Funds	-	-	4,015,280
Other Investments	-	-	38,698
TOTAL ASSETS	3,519	92,712	4,078,832
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	-	7,386
Deferred Revenue	-	-	1,737
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	2,919
TOTAL LIABILITIES	-	-	12,042
NET ASSETS:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	3,519	92,712	4,066,790
TOTAL NET ASSETS	$ 3,519	$ 92,712	$ 4,066,790

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ -	$ -	$ 6,393	$ 112,477
-	-	2,562	9,515
-	-	-	4,766
-	10,288	589	13,411
-	-	-	748
-	-	-	4,015,280
-	-	-	38,698
-	10,288	9,544	4,194,895
-	-	761	8,147
-	-	7,454	9,191
-	-	-	2,919
-	-	8,215	20,257
-	10,288	1,329	4,174,638
$ -	$ 10,288	$ 1,329	$ 4,174,638

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ADDITIONS:			
Additions By Participants	$ -	$ -	$ 539,436
Investment Income/(Loss)	31	1,056	614,031
Unclaimed Property Receipts	-	24,939	-
Other Additions	608	-	684
TOTAL ADDITIONS	639	25,995	1,154,151
DEDUCTIONS:			
Distributions to Participants	-	-	-
Payments in Accordance with Trust Agreements	213	23,027	389,095
Transfers-Out	-	-	-
TOTAL DEDUCTIONS	213	23,027	389,095
CHANGE IN NET ASSETS	426	2,968	765,056
NET ASSETS - FISCAL YEAR BEGINNING	3,093	89,744	3,301,734
NET ASSETS - FISCAL YEAR ENDING	$ 3,519	$ 92,712	$ 4,066,790

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ 266,934	$ -	$ 5,960	$ 812,330
-	10	102	615,230
-	-	-	24,939
-	-	1,575	2,867
266,934	10	7,637	1,455,366
266,934	401	-	267,335
-	-	7,450	419,785
-	-	92	92
266,934	401	7,542	687,212
-	(391)	95	768,154
-	10,679	1,234	3,406,484
$ -	$ 10,288	$ 1,329	$ 4,174,638

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 92,707	$ 2,227,341	$ 2,224,728	$ 95,320
Taxes Receivable, net	135,716	27,319	35,224	127,811
TOTAL ASSETS	$ 228,423	$ 2,254,660	$ 2,259,952	$ 223,131
LIABILITIES:				
Tax Refunds Payable	$ 5,524	$ 1,793	$ 2,903	$ 4,414
Accounts Payable and Accrued Liabilities	-	5	5	-
Due To Other Governments	215,512	2,654,222	2,659,812	209,922
Claims and Judgments Payable	241	3,112	3,224	129
Other Long-Term Liabilities	7,146	1,609	89	8,666
TOTAL LIABILITIES	$ 228,423	$ 2,660,741	$ 2,666,033	$ 223,131

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 91,406	$ 194,110	$ 189,575	$ 95,941
Taxes Receivable, net	4,189	1,357	877	4,669
Other Receivables, net	514	2,306	2,441	379
Due From Other Funds	-	-	-	-
Inventories	3	54	51	6
Other Long-Term Assets	19,384	1,835	2,051	19,168
TOTAL ASSETS	$ 115,496	$ 199,662	$ 194,995	$ 120,163
LIABILITIES:				
Tax Refunds Payable	$ 350	$ -	$ 271	$ 79
Accounts Payable and Accrued Liabilities	2,040	16,333	17,235	1,138
Due To Other Governments	6,654	96,480	95,484	7,650
Due To Other Funds	47	18,051	18,059	39
Deferred Revenue	-	203	203	-
Claims and Judgments Payable	381	94	88	387
Notes, Bonds, and COPs Payable	-	116	116	-
Other Current Liabilities	101,634	89,519	83,427	107,726
Deposits Held In Custody For Others	3,690	933	2,196	2,427
Other Long-Term Liabilities	700	17	-	717
TOTAL LIABILITIES	$ 115,496	$ 221,746	$ 217,079	$ 120,163

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 655,432	$ 776,042	$ 449,064	$ 982,410
Due From Other Funds	15,039	12,144	15,039	12,144
TOTAL ASSETS	$ 670,471	$ 788,186	$ 464,103	$ 994,554
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 1	$ 159	$ 155	$ 5
Other Current Liabilities	622,874	786,878	453,228	956,524
Deposits Held In Custody For Others	47,596	4,149	13,720	38,025
TOTAL LIABILITIES	$ 670,471	$ 791,186	$ 467,103	$ 994,554

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 839,545	$ 3,197,493	$ 2,863,367	$ 1,173,671
Taxes Receivable, net	139,905	28,676	36,101	132,480
Other Receivables, net	514	2,306	2,441	379
Due From Other Funds	15,039	12,144	15,039	12,144
Inventories	3	54	51	6
Other Long-Term Assets	19,384	1,835	2,051	19,168
TOTAL ASSETS	$ 1,014,390	$ 3,242,508	$ 2,919,050	$ 1,337,848
LIABILITIES:				
Tax Refunds Payable	$ 5,874	$ 1,793	$ 3,174	$ 4,493
Accounts Payable and Accrued Liabilities	2,041	16,497	17,395	1,143
Due To Other Governments	222,166	2,750,702	2,755,296	217,572
Due To Other Funds	47	18,051	18,059	39
Deferred Revenue	-	203	203	-
Claims and Judgments Payable	622	3,206	3,312	516
Notes, Bonds, and COPs Payable	-	116	116	-
Other Current Liabilities	724,508	876,397	536,655	1,064,250
Deposits Held In Custody For Others	51,286	5,082	15,916	40,452
Other Long-Term Liabilities	7,846	1,626	89	9,383
TOTAL LIABILITIES	$ 1,014,390	$ 3,673,673	$ 3,350,215	$ 1,337,848

COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements beginning on page 66. Descriptions of each of the nonmajor component units can be found in Note 39 on page 149.

COMBINING STATEMENT OF NET ASSETS
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2011

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,262	$ 9,291	$ 6,725
Investments	-	72,810	-
Contributions Receivable, net	-	-	4,150
Other Receivables, net	73	1,604	31
Due From Other Governments	-	-	-
Prepaids, Advances, and Deferred Charges	6	-	-
Other Current Assets	-	-	-
Total Current Assets	2,341	83,705	10,906
Noncurrent Assets:			
Restricted Cash and Pooled Cash	-	-	-
Investments	-	-	24,538
Contributions Receivable, net	-	-	-
Other Long-Term Assets	624	-	12,450
Depreciable Capital Assets and Infrastructure, net	122,767	11	-
Land and Nondepreciable Infrastructure	20,256	-	-
Total Noncurrent Assets	143,647	11	36,988
TOTAL ASSETS	145,988	83,716	47,894
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	67	118	-
Deferred Revenue	-	4,953	4,150
Claims and Judgments Payable	-	26,910	-
Notes, Bonds, and COPs Payable	291	-	-
Other Current Liabilities	89	-	-
Total Current Liabilities	447	31,981	4,150
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	-
Notes, Bonds, and COPs Payable	627	-	-
Other Long-Term Liabilities	12	-	12,450
Total Noncurrent Liabilities	639	-	12,450
TOTAL LIABILITIES	1,086	31,981	16,600
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	142,066	11	-
Restricted for:			
Emergencies	24	-	-
Expendable	-	-	-
Other Purposes	-	51,724	-
Unrestricted	2,812	-	31,294
TOTAL NET ASSETS	$ 144,902	$ 51,735	$ 31,294

RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	STATEWIDE INTERNET PORTAL AUTHORITY	HLC @ METRO	UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION	TOTAL
$ 10	$ 1,687	$ 1,072	$ 44,110	$ 4,522	$ 69,679
-	-	-	-	-	72,810
-	-	-	-	521	4,671
2,000	-	453	-	219	4,380
-	-	-	403	-	403
-	-	27	-	61	94
-	-	-	-	435	435
2,010	1,687	1,552	44,513	5,758	152,472
-	-	-	-	3,861	3,861
1,416	-	-	-	6,136	32,090
-	-	-	-	910	910
-	-	-	1,783	6,634	21,491
-	-	11	-	46,352	169,141
-	-	-	14,112	14,675	49,043
1,416	-	11	15,895	78,568	276,536
3,426	1,687	1,563	60,408	84,326	429,008
-	-	415	6,425	760	7,785
-	-	-	-	772	9,875
-	-	-	-	-	26,910
-	-	-	-	217	508
-	-	-	170	-	259
-	-	415	6,595	1,749	45,337
-	-	-	-	44	44
-	-	-	54,640	68,673	123,940
-	-	-	-	-	12,462
-	-	-	54,640	68,717	136,446
-	-	415	61,235	70,466	181,783
-	-	11	-	(7,297)	134,791
-	-	-	-	-	24
-	-	-	-	4,981	4,981
3,426	1,686	-	-	-	56,836
-	1	1,137	(827)	16,176	50,593
$ 3,426	$ 1,687	$ 1,148	$ (827)	$ 13,860	$ 247,225

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS OTHER COMPONENT UNITS (NONMAJOR) FOR THE YEAR ENDED JUNE 30, 2011

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY
OPERATING REVENUES:			
Fees	$ -	$ 82,491	$ -
Investment Income (Loss)	-	-	4,824
Rental Income	777	-	-
Gifts and Donations	-	-	-
Federal Grants and Contracts	-	1,319	-
Other	-	-	-
TOTAL OPERATING REVENUES	777	83,810	4,824
OPERATING EXPENSES:			
Operating and Travel	108	116,837	69
Depreciation and Amortization	4,055	11	-
TOTAL OPERATING EXPENSES	4,163	116,848	69
OPERATING INCOME (LOSS)	(3,386)	(33,038)	4,755
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	1	1,130	179
Gifts and Donations	-	5,000	4,243
Other Expenses	-	-	-
Other Revenues	482	29,142	-
TOTAL NONOPERATING REVENUES (EXPENSES)	483	35,272	4,422
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,903)	2,234	9,177
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Transfers-In	-	-	-
Transfers-Out	-	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	-	-	-
CHANGE IN NET ASSETS	(2,903)	2,234	9,177
NET ASSETS - FISCAL YEAR BEGINNING	147,805	49,501	22,117
NET ASSETS - FISCAL YEAR ENDING	$ 144,902	$ 51,735	$ 31,294

RENEWABLE ENERGY AUTHORITY	HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY	STATEWIDE INTERNET PORTAL AUTHORITY	HLC @ METRO	UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION	TOTAL
$ -	$ -	$ 2,693	$ -	$ 859	$ 86,043
1	1	-	-	91	4,917
-	-	-	-	8,395	9,172
-	-	-	-	1,681	1,681
2,000	-	-	-	-	3,319
-	2,331	63	-	146	2,540
2,001	2,332	2,756	-	11,172	107,672
1,567	1,204	2,421	123	8,993	131,322
-	-	27	157	2,450	6,700
1,567	1,204	2,448	280	11,443	138,022
434	1,128	308	(280)	(271)	(30,350)
-	-	-	911	-	2,221
-	-	-	-	-	9,243
-	-	-	(2,177)	(872)	(3,049)
-	-	-	719	-	30,343
-	-	-	(547)	(872)	38,758
434	1,128	308	(827)	(1,143)	8,408
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
434	1,128	308	(827)	(1,143)	8,408
2,992	559	840	-	15,003	238,817
$ 3,426	$ 1,687	$ 1,148	$ (827)	$ 13,860	$ 247,225

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, 2011

(DOLLARS IN THOUSANDS)	LAND	LAND AND LEASEHOLD IMPROVEMENTS	BUILDINGS	LIBRARY BOOKS AND COLLECTIONS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ 56	$ -	$ -
Legislature	-	4	-	-
Military Affairs	3,155	1,614	31,165	-
Personnel & Administration	5,739	2,404	74,333	-
Revenue	-	1,608	1,878	-
Subtotal	8,894	5,686	107,376	-
BUSINESS, COMMUNITY & CONSUMER AFFAIRS				
Agriculture	102	-	1,852	-
[1]GOV, GEO, OEDIT	-	-	-	48
Labor and Employment	543	242	7,031	-
Local Affairs	-	87	1,247	-
Regulatory Agencies	-	-	-	-
Revenue	536	-	1,030	-
State	-	-	-	-
Subtotal	1,181	329	11,160	48
EDUCATION				
Education	152	60	10,180	1,549
Higher Education	1,842	1,095	4,675	8,929
Subtotal	1,994	1,155	14,855	10,478
HEALTH AND REHABILITATION				
Public Health and Environment	188	10	5,692	-
Human Services	3,068	4,198	92,990	-
Subtotal	3,256	4,208	98,682	-
JUSTICE				
Corrections	3,872	3,806	633,092	-
DHS, Division of Youth Services	1,675	634	95,742	-
Judicial	1,605	279	-	628
Law	-	-	-	-
Public Safety	1,399	335	21,621	-
Subtotal	8,551	5,054	750,455	628
NATURAL RESOURCES				
Natural Resources	104,433	35,987	33,321	-
SOCIAL ASSISTANCE				
Human Services	-	464	2,753	-
Military Affairs	36	1,863	2,211	-
Health Care Policy and Financing	-	-	-	-
Subtotal	36	2,327	4,964	-
TRANSPORTATION				
Transportation	15,295	162	100,914	-
TOTAL CAPITAL ASSETS	$ 143,640	$ 54,908	$ 1,121,727	$ 11,154

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

VEHICLES AND EQUIPMENT	SOFTWARE	OTHER CAPITAL ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 24,526	$ 3,953	$ 420	$ -	$ -	$ 28,955
429	106	-	-	-	539
519	(14)	-	28,371	-	64,810
49,177	85	-	2,087	-	133,825
2,748	19,655	-	4,086	-	29,975
77,399	23,785	420	34,544	-	258,104
1,588	69	-	478	-	4,089
75	-	-	-	-	123
1,865	1,560	1,989	4,597	-	17,827
238	276	-	-	-	1,848
137	72	-	-	-	209
45	-	-	-	-	1,611
924	1,126	-	-	-	2,050
4,872	3,103	1,989	5,075	-	27,757
1,086	1,558	-	125,793	-	140,378
1,642	8	-	79,130	56	97,377
2,728	1,566	-	204,923	56	237,755
3,493	1,316	3,882	1,118	-	15,699
2,094	-	61	7,525	-	109,936
5,587	1,316	3,943	8,643	-	125,635
10,529	674	727	4,133	-	656,833
406	-	-	507	-	98,964
4,132	565	798	93,752	-	101,759
184	-	-	-	-	184
6,733	7,418	124	671	-	38,301
21,984	8,657	1,649	99,063	-	896,041
6,082	88	7,049	16,568	31,795	235,323
2,527	64,359	-	19,688	-	89,791
7	-	-	-	-	4,117
30	11	-	-	-	41
2,564	64,370	-	19,688	-	93,949
123,571	7,195	-	349,778	8,640,761	9,237,676
$ 244,787	$ 110,080	$ 15,050	$ 738,282	$ 8,672,612	$ 11,112,240

OTHER FUNDS DETAIL

In the combined and combining statements several fund categories show a column titled “Other”. The schedule on the following pages provide 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, 2011

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
OTHER PERMANENT FUNDS				
Wildlife for Future Generations (Nonexpendable)	33-1-112(7)	6,107	-	6,107
Wildlife for Future Generations (Expendable)	33-1-112	1,447	7	1,440
Other Permanent-Nonexpendable	Various	755	-	755
Veterans Monument Preservation	24-80-1401	70	3	67
Hall Historical Marker-Nonexpendable	24-80-209	$ 7	$ -	$ 7
Total Other Permanent Funds		$ 8,386	$ 10	$ 8,376
OTHER PRIVATE PURPOSE TRUST FUNDS				
Supplemental Purse & Breeders Awards	12-60-704	589	-	589
Early Intervention Services	27-10.5-706	8,513	8,191	322
Brand Estray Fund	35-41-102	219	1	218
Americans with Disabilities Act Contractor Settlement	24-34-301	155	-	155
Colorado Combined Campaign Administration	Restricted	68	23	45
Total Other Private Purpose Funds		$ 9,544	$ 8,215	$ 1,329
OTHER ENTERPRISE FUNDS				
Capitol Parking Fund	None	15,303	6,921	8,382
Grounds Cash Fund	26-1-133.5(2)	4,060	89	3,971
Brand Inspection Fund	35-41-102	3,597	1,738	1,859
Business Enterprise Program	26-8.5-107	798	133	665
Enterprise Services	24-80-209	383	85	298
Clean Screen Authority	42-3-304(19)	637	522	115
Work Therapy	None	76	20	56
Other Enterprise Funds	Various	24	-	24
Conference & Training	None	13	-	13
Total Other Enterprise Funds		$ 24,891	$ 9,508	$ 15,383
OTHER SPECIAL PURPOSE GENERAL FUNDS				
School Capital Construction Assistance-COPs	22-43.7-104	358,972	5,603	353,369
School Capital Construction Assistance	22-43.7-104	40,653	6,938	33,715
Department of Natrual Resources Lottery Distribution	33-60-103(1)	27,012	1,626	25,386
Economic Development Fund	24-46-105	5,492	51	5,441
Old Age Pension Stabilization	26-2-116	5,000	-	5,000
Ballot Information Publication & District Fund	1-40-124.5	3,575	-	3,575
State Supplemental Security Income Stabilizaton	26-2-210(1)	1,523	-	1,523
Persistent Drunk Driver	42-3-130.5	1,684	393	1,291
Housing Development Grant Fund	24-32-721	1,372	113	1,259
Legislative Department Cash Fund	2-2-1601(1)	1,067	37	1,030
Charter School Institute Fund	22-30.5-506	1,169	620	549
Diseased Livestock Fund	35-50-140.5	469	-	469
Charter School Capital Construction Assistance	22-30.5-515	452	-	452
Colorado Family Support Loan	27-10.5-502	405	-	405
Legislative Expenses Fund	2-3-1002(1)	385	-	385
Older Coloradans Cash Fund	26-11-205.5	841	546	295
Start Smart Nutrition Program	22-82.7-105	332	42	290
Advance Technology Fund	25-16.5-105	550	264	286
Conservation Trust Fund	24-35-210(10)	10,532	10,256	276
Drug Offender Treatment Fund	18-19-103	237	-	237
Controlled Maintenance Trust-Nonexpendable	24-75-302.5	226	-	226
Real Estate Proceeds	28-3-106	211	1	210
Highway Crossing	43-4-201	173	-	173
Colorado Heritage Communities Fund	24-32-3207	177	18	159
Child Protection Ombudsman Program	19-3.3-107(1)	173	60	113
Colorado National Guard Tuition Fund	23-5-111.4	152	88	64

(Continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2011

(Dollars in Thousands)

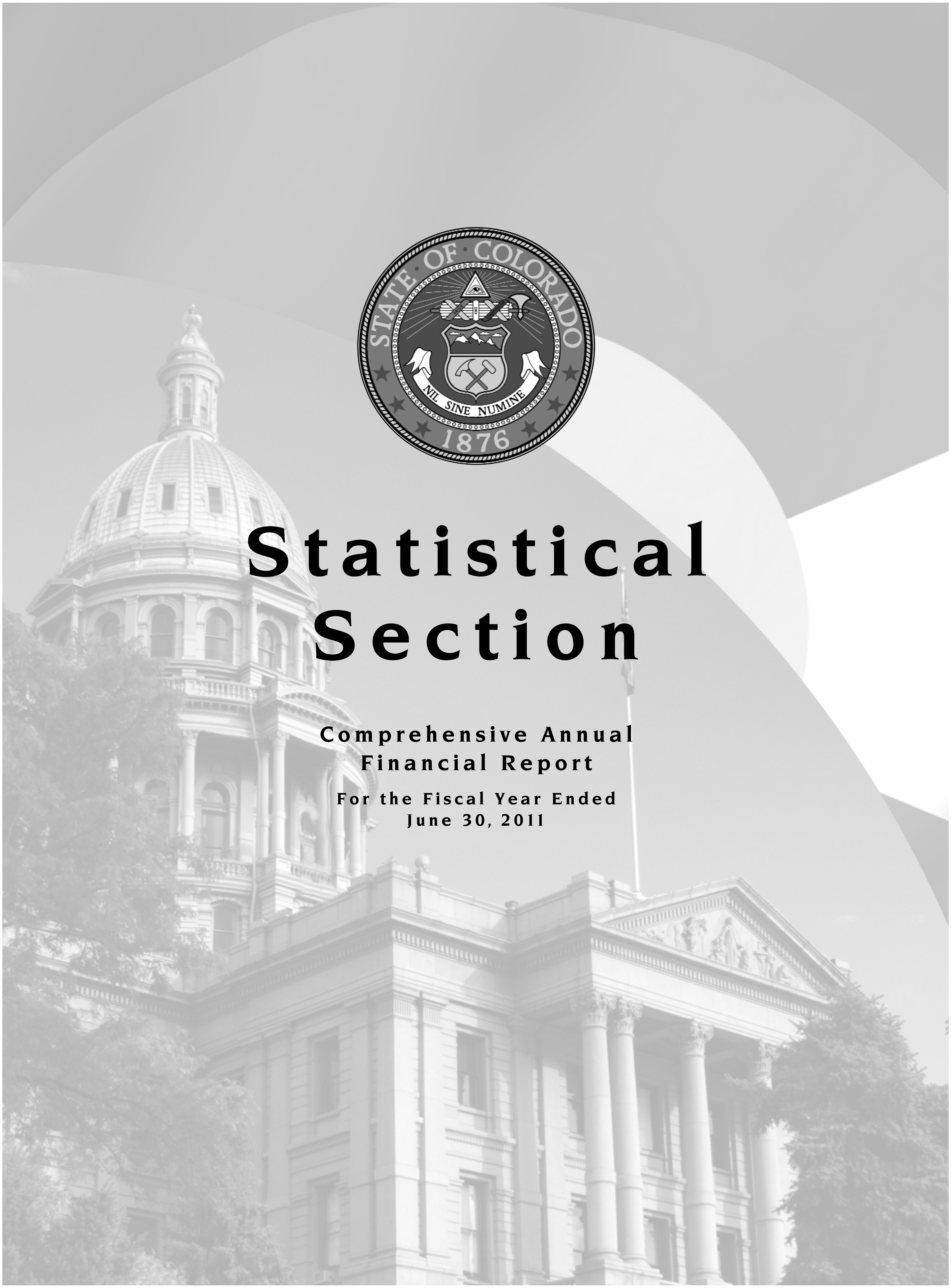
FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Colorado Health Care Services	25.5-3-112	57	-	57
Youth Advisory Council	2-2-1306	1	-	1
Prepaid Wireless Trust Cash Fund	29-11-102.5	1	1	-
School District Tax Revenue Anticipation Notes Repayment	29-15-112(4)	7	7	-
COFRS Warehouse Inventory	NONE	642	642	-
		$ 463,542	$ 27,306	$ 436,236
OTHER SPECIAL REVENUE FUNDS				
Aviation Fund	43-10-109	34,190	1,137	33,053
Justice Center Cash Fund	13-32-101(7)	24,122	-	24,122
Judicial Stabilization Cash Fund	13-32-101	18,447	-	18,447
Gear Up Scholarship Trust Fund	Restricted	17,902	-	17,902
Supreme Court Committee	Court Rule 227	17,354	4,757	12,597
Victims and Witnesses Assistance and Law Enforcement	24-4.2-104	11,363	32	11,331
Fed Tax Relief Act - 2003	Restricted	9,286	192	9,094
Victims Compensation	24-4.1-117	8,392	15	8,377
Consumer Protection Custodial Funds	6-1-103	7,632	53	7,579
Offender Services	16-11-214	7,143	-	7,143
Secretary Of State Fees	24-21-104	7,967	1,737	6,230
Auto Theft Prevention Cash Fund	42-5-112(4a)	6,924	801	6,123
Help America Vote Fund	HAVA 2002	5,711	253	5,458
Creative Industries Cash Fund	24-48.5-301	4,725	91	4,634
Division Of Registrations Cash Fund	24-34-105	17,147	12,515	4,632
Medical Marijuana License Fund	12-43.3-501	5,803	1,861	3,942
Other Expendable Trusts	Various	22,472	18,625	3,847
Conveyance Safety Fund	9-5.5-111(2)	3,811	-	3,811
Electronic Procurement Program	24-102-202.5	2,986	5	2,981
Travel and Tourism Additional	None	2,468	120	2,348
Housing Rehabilitation Revolving Loans	29-4-728	2,296	-	2,296
Court Security Cash Fund	13-1-204(1)	3,002	748	2,254
Public School Construction & Inspection	24-33.5-1207	2,066	75	1,991
Motor Carrier	40-2-110.5	2,157	180	1,977
Patient Benefit	None	1,946	2	1,944
Victims Assistance	24-33.5-506	2,121	229	1,892
CBI Identification Unit	24-33.5-426	2,264	431	1,833
Fixed Utilities	40-2-114	2,631	809	1,822
Operating Vouchers	None	4,416	2,709	1,707
Texaco Oil Overcharge Fund	None	1,691	-	1,691
HUD Section 8 Vouchers Family Unification Program	29-4-708(k)	1,689	10	1,679
Transportation Renovation	43-1-210 6(b)	1,665	-	1,665
Inspection & Consumer Service Cash Fund	35-1-106.5	2,494	933	1,561
Plant Health, Pest Control, Environmental Protection	35-1-106.3(1)	3,176	1,776	1,400
Criminal Alien Assistance Cash	17-1-107.5	1,394	-	1,394
Law Examiners Board Fund Balance	Court Rule 201	1,386	-	1,386
Violent Offender Identification Fund	24-33.5-415	1,556	186	1,370
Process & End Users Waste Tire	25-17-202.5	1,580	276	1,304
Donations	Various	11,128	9,848	1,280
Disabled Telephone Users Fund	40-17-104	1,454	191	1,263
HUD Section 8 Vouchers-Administration	29-4-708(k)	1,243	51	1,192
Judicial Information Technology Cash Fund	13-32-114	1,162	-	1,162
Traumatic Brain Injury Fund	26-1-210(1)	1,344	231	1,113
Collaborative Management Incentive	24-1.9-104(1)	1,232	140	1,092
Mortgage Broker Registration	12-61-908(2)	1,731	659	1,072
Section 8 Pre Federal Fiscal Year 04	None	1,057	-	1,057
Public School Transportation	22-51-103(1)	1,352	376	976

(Continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS JUNE 30, 2011

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Alcohol/Drug Driving Safety	42-4-1301.3	914	-	914
Liquor Law Enforcement	24-35-401	1,000	141	859
Library Trust Fund	24-90-105	841	16	825
Continuing Legal Education Fund Balance	Court Rule 260	802	-	802
Colorado Dealer License Board	12-6-123	971	195	776
Uniform Consumer Credit Code Custodial Funds	Restricted	755	39	716
Real Estate Cash Fund	12-61-111.5	3,998	3,305	693
Attorney's Fees And Costs	24-31-108(2)	690	-	690
Home Grant Revolving Loan Fund	None	8,987	8,305	682
Howard Fund	26-8-104(1)(c)	674	-	674
State Patrol Contraband	24-33.5-225	680	8	672
Policie Officers Standards Training Board	24-31-303(2)	712	66	646
Judicial Performance Cash Fund	13-5.5-107	641	21	620
Drug Offender Surcharge Fund	18-19-103(4)	1,130	520	610
Historical Society Unrestricted	24-80-209	546	-	546
Domestic Abuse Program	39-22-802	711	180	531
Low Income Telephone Assist	40-3.4-108(2)	525	-	525
Uniform Consumer Credit Code	Various	598	90	508
Public Deposit Administration	11-10.5-112	797	304	493
Educator Licensure Cash Fund	22-60.5-112	607	116	491
Division Of Securities Cash Fund	Ex. Order 56-87	1,617	1,140	477
Building Regulation Fund	24-32-3309	471	34	437
Racing Cash Fund	12-60-205	540	112	428
Exxon Oil Overcharge Funds	None	420	-	420
Financial Services Cash Fund	11-40-106(2)	668	250	418
Waste Tire Fire Prevent Fund	25-17-202.8	383	-	383
Property Tax Exemption Fund	39-2-117(3)	440	58	382
Commercial Vehicle Enterprise	42-1-225(1)	362	-	362
HUD Section 8 Veteran's Affairs Supportive Housing	29-4-708(k)	340	-	340
Agricultural Products Inspection	35-23-114(3)	639	330	309
Patient Benefit Fund	26-12-108(2)	279	-	279
Public Safety Inspection	8-1-151	279	-	279
Food Distribution Program Service	26-1-121(4b)	297	27	270
Western Slope Military Veteran's Cemetary	28-5-708	271	11	260
Diamond Shamrock Settlement	None	245	-	245
Vickers Oil Overcharge Funds	Executive Order 56-87	222	-	222
Notary Administration Cash Fund	12-55-102.5	233	18	215
133 Funds with Net Assets Below $200,000		24,797	18,720	6,077
Total Other Special Revenue Funds		$ 356,160	$ 96,060	$ 260,100



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

STATISTICAL SECTION

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

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

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

(DOLLARS IN THOUSANDS)

	2010-11	2009-10	2008-09	2007-08
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 1,548,435	$ 1,962,934	$ 2,217,711	$ 2,632,601
Investments	45,548	15,224	1,498	565
Taxes Receivable, net	830,730	857,246	920,086	946,077
Other Receivables, net	147,768	158,060	182,540	188,347
Due From Other Governments	486,655	516,248	475,997	355,519
Internal Balances	18,620	14,153	14,617	14,545
Due From Component Units	62	84	66	63
Inventories	19,837	16,468	16,183	16,703
Prepaids, Advances, and Deferred Charges	56,543	38,591	33,244	23,790
Total Current Assets	3,154,198	3,579,008	3,861,942	4,178,210
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,635,476	1,572,925	1,813,365	2,061,543
Restricted Investments	1,097,797	687,314	694,311	620,325
Restricted Receivables	173,347	195,753	184,120	187,018
Investments	52,343	529,059	98,815	96,743
Other Long-Term Assets	761,498	644,867	600,020	442,911
Depreciable Capital Assets and Infrastructure, net	9,331,295	9,689,916	2,360,036	2,282,645
Land and Nondepreciable Infrastructure	1,780,945	1,637,224	10,480,438	10,291,250
Total Noncurrent Assets	14,832,701	14,957,058	16,231,105	15,982,435
TOTAL ASSETS	17,986,899	18,536,066	20,093,047	20,160,645
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	625,145	664,781	633,722	561,117
Accounts Payable and Accrued Liabilities	785,496	847,550	779,008	837,311
TABOR Refund Liability (Note 8B)	706	706	706	706
Due To Other Governments	216,956	181,684	223,415	183,696
Due To Component Units	-	-	-	-
Deferred Revenue	111,506	128,404	150,632	97,174
Accrued Compensated Absences	9,741	10,287	8,930	9,776
Claims and Judgments Payable	44,641	44,181	36,936	37,775
Leases Payable	12,872	11,384	8,227	6,002
Notes, Bonds, and COPs Payable	145,165	642,445	637,066	574,150
Other Current Liabilities	13,748	20,432	9,818	11,794
Total Current Liabilities	1,965,976	2,551,854	2,488,460	2,319,501
Noncurrent Liabilities:				
Deposits Held In Custody For Others	14	13	16	16
Accrued Compensated Absences	137,139	138,224	140,675	128,760
Claims and Judgments Payable	340,003	347,394	358,371	335,636
Capital Lease Payable	94,716	85,746	83,586	54,029
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	-	-	-	-
Notes, Bonds, and COPs Payable	1,621,749	1,554,964	1,146,960	1,274,720
Due to Component Units	-	-	-	-
Other Postemployment Benefits	-	-	-	-
Other Long-Term Liabilities	434,194	402,599	397,774	217,793
Total Noncurrent Liabilities	2,627,815	2,528,940	2,127,382	2,010,954
TOTAL LIABILITIES	4,593,791	5,080,794	4,615,842	4,330,455
DEFERRED INFLOW OF RESOURCES:	-	-	-	-
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	9,836,378	10,118,621	11,631,061	11,348,995
Restricted for:				
Construction and Highway Maintenance	1,160,789	1,198,849	1,220,524	1,350,485
Education	485,171	194,586	338,365	353,149
Unemployment Insurance	-	-	-	-
Debt Service	10,127	4,093	558	558
Emergencies	85,400	94,000	93,550	93,000
Permanent Funds and Endowments:				
Expendable	8,017	11,130	8,588	2,333
Nonexpendable	641,802	643,148	623,619	587,733
Other Purposes	315,082	138,826	197,918	231,532
Unrestricted	850,342	1,052,019	1,363,022	1,862,405
TOTAL NET ASSETS	$ 13,393,108	$ 13,455,272	$ 15,477,205	$ 15,830,190

GOVERNMENTAL ACTIVITIES

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

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

(DOLLARS IN THOUSANDS)

	2010-11	2009-10	2008-09	2007-08
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 1,306,800	$ 1,176,181	$ 1,220,190	$ 1,555,782
Investments	273,605	253,270	386,948	272,804
Taxes Receivable, net	186,161	90,005	73,326	82,431
Other Receivables, net	302,042	282,053	245,768	239,790
Due From Other Governments	177,822	158,787	142,961	125,894
Internal Balances	(18,620)	(14,153)	(14,617)	(14,545)
Due From Component Units	19,736	14,474	12,630	16,348
Inventories	43,600	42,779	42,467	42,271
Prepaids, Advances, and Deferred Charges	18,018	19,244	20,091	17,055
Total Current Assets	2,309,164	2,022,640	2,129,764	2,337,830
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	409,652	353,164	368,308	446,681
Restricted Investments	98,146	239,719	201,025	259,115
Restricted Receivables	24,980	239,041	1,916,974	1,716,722
Investments	1,623,569	1,206,671	1,154,901	1,008,382
Other Long-Term Assets	122,939	119,387	123,599	119,650
Depreciable Capital Assets and Infrastructure, net	4,662,346	3,912,771	3,594,383	3,464,979
Land and Nondepreciable Infrastructure	938,544	1,207,048	928,243	576,755
Total Noncurrent Assets	7,880,176	7,277,801	8,287,433	7,592,284
TOTAL ASSETS	10,189,340	9,300,441	10,417,197	9,930,114
DEFERRED OUTFLOW OF RESOURCES:	-	7,778	-	-
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	-	-	-	-
Accounts Payable and Accrued Liabilities	556,294	596,926	506,318	467,741
TABOR Refund Liability (Note 8B)	-	-	-	-
Due To Other Governments	331,246	406,275	182,922	26,885
Due To Component Units	524	466	930	1,112
Deferred Revenue	234,662	232,371	207,551	190,528
Accrued Compensated Absences	14,579	13,035	12,753	12,745
Claims and Judgments Payable	-	-	-	7,398
Leases Payable	4,950	6,672	6,282	5,976
Notes, Bonds, and COPs Payable	79,106	100,329	85,456	75,567
Other Current Liabilities	141,484	126,232	241,129	208,542
Total Current Liabilities	1,362,845	1,482,306	1,243,341	996,494
Noncurrent Liabilities:				
Deposits Held In Custody For Others	-	-	-	-
Accrued Compensated Absences	205,621	196,295	185,420	166,402
Claims and Judgments Payable	35,373	29,461	27,541	28,482
Capital Lease Payable	43,466	76,702	83,206	83,113
Capital Lease Payable To Component Units	-	-	4,285	4,285
Derivative Instrument Liability	6,182	7,778	-	-
Notes, Bonds, and COPs Payable	3,117,100	2,682,987	3,917,559	3,466,484
Due to Component Units	2,374	2,501	723	1,233
Other Postemployment Benefits	105,876	47,259	31,689	15,775
Other Long-Term Liabilities	43,814	36,450	43,321	40,756
Total Noncurrent Liabilities	3,559,806	3,079,433	4,293,744	3,806,530
TOTAL LIABILITIES	4,922,651	4,561,739	5,537,085	4,803,024
DEFERRED INFLOW OF RESOURCES:	2,006	-	-	-
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	2,990,094	2,854,803	2,665,270	2,411,662
Restricted for:				
Construction and Highway Maintenance	-	-	-	-
Education	-	-	-	-
Unemployment Insurance	-	-	392,984	765,533
Debt Service	6,753	6,100	111,778	180,409
Emergencies	12,368	16,257	21,282	33,716
Permanent Funds and Endowments:				
Expendable	5,936	6,825	6,935	9,592
Nonexpendable	73,956	71,738	70,420	74,479
Other Purposes	657,292	630,890	582,006	491,492
Unrestricted	1,518,284	1,159,867	1,029,437	1,160,207
TOTAL NET ASSETS	$ 5,264,683	$ 4,746,480	$ 4,880,112	$ 5,127,090

BUSINESS-TYPE ACTIVITIES

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

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

(DOLLARS IN THOUSANDS)

	2010-11	2009-10	2008-09	2007-08
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,855,235	$ 3,139,115	$ 3,437,901	$ 4,188,383
Investments	319,153	268,494	388,446	273,369
Taxes Receivable, net	1,016,891	947,251	993,412	1,028,508
Other Receivables, net	449,810	440,113	428,308	428,137
Due From Other Governments	664,477	675,035	618,958	481,413
Internal Balances	-	-	-	-
Due From Component Units	19,798	14,558	12,696	16,411
Inventories	63,437	59,247	58,650	58,974
Prepaids, Advances, and Deferred Charges	74,561	57,835	53,335	40,845
Total Current Assets	5,463,362	5,601,648	5,991,706	6,516,040
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	2,045,128	1,926,089	2,181,673	2,508,224
Restricted Investments	1,195,943	927,033	895,336	879,440
Restricted Receivables	198,327	434,794	2,101,094	1,903,740
Investments	1,675,912	1,735,730	1,253,716	1,105,125
Other Long-Term Assets	884,437	764,254	723,619	562,561
Depreciable Capital Assets and Infrastructure, net	13,993,641	13,602,687	5,954,419	5,747,624
Land and Nondepreciable Infrastructure	2,719,489	2,844,272	11,408,681	10,868,005
Total Noncurrent Assets	22,712,877	22,234,859	24,518,538	23,574,719
TOTAL ASSETS	28,176,239	27,836,507	30,510,244	30,090,759
DEFERRED OUTFLOW OF RESOURCES:	-	7,778	-	-
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	625,145	664,781	633,722	561,117
Accounts Payable and Accrued Liabilities	1,341,790	1,444,476	1,285,326	1,305,052
TABOR Refund Liability (Note 8B)	706	706	706	706
Due To Other Governments	548,202	587,959	406,337	210,581
Due To Component Units	524	466	930	1,112
Deferred Revenue	346,168	360,775	358,183	287,702
Accrued Compensated Absences	24,320	23,322	21,683	22,521
Claims and Judgments Payable	44,641	44,181	36,936	45,173
Leases Payable	17,822	18,056	14,509	11,978
Notes, Bonds, and COPs Payable	224,271	742,774	722,522	649,717
Other Current Liabilities	155,232	146,664	250,947	220,336
Total Current Liabilities	3,328,821	4,034,160	3,731,801	3,315,995
Noncurrent Liabilities:				
Deposits Held In Custody For Others	14	13	16	16
Accrued Compensated Absences	342,760	334,519	326,095	295,162
Claims and Judgments Payable	375,376	376,855	385,912	364,118
Capital Lease Payable	138,182	162,448	166,792	137,142
Capital Lease Payable To Component Units	-	-	4,285	4,285
Derivative Instrument Liability	6,182	7,778	-	-
Notes, Bonds, and COPs Payable	4,738,849	4,237,951	5,064,519	4,741,204
Due to Component Units	2,374	2,501	723	1,233
Other Postemployment Benefits	105,876	47,259	31,689	15,775
Other Long-Term Liabilities	478,008	439,049	441,095	258,549
Total Noncurrent Liabilities	6,187,621	5,608,373	6,421,126	5,817,484
TOTAL LIABILITIES	9,516,442	9,642,533	10,152,927	9,133,479
DEFERRED INFLOW OF RESOURCES:	2,006	-	-	-
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	12,826,472	12,973,424	14,296,331	13,760,657
Restricted for:				
Construction and Highway Maintenance	1,160,789	1,198,849	1,220,524	1,350,485
Education	485,171	194,586	338,365	353,149
Unemployment Insurance	-	-	392,984	765,533
Debt Service	16,880	10,193	112,336	180,967
Emergencies	97,768	110,257	114,832	126,716
Permanent Funds and Endowments:				
Expendable	13,953	17,955	15,523	11,925
Nonexpendable	715,758	714,886	694,039	662,212
Other Purposes	972,374	769,716	779,924	723,024
Unrestricted	2,368,626	2,211,886	2,392,459	3,022,612
TOTAL NET ASSETS	$ 18,657,791	$ 18,201,752	$ 20,357,317	$ 20,957,280

TOTAL PRIMARY GOVERNMENT

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 3,886,261	$ 3,523,901	$ 2,817,369	$ 2,065,702	$ 1,467,135	$ 1,764,631
327,085	341,103	680,786	192,781	-	-
1,037,894	951,214	835,245	831,254	805,484	846,076
372,706	363,413	353,852	324,424	323,523	1,010,100
407,028	363,728	402,874	368,607	613,877	452,967
-	-	-	-	-	-
15,399	11,197	9,404	5,406	-	-
52,053	50,653	53,063	49,761	51,441	52,210
44,278	41,883	37,423	48,024	46,551	122,334
6,142,704	5,647,092	5,190,016	3,885,959	3,308,011	4,248,318
1,839,514	1,537,079	1,359,541	1,481,847	1,351,507	1,346,568
1,107,521	916,606	919,695	652,180	686,262	140,074
1,687,728	1,509,086	1,326,596	1,236,353	-	-
1,053,617	935,475	249,491	581,674	1,040,727	1,806,230
538,579	504,218	475,684	424,734	1,165,586	318,736
4,140,000	4,041,080	4,068,735	3,832,049	3,451,631	3,038,062
12,635,157	12,211,317	12,016,146	11,954,709	11,552,935	11,478,514
23,002,116	21,654,861	20,415,888	20,163,546	19,248,648	18,128,184
29,144,820	27,301,953	25,605,904	24,049,505	22,556,659	22,376,502
-	-	-	-	-	-
486,576	457,124	476,445	425,610	431,132	384,040
1,108,390	1,013,879	1,029,772	1,021,272	1,017,946	757,941
727	2,917	41,064	-	-	48,920
215,365	278,297	231,083	209,359	178,559	218,317
273	1,067	1,607	703	-	-
249,194	237,701	219,041	215,927	252,462	223,288
22,111	23,721	22,003	17,711	17,976	14,649
52,665	56,845	46,971	12,084	14,743	35,576
7,757	6,312	9,442	8,358	8,775	5,138
520,248	609,506	714,067	499,905	81,230	116,594
136,189	104,532	132,320	144,763	126,259	126,385
2,799,495	2,791,901	2,923,815	2,555,692	2,129,082	1,930,848
17	17	16	10	8	12
269,582	249,697	243,301	240,739	238,401	233,154
324,094	391,848	450,997	29,200	29,200	-
91,320	71,894	103,006	94,213	85,690	45,557
-	-	-	-	-	-
-	-	-	-	-	-
4,491,435	3,992,424	3,530,761	3,118,815	2,856,056	2,527,498
-	-	-	-	-	-
-	-	-	-	-	-
261,069	263,507	250,542	586,930	577,641	407,061
5,437,517	4,969,387	4,578,623	4,069,907	3,786,996	3,213,282
8,237,012	7,761,288	7,502,438	6,625,599	5,916,078	5,144,130
-	-	-	-	-	-
14,061,837	13,919,131	14,009,945	13,943,113	13,587,382	12,678,246
1,196,903	824,698	679,440	559,450	509,354	1,376,522
225,818	153,043	123,867	147,286	218,545	303,827
675,574	548,780	321,725	200,311	322,423	653,690
126,214	105,928	125,588	111,567	7,289	8,790
123,232	109,683	98,247	211,479	183,643	120,730
7,095	6,399	18,436	18,746	18,732	47,825
613,818	543,171	509,998	442,201	425,220	405,204
710,889	563,306	445,647	432,423	284,601	214,702
3,166,428	2,766,526	1,770,573	1,357,330	1,083,392	1,422,836
$ 20,907,808	$ 19,540,665	$ 18,103,466	$ 17,423,906	$ 16,640,581	$ 17,232,372

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2010-11	2009-10	2008-09	RESTATED 2007-08
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 454,633	$ 419,866	$ 386,311	$ 374,521
Service Fees	735,820	589,795	184,327	132,822
Education - Tuition, Fees, and Sales	-	-	53	-
Fines and Forfeits	200,432	218,892	203,259	155,692
Rents and Royalties	128,588	79,518	85,811	78,889
Sales of Products	4,974	3,854	5,040	4,592
Unemployment Surcharge	18,611	19,329	19,369	21,512
Other	89,509	67,460	61,168	57,622
Operating Grants and Contributions	6,218,836	5,885,657	5,065,429	4,222,670
Capital Grants and Contributions	659,288	607,383	485,711	439,693
TOTAL PROGRAM REVENUES	8,510,691	7,891,754	6,496,478	5,488,013
EXPENSES:				
General Government	192,579	189,865	308,410	217,939
Business, Community, and Consumer Affairs	667,929	662,854	705,037	667,381
Education	5,432,143	5,096,032	5,208,705	5,017,551
Health and Rehabilitation	696,539	659,187	644,699	603,296
Justice	1,538,363	1,527,857	1,543,310	1,436,009
Natural Resources	149,878	144,445	137,159	131,658
Social Assistance	6,397,426	6,091,958	5,220,295	4,660,287
Transportation	1,974,009	2,105,688	1,376,215	1,459,295
Payments to School Districts	-	-	-	-
Payments to Other Governments	-	-	-	-
Interest on Debt	32,487	33,203	20,393	37,567
Higher Education	-	-	-	-
Unemployment Insurance	-	-	-	-
CollegeInvest[3]	-	-	-	-
Lottery	-	-	-	-
Wildlife	-	-	-	-
College Assist	-	-	-	-
Other Business-Type Activities	-	-	-	-
TOTAL EXPENSES	17,081,353	16,511,089	15,164,223	14,230,983
NET (EXPENSE) REVENUE	(8,570,662)	(8,619,335)	(8,667,745)	(8,742,970)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Sales and Use Taxes	2,280,693	1,987,576	2,093,113	2,357,807
Excise Taxes	236,945	244,344	251,209	257,908
Individual Income Tax	4,151,119	3,770,597	4,024,105	4,591,481
Corporate Income Tax	441,778	360,852	322,683	461,390
Other Taxes	466,408	376,388	655,478	510,442
Restricted Taxes	928,260	873,287	880,625	986,274
Unrestricted Investment Earnings (Losses)	6,523	10,215	22,591	42,478
Other General Revenues	91,608	112,138	119,748	113,603
Special and/or Extraordinary Items (See Note 35)	-	-	(5,616)	(6,843)
(Transfers-Out) / Transfers-In	(110,266)	(94,993)	(114,685)	(77,732)
Internal Capital Contributions	-	-	-	-
Permanent Fund Additions	460	357	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	8,493,528	7,640,761	8,249,251	9,236,808
TOTAL CHANGES IN NET ASSETS	(77,134)	(978,574)	(418,494)	493,838
NET ASSETS - BEGINNING	13,455,272	15,477,205	15,830,190	16,036,990
Prior Period Adjustment	14,970	(594,624)	(118,647)	(393,912)
Accounting Changes	-	(448,735)	184,156	(306,726)
NET ASSETS - ENDING	$ 13,393,108	$ 13,455,272	$ 15,477,205	$ 15,830,190

[1] – In Fiscal Year 2005-06, the State began to report Payments to School Districts and Other Governments in the functional area that made the payment.

[2] – In Fiscal Year 2005-06, the State changed the funding method for Higher Education Institutions and amounts previously reported as transfers are now reported as service fees and tuition.

GOVERNMENTAL ACTIVITIES

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 352,819	$ 339,779	$ 357,241	$ 353,628	$ 327,134	$ 310,343
129,980	123,392	128,101	132,644	117,253	105,932
-	-	-	-	-	-
126,612	121,859	117,666	109,341	99,654	87,994
68,270	68,920	61,524	45,340	32,314	31,673
3,703	3,100	2,841	3,164	2,296	3,001
22,346	22,399	21,524	20,112	19,500	19,630
64,964	79,810	54,254	55,216	47,264	72,996
4,122,360	3,909,382	3,684,878	3,601,808	3,552,745	3,166,623
414,602	447,283	409,458	487,442	410,070	352,125
5,305,656	5,115,924	4,837,487	4,808,695	4,608,230	4,150,317
163,412	164,276	141,320	161,588	244,062	210,837
565,769	449,411	367,553	343,589	327,935	253,054
4,771,218	4,394,236	194,723	173,823	194,436	285,636
560,153	524,736	475,668	477,572	475,405	471,198
1,313,767	1,197,334	1,026,282	936,374	971,227	957,320
138,457	112,753	62,638	81,114	103,888	103,801
4,496,696	4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,213,138	1,205,556	919,388	746,153	890,081	750,759
-	-	[1] 3,283,590	3,131,486	2,946,679	2,689,452
-	-	[1] 1,848,922	1,674,416	1,687,006	1,596,066
42,269	31,969	26,925	9,625	16,219	16,750
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,264,879	12,428,737	11,363,677	10,689,957	10,687,102	9,943,621
(7,959,223)	(7,312,813)	(6,526,190)	(5,881,262)	(6,078,872)	(5,793,304)
2,244,000	2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
261,711	266,747	182,726	112,741	86,048	91,761
4,508,845	4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
470,853	422,656	291,583	220,236	205,569	172,257
484,408	568,184	491,214	465,826	371,089	363,190
946,757	922,872	868,251	835,680	731,138	818,234
43,638	35,372	29,736	16,534	16,577	37,236
84,328	84,335	95,912	99,200	146,516	122,527
(25,915)	(13,534)	(1,112)	-	-	(21,000)
(98,926)	(80,894)	[2] (545,175)	(546,580)	(634,674)	(662,141)
-	-	(431)	(20)	(22,855)	25
-	-	-	-	-	-
8,919,699	8,399,300	6,843,982	6,377,578	5,725,385	5,971,750
960,476	1,086,487	317,792	496,316	(353,487)	178,446
15,083,865	14,126,295	13,807,166	13,135,877	13,617,705	5,457,647
(7,351)	(128,917)	1,337	174,973	(128,341)	(172,615)
-	-	-	-	-	8,154,227
$ 16,036,990	$ 15,083,865	$ 14,126,295	$ 13,807,166	$ 13,135,877	$ 13,617,705

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2010-11	2009-10	2008-09	2007-08
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 120,910	$ 106,946	$ 119,611	$ 84,395
Service Fees	874,990	607,485	681,807	667,504
Education - Tuition, Fees, and Sales	2,243,375	1,999,358	1,957,505	1,867,806
Fines and Forfeits	1,945	2,836	1,118	999
Rents and Royalties	29,507	24,648	29,908	32,399
Sales of Products	592,794	590,758	560,364	579,935
Unemployment Surcharge	791,317	491,716	363,241	398,046
Other	153,321	167,930	173,354	165,804
Operating Grants and Contributions	3,689,492	3,957,310	2,214,186	1,728,669
Capital Grants and Contributions	25,432	24,619	20,220	9,426
TOTAL PROGRAM REVENUES	8,523,083	7,973,606	6,121,314	5,534,983
EXPENSES:				
General Government	-	-	-	-
Business, Community, and Consumer Affairs	-	-	-	-
Education	-	-	-	-
Health and Rehabilitation	-	-	-	-
Justice	-	-	-	-
Natural Resources	-	-	-	-
Social Assistance	-	-	-	-
Transportation	-	-	-	-
Payments to School Districts	-	-	-	-
Payments to Other Governments	-	-	-	-
Interest on Debt	-	-	-	-
Higher Education	4,755,385	4,451,541	4,153,282	3,865,244
Unemployment Insurance	2,141,728	2,496,188	1,138,621	354,967
CollegeInvest[3]	-	68,650	78,647	116,286
Lottery	470,480	456,352	435,156	447,101
Wildlife	108,425	105,037	112,369	109,800
College Assist	402,648	410,027	399,576	326,080
Other Business-Type Activities	191,123	170,410	171,635	173,928
TOTAL EXPENSES	8,069,789	8,158,205	6,489,286	5,393,406
NET (EXPENSE) REVENUE	453,294	(184,599)	(367,972)	141,577
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Sales and Use Taxes	-	-	-	-
Excise Taxes	-	-	-	-
Individual Income Tax	-	-	-	-
Corporate Income Tax	-	-	-	-
Other Taxes	-	-	-	36,963
Restricted Taxes	-	-	-	-
Unrestricted Investment Earnings (Losses)	-	-	-	-
Other General Revenues	-	-	-	-
Special and/or Extraordinary Items (See Note 35)	1,493	(79,575)	-	-
(Transfers-Out) / Transfers-In	110,266	94,993	114,685	77,732
Internal Capital Contributions	-	-	-	-
Permanent Fund Additions	-	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	111,759	15,418	114,685	114,695
TOTAL CHANGES IN NET ASSETS	565,053	(169,181)	(253,287)	256,272
NET ASSETS - BEGINNING	4,746,480	4,880,112	5,127,090	4,870,818
Prior Period Adjustment	(46,850)	35,549	6,309	-
Accounting Changes	-	-	-	-
NET ASSETS - ENDING	$ 5,264,683	$ 4,746,480	$ 4,880,112	$ 5,127,090

[1] – 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.
[2] – In Fiscal Year 2005-06, the State segregated the Wildlife and College Assist enterprise funds out of the Other Business-Type Activities line.

BUSINESS-TYPE ACTIVITIES

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

[3] – Due to the disposition of the CollegeInvest loan portfolio and related variable debt, CollegeInvest was removed as a major fund in Fiscal Year 2010-11 and is subsequently reported as part of the Other Business-Type Activities.

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2010-11	2009-10	2008-09	RESTATED 2007-08
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 575,543	$ 526,812	$ 505,922	$ 458,916
Service Fees	1,610,810	1,197,280	866,134	800,326
Education - Tuition, Fees, and Sales	2,243,375	1,999,358	1,957,558	1,867,806
Fines and Forfeits	202,377	221,728	204,377	156,691
Rents and Royalties	158,095	104,166	115,719	111,288
Sales of Products	597,768	594,612	565,404	584,527
Unemployment Surcharge	809,928	511,045	382,610	419,558
Other	242,830	235,390	234,522	223,426
Operating Grants and Contributions	9,908,328	9,842,967	7,279,615	5,951,339
Capital Grants and Contributions	684,720	632,002	505,931	449,119
TOTAL PROGRAM REVENUES	17,033,774	15,865,360	12,617,792	11,022,996
EXPENSES:				
General Government	192,579	189,865	308,410	217,939
Business, Community, and Consumer Affairs	667,929	662,854	705,037	667,381
Education	5,432,143	5,096,032	5,208,705	5,017,551
Health and Rehabilitation	696,539	659,187	644,699	603,296
Justice	1,538,363	1,527,857	1,543,310	1,436,009
Natural Resources	149,878	144,445	137,159	131,658
Social Assistance	6,397,426	6,091,958	5,220,295	4,660,287
Transportation	1,974,009	2,105,688	1,376,215	1,459,295
Payments to School Districts	-	-	-	-
Payments to Other Governments	-	-	-	-
Interest on Debt	32,487	33,203	20,393	37,567
Higher Education	4,755,385	4,451,541	4,153,282	3,865,244
Unemployment Insurance	2,141,728	2,496,188	1,138,621	354,967
CollegeInvest[3]	-	68,650	78,647	116,286
Lottery	470,480	456,352	435,156	447,101
Wildlife	108,425	105,037	112,369	109,800
College Assist	402,648	410,027	399,576	326,080
Other Business-Type Activities	191,123	170,410	171,635	173,928
TOTAL EXPENSES	25,151,142	24,669,294	21,653,509	19,624,389
NET (EXPENSE) REVENUE	(8,117,368)	(8,803,934)	(9,035,717)	(8,601,393)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Sales and Use Taxes	2,280,693	1,987,576	2,093,113	2,357,807
Excise Taxes	236,945	244,344	251,209	257,908
Individual Income Tax	4,151,119	3,770,597	4,024,105	4,591,481
Corporate Income Tax	441,778	360,852	322,683	461,390
Other Taxes	466,408	376,388	655,478	547,405
Restricted Taxes	928,260	873,287	880,625	986,274
Unrestricted Investment Earnings (Losses)	6,523	10,215	22,591	42,478
Other General Revenues	91,608	112,138	119,748	113,603
Special and/or Extraordinary Items (See Note 35)	1,493	(79,575)	(5,616)	(6,843)
(Transfers-Out) / Transfers-In	-	-	-	-
Internal Capital Contributions	-	-	-	-
Permanent Fund Additions	460	357	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:	8,605,287	7,656,179	8,363,936	9,351,503
TOTAL CHANGES IN NET ASSETS	487,919	(1,147,755)	(671,781)	750,110
NET ASSETS - BEGINNING	18,201,752	20,357,317	20,957,280	20,907,808
Prior Period Adjustment	(31,880)	(559,075)	(112,338)	(393,912)
Accounting Changes	-	(448,735)	184,156	(306,726)
NET ASSETS - ENDING	$ 18,657,791	$ 18,201,752	$ 20,357,317	$ 20,957,280

TOTAL PRIMARY GOVERNMENT

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 437,121	$ 415,167	$ 422,105	$ 419,824	$ 386,560	$ 367,889
705,535	659,653	401,642	375,453	305,867	259,915
1,734,997	1,622,045	1,294,488	1,227,187	1,143,890	1,062,083
127,786	122,588	118,262	109,895	100,679	89,373
94,541	97,685	83,051	90,123	48,890	52,757
524,541	525,815	469,929	453,074	443,198	462,318
425,987	526,438	483,940	358,175	209,961	172,654
205,340	241,855	174,399	172,898	177,503	328,966
5,807,777	5,375,427	5,088,806	4,945,999	4,951,146	4,342,628
436,865	464,139	426,125	561,394	438,732	399,327
10,500,490	10,050,812	8,962,747	8,714,022	8,206,426	7,537,910
163,412	164,276	141,320	161,588	244,062	210,837
565,769	449,411	367,553	343,589	327,935	253,054
4,771,218	4,394,236	194,723	173,823	194,436	285,636
560,153	524,736	475,668	477,572	475,405	471,198
1,313,767	1,197,334	1,026,282	936,374	971,227	957,320
138,457	112,753	62,638	81,114	103,888	103,801
4,496,696	4,348,466	3,016,668	2,954,217	2,830,164	2,608,748
1,213,138	1,205,556	919,388	746,153	890,081	750,759
-	-	3,283,590	3,131,486	2,946,679	2,689,452
-	-	1,848,922	1,674,416	1,687,006	1,596,066
42,269	31,969	26,925	9,625	16,219	16,750
3,661,270	3,446,716	3,294,154	3,128,126	3,108,493	2,942,776
316,577	305,447	352,712	591,789	742,745	583,508
96,720	73,745	54,453	37,355	45,213	41,351
401,969	402,391	367,474	354,159	341,907	349,955
96,515	91,221				
199,677	115,200	-	-	-	-
163,727	138,773	267,408	246,988	253,633	229,773
18,201,334	17,002,230	15,699,878	15,048,374	15,179,093	14,090,984
(7,700,844)	(6,951,418)	(6,737,131)	(6,334,352)	(6,972,667)	(6,553,074)
2,244,000	2,148,981	1,980,785	1,920,934	1,829,380	1,881,162
261,711	266,747	182,726	112,741	86,048	91,761
4,508,845	4,044,581	3,450,493	3,253,027	2,996,597	3,168,499
470,853	422,656	291,583	220,236	205,569	172,257
523,854	602,912	491,214	465,826	371,089	363,190
946,757	922,872	868,251	835,680	731,138	818,234
43,638	35,372	29,736	16,534	16,577	37,236
84,328	84,335	95,912	99,200	146,516	122,527
(25,915)	(14,241)	(1,112)	-	-	(21,000)
-	-	-	-	-	-
-	-	9,872	15,310	53,355	151,490
-	-	-	-	-	-
9,058,071	8,514,215	7,399,460	6,939,488	6,436,269	6,785,356
1,357,227	1,562,797	662,329	605,136	(536,398)	232,282
19,540,665	18,103,466	17,423,906	16,640,581	17,232,372	10,345,572
9,916	(125,598)	17,231	178,189	(55,393)	(76,804)
-	-	-	-	-	6,731,322
$ 20,907,808	$ 19,540,665	$ 18,103,466	$ 17,423,906	$ 16,640,581	$ 17,232,372

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2010-11[3]	2009-10	2008-09[2]	2007-08
REVENUES:				
Taxes	$ 8,430	$ 7,640	$ 8,231	$ 9,203
Less: Excess TABOR Revenues	-	-	-	-
Licenses, Permits, and Fines	745	734	701	643
Charges for Goods and Services	730	552	150	104
Rents (reported in 'Other' prior to FY05)	129	80	86	79
Investment Income	97	199	258	316
Federal Grants and Contracts	6,917	7,023	5,480	4,308
Unclaimed Property Receipts	40	42	58	-
Other	221	192	195	179
TOTAL REVENUES	17,309	16,462	15,159	14,832
EXPENDITURES:				
Current:				
General Government	560	775	511	123
Business, Community and Consumer Affairs	388	369	332	311
Education	778	855	879	802
Health and Rehabilitation	592	583	608	561
Justice	1,314	1,315	1,285	1,195
Natural Resources	132	126	121	112
Social Assistance	5,656	4,454	3,836	3,669
Transportation	1,064	1,017	1,074	1,055
Capital Outlay	329	240	308	243
Intergovernmental:				
Cities	300	281	294	289
Counties	1,478	2,253	2,043	1,799
School Districts	4,303	4,364	4,143	3,814
Other	185	219	185	258
Debt Service[1]	208	194	189	208
TOTAL EXPENDITURES	17,286	17,045	15,808	14,439
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23	(583)	(649)	393
OTHER FINANCING SOURCES (USES)				
Transfers-In	4,776	5,333	5,179	4,298
Transfers-Out:				
Higher Education	-	-	(121)	(131)
Other	(4,866)	(5,389)	(5,162)	(4,237)
Face Amount of Debt Issued	218	559	-	-
Bond Premium/Discount	-	8	-	-
Capital Lease Debt Issuance	17	-	11	18
Sale of Capital Assets	-	-	-	1
Insurance Recoveries	2	4	2	2
Debt Refunding Issuance	-	-	-	-
Debt Refunding Payments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	147	515	(91)	(49)
NET CHANGE IN FUND BALANCE	170	(68)	(740)	344
FUND BALANCE - BEGINNING	4,086	4,785	5,312	5,012
Prior Period Adjustments	(4)	(41)	(1)	(44)
Accounting Changes	591	-	214	-
FUND BALANCE - ENDING	$ 4,842	$ 4,676	$ 4,785	$ 5,312

[1] – See additional debt service information including principal and interest components and a ratio of total debt service expenditures to total noncapital expenditures on page 264.

[2] – In Fiscal Years 2008-09 and 2009-10, Unclaimed Property activity was partially converted from a Private Purpose Trust Fund to a Special Revenue Fund and therefore is not included in this schedule prior to the conversion.

[3] – Beginning in Fiscal Year 2010-11 the Supplemental Nutrition Assistance Program (SNAP) expenditures are reported in the Social Assistance line. In previous years it was reported as Intergovernmental payments in the Counties line.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 8,936	$ 8,396	$ 7,323	$ 6,794	$ 6,261	$ 6,499
-	-	(41)	-	-	-
575	541	565	551	517	504
99	99	99	108	108	99
68	69	62	-	-	-
272	117	126	54	259	240
4,073	4,054	3,831	3,880	3,471	3,104
-	-	-	-	-	-
320	341	321	358	351	299
14,343	13,617	12,286	11,745	10,967	10,745
251	256	278	267	229	238
303	274	277	296	317	277
713	673	129	119	116	122
530	486	443	450	450	453
1,088	998	978	897	933	924
107	97	90	85	82	82
3,400	3,263	3,026	2,969	2,851	2,619
950	962	983	1,098	1,105	1,127
124	82	92	74	136	276
239	251	218	211	198	209
1,721	1,616	1,474	1,319	1,328	1,229
3,719	3,455	3,284	3,131	2,947	2,689
242	197	157	144	160	158
213	204	114	92	99	85
13,600	12,814	11,543	11,152	10,951	10,488
743	803	743	593	16	257
4,202	3,645	3,198	2,819	3,507	3,987
(120)	(128)	(597)	(605)	(695)	(742)
(4,137)	(3,580)	(3,136)	(2,750)	(3,406)	(3,880)
-	-	-	235	-	208
-	-	-	53	-	12
4	132	27	2	12	5
-	4	10	12	3	3
1	1	-	-	-	-
-	-	-	280	443	10
-	-	-	(311)	(436)	(10)
(50)	74	(498)	(265)	(572)	(407)
693	877	245	328	(556)	(150)
4,319	3,441	3,196	2,827	3,383	4,043
-	1	-	41	-	(510)
-	-	-	-	-	-
$ 5,012	$ 4,319	$ 3,441	$ 3,196	$ 2,827	$ 3,383

GENERAL PURPOSE REVENUE (AFTER TABOR REFUNDS)
GENERAL FUND
IN DOLLARS AND AS A PERCENT OF TOTAL
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2010-11	2009-10	2008-09	2007-08
Income Tax:				
Individual	$ 4,154	$ 3,777	$ 4,021	$ 4,600
Corporate	366	350	265	474
Net Income Tax	4,520	4,127	4,286	5,074
Sales, Use, and Excise Taxes	2,323	2,072	1,982	2,173
Less: Excess TABOR Revenues	-	-	-	-
Net Sales, Use, and Excise Taxes	2,323	2,072	1,982	2,173
Estate Taxes	-	-	-	-
Insurance Tax	190	187	192	188
Gaming and Other Taxes	20	16	-	-
Investment Income	8	10	9	18
Medicaid Provider Revenues	-	-	-	-
Other	25	44	56	52
TOTAL GENERAL REVENUES	$ 7,086	$ 6,456	$ 6,525	$ 7,505
Percent Change From Previous Year	9.8%	-1.1%	-13.1%	2.6%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)				
Net Income Tax	63.8%	63.9%	65.7%	67.6%
Sales, Use, and Excise Taxes	32.7	32.1	30.4	29.0
Estate Taxes	0.0	0.0	0.0	0.0
Insurance Tax	2.7	2.9	2.9	2.5
Other Taxes	0.3	0.2	0.0	0.0
Interest	0.1	0.2	0.1	0.2
Medicaid Provider Revenues	0.0	0.0	0.0	0.0
Other	0.4	0.7	0.9	0.7
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 4,510	$ 4,044	$ 3,421	$ 3,189	$ 2,945	$ 3,086
464	422	293	218	214	165
4,974	4,466	3,714	3,407	3,159	3,251
2,076	1,995	2,146	2,005	1,915	1,962
-	-	(41)	-	-	-
2,076	1,995	2,105	2,005	1,915	1,962
1	7	26	47	53	73
179	175	189	176	171	155
7	18	40	40	38	34
28	33	28	20	51	25
-	-	-	-	16	11
48	52	59	72	74	61
$ 7,313	$ 6,746	$ 6,161	$ 5,767	$ 5,477	$ 5,572
8.4%	9.5%	6.8%	5.3%	-1.7%	2.7%
68.0%	66.2%	60.3%	59.1%	57.7%	58.3%
28.4	29.5	34.1	34.8	34.9	35.3
0.0	0.1	0.4	0.8	1.0	1.3
2.4	2.6	3.1	3.1	3.1	2.8
0.1	0.3	0.6	0.7	0.7	0.6
0.4	0.5	0.5	0.3	0.9	0.4
0.0	0.0	0.0	0.0	0.3	0.2
0.7	0.8	1.0	1.2	1.4	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)

	2010-11	2009-10	2008-09	2007-08
Department:[1]				
Agriculture	$ 4,761	$ 5,915	$ 6,809	$ 7,124
Corrections	656,184	563,570	637,292	626,246
Education	2,963,080	3,238,879	3,214,951	3,023,255
Governor	11,481	13,781	13,342	17,346
Health Care Policy and Financing	1,303,820	1,152,245	1,311,702	1,482,803
Higher Education	705,085	428,784	661,974	747,717
Human Services	724,121	751,149	776,394	749,974
Judicial Branch	324,079	323,146	328,056	300,674
Labor and Employment	-	-	-	-
Law	9,406	9,133	8,705	8,474
Legislative Branch	31,858	32,504	34,944	31,139
Local Affairs	10,532	10,854	12,276	10,895
Military and Veterans Affairs	5,062	5,263	5,637	5,407
Natural Resources	25,617	25,515	30,558	30,086
Personnel & Administration	4,886	5,139	5,337	10,934
Public Health and Environment	27,291	26,548	26,634	23,596
Public Safety	80,366	79,459	78,874	72,806
Regulatory Agencies	1,490	1,429	1,451	1,400
Revenue	35,674	54,187	67,092	73,593
Treasury	4,378	7,784	10,643	13,902
Transfer to Capital Construction Fund	11,985	169	39,396	183,443
Transfer to Various Cash Funds	8,000	8,000	10,281	327
Transfer to the Highway Users Tax Fund	-	-	28,965	166,182
Other Transfers and Nonoperating Disbursements	20,555	20,555	102,966	137,747
	$ 6,969,711	$ 6,764,008	$ 7,414,279	$ 7,725,070
TOTALS				
Percent Change	3.0%	-8.8%	-4.0%	3.0%
(AS PERCENT OF TOTAL)				
Education	42.5%	47.9%	43.4%	39.1%
Health Care Policy and Financing	18.7	17.0	17.7	19.2
Higher Education	10.1	6.3	8.9	9.7
Human Services	10.4	11.1	10.5	9.7
Corrections	9.4	8.3	8.6	8.1
Transfer to Capital Construction Fund	0.2	0.0	0.5	2.4
Transfer to Various Cash Funds	0.1	0.1	0.1	0.0
Transfers to the Highway Users Tax Fund	0.0	0.0	0.4	2.2
Judicial	4.6	4.8	4.4	3.9
Revenue	0.5	0.8	0.9	1.0
All Others	3.5	3.7	4.6	4.7
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.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 5,197	$ 4,038	$ 4,107	$ 3,716	$ 8,700	$ 10,118
577,482	534,233	495,234	467,207	476,972	443,334
2,882,876	2,718,667	2,514,427	2,417,490	2,313,588	2,268,794
11,991	15,862	15,808	13,317	31,465	19,566
1,369,321	1,362,893	1,247,254	1,142,620	1,132,643	1,076,838
693,999	636,341	587,958	591,221	685,686	739,556
718,366	590,071	568,461	534,759	551,299	560,716
265,161	237,673	219,612	207,432	213,939	214,619
108	-	-	-	-	-
8,975	7,143	6,738	6,266	8,141	9,677
29,880	27,633	26,745	26,818	28,100	27,224
9,973	8,500	8,573	4,565	7,419	10,361
5,050	4,324	3,883	3,739	4,273	3,973
28,550	22,806	22,481	19,337	23,599	24,434
9,385	8,181	7,805	7,457	12,282	14,028
23,081	20,586	13,061	12,359	16,573	31,790
67,169	58,785	56,315	53,895	54,465	56,597
1,273	1,390	1,047	1,028	1,582	1,914
65,398	57,928	57,702	57,066	66,898	69,297
12,403	18,443	15,027	690	62,171	4,198
291,467	104,841	40,759	12,270	9,489	25,564
3,748	67,100	185,628	-	-	-
291,179	65,345	81,212	5,559	-	35,179
130,598	49,190	20,264	34,257	58,746	68,325
$ 7,502,630	$ 6,621,973	$ 6,200,101	$ 5,623,068	$ 5,768,030	$ 5,716,102
13.3%	6.8%	10.3%	-2.5%	0.9%	-0.4%
38.4%	41.1%	40.6%	43.0%	40.1%	39.7%
18.3	20.6	20.1	20.3	19.6	18.8
9.3	9.6	9.5	10.5	11.9	12.9
9.6	8.9	9.2	9.5	9.6	9.8
7.7	8.1	8.0	8.3	8.3	7.8
3.9	1.6	0.7	0.2	0.2	0.4
0.0	1.0	3.0	0.0	-	-
3.9	1.0	-	-	-	-
3.5	3.6	3.5	3.7	3.7	3.8
0.9	0.9	0.9	1.0	1.2	1.2
4.5	3.6	4.5	3.5	5.4	5.6
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FUND BALANCE
GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2010-11[2]	2009-10	2008-09	2007-08
GENERAL PURPOSE:				
Reserved for:				
Encumbrances	$ -	$ 5,721	$ 2,195	$ 16,487
Noncurrent Assets	-	-	1	7
Statutory Purposes	-	-	148,212	151,721
Risk Management	-	23,031	18,650	35,559
Unreserved Undesignated:				
General Fund	-	(30,822)	155,436 [1]	-
Unreserved:				
Designated for Unrealized Investment Gains:				
General Fund	-	17,854	10,939	3,639
Nonspendable:				
Inventories	8,742			
Prepaids	33,009			
Restricted	542,997			
Committed	39,458			
Assigned	109			
Unassigned	(21,468)			
TOTAL RESERVED	-	28,752	169,058	203,774
TOTAL UNRESERVED	-	(12,968)	166,375	3,639
TOTAL FUND BALANCE	602,847	15,784	335,433	207,413
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved for:				
Encumbrances	$ -	$ 1,052,572	$ 1,043,396	$ 966,477
Noncurrent Assets	-	584,828	515,062	425,830
Debt Service	-	4,093	558	558
Statutory Purposes	-	325,463	40,921	109,322
Risk Management	-	-	-	-
Emergencies	-	94,000	93,550	93,000
Funds Reported as Restricted	-	1,151,448	1,445,739	1,902,755
Unreserved, Reported in:				
General Fund	-	-	-	-
Special Revenue Funds	-	57,148	53,498	54,676
Capital Projects Funds	-	(35,611)	54,687	134,470
Permanent Funds	-	-	-	-
Nonmajor Special Revenue Funds	-	1,302,178	1,117,248	1,391,483
Nonmajor Permanent Funds	-	10,586	8,500	2,326
Unreserved:				
Designated for Unrealized Investment Gains:				
Reported in Major Funds	-	34,487	30,327	13,385
Reported in Nonmajor Special Revenue Funds	-	40,778	23,719	8,751
Reported in Nonmajor Debt Service Funds	-	-	-	-
Reported in Nonmajor Permanent Funds	-	38,541	22,875	1,571
Nonspendable:				
Inventories	9,839			
Permanent Fund Principal	658,883			
Prepaids	21,540			
Restricted	1,988,088			
Committed	1,560,775			
TOTAL RESERVED	-	3,212,404	3,179,226	3,497,942
TOTAL UNRESERVED	-	1,448,107	1,310,454	1,606,662
TOTAL FUND BALANCE	4,239,125	4,660,511	4,449,680	5,104,604
TOTAL RESERVED	-	3,241,156	3,308,284	3,701,716
TOTAL UNRESERVED	-	1,435,139	1,476,829	1,610,301
TOTAL FUND BALANCE	$ 4,841,972	$ 4,676,295	$ 4,785,113	$ 5,312,017

[1] – This amount results from a $458.1 million year-end transfer into the General Fund from various cash funds to prevent a deficit fund balance
[2] – The implementation of Governmental Accounting Standards Board Statement No. 54 in Fiscal Year 2010-11 resulted in a significant change in the State's fund balance classifications.

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

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

(DOLLARS IN THOUSANDS)

	Unaudited 2010-11	2009-10	2008-09
DISTRICT REVENUES:			
Exempt District Revenues	$ 15,532,332	$ 16,056,039	$ 14,496,192
Nonexempt District Revenues	9,424,764	8,567,941	9,102,354
TOTAL DISTRICT REVENUES	24,957,096	24,623,980	23,598,546
Percent Change In Nonexempt District Revenues	10.0%	-5.9%	-9.0%
DISTRICT EXPENDITURES:			
Exempt District Expenditures	15,532,332	16,056,039	14,496,192
Nonexempt District Expenditures	9,330,892	8,638,571	10,168,409
TOTAL DISTRICT EXPENDITURES	24,863,224	24,694,610	24,664,601
Percent Change In Nonexempt District Expenditures	8.0%	-15.0%	6.7%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ (676,291)	$ (70,630)	$ (1,066,055)
FISCAL YEAR SPENDING LIMIT			
Prior Fiscal Year Spending Limitation	$ 8,567,941	$ 9,102,354	$ 8,829,131
Adjustments To Prior Year Limit[2]	(15,963)	(422,016)	(10,365)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	8,551,978	8,680,338	8,818,766
Allowable Growth Rate (Population Plus Inflation)	1.2%	5.8%	4.1%
Current Fiscal Year Spending Limitation	8,654,602	9,183,797	9,180,336
Adjustments To Current Year Limit	-	-	23,505
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	8,654,602	9,183,797	9,203,841
EXCESS STATE REVENUE CAP (ESRC)[3]	10,684,856		
NONEXEMPT DISTRICT REVENUES	9,424,764	8,567,941	9,102,354
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	770,162	(615,856)	(101,488)
Amount Over(Under) Excess State Revenue Cap	(1,260,092)		
Correction Of Prior Years' Refunds	-	-	-
Voter Approved or Statutory Retention of Excess Revenue	-	-	-
FISCAL YEAR REFUND	$ -	$ -	$ -

[1] – The implementation of Governmental Accounting Standards Board Statement No. 34 in Fiscal Year 2001-02 resulted in a significant change in the State’s fund structure that increased the amount of intra and interfund transfers. Because most of the transfers result in exempt revenues and expenditures, most of the change shows in the exempt categories.

[2] – Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activity’s revenues and expenditures are no longer shown in the district amounts.

[3] – Beginning in Fiscal Year 2010-11, with the expiration of the Referendum C retention period, Fiscal Year Refunds are based on the Excess State Revenue Cap rather than the Fiscal Year Spending Limit.

2007-08	2006-07	2005-06	Restated 2004-05	2003-04	2002-03	2001-02	Restated 2000-01
$ 12,126,729	$ 11,759,914	$ 10,899,936	$ 11,015,958	$ 11,650,100	$ 12,059,372	$ 11,702,980	$ 8,213,400
9,998,559	9,641,867	9,161,391	8,482,963	8,331,991	7,712,512	7,752,211	8,877,105
22,125,288	21,401,781	20,061,327	19,498,921	19,982,091	19,771,884	19,455,191	17,090,505
3.7%	5.2%	8.0%	1.8%	8.0%	-0.5%	-12.7%	4.4%
12,126,729	11,759,914	10,899,936	11,015,958	11,650,100	12,059,372	11,702,980 [1]	8,213,399
9,533,890	8,847,334	8,029,686	9,473,642	7,799,832	8,198,724	7,729,239	6,945,742
21,660,619	20,607,248	18,929,622	20,489,600	19,449,932	20,258,096	19,432,219	15,159,141
7.8%	10.2%	-15.2%	21.5%	-4.9%	6.1%	11.3%	7.3%
$ 464,670	$ 794,533	$ 1,131,705	$ (990,679)	$ 532,159	$ (486,212)	$ 22,972	$ 1,931,364
$ 8,333,827	$ 8,045,256	$ 8,314,374	$ 8,331,991	$ 7,712,512	$ 7,752,211	$ 7,948,550	$ 7,563,710
(1,054)	(173)	(372,471)	(383,103)	(31,732)	(12,865)	(53,497)	-
8,332,773	8,045,083	7,941,903	7,948,888	7,680,780	7,739,346	7,895,053	7,563,710
5.5%	3.5%	1.3%	2.2%	3.6%	6.9%	4.0%	5.1%
8,791,075	8,326,662	8,045,148	8,123,764	7,957,288	8,273,361	8,210,855	7,949,459
38,056	7,165	109	190,610	374,703	23,426	(84,666)	(909)
8,829,131	8,333,827	8,045,257	8,314,374	8,331,991	8,296,787	8,126,189	7,948,550
9,998,559	9,641,867	9,161,391	8,482,963	8,331,991	7,712,512	7,752,211	8,877,105
1,169,428	1,308,040	1,116,134	168,589	-	(584,275)	(373,978)	928,555
-	-	-	284	-	-	8,284	(1,354)
1,169,428	1,308,040	1,116,134	127,810	-	-	-	-
$ -	$ -	$ -	$ 41,063	$ -	$ -	$ -	$ 927,201

INDIVIDUAL INCOME TAX RETURNS[1]
BY ADJUSTED GROSS INCOME CLASS
1999 to 2008

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

	2008[2]		2007		2006		2005		2004	
	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax	# of Tax Returns	% of Income Tax
ADJUSTED GROSS INCOME CLASS										
Negative Income	23,480	0.0%	24,376	0.0%	23,376	0.0%	23,916	0.0%	24,570	0.0%
$0 to $5,000	76,617	0.0%	81,028	0.0%	72,400	0.0%	76,547	0.0%	73,929	0.0%
$5,001 to $10,000	112,812	0.0%	109,819	0.0%	108,412	0.0%	112,703	0.0%	112,776	0.0%
$10,001 to $15,000	130,686	0.3%	125,816	0.2%	127,061	0.3%	128,661	0.3%	129,339	0.4%
$15,001 to $20,000	139,486	0.8%	134,806	0.6%	134,933	0.8%	134,643	0.8%	134,988	1.0%
$20,001 to $25,000	135,930	1.3%	131,969	0.6%	130,926	1.3%	130,647	1.4%	131,424	1.6%
$25,001 to $35,000	248,979	4.1%	243,919	3.3%	240,034	3.8%	236,285	4.1%	236,162	4.7%
$35,001 to $50,000	285,209	7.8%	278,843	6.3%	272,040	7.2%	267,939	7.6%	266,625	8.6%
$50,001 to $75,000	318,161	14.0%	313,367	11.4%	302,778	12.9%	295,028	13.6%	289,548	15.1%
$75,001 to $100,000	202,834	13.9%	200,847	11.4%	189,359	12.5%	179,635	13.0%	171,170	14.0%
$100,000 and Over	317,476	57.8%	330,337	65.7%	290,548	61.2%	256,424	59.2%	227,936	54.6%
TOTAL	1,991,670	100.0%	1,975,127	100.0%	1,891,867	100.0%	1,842,428	100.0%	1,798,467	100.0%

Source: Colorado Department of Revenue

[1] – Returns and taxes generated by taxpayers claimed as dependents are excluded from this data.
[2] – Distribution analysis is done after the end of the late filing period and this is the most current data available from the Department of Revenue.

SALES TAX RETURNS
BY INDUSTRY CLASS
2003 to 2010[1]

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

	2010		2009		2008		2007	
	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax	# of Tax Returns	% of Sales Tax
INDUSTRY CLASS								
Agriculture, Forestry, & Fisheries	3,787	0.1%	3,595	0.1%	3,653	0.1%	3,632	0.1%
Mining	5,543	1.4%	5,324	1.9%	4,491	1.9%	4,104	1.7%
Public Utilities	10,177	3.6%	9,721	3.5%	9,517	3.9%	8,725	3.0%
Construction Trades	33,065	1.1%	31,811	1.3%	31,949	1.5%	30,929	1.5%
Manufacturing	96,062	4.2%	88,504	4.7%	84,393	4.8%	87,475	4.9%
Wholesale Trade	72,331	5.7%	72,914	6.6%	72,432	6.7%	74,498	6.7%
Retail Trade	385,914	51.8%	385,320	49.5%	395,100	49.9%	399,395	51.5%
Transportation & Warehousing	3,831	0.2%	3,916	0.3%	4,014	0.3%	4,733	0.3%
Information Producers/Distributors	167,660	6.3%	171,984	6.3%	174,348	5.9%	170,488	5.8%
Finance & Insurance	35,443	1.4%	35,103	1.4%	33,499	1.5%	34,308	1.2%
Real Estate, Rental, & Leasing Services	84,376	3.4%	82,509	3.7%	79,541	3.8%	71,969	3.8%
Professional, Scientific, & Technical Services	64,231	1.5%	64,002	1.6%	65,592	1.6%	66,352	1.8%
Bus. Admin., Support, Waste/Remediation Services	24,102	0.6%	24,615	0.7%	23,401	0.7%	23,014	0.7%
Educational Services	5,914	0.2%	6,068	0.2%	6,526	0.2%	5,566	0.2%
Health Care & Social Assistance Services	16,018	0.2%	15,572	0.2%	13,013	0.2%	12,233	0.2%
Arts, Entertainment, & Recreation Services	17,230	0.6%	17,301	0.6%	17,391	0.6%	17,196	0.6%
Hotel & Other Accommodation Services	21,282	3.5%	21,153	3.6%	21,221	3.6%	20,995	3.5%
Food & Drinking Services	130,911	11.8%	129,780	11.4%	129,123	10.5%	125,682	10.2%
Other Personal Services	86,316	2.2%	86,861	2.3%	86,647	2.2%	85,361	2.1%
Government Services	6,290	0.2%	5,655	0.1%	6,044	0.1%	7,445	0.2%
TOTAL	1,270,483	100%	1,261,708	100%	1,261,895	100%	1,254,100	100%

Source: Colorado Department of Revenue

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

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

COLORADO TAX RATES[1]
2002 to 2011

Income Tax Rate	Sales Tax Rate
4.63%	2.90%

Source: Colorado Department of Revenue

[1] – Tax rates can be lowered by the General Assembly, but cannot be raised without a vote of the people. Tax rates have remained unchanged since 2001, when Sales Tax was reduced from 3.0 percent to 2.9 percent.

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

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2010-11	2009-10	RESTATED 2008-09	2007-08
DEBT SERVICE EXPENDITURES:				
Principal	$ 124,993	$ 116,083	$ 109,801	$ 104,924
Interest	82,829	77,919	78,719	102,652
TOTAL DEBT SERVICE EXPENDITURES	$ 207,822	$ 194,002	$ 188,520	$ 207,576
Percent Change Over Previous Year	7.1%	2.9%	-9.2%	-2.5%
TOTAL NONCAPITAL EXPENDITURES[1]	16,654,138	16,566,769	15,448,232	14,196,496
TOTAL CAPITAL EXPENDITURES[1]	631,546	478,179	359,518	242,572
TOTAL GOVERNMENTAL EXPENDITURES	17,285,684	17,044,948	15,807,750	14,439,068
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:				
Principal	0.7%	0.7%	0.7%	0.7%
Interest	0.5%	0.5%	0.5%	0.7%
Total Debt Service Expenditures	1.2%	1.2%	1.2%	1.4%

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[1 2]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2010-11	2009-10	2008-09	2007-08
Governmental Activities:				
Revenue Backed Debt	$ 869,282	$ 992,436	$ 1,106,973	$ 1,216,006
Certificates of Participation	897,632	689,973	162,053	172,864
Capital Leases	107,588	97,130	91,813	60,031
Notes and Mortgages	-	515,000	515,000	460,000
TOTAL GOVERNMENTAL OUTSTANDING DEBT	1,874,502	2,294,539	1,875,839	1,908,901
Business-Type Activities:				
Revenue Backed Debt	2,762,166	2,306,693	3,551,588	3,325,690
Certificates of Participation	430,537	432,698	446,656	210,150
Capital Leases	48,416	83,374	93,773	93,374
Notes and Mortgages	3,503	43,925	4,771	6,211
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	3,244,622	2,866,690	4,096,788	3,635,425
Total Primary Government:				
Revenue Backed Debt	3,631,448	3,299,129	4,658,561	4,541,696
Certificates of Participation	1,328,169	1,122,671	608,709	383,014
Capital Leases	156,004	180,504	185,586	153,405
Notes and Mortgages	3,503	558,925	519,771	466,211
TOTAL OUTSTANDING DEBT[1]	$ 5,119,124	$ 5,161,229	$ 5,972,627	$ 5,544,326
Percent Change Over Previous Year	-0.8%	-13.6% [3]	7.7%	8.5%
Colorado Population (In Thousands) Restated for Censu	4,874	5,049	4,972	4,890
Per Capita Debt (Dollars Per Person) Restated for Censu	$1,050	$1,022	$1,201	$1,134
Per Capita Income (Thousands Per Person)	$46.0	$42.2	$41.3	$44.2
Per Capita Debt as a Percent of Per Capita Income	2.3%	2.4%	2.9%	2.6%

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 2006-07	RESTATED 2005-06	RESTATED 2004-05	RESTATED 2003-04	RESTATED 2002-03	2001-02
$ 100,681	$ 97,583	$ 15,574	$ 11,932	$ 16,581	$ 9,245
112,145	106,322	98,829	80,281	82,116	76,096
$ 212,826	$ 203,905	$ 114,403	$ 92,213	$ 98,697	$ 85,341
4.4%	78.2%	24.1%	-6.6%	15.7%	58.5%
13,365,782	12,586,379	11,298,334	10,664,540	10,541,507	10,212,475
233,914	228,077	244,178	488,140	409,971	275,873
13,599,696	12,814,456	11,542,512	11,152,680	10,951,478	10,488,348
0.8%	0.8%	0.1%	0.1%	0.2%	0.1%
0.8%	0.8%	0.9%	0.8%	0.7%	0.7%
1.6%	1.6%	1.0%	0.9%	0.9%	0.8%

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$ 1,319,718	$ 1,418,446	$ 1,512,987	$ 1,518,564	$ 1,273,146	$ 1,293,196
183,203	196,475	63,332	44,244	57,132	54,406
30,456	17,482	22,308	16,040	8,546	3,473
345,000	415,000	520,000	397,023	-	-
1,878,377	2,047,403	2,118,627	1,975,871	1,338,824	1,351,075
2,935,383	2,304,485	2,063,378	1,578,903	1,553,595	1,240,946
218,916	260,578	75,729	73,724	46,811	54,545
68,621	60,724	90,140	86,531	85,919	47,222
9,463	6,946	9,402	6,262	6,602	1,444
3,232,383	2,632,733	2,238,649	1,745,420	1,692,927	1,344,157
4,255,101	3,722,931	3,576,365	3,097,467	2,826,741	2,534,142
402,119	457,053	139,061	117,968	103,943	108,951
99,077	78,206	112,448	102,571	94,465	50,695
354,463	421,946	529,402	403,285	6,602	1,444
$ 5,110,760	$ 4,680,136	$ 4,357,276	$ 3,721,291	$ 3,031,751	$ 2,695,232
9.2%	7.4%	17.1%	22.7%	12.5%	20.7%
4,804	4,720	4,632	4,575	4,529	4,490
$1,064	$992	$941	$813	$669	$600
$42.7	$41.2	$38.8	$36.9	$35.3	$35.1
2.5%	2.4%	2.4%	2.2%	1.9%	1.7%

3 – Decline was related to the CollegeInvest sale and retirement of bonds previously issued to support purchase and origination of student loans.

REVENUE BOND COVERAGE[1]

Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
2010-11	$ 1,162,586	$ 994,596	$ 167,990	$ 119,385	$ 48,605	$ 167,990	1.00
2009-10	1,104,185	936,194	167,991	113,300	54,691	167,991	1.00
2008-09	980,992	813,000	167,992	107,795	60,197	167,992	1.00
2007-08	167,989	-	167,989	102,475	65,514	167,989	1.00
2006-07	167,982	-	167,982	97,490	70,492	167,982	1.00
2005-06	167,991		167,991	92,835	75,156	167,991	1.00
2004-05	84,787	-	84,787	5,870	78,917	84,787	1.00
2003-04	72,875	-	72,875	3,250	69,625	72,875	1.00
2002-03	71,141	-	71,141	10,005	61,136	71,141	1.00
2001-02	66,813	-	66,813	5,070	61,743	66,813	1.00
Enterprise Funds (Excluding Higher Education): State Fair and CollegeInvest[2]							
2008-09	$ 200,753	$ 34,107	$ 166,646	$ 24,000	$ 17,126	$ 41,126	4.05
2007-08	351,308	126,788	224,520	155	41,492	41,647	5.39
2006-07	402,013	101,632	300,381	16,155	76,077	92,232	3.26
2005-06	106,230	79,489	26,741	39,747	53,783	93,530	0.29
2004-05	71,365	55,119	16,246	44,077	33,182	77,259	0.21
2003-04	221,271	39,812	181,459	39,012	14,924	53,936	3.36
2002-03	204,866	42,252	162,614	29,142	15,564	44,706	3.64
2001-02	180,471	46,063	134,408	24,834	19,845	44,679	3.01
Higher Education Institutions							
2010-11	$ 1,025,079	$ 487,781	$ 537,298	$ 64,345	$ 110,488	$ 174,833	3.07
2009-10	947,626	477,126	470,499	46,650	85,723	132,373	3.55
2008-09	846,389	450,057	396,332	40,965	69,195	110,160	3.60
2007-08	793,013	420,908	372,105	36,940	58,466	95,406	3.90
2006-07	687,200	391,433	295,767	34,145	48,073	82,218	3.60
2005-06	649,238	376,431	272,807	29,365	45,699	75,064	3.63
2004-05	623,247	354,669	268,578	28,375	30,028	58,403	4.60
2003-04	555,602	329,204	226,398	24,390	29,533	53,923	4.20
2002-03	522,448	332,697	189,751	20,665	24,550	45,215	4.20
2001-02	508,615	311,778	196,837	17,390	18,876	36,266	5.43

[1] – Pledged revenues supporting the Governmental Funds TRANs include primarily federal grants under agreement with the Federal Highway Administration (FHWA). Before Fiscal Year 2009-10, pledged revenue also included a portion of sales and use tax revenues of the General Fund diverted to the Highway Users Tax Fund and the Highway Users Tax Fund revenues. Pledged revenues supporting the Enterprise Funds' borrowings, excluding Higher Education, were primarily student loan repayment amounts at CollegeInvest, which were used to make the required debt service payments. CollegeInvest's loan portfolio was sold in Fiscal Year 2009-10 and related bonds were sold or redeemed. Pledged revenues supporting Higher Education Institutions' borrowings are primarily auxiliary fees related to student housing and tuition.

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

COLORADO DEMOGRAPHIC DATA
2002 to 2011

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 %
2011 est	4,874	1.56%	$ 224.3	$ 46,020	110.5%	*	8.8%
2010	5,049	1.63	213.2	42,226	105.7	2,448	8.9
2009	4,972	1.62	205.4	41,311	107.3	2,502	8.3
2008	4,890	1.61	216.0	44,172	107.9	2,606	4.8
2007	4,804	1.59	205.2	42,714	108.1	2,598	3.7
2006	4,720	1.58	194.4	41,186	109.2	2,542	4.3
2005	4,632	1.57	179.7	38,795	109.4	2,456	5.1
2004	4,575	1.56	168.6	36,852	108.7	2,393	5.6
2003	4,529	1.56	159.9	35,306	109.3	2,340	6.1
2002	4,490	1.56	157.8	35,145	111.6	2,304	5.7

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
2002 to 2011
(AMOUNTS IN THOUSANDS)

Industry[2]	2011 est	2010 est	2009	2008	2007	2006	2005	2004	2003	2002
Natural Resources and Mining	26.0	24.0	24.2	28.5	25.2	21.1	17.2	14.4	13.2	12.9
Construction	106.5	113.5	131.3	161.8	167.8	167.8	160.0	151.3	149.9	160.4
Manufacturing	123.9	124.5	129.6	144.1	147.0	149.1	150.4	151.8	153.9	163.8
Transportation, Trade, and Utilities	400.0	396.5	403.8	429.3	429.2	419.3	413.0	406.6	404.5	412.1
Information	69.9	71.3	74.7	76.8	76.4	75.4	76.9	81.2	84.6	92.9
Financial Activities	144.7	144.0	148.0	155.6	159.5	160.4	158.5	154.6	154.1	149.5
Professional and Business Services	335.1	328.1	330.2	351.9	347.9	331.8	316.8	304.1	292.0	296.2
Educational and Health Services	267.8	264.5	257.2	250.5	240.4	231.2	224.6	218.5	213.0	208.5
Leisure and Hospitality	262.6	259.6	262.4	272.9	270.4	264.9	257.5	251.3	245.6	247.0
Other Services	93.8	92.4	93.7	94.8	92.9	90.8	88.5	87.4	85.9	85.6
Government	390.7	392.5	390.5	384.1	374.7	367.2	362.6	358.5	356.2	355.4
Total	2,221.0	2,210.9	2,245.6	2,350.3	2,331.4	2,279.0	2,226.0	2,179.7	2,152.9	2,184.3

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 because employer data could not be obtained.

2 – Excludes nonagricultural self-employed, unpaid family, and domestic workers.

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE
Last Ten Years

(AMOUNTS IN MILLIONS)

Year	Residential	Non-Residential	Non-Building	Total
2011 est	$ 2,770	$ 2,100	$ 1,700	$ 6,570
2010 est	2,460	2,100	1,700	6,260
2009	2,501	3,126	1,648	7,275
2008	4,042	4,117	2,542	10,701
2007	7,417	5,260	2,004	14,681
2006	8,708	4,641	3,446	16,795
2005	8,803	4,221	1,788	14,812
2004	8,050	3,291	1,754	13,096
2003	6,258	2,713	1,732	10,703
2002	6,357	2,787	2,162	11,306

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

COLORADO SALES AND GROSS FARMING REVENUES
Last Ten Years

(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2011 est	$ 63.8	$ 7.03
2010 est	61.1	6.92
2009	58.5	6.83
2008	66.7	7.41
2007	67.3	7.41
2006	61.8	6.70
2005	58.7	6.59
2004	55.8	6.34
2003	52.8	5.92
2002	52.9	5.67

Retail sales based on SIC Codes 52-59.

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

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

	2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES:				
General Government:				
Funds	616	601	593	556
Employees (calculated Average Employment)	66,691	65,325	64,535	61,915
Balance in Treasury Pool (in millions)	$6,076.2	$5,902.0	$5,663.2	$6,159.4
Business, Community, and Consumer Affairs:				
Professional Licenses at Regulatory Agencies	703,695	702,498	679,836	640,332
Unemployment Rate (percent) [4]	8.8	7.9	7.7	4.9
Employment Level [4]	*	2,447,712	2,492,540	2,596,309
Education:				
Public Schools	1,786	1,817	1,769	1,771
Primary School Students	843,316	832,368	818,443	802,639
Health and Rehabilitation:				
Average Daily Population of Mental Health Institutes [3]	511	554	569	548
Average Daily Population of Regional Centers [3,5]	*	329	378	403
Justice:				
District Court Cases Filed [3]	190,531	188,822	191,749	199,681
County Court Cases Filed [3]	562,185	562,570	554,165	579,069
Inmate Admissions	10,704	10,992	10,992	11,038
Inmate Releases	11,033	10,803	10,803	10,565
Average Daily Inmate Population	22,814	22,980	23,210	22,887
Citations Issued by the State Patrol	125,755 [6]	170,988	170,570	221,544
Crashes Covered by the State Patrol	19,028 [6]	24,123	26,159	27,260
Natural Resources:				
Active Oil and Gas Wells [3]	45,500	45,000	36,000	35,000
Oil and Gas Drilling Permits [3]	5,250	5,000	7,400	6,780
Annual State Park Visitors [3]	12,463,495	11,666,912	13,680,012	11,272,418
Water Loans	288	278	269	258
Social Assistance:				
Medicaid Recipients [3]	553,407	476,632	381,390	383,784
Average Cash Assistance Payments per Month [3]	63,742	58,119	57,200	62,647
Transportation:				
Lane Miles	*	22,982,320	23,060,630	23,036,480
Bridges	*	3,447	3,429	3,406
BUSINESS-TYPE ACTIVITIES:				
Higher-Education:				
Resident Students [3]	156,210	146,531	136,900	135,275
Nonresident Students [3]	12,405	24,869	23,166	22,069
Unemployment Insurance:				
Individuals Served - Employment and Training [3]	615,548	652,570	350,000	300,000
Initial Unemployment Claims [3]	389,769	408,644	120,074	119,561
CollegeInvest:[8]				
Loans Issued or Purchased			268,745 [7]	239,060
Average Balance per Loan			$6,326 [7]	$6,328
Lottery:				
Scratch Tickets Sold	98,545,733	99,657,606	104,217,790	101,604,127
Lotto Tickets Sold	39,257,585	41,620,408	43,552,521	41,071,837
Powerball Tickets Sold	70,047,258	101,568,085	100,733,520	109,565,516
Other Lottery Tickets Sold	50,464,834	26,833,674	20,831,732	19,148,564
Wildlife:				
Hunting & Fishing Licenses Sold [3]	1,380,000	1,630,000	2,300,000	1,545,659
College Assist:				
Guaranteed Loans - In State	61,076 [8]	107,402	115,486	140,232
Guaranteed Loans - Out of State	4,961 [8]	41,616	47,892	18,859

Source: JBC Budget in Brief and various State departments.

* – Data is not available.
[1] – All amounts are counts, except where dollars or percentages are indicated.
[2] – Data is presented by either fiscal year or calendar year based on availability of information.
[3] – Data represents estimates from budgetary documents and is not adjusted to actual.

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

[4] – Data represents annual averages of monthly estimates from Department of Labor and Employment and is not adjusted to actual.
[5] – Prior to 2009, this represented Regional Center Residential Beds.
[6] – Calendar data through October 24, 2011
[7] – CollegeInvest sold its loan portfolio during Fiscal Year 2009-10 due to a statutory change resulting from a change in the federal program.
[8] – College Assist's Guaranteed Loans for In-State student decreased due to increased participation by State institutions in the federal direct lending program.

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2010-11	2009-10	2008-09	2007-08
General Government	2,991	2,399	2,454	2,392
Business, Community, and Consumer Affairs	2,458	2,564	2,437	2,372
Education	38,038	37,093	36,042	34,469
Health and Rehabilitation	3,965	4,019	3,944	3,865
Justice	13,093	12,848	13,000	12,467
Natural Resources	1,579	1,607	1,587	1,583
Social Assistance	1,579	1,704	1,671	1,656
Transportation	2,988	3,091	3,400	3,111
TOTAL AVERAGE EMPLOYMENT	66,691	65,325	64,535	61,915
TOTAL CLASSIFIED	32,927	32,799	32,820	31,995
AVERAGE MONTHLY SALARY	$ 4,324	$ 4,367	$ 4,390	$ 4,278
TOTAL NON-CLASSIFIED	33,764	32,526	31,715	29,920
AVERAGE MONTHLY SALARY	$ 5,786	$ 5,735	$ 5,723	$ 5,467

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.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
2,322	2,255	2,219	2,180	2,300	2,422
2,335	2,342	2,367	2,343	2,344	2,334
33,464	32,680	32,664	32,595	32,435	31,887
3,774	3,729	3,681	3,717	3,803	3,766
11,791	11,372	11,083	10,767	11,257	11,437
1,522	1,485	1,472	1,446	1,453	1,453
1,593	1,520	1,462	1,482	1,567	1,610
3,072	3,085	3,098	3,113	3,080	3,065
59,873	58,468	58,046	57,643	58,239	57,974
31,075	30,677	30,967	30,770	31,857	32,092
$ 4,108	$ 4,036	$ 3,955	$ 3,867	$ 3,913	$ 3,700
28,798	27,791	27,079	26,873	26,382	25,882
$ 5,214	$ 5,066	$ 4,926	$ 4,759	$ 4,788	$ 4,563

For each State agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the average employee count. Average salary was computed as total classified or nonclassified salary divided by related average employee count.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
2001 TO 2010

Mileage Type	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
CenterLine Miles[1]:										
Urban	1,389	1,398	1,400	1,398	1,419	1,411	1,421	1,421	1,038	1,033
Rural	7,720	7,748	7,744	7,736	7,742	7,737	7,736	7,736	8,105	8,104
TOTAL CENTERLINE MILES	9,109	9,146	9,144	9,134	9,161	9,148	9,157	9,157	9,143	9,137
Percent Change	-0.4%	0.0%	0.1%	-0.3%	0.1%	-0.1%	0.0%	0.2%	0.1%	0.6%
Lane Miles[2]:										
Urban	5,327	5,352	5,238	5,232	5,322	5,247	5,262	5,236	4,058	4,031
Rural	17,654	17,709	17,798	17,767	17,784	17,784	17,875	17,825	18,792	18,782
TOTAL LANE MILES	22,981	23,061	23,036	22,999	23,106	23,031	23,137	23,061	22,850	22,813
Percent Change	-0.3%	0.1%	0.2%	-0.5%	0.3%	-0.5%	0.3%	0.9%	0.2%	0.5%

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 2010[3]

Functional Classification	2010	2009	2008	2007	2006	2005	2004	2003	2002
Principal Arterial[1]	1,376	1,368	1,341	1,686	1,678	1,680	1,676	1,949	1,945
Other Principal Arterial[2]	801	794	795	911	884	943	894	321	322
Minor Arterial	759	761	773	802	798	787	798	818	817
Collector	431	426	404	350	368	319	326	403	405
Local	80	80	93	26	29	25	20	207	209
TOTAL BRIDGES	3,447	3,429	3,406	3,775	3,757	3,754	3,714	3,698	3,698
Percent Change	0.5%	0.7%	-9.8%	0.5%	0.1%	1.1%	0.4%	0.0%	NA

Source: Colorado Department of Transportation

[1] – Includes interstate, expressways, and freeways.
[2] – Prior to 2004, Other Principal Arterials in rural areas were included in the Principal Arterial category.
[3] – Data is not available in this format prior to calendar year 2002.

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Four Years[2]

	2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES:				
General Government	3,069,547	3,043,068	2,549,944	2,982,413
Business, Community, and Consumer Affairs[1]	980,198	980,198	981,809	937,389
Education	326,602	317,894	317,884	317,884
Health and Rehabilitation	1,476,587	1,489,338	1,365,606	1,561,507
Justice	8,404,174	8,398,319	8,103,126	8,047,872
Natural Resources	1,729,810	1,729,810	1,210,477	1,672,897
Social Assistance	1,836,385	1,824,175	1,700,847	1,351,964
Transportation	3,207,047	3,206,451	2,575,421	2,575,421
BUSINESS-TYPE ACTIVITIES:				
Higher Education	47,701,898	46,277,915	44,026,204	41,437,896
Wildlife	1,109,004	1,109,004	1,065,240	901,526
TOTAL	69,841,252	68,376,172	63,896,558	61,786,769

Source: Colorado Office of the State Architect
[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.
[2] – Data not available prior to 2008.

BUILDING SQUARE FOOTAGE
LEASED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS/PROGRAMS
Last Four Years[2]

	2011	2010	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:				
General Government	210,576	276,602	288,210	199,967
Business, Community, and Consumer Affairs[1]	585,944	517,447	515,708	508,439
Education	31,999	28,531	19,440	9,396
Health and Rehabilitation	458,959	455,218	420,272	434,469
Justice	463,506	857,026	868,060	850,185
Natural Resources	81,926	65,735	73,546	49,495
Social Assistance	56,881	55,801	34,459	28,963
BUSINESS-TYPE ACTIVITIES:				
Higher Education	1,358,597	1,199,672	1,243,524	1,294,663
CollegeInvest	8,544	18,983	15,318	15,318
Lottery	66,684	59,915	61,682	61,682
Wildlife	73,064	73,064	15,267	75,944
College Assist	10,139	12,807	12,807	12,807
TOTAL	3,406,819	3,620,801	3,568,293	3,541,328

Source: Colorado Office of the State Architect
[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.
[2] – Data not available prior to 2008.

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