

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
Denver, Colorado**

**FINANCIAL AND COMPLIANCE AUDIT
June 30, 2007 and 2006**

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This report contains the results of the financial and compliance audit of the Student Loan Program Funds of CollegeInvest as of June 30, 2007. The audit was conducted pursuant to Section 2-3-103 and 23-3.1-201, C.R.S., which authorizes the State Auditor to conduct audits of the departments, institutions and agencies of State government.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 10, 2007

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
FINANCIAL AND COMPLIANCE AUDIT**
June 30, 2007

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REPORT SUMMARY

COLLEGEINVEST STUDENT LOAN PROGRAM FUNDS FINANCIAL AUDIT FISCAL YEAR ENDED JUNE 30, 2007

Purpose and Scope

The Office of the State Auditor, State of Colorado engaged Clifton Gunderson LLP to conduct the financial and compliance audit of CollegeInvest Student Loan Program Funds (Student Loan Program Funds) for the Fiscal Year ended June 30, 2007. Clifton Gunderson LLP performed this 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.

The purpose and scope of our audit was to express an opinion on the Student Loan Program Funds basic financial statements as of and for the Fiscal Year ended June 30, 2007.

Audit Opinions and Reports

We expressed an unqualified opinion on the Student Loan Program Funds basic financial statements as of and for the year ended June 30, 2007.

Summary of Key Findings and Recommendations

There was a significant deficiency relating to the recording of accrued interest receivable in the bond funds. This finding is presented as Finding #1 in the findings and recommendations section of this report.

There was a significant deficiency relating to the segregation of duties. This finding is presented as Finding #2 in the findings and recommendations section of this report.

There were no findings or recommendations for the year ended June 30, 2006.

Required Communication

Auditor's Responsibility Under Generally Accepted Auditing Standards. Our audit of the financial statements of the CollegeInvest Student Loan Program Funds for the years ended June 30 2007 and 2006, was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Reasonable assurance in an audit is obtained by examining evidence supporting the amounts and disclosures in the financial statements on a test basis. An audit does not include verification of all transactions and account balances, nor does it represent a certification of the absolute accuracy of the financial statements.

In testing whether the financial statements are free of material misstatement, we focus more of our attention on items with a higher potential of material misstatement, and less on items that have a remote chance of material misstatement. For this purpose, accounting literature has defined materiality as “the magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.”

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Although we may make suggestions as to the form and content of the financial statements, or even prepare them in whole or in part, the financial statements remain the representations of management. In an audit, our responsibility with respect to the financial statements is limited to forming an opinion as to whether the financial statements are a fair presentation of the Student Loan Program Funds' financial position, results of operations, and cash flows.

Significant Accounting Policies. There were no significant accounting policies or their application which were either initially selected or changed during the year.

There were no significant, unusual transactions in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates. There were no significant accounting estimates of financial data which would be particularly sensitive and require substantial judgments by management.

Audit Adjustments. We noted no adjustments during our audit.

Uncorrected Misstatements. The accompanying Finding #1 in the Findings and Recommendations section of this report describes an uncorrected misstatement pertaining to the most recent period presented in the financial statements. Management had determined that this uncorrected misstatement is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Other Information in Documents Containing Audited Financial Statements. In connection with the Funds' annual report, we did not perform any procedures or corroborate other information included in the annual report. However, we read management's discussion and analysis of financial conditions and results of operations and considered whether the information or the manner in which it was presented was materially inconsistent with information or the manner of presentation of the financial statements. Based on our reading, we concluded that the information did not require revision.

Disagreements With Management. There were no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters which would be significant to the Student Loan Program Funds' financial statements or our report on those financial statements.

Consultations With Other Accountants. We were informed by management that they made no consultations with other accountants on the application of generally accepted accounting principles or generally accepted auditing standards.

Major Issues Discussed With Management Prior to Retention. There were no major issues, including the application of accounting principles and auditing standards, which were discussed with management prior to our retention as auditors.

Difficulties Encountered in Performing the Audit. We encountered no serious difficulties in dealing with management related to the performance of our audit.

**COLLEGEINVEST STUDENT LOAN FUND
RECOMMENDATION LOCATOR
FISCAL YEAR ENDED JUNE 30, 2007**

<u>Rec. No.</u>	<u>Page No.</u>	<u>Recommendation Summary</u>	<u>Entity's Response</u>	<u>Implementation Date</u>
1	7	CollegeInvest should implement procedures to ensure all proper accruals are recorded during the year end process and that revenue and receivables are reported accurately for the period in which they are accrued.	Agree	November 30, 2007
2	7	CollegeInvest should segregate duties of user setup and system administration from duties such as vendor setup, accounts payable and posting journal entries.	Agree	November 30, 2007 through June 30, 2008

**DESCRIPTION OF THE
COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS**

Organization

The Colorado General Assembly, pursuant to Colorado Revised Statutes 23-3.1-2 01, et. seq., and 23-3.1-3 01, et. seq., established a student obligation bond program (Student Loan Program Funds, which consist of the Bond Funds, the CollegeInvest Early Achievers Scholarship Fund, and the Nursing Teacher Loan Forgiveness Fund), a post secondary education expense program (Prepaid Tuition Fund), a scholarship trust program, and an Internal Revenue Code Section 529 college savings program (Scholars Choice Fund, Direct Portfolio Fund, and Stable Value Plus Fund), which are administered by CollegeInvest. The programs assist students in meeting the expenses incurred in availing themselves of higher education opportunities. The Executive Director of the Colorado Department of Higher Education has responsibility for oversight and management of CollegeInvest and appoints the Director of CollegeInvest. In addition, CollegeInvest has a nine-person Board of Directors (Board) designated by the Governor and approved by the State Senate to serve four-year terms.

Student Loan Program Funds

Primary operations of the student obligation bond program commenced in 1981. In meeting its legislative mandate, CollegeInvest issues tax-exempt and taxable financings. The amount of tax-exempt financing authority is limited by federal volume caps for private activity bonds, allocated to Colorado and by Colorado's allocation of these caps among state and local governments that issue debt. The proceeds from such financings are used to originate and purchase student loans. CollegeInvest is authorized to issue its own revenue bonds, notes and other obligations in the aggregate amount of \$2.0 billion. The bonds do not constitute an indebtedness, debt or liability of the State of Colorado.

The financial statements of the Student Loan Program Funds present the activities of the Bond Funds, CollegeInvest's Borrower Benefit Fund, Nursing Teacher Loan Forgiveness, and Early Achievers Scholarship Fund, formerly known as the College in Colorado Scholarship Trust Fund. Each Bond Fund represents bond proceeds that are restricted by the financing documents of each individual bond issue. Each Bond Fund is accounted for separately and is a separate trust estate. The Borrower Benefit Fund consists of assets and revenue that are not pledged as collateral to the Bond Funds. These monies are available for the administration of CollegeInvest and for use in other programs in accordance with CRS 23-3.1-201 that are authorized by the General Assembly.

During the 2004 legislative session, the General Assembly enacted H.B. 04-1350, making several changes to the Student Loan Program Funds, effective for fiscal year 2005. Nonresidents are now allowed to obtain student loans through CollegeInvest. The definition of “Student Loan” has been expanded to include loans made by institutions of higher education or by nonprofit corporations operating on behalf of the institution, located outside of Colorado. The definition of “lender” now includes any domestic branch or agency of a foreign bank duly licensed by a State or the United States.

Early Achievers Scholarship Trust Fund

Colorado Achievement Scholarship Program (Scholarship Program), created in statute as Colorado Achievement Scholarship Trust Fund, was created by Colorado statute CRS 23-3.1-206.9 to provide higher education scholarships for eligible students. CollegeInvest was designated by the statute to implement and administer the Scholarship Program. A scholarship under the Scholarship Program may only be awarded to undergraduate students who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the Early Achievers Scholarship Trust Fund consists of investment of monies deposited to the trust by CollegeInvest, the State (to the extent appropriated) and as a result of any gifts, grants, or donations received by CollegeInvest for the Scholarship Program, as well as distribution of scholarships in conformance with the eligibility requirements established by the Board. Moneys in the trust may be used by CollegeInvest to fund the direct and indirect costs of implementing, marketing, and administering the Scholarship Program.

Nursing Teacher Loan Forgiveness Fund

A Loan Forgiveness Fund was created by Colorado statute to provide student loan forgiveness to persons who teach courses in nursing at a participating institution of higher education for at least five consecutive academic years after receipt of advanced degree. The General Assembly appropriates funds for the program to the Colorado Department of Higher Education (DHE). CollegeInvest was designated by statute to administer the Nursing Teacher Loan Forgiveness (NTLF) Fund for the DHE. Repayment of loans through the program may only be awarded to persons who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the NTLF Fund consist of monies deposited in the State Treasurer’s Cash Fund. CollegeInvest is also authorized to receive and expend gifts, grants, and donations or monies appropriated by the General Assembly for the purpose of implementing the program. Monies in the trust may be used by CollegeInvest to fund the direct and indirect costs of administering the NTLF Fund up to \$1,600 annually.

FINDINGS AND RECOMMENDATIONS

Finding #1: Accrued Interest and Interest Revenue

CollegeInvest is required to report its activity on the accrual basis accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). GAAP requires that revenue and related receivables are recognized in the period earned. During the course of our audit, we compared amounts confirmed to us from servicing agencies to the amounts recorded on the trial balances of CollegeInvest. During this process, we noted that government paid student loan interest income earned and receivable were understated, resulting in a passed adjustment of approximately \$472,000.

CollegeInvest receives reports from its service providers that indicate the amount of interest income receivable by account, and for each account, by bond identification number. In this particular instance, for one of the service providers, interest income earned and receivable for two of the three accounts held with the provider were not properly recorded during the year end process. Due to the lack of an effective process for recording and reviewing all revenue due to the Student Loan Funds in the proper period, the amount had not been properly recorded and reported.

Recommendation #1:

CollegeInvest should implement procedures that ensure all proper accruals are recorded during the year end process and that revenue and receivables are reported accurately for the period in which they are earned.

CollegeInvest's Response:

Agree. CollegeInvest will verify all receivables, as well as all material balances, to the proper back-up documentation as part of its monthly and year end review process. This will be implemented for the November 30, 2007 month end process.

Finding #2: Segregation of Duties

CollegeInvest is responsible for designing and implementing internal controls that are sufficient to adequately safeguard its assets. A component of strong internal control over assets, such as cash, includes a proper segregation of duties. If a single employee has access to vendor setup rights, accounts payable, and blank check stock, it could create a situation where a false vendor could be established and paid without being detected in a timely manner.

As a part of our audit, we gained an understanding of access controls over network and financial systems. During our discussions with management, we discovered that both the Senior Accountant and the Accountant II have full system administration rights to the Great Plains financial software. Also, both positions have access to blank check stock, vendor setup rights,

and the accounts payable module. Finally, the Senior Accountant possesses rights to enter and post journal entries. As a mitigating control, neither of these individuals receive the bank statement or prepare or review the bank reconciliations. However, the ability to access assets and record entries in the financial systems represents a lack of segregation of duties that should be addressed.

Recommendation #2:

CollegeInvest should improve its internal controls over cash and other assets by expanding its internal control procedures to include adequate segregation of duties related to employees' access to accounting system modules and blank check stock. In addition, CollegeInvest should adequately segregate the duties of user setup and system administration from duties such as vendor setup, accounts payable, and posting journal entries. Finally, accounting duties should be assigned to ensure that adequate segregation of duties exists.

CollegeInvest's Response:

Agree. CollegeInvest has already taken steps to secure access to blank check stock from personnel that have system administration rights. Staff with full administration rights do not have the authority to send wires, do not have access to blank check stock and do not have accounts payable invoice signature authority. CollegeInvest has the following compensating controls that mitigate the risk associated with accounting department staff with full administration rights to software:

1. All checks and corresponding invoices are reviewed by the Chief Financial Officer.
2. CollegeInvest performs a detailed review of actual to budget on a quarterly basis.

Additionally, CollegeInvest will implement a review of all new accounts payable vendors on a monthly basis. All new vendors will be approved by the Controller and the Chief Financial Officer. This process will be implemented as of November 30, 2007.

CollegeInvest also plans to transfer responsibility for administrative rights to the Information Technology Department by June 30, 2008. In the interim, CollegeInvest believes the controls surrounding cash disbursements will be sufficient to mitigate the risk associated with accounting department staff with full administration rights until the transfer of this function.

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the business-type activities and each major fund of CollegeInvest, (a division of the Department of Higher Education, State of Colorado) Student Loan Program Funds, as of and for the years ending June 30, 2007 and 2006, which collectively comprise CollegeInvest Student Loan Program Funds' basic financial statements as listed in the table of contents. These financial statements are the responsibility of CollegeInvest, Student Loan Program Funds' management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 – Organization and Summary of Significant Accounting Policies, the financial statements of the Student Loan Program Funds are intended to present the financial position, and results of operations and cash flows for only that portion of the financial reporting entity, the State of Colorado, that is attributable to the transactions of CollegeInvest, Student Loan Program Funds. They do not purport to, and do not present fairly, the financial position of the State of Colorado as of June 30, 2007 and 2006 and the changes in its financial position and its cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of CollegeInvest, Student Loan Program Funds, as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007 on our consideration of CollegeInvest, Student Loan Program Funds' internal control over financial reporting and on 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 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 on pages 11 to 25 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 10, 2007

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007 AND 2006**

This section of the Student Loan Program Funds' (Funds) financial statements is a discussion and analysis of the financial performance of the Funds for the years ended June 30, 2007, 2006, and 2005. CollegeInvest, a division of the Department of Higher Education (Department) of the State of Colorado administers the Funds, the Prepaid Tuition Fund, and the College Savings Program, which consists of the Scholars Choice, Stable Value Plus, and Direct Portfolio Funds. The Funds' financial results are presented as a proprietary fund in the State of Colorado Comprehensive Annual Financial Report. Management of CollegeInvest is responsible for the financial statements, footnotes, and this discussion. The management's discussion and analysis should be read in conjunction with the Funds' financial statements.

Overview of the Financial Statements:

This annual report contains two sections - management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets presents information on all of the Funds' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the Funds is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information that reflects how the Funds' net assets changed during the past year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows reports the Funds' cash flows from operating, investing, non-capital, and capital financing activities.

Analysis of Major Funds:

CollegeInvest Student Loan Program Funds consists of four major funds, the Borrower Benefit Fund, the Bond Funds, the CollegeInvest Early Achievers Scholarship Trust Fund (CEAS Trust), formerly known as College In Colorado Scholarship Trust, and the Nursing Teacher Loan Forgiveness Fund (NTLF Fund). The Borrower Benefit Fund, the Bond Funds, the CEAS Trust, and the NTLF Fund are accounted for as separate enterprise funds within the State of Colorado's financial reporting system. However, the State Controller's Office combines these four Funds in the State's Comprehensive Annual Financial Report. The College In Colorado Scholarship Trust Fund was established by statute in July 2005 and the name was changed to CollegeInvest Early Achievers Scholarship Trust Fund effective February 2007.

In meeting its legislative mandate, the Bond Funds issue tax-exempt and taxable financings. The proceeds from such financings are used to originate and purchase student loans or to make loans to institutions of higher education for their graduate lending programs. These financial activities are recorded within the Bond Funds in funds and accounts established under the financing documents. The financing documents for each Bond Fund restrict assets held in each respective trust estate for the payment of the outstanding obligations. Additionally, revenues generated within the Bond Funds are pledged as security on the financings.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Analysis of Major Funds (continued):

The net assets of the Funds are restricted by statute for the purpose of administering programs to assist higher education students in paying tuition, unless otherwise provided for by law or trust indenture.

Under certain agreements, the Funds provide lines of credit to institutions of higher education to make loans to their graduate students. The Funds and the institutions also enter into loan purchase agreements providing that the Funds shall purchase the student loans from the institutions each year at an agreed upon price. The proceeds from the sale are to be used by the institutions to pay principal and interest due on their lines of credit and to enhance financial aid to the students. As of June 30, 2007, the Funds had such agreements with six institutions of higher education.

The Funds utilize the Borrower Benefit Fund for payment of general and administrative expenses and other activities of the Bond Funds, and Prepaid Tuition, Scholars Choice, Stable Value Plus, Direct Portfolio, CEAS Trust and NTLF Funds necessary to fulfill their purposes. The general and administrative expenses and activities have been allocated to the respective funds. Additionally, cash in the Borrower Benefit Fund has been committed by CollegeInvest's Board of Directors (Board) to fund certain issuance costs of the Bond Funds, to pay for operating expenses of the Borrower Benefit Fund and capital expenditures, and to provide reserves for operating expenses and cash flow timing differences of the Prepaid Tuition Fund.

The CEAS Trust is designed to make college a reality for deserving students who work hard academically, but whose families cannot afford college. The CEAS Trust was funded by contributions from the Borrower Benefit Fund, the Bond Funds and the Colorado Student Loan Program dba College Assist (CA).

The NTLF Fund is designed to increase the supply of teachers in the nursing field by helping them repay their student loans. The program will provide for a payment of up to \$20,000 for all or part of the principal and interest on a loan for persons who teach courses in nursing at a participating state institution of higher education for at least five consecutive academic years after receipt of an advanced degree.

The Executive Director of the Department of Higher Education and CollegeInvest's Board approve the annual budget and exercise financial oversight responsibilities of the Funds.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years:

Borrower Benefit Fund:

Borrower Benefit Fund Condensed Statements of Net Assets as of June 30:

	2007	2006	2005
(dollar amounts expressed in thousands)			
Assets:			
Cash and investments	\$ 9,028	\$ 11,369	\$ 24,940
Interest, other receivables and prepaid expenses	95	81	100
Capital assets, net	559	895	1,172
Net interfund (payable) receivable	(447)	(103)	774
Total assets	9,235	12,242	26,986
Total liabilities	718	298	319
Net assets:			
Invested in capital assets	559	895	1,172
Unrestricted	7,958	11,049	25,495
Total net assets	\$ 8,517	\$ 11,944	\$ 26,667

Cash and investments of the Borrower Benefit Fund decreased \$2.3 million from June 30, 2006 to June 30, 2007, due primarily to a transfer of \$4.0 million to the Bond Funds for the Loan Incentives for Teachers Program (a loan forgiveness program) which was somewhat offset by a \$916,000 in the amount of administrative fees collected in excess of expenses held in the Fund on behalf of the College Savings Program Fund's and \$527,000 of interest income received. Cash and investments decreased \$13.6 million from June 30, 2005 to June 30, 2006, due primarily to the transfer of \$13.9 million to the CEAS Trust and a transfer of \$1.2 million to the Bond Funds. These decreases were somewhat offset by increases in cash from interest income. These changes are also reflected in the decrease in net assets over the period.

Capital Assets:

The investment in capital assets at June 30, 2007 and 2006 amounted to \$559,000 and \$895,000, respectively, net of accumulated depreciation. Capital assets consist of furniture, equipment and software. The changes in capital assets were as follows:

	Balance June 30, 2006	Additions (Deletions)	Depreciation & Amortization	Balance June 30, 2007
(dollar amounts expressed in thousands)				
Software	\$ 603	\$ 20	\$ 289	\$ 334
Furniture and equipment	292	58	125	225
Total capital assets, net	\$ 895	\$ 78	\$ 414	\$ 559

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Borrower Benefit Fund (continued):

Capital Assets (continued):

	Balance June 30, 2005	Additions (Deletions)	Depreciation & Amortization	Balance June 30, 2006
	(dollar amounts expressed in thousands)			
Software	\$ 859	\$ 53	\$ 309	\$ 603
Furniture and equipment	313	37	58	292
Total capital assets, net	<u>\$ 1,172</u>	<u>\$ 90</u>	<u>\$ 367</u>	<u>\$ 895</u>

The net assets of the Borrower Benefit Fund are designated primarily for bond issuance costs, operating reserves for all funds administered by CollegeInvest, cash flow differences of the Prepaid Tuition Fund and computer equipment and software.

Borrower Benefit Fund Condensed Statement of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Operating revenues:			
Net investment income	\$ 622	\$ 487	\$ 350
Operating expenses:			
General and administrative expenses	<u>49</u>	<u>190</u>	<u>72</u>
Change in net assets before transfers	<u>573</u>	<u>297</u>	<u>278</u>
Transfer to CollegeInvest Early Achievers Scholarship	-	(13,850)	-
Transfer to Bond Fund	(4,000)	(1,170)	(9,460)
Transfer to Prepaid Tuition Fund	-	-	(1,600)
Transfer from Stable Value Plus Fund	<u>-</u>	<u>-</u>	<u>247</u>
Change in net assets	(3,427)	(14,723)	(10,535)
Net assets, beginning of year	<u>11,944</u>	<u>26,667</u>	<u>37,202</u>
Net assets, end of year	<u>\$ 8,517</u>	<u>\$ 11,944</u>	<u>\$ 26,667</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Borrower Benefit Fund (continued):

Net investment income consists of the following:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Interest on investments	\$ 527	\$ 573	\$ 566
Unrealized gain (loss) on investments	<u>95</u>	<u>(86)</u>	<u>(216)</u>
Net investment income	<u>\$ 622</u>	<u>\$ 487</u>	<u>\$ 350</u>

The average cash and investment balances for the years ended June 30, 2007, 2006, and 2005 were \$11.2 million, \$14.9 million, and \$25.8 million, respectively, with average interest returns of 4.7%, 3.8%, and 2.2%, respectively.

Bond Funds:

Bond Funds Condensed Statements of Net Assets as of June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Assets:			
Cash and investments	\$ 376,328	\$ 145,318	\$ 182,784
Student loans, interest, other receivables	1,398,202	1,166,600	1,011,386
Other assets, net	<u>9,422</u>	<u>6,739</u>	<u>5,953</u>
Total assets	<u>1,783,952</u>	<u>1,318,657</u>	<u>1,200,123</u>
Liabilities:			
Current:			
Accounts payable, interest payable, and other liabilities	7,444	5,581	4,058
Intrafund payable (receivable)	(318)	(1,290)	729
Bonds and notes payable	<u>15,974</u>	<u>39,612</u>	<u>43,948</u>
Total current liabilities	<u>23,100</u>	<u>43,903</u>	<u>48,735</u>
Noncurrent:			
Arbitrage rebate payable	23,774	22,968	20,259
Bonds and notes payable	<u>1,625,330</u>	<u>1,156,304</u>	<u>1,014,916</u>
Total noncurrent liabilities	<u>1,649,104</u>	<u>1,179,272</u>	<u>1,035,175</u>
Total liabilities	<u>1,672,204</u>	<u>1,223,175</u>	<u>1,083,910</u>
Net assets (all restricted)	<u>\$ 111,748</u>	<u>\$ 95,482</u>	<u>\$ 116,213</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

The increase in cash and investments of \$231.0 million in the Bond Funds from June 30, 2006 to June 30, 2007, was primarily due to the issuance of \$506.0 million in new bonds and notes which was somewhat offset by purchases of student loans in excess of repayment of existing student loans of \$220.1 million and redemption of bonds and notes of \$60.6 million. The decrease in cash and investments of \$37.5 million in the Bond Funds from June 30, 2005 to June 30, 2006, was primarily due to purchases of student loans in excess of repayment of existing student loans of \$149.7 million, a transfer of \$36.0 million to the CEAS Trust, and redemption of bonds and notes of \$44.0 million. These decreases were somewhat offset by the issuance of \$181.0 million in new bonds and notes.

The Bond Funds originate student loans to borrowers in school, purchase student loans from other financial institutions, and consolidate existing loans. Student loans, interest and other receivables increased \$231.6 million from June 30, 2006 to June 30, 2007 and increased by \$155.2 million from June 30, 2005 to June 30, 2006. During 2007, student loans, including premiums and borrower benefits, increased by \$220.2 million due to the acquisition of \$510.8 million in student loans less student loan principal repayments of \$290.7 million. During 2006, student loans, including premiums and borrower benefits, increased by \$149.7 million due to the acquisition of \$447.6 million in student loans and decreased as a result of student loan principal repayments of \$297.9 million.

Borrower benefits, which have been offered by CollegeInvest since 1997 and periodically revised, generally reward prompt and regular payments, and payments made by automatic bank drafts, with credits to or reduction of principal balance, interest rate reductions and credit or waiver of origination and federal default fees. These benefits vary depending on loan type. Once a benefit has been earned, the borrower retains that benefit for the life of the loan unless the borrower defaults. The premiums and borrower benefits are capitalized and amortized over five years.

Student loan acquisitions and principal payments were as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in millions)		
Originations	\$ 153.3	123.2	\$ 101.9
Purchases	191.3	117.2	105.7
Consolidations	166.2	207.2	90.6
Principal payments received	(290.7)	(297.9)	(178.8)
Net increase	<u>\$ 220.1</u>	<u>149.7</u>	<u>\$ 119.4</u>

The increases in new loan originations and consolidations are a result of several different factors. CollegeInvest has increased its educational outreach and incorporated a more diversified marketing plan that has resulted in additional market share and increased guaranteed volume as a percentage of the total volume guaranteed by CA, the guarantor. The increases in guaranteed volume were 2.2%, 0.5% and 7.0% for the years ended June 30, 2007, 2006, and 2005, respectively. Also, students are borrowing more to pay for college due to the rising costs of education and CollegeInvest has captured a share of the increased volume. The number of students borrowing increased 7.5%, 6.7%, and 6.1% for the years ended June 30, 2007, 2006 and 2005, respectively. Additionally, the students average borrower indebtedness increased by 7.7%, 7.7% and 10.3% for the years ended June 30, 2007, 2006, and 2005, respectively. Low student loan interest rates played a significant role in the increased loan consolidation activity during 2006. The increased overall consumer awareness of the benefits of consolidating generated through extensive marketing by existing and new lenders in the market also had a direct effect on our program.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

The small decrease in payments received during the year ended June 30, 2007 is largely attributable to the decrease in consolidation activity. The increase in payments received during the year ended June 30, 2006 is largely attributable to the increase in consolidation activity due to the low interest rate environment. Consolidating borrowers paid off existing variable rate loans by refinancing into a fixed rate consolidation loan.

Interest and other receivables as of June 30, 2007, 2006, and 2005, were \$46.6 million, \$35.1 million, and \$29.9 million, respectively. Changes in these balances are primarily due to the timing of student loan purchases from Colorado institutions of higher education and increasing interest rates.

The arbitrage rebate payable is composed of excess interest and arbitrage rebate fees. The increase of \$806,000 from June 30, 2006 to June 30, 2007, is due primarily to a decrease in excess interest liability of approximately \$366,000 and an increase in arbitrage rebate liability of approximately \$1.2 million. The increase of \$2.7 million from June 30, 2005 to June 30, 2006, is due primarily to an increase in excess interest liability of approximately \$2.3 million and an increase in arbitrage rebate liability of approximately \$371,000.

U.S. Treasury regulations limit the earnings on student loans financed with tax-exempt bond proceeds. Earnings above that allowed must be rebated to the U.S. Treasury through the excess interest liability. The decrease in the excess earnings liability from 2006 to 2007 was \$366,000 as compared to an increase from 2005 to 2006 of \$2.3 million. Earnings on loans financed with tax-exempt bond proceeds were lower in 2007 and higher in 2006, generating the corresponding change in the liability each year, primarily due to the acquisition of lower earning consolidation loans by tax-exempt bonds.

U.S. Treasury regulations also limit the amount of interest income from investments to the bond yield on tax-exempt bond issues. The decrease in interest rate spread between the investments and the bond yield from the year ended June 30, 2006 to the year ended June 30, 2007 resulted in an increase of \$1.2 million in the rebate tax liability, due primarily to increasing interest rates. The decrease in interest rate spread between the investments and the bond yield from the year ended June 30, 2005 to the year ended June 30, 2006 resulted in an increase of \$371,000 in the rebate tax liability, due primarily to increasing interest rates. No payments were due to the IRS during the year ended June 30, 2007.

The Bond Funds had bonds and notes payable as of June 30,

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Beginning balance	\$ 1,195,916	\$ 1,058,864	\$ 882,597
Bond and note issuance	506,000	181,000	229,025
Redemptions of bonds and notes	(60,612)	(43,948)	(52,764)
Amortization of bond discount and defeasance	-	-	6
Bonds and notes payable	<u>\$ 1,641,304</u>	<u>\$ 1,195,916</u>	<u>\$ 1,058,864</u>

The Bond Funds issue and redeem bonds in an effort to maximize its ability to originate, purchase, and consolidate loans and take advantage of favorable tax-exempt and taxable debt attributes while minimizing its carrying costs of debt and costs of issuance.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

Restricted net assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Bond Funds had restricted net assets of \$111.7 million, \$95.5 million and \$116.2 million as of June 30, 2007, 2006, and 2005, respectively.

Bond Funds Condensed Statement of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Operating revenues:			
Interest and special allowance on student loans (pledged as security on revenue bonds and notes)	\$ 92,786	\$ 77,305	\$ 59,065
Interest income (pledged as security on revenue bonds and notes)	<u>12,206</u>	<u>8,277</u>	<u>5,170</u>
Total operating revenues	<u>104,992</u>	<u>85,582</u>	<u>64,235</u>
Operating expenses:			
Interest expense	72,090	50,841	30,292
Rebate tax expense, net	7,634	8,126	6,334
Loan servicing costs and bond fees	8,241	8,446	7,180
General and administrative expenses	<u>4,761</u>	<u>4,070</u>	<u>3,849</u>
Total operating expenses	<u>92,726</u>	<u>71,483</u>	<u>47,655</u>
Operating income before transfers	12,266	14,100	16,580
Transfer from Borrower Benefit Fund	4,000	1,170	9,460
Transfer to College In Early Achievers Scholarship Trust	<u>-</u>	<u>(36,000)</u>	<u>-</u>
Change in net assets	16,266	(20,730)	26,040
Net assets, beginning of year	<u>95,482</u>	<u>116,213</u>	<u>90,173</u>
Net assets, end of year	<u>\$ 111,748</u>	<u>\$ 95,482</u>	<u>\$ 116,213</u>

Detail of the pledged interest and special allowance on student loans is as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Borrower interest	\$ 70,720	\$ 52,875	\$ 39,560
Special allowance payments	<u>22,066</u>	<u>24,430</u>	<u>19,505</u>
Total pledged interest and special allowance on student loans	<u>\$ 92,786</u>	<u>\$ 77,305</u>	<u>\$ 59,065</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

Pledged borrower interest increased from the year ended June 30, 2006 to the year ended June 30, 2007 by \$1.3 million and increased from the year ended June 30, 2005 to the year ended June 30, 2006 by \$13.3 million. The changes in interest income are due primarily to the overall average interest rate on CollegeInvest's student loan portfolio and an increase in the student loan balance. Interest rates on the Stafford loans in the portfolio originated from July 1, 1998 through June 30, 2006 are variable and are set based on the 91-day U. S. Treasury bill rate. All variable rate student loans are reset July 1 of each year and remain fixed for one year. The 91-day U.S. Treasury bill rates on July 1, 2006, 2005 and 2004, were 4.8%, 3.0% and 1.1%, respectively. Loans originated after June 30, 2006 bear interest at a 6.8% fixed rate. Additionally, the average interest rate on the consolidation loans decreased from 5.9% as of June 30, 2005 to 5.1% as of June 30, 2006 and remained at 5.1% as of June 30, 2007. The average monthly balance of student loans increased from \$913.6 million in 2005 to \$1.07 billion in 2006 and to \$1.25 billion in 2007.

Special allowance is paid to lenders by the federal government and is the difference between the borrower interest rate and a "market" rate defined by the Higher Education Act of 1965, as amended. Pledged special allowance income decreased by approximately \$2.4 million from the year ended June 30, 2006 to the year ended June 30, 2007. The decrease in special allowance income from the year ended June 30, 2006 to the year ended June 30, 2007 is primarily due to the Department of Education's (DOE) recent changes in its interpretation of the Higher Education Act (HEA) with respect to the 9.5% floor special allowance. Effective October 1, 2006, the DOE suspended payments of special allowance until lenders can certify, and the independent auditors confirm, that the population of loans being billed at the 9.5% rate is consistent with the new interpretation of the HEA. These loans will earn the regular special allowance rate, which in recent years has been significantly lower than floor special allowance, until the population of loans can be confirmed.

Pledged special allowance income increased by \$4.9 million from the year ended June 30, 2005 to the year ended June 30, 2006. On approximately 27% of the Bond Funds' loan portfolio for 2006, the market rate is computed such that the total return is 9.5%. On the remaining 73% of the portfolio, the market rate is computed such that the total return is equivalent to the 3-month commercial paper rate or the 91-day Treasury bill rate plus a stated spread. As short-term interest rates increased throughout 2006, special allowance payments increased proportionally.

The increase in pledged investment interest income of approximately \$3.9 million from the year ended June 30, 2006 to the year ended June 30, 2007 is due to a \$44.9 million increase in the average cash and investments balance and 0.9% increase in the average interest rate for the year ended June 30, 2007. Cash and investments increased primarily due to the issuance of \$506 million in debt during the year ended June 30, 2007. A portion was utilized to fund an increase in student loan acquisition during the year while the remaining amount will be used for anticipated acquisition in the next fiscal year. Interest rates also increased from an average of 4.1% for the year ended June 30, 2006 to 5.0% for the year ended June 30, 2007. The increase in pledged investment interest income of approximately \$3.1 million from the year ended June 30, 2005 to the year ended June 30, 2006 is due to a combination of higher interest rates earned during the year which more than offset the lower average cash balance. The average monthly cash and investment balance for the years ending June 30, 2007, 2006, and 2005 was \$241.2 million, \$196.3 million, and \$233.7 million, respectively, with an average return of 5.0%, 4.1%, and 2.2%, respectively.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

Interest expense is comprised of interest and amortization of bond issuance costs, premiums and borrower benefits. Interest expense on bonds for the year ended June 30, 2007 increased by \$21.2 million from the year ended June 30, 2006. Interest expense on bonds for the year ended June 30, 2006 increased by \$20.5 million from the year ended June 30, 2005. The increases over the past two years were due to a combination of an increase in the debt outstanding as well as an increase in the weighted average interest rate on debt. Average debt outstanding for the years ended June 30, 2007, 2006, and 2005 was \$1.4 billion, \$1.2 billion and \$1.1 billion, respectively. The increase in average debt outstanding is due primarily to a higher amount of debt issuance in response to anticipated student loan purchases. The average interest rate on debt for the years ended June 30, 2007, 2006 and 2005 was 4.6%, 3.7% and 2.5%, respectively.

Rebate tax expense includes excess interest, arbitrage rebate and consolidation rebate expenses as follows:

	2007	2006	2005
	(dollar amounts expressed in thousands)		
Excess interest	\$ (366)	\$ 2,338	\$ 2,307
Arbitrage rebate	1,346	371	(99)
Consolidation rebate	6,654	5,417	4,126
Total rebate tax expense	\$ 7,634	\$ 8,126	\$ 6,334

Excess interest expense decreased approximately \$2.7 million for the year ended June 30, 2007, while excess interest expense increased approximately \$31,000 for the year ended June 30, 2006, primarily due to the acquisition of lower earning consolidation loans by tax-exempt financings. Earnings on loans financed with tax-exempt bond proceeds were higher during the year ended June 30, 2006 than in the year ended June 30, 2005. The increase during the year ended June 30, 2006 is mostly attributable to the earnings on loans eligible for the 9.5% special allowance payments. The arbitrage rebate expense is the amount of interest earned from tax-exempt investments above the allowed spread. This expense increased approximately \$975,000 from June 30, 2006 to June 30, 2007 and approximately \$470,000 from June 30, 2005 to June 30, 2006. These increases are due to the rising interest rate environment experienced in fiscal years 2006 and 2007, during which the spread between tax-exempt yields and investment rates widened. Consolidation rebate expense is a fee paid monthly to the U.S. Department of Education on any loans consolidated by CollegeInvest after October 1, 1993. Consolidation rebate fees increased during the year ended June 30, 2007 over the prior year by approximately \$1.2 million. Consolidation rebate fees increased during the year ended June 30, 2006 over the prior year by approximately \$1.3 million. The balance of consolidation loans in the Bond Funds' portfolio increased by \$110.2 million and \$139.5 million during the years ended June 30, 2007 and 2006, respectively.

Loan servicing costs and bond fees decreased \$205,000 for the year ended June 30, 2007 compared to the prior year and increased \$1.3 million for the year ended June 30, 2006 compared to the year ended June 30, 2005. Loan servicing costs increased by approximately \$300,000 for the year ended June 30, 2007 compared to the year ended June 30, 2006 and increased \$894,000 for the year ended June 30, 2006 compared to the year ended June 30, 2005. Loan servicing costs as a percentage of the average fiscal year end student loan receivable remained consistent at 0.5% for the years ended June 30, 2007, 2006, and 2005.

Bond fee expenses decreased by approximately \$501,000 for the year ended June 30, 2007 compared to June 30, 2006 and increased \$364,000 for the year ended June 30, 2006 compared to June 30, 2005. The decrease during the year ended June 30, 2007 was primarily due to decreases in broker dealer fees, liquidity fees and trustee fees. The broker dealer decreased its fees due to competitive pressure from the industry. CollegeInvest has 71% bonds that are subject to this fee. Additionally, at

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

the beginning of the year ended June 30, 2007, CollegeInvest utilized a new liquidity provider for a portion of its bonds and experienced a seven basis point rate reduction. The increase in bond fee expenses during the year ended June 30, 2006 was due primarily to the increase in the level of weighted average debt outstanding. Bond fees as a percentage of the average debt outstanding were 18, 25, and 25 basis points for the years ended June 30, 2007, 2006 and 2005, respectively.

General and administrative expenses, including bad debt expense, increased by \$691,000, or 17.0%, during the year ended June 30, 2007. This was primarily attributable to higher bad debt expense. For loans originated after June 30, 2006, the Department of Education decreased the insurance rate by one percentage point. General and administrative expenses, including bad debt expense, increased by \$220,000, or 5.7%, during the year ended June 30, 2006. General and administrative expenses, excluding bad debt expense, were \$581,000, or 17.0%, higher in the year ended June 30, 2006 than for the year ended June 30, 2005. This increase was offset by a \$361,000 decrease in bad debt expense from June 30, 2005 to June 30, 2006 due to an adjustment of the default rate used in the bad debt reserve. The increases in general and administrative expenses, excluding bad debt expense, are due to increased efforts to educate students and families on the advantages of student loans as an option to finance educational costs. CollegeInvest has increased awareness by employing multiple avenues of media, public relations, community programs and partnerships as well as additional personnel to meet with families in their communities. General and administrative expenses support the student loan activity and have consistently been 0.4% of the average net student loan balance for the fiscal years 2007, 2006 and 2005.

Net student loans increased by \$220.2 million, \$149.7 million and \$119.4 million during the years ended June 30, 2007, 2006 and 2005, respectively.

CollegeInvest Early Achievers Scholarship Trust Fund:

Effective June 25, 2007, CollegeInvest entered into a trust agreement with Russell Trust Company (RTC) to maintain the CEAS Trust established by Senate Bill 05-003 which creates a new program for higher education scholarships. Prior to the trust agreement with RTC, CollegeInvest held a trust agreement with Zions First National Bank effective from September 16, 2005 through June 24, 2007. The trust account is used to pay for the costs of implementing, marketing, and administering the CEAS Trust. The CEAS Trust is being offered to Colorado's 8th and 9th grade students who commit to pre-collegiate coursework and maintain at least a 2.5 GPA. The scholarship encourages students to begin planning for college early and provides financial support for high-need students who are academically prepared for higher education. Scholarships will be awarded to students who meet the appropriate criteria beginning in the 2008-2009 academic year.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

CollegeInvest Early Achievers Scholarship Condensed Statements of Net Assets as of June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Assets:			
Cash and investments	\$ 80,677	\$ 76,430	\$ -
Interest and other receivables	<u>290</u>	<u>500</u>	<u>-</u>
Total assets	<u>80,967</u>	<u>76,930</u>	<u>-</u>
Liabilities:			
Accounts payable and accrued expenses	18	6	-
Intrafund payable	<u>142</u>	<u>54</u>	<u>-</u>
Total liabilities	<u>160</u>	<u>60</u>	<u>-</u>
Net assets (all restricted)	<u>\$ 80,807</u>	<u>\$ 76,870</u>	<u>\$ -</u>

Cash and investments increased by approximately \$4.2 million from June 30, 2006 to June 30, 2007, due primarily to the interest income earned on commercial paper investments. Interest and other receivables decreased by \$210,000. The decrease is primarily due to the change in the investment type held at year end. As of June 30, 2006, investments were held in commercial papers which accrued more interest than the fixed and equity based investments held at June 30, 2007.

CollegeInvest Early Achievers Scholarship Condensed Statements of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(dollar amounts expressed in thousands)		
Operating revenues:			
Net investment income	\$ 4,317	\$ 2,151	\$ -
Operating expenses:			
General and administrative expenses	<u>380</u>	<u>131</u>	<u>-</u>
Change in net assets before transfers	<u>3,937</u>	<u>2,020</u>	<u>-</u>
Transfer from Bond Funds	-	36,000	-
Transfer from Borrower Benefit Fund	-	13,850	-
Intergovernmental Revenue from College Assist	<u>-</u>	<u>25,000</u>	<u>-</u>
Change in net assets	<u>3,937</u>	<u>76,870</u>	<u>-</u>
Net assets, beginning of year	<u>76,870</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 80,807</u>	<u>\$ 76,870</u>	<u>\$ -</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Comparison of Current Year Results to Prior Years (continued):

CollegeInvest Early Achievers Scholarship Trust Fund (continued):

Net investment income increased approximately \$2.2 million from the year ended June 30, 2006 to the year ended June 30, 2007, due primarily to a higher average investment balance and interest rate during the year. The average cash and investment balance for the years ended June 30, 2007 and 2006 were \$79.1 million and \$64.0 million, respectively with an average return of 5.5% and 4.0%, respectively.

General and administrative expenses increased by \$249,000 from the year ended June 30, 2006 to the year ended June 30, 2007, due primarily to increases in personnel and software for systems development, as well as outreach activities to increase awareness of the program.

Nursing Teacher Loan Forgiveness Fund:

Effective July 1, 2006, the General Assembly of the State of Colorado enacted Senate Bill 06-136 authorizing CollegeInvest to develop and maintain a Nursing Teacher Loan Forgiveness program. The program account is used provide for the payment of up to \$20,000 for all or part of the principal and interest on a loan for persons who teach courses in nursing at a state institution of higher education for at least five consecutive academic years after receipt of an advanced degree. The estimated cost of the program is \$160,000 in grants in FY2006-07 and FY 2007-08 to repay student loans and \$1,600 annually to administer the Nursing Teacher Loan Forgiveness program.

Cash and investments of the Nursing Teacher Loan Forgiveness program were approximately \$165,000 as of June 30, 2007, due primarily to \$162,000 appropriated from the General Assembly. CollegeInvest is administering the program on behalf of the DHE.

Net investment income for the year ended June 30, 2007 consists of approximately \$4,000 in investment interest earned on the \$162,000 held in the State Treasurer's cash pool. The average cash and investment balance for the year ended June 30, 2007 was \$164,000 with an average return of 2.9%.

Economic Factors and Future Years' Rates:

- ❖ Since its original enactment in 1965, the Higher Education Act (HEA), governing the Federal Family Education Loan (FFEL) Program, has been amended and reauthorized numerous times. As a result, the HEA and FFEL Program have been subject to numerous changes including changes in the calculation of interest rates and special allowance payments on federal student loans, changes in the requirements to offer certain payment plans to borrowers, additional loan forgiveness provisions, and additional restrictions on guarantors' use of funds. The changes resulting from recent amendments are summarized as follows:

The College Cost Reduction and Access Act became Public Law 110-84 on September 27, 2007 effective October 1, 2007. The legislation reduces by 40 and 55 basis points lender subsidies for Stafford and Consolidation loans made by non-profit and for-profit lenders, respectively, on or after October 1, 2007. Additionally, it provides for a 70 and 85 basis point reduction for PLUS loans made by non-profit lenders and for-profit lenders, respectively, increases lender paid origination fees from 0.5% to 1.0% with an exception for "small lenders", and repeals exceptional performer status. It further reduces lender insurance from 97% to 95% effective October 1, 2012.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Economic Factors and Future Years' Rates (continued):

The emergency spending bill, signed into law by the President on June 15, 2006, repealed the single holder rule for consolidation loans for applications received on and after June 15, 2006. The single holder rule previously provided that a lender could make a consolidation loan under the FFEL Program only if the lender held an outstanding loan that the borrower selected for consolidation or if the borrower certified to the lender that the Borrower was unable to obtain a consolidation loan with income-sensitive repayment terms from the holders of the outstanding loans of that borrower (which were selected for consolidation). The repeal of the single holder rule may increase the number of prepayments of Financed Student Loans and may reduce the size of CollegeInvest's Financed Student Loan Portfolio.

The Deficit Reduction Act of 2005, signed into law by the President on February 8, 2006, amended several provisions of the HEA governing the FFEL Program. The 2005 Higher Education Act Amendments extended various provisions of the HEA through September 30, 2012 and included, but were not limited to, provisions that (i) reduced lender insurance from 98% to 97% for student loans for which the first disbursement were made on or after July 1, 2006, (ii) reduced from 100% to 99% reimbursements available for any default claim submitted by a lender or servicer designated for exceptional performance, (iii) required payments by lenders to the Department of Education (DOE) of any interest applicable to student loans first disbursed on or after April 1, 2006, which were in excess of the special allowance payment applicable to such loans, and (iv) eliminated (or in certain limited instances phased out by the year 2010) the 9.5% special allowance payment rate for certain loans made or purchased with funds derived from proceeds of certain tax-exempt obligations.

Congress is currently engaged in the reauthorization process and the United States DOE continues to engage in rulemaking processes to revise the regulations promulgated by the DOE under the HEA.

Congress will likely continue further amending the HEA as part of reauthorization of other provisions of the HEA. Any such amendments could affect the federal student loans held under the Indenture. It is not possible to predict whether or when any amendments to the HEA may be introduced, in what form they may be adopted, or the final content of any such amendments and their effect upon CollegeInvest student loan programs. There can be no assurance that the HEA, or other relevant law or regulations, will not be changed in a manner that could adversely affect CollegeInvest student loan programs.

- ❖ On July 1, 2005, 2006, and 2007, in accordance with the Higher Education Act of 1965, as amended, the variable Stafford loan interest rate was reset based on the 91-day Treasury bill rate, determined in the last Treasury bill auction in May of that year. This rate is for Stafford loans originated from July 1, 1998 through June 30, 2006. These rates increased by eight basis points as of July 1, 2007 over the rate set at July 1, 2006. If student loan balances remain at the same level, borrower interest will increase for the year ending June 30, 2008. Stafford loans accounted for 44.5% of CollegeInvest's portfolio as of June 30, 2007.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2007 AND 2006**

Economic Factors and Future Years' Rates (continued):

- ❖ Historically, CollegeInvest has received approximately 20% of the statewide Private Activity Bonds from the State of Colorado, but there is no guarantee that CollegeInvest will continue to receive a portion of any Private Activity Bonds. Private Activity Bonds are tax-exempt to the holder and therefore typically priced at a lower rate to investors and accordingly provide a lower cost of debt to CollegeInvest. A decrease in the Private Activity Bonds allocated to CollegeInvest could negatively impact CollegeInvest's net yield on student loans.
- ❖ As of June 30, 2007, 100% of CollegeInvest's outstanding debt was variable. If debt levels remain at the same level, economic conditions that cause variances in interest rates may have a positive or negative effect on interest expense.
- ❖ CollegeInvest's net income will increase or decrease depending on the interest rate spread between the borrower rates earned, as described above, the auction reset rates it experiences on its variable debt and market access to such debt vehicles.
- ❖ Under the terms of federal grants, periodic audits and or reviews are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Such audits could lead to reimbursement to the grantor agency or the U.S. Department of Education (USDE). The USDE performed a review of CollegeInvest in May 2006. As a result, CollegeInvest received a finding from the USDE regarding under billing of 9.5% Floor SAP of approximately \$13.6 million. The under billing identified in the review began in the quarter ended March 31, 1999. Effective October 1, 2006, the DOE changed its interpretation of Floor SAP. Utilizing this new methodology, CollegeInvest is in the process of working with USDE in determining the revised amount of the under billing. See footnote #13 for further discussion. There is currently an audit in process by independent auditors to confirm the population of loans that may be billed at the 9.5% Floor SAP rate.

Requests for Information:

This report is designed to provide a general overview of the Funds' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Kenton J. Spuehler, Chief Financial Officer, CollegeInvest, 1801 Broadway, Suite 1300, Denver, CO 80202.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2007 AND 2006
(dollar amounts expressed in thousands)

	<u>2007</u>					<u>2006</u>				
	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total
Assets:										
Current assets:										
Cash and investments	\$ 9,028	\$ 376,328	\$ 80,677	\$ 165	\$ 466,198	\$ 11,369	\$ 145,318	\$ 76,430	\$ -	\$ 233,117
Student loans, net	-	28,294	-	-	28,294	-	28,609	-	-	28,609
Interest and other receivables	5	37,340	290	-	37,635	7	28,465	500	-	28,972
CollegeLender receivable	-	8,958	-	-	8,958	-	6,431	-	-	6,431
Prepaid expenses	90	258	-	-	348	74	241	-	-	315
Total current assets	9,123	451,178	80,967	165	541,433	11,450	209,064	76,930	-	297,444
Noncurrent assets:										
Capital assets, net	559	-	-	-	559	895	-	-	-	895
Student loans, net	-	1,323,352	-	-	1,323,352	-	1,102,854	-	-	1,102,854
Bond and note issuance costs, net	-	9,422	-	-	9,422	-	6,739	-	-	6,739
Total noncurrent assets	559	1,332,774	-	-	1,333,333	895	1,109,593	-	-	1,110,488
Total assets	9,682	1,783,952	80,967	165	1,874,766	12,345	1,318,657	76,930	-	1,407,932
Liabilities:										
Current liabilities:										
Accounts payable and accrued expenses	541	2,231	18	-	2,790	187	2,013	6	-	2,206
Due to (from) other Funds and other agencies	447	(318)	142	-	271	103	(1,290)	54	-	(1,133)
Interest payable	-	5,213	-	-	5,213	-	3,568	-	-	3,568
Bonds and notes payable	-	15,974	-	-	15,974	-	39,612	-	-	39,612
Total current liabilities	988	23,100	160	-	24,248	290	43,903	60	-	44,253
Noncurrent liabilities:										
Accrued compensated absences	177	-	-	-	177	111	-	-	-	111
Arbitrage rebate payable	-	23,774	-	-	23,774	-	22,968	-	-	22,968
Bonds and notes payable	-	1,625,330	-	-	1,625,330	-	1,156,304	-	-	1,156,304
Total noncurrent liabilities	177	1,649,104	-	-	1,649,281	111	1,179,272	-	-	1,179,383
Total liabilities	1,165	1,672,204	160	-	1,673,529	401	1,223,175	60	-	1,223,636
Net assets:										
Invested in capital assets	559	-	-	-	559	895	-	-	-	895
Restricted	-	111,748	80,807	165	192,720	-	95,482	76,870	-	172,352
Unrestricted	7,958	-	-	-	7,958	11,049	-	-	-	11,049
Total net assets	\$ 8,517	\$ 111,748	\$ 80,807	\$ 165	201,237	\$ 11,944	\$ 95,482	\$ 76,870	\$ -	184,296

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(dollar amounts expressed in thousands)

	<u>2007</u>					<u>2006</u>				
	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total
Operating revenues:										
Interest and special allowance on student loans (pledged as security on revenue bonds and notes)	\$ -	\$ 92,786	\$ -	\$ -	\$ 92,786	\$ -	\$ 77,305	\$ -	\$ -	\$ 77,305
Interest income (pledged as security on revenue bonds and notes)	-	12,206	-	-	12,206	-	8,277	-	-	8,277
Net investment income	622	-	4,317	4	4,943	487	-	2,151	-	2,639
Total operating revenues	622	104,992	4,317	4	109,935	487	85,582	2,151	-	88,220
Operating expenses:										
Interest expense	-	72,090	-	-	72,090	-	50,841	-	-	50,841
Loan servicing costs	-	5,758	-	-	5,758	-	5,462	-	-	5,462
Rebate tax expense, net	-	7,634	-	-	7,634	-	8,126	-	-	8,126
Bond fees	-	2,483	-	-	2,483	-	2,984	-	-	2,984
General and administrative expenses	49	2,434	145	-	2,628	190	2,162	54	-	2,406
Salaries and benefits	-	1,984	235	-	2,219	-	1,600	77	-	1,676
Depreciation and amortization	-	343	-	-	343	-	308	-	-	308
Total operating expenses	49	92,726	380	-	93,155	190	71,483	131	-	71,804
Operating income (loss) before transfers	573	12,266	3,937	4	16,780	297	14,099	2,020	-	16,416
Nonoperating - intergovernmental revenue	-	-	-	161	161	-	-	25,000	-	25,000
Transfer to Bond Funds from Borrower Benefit Fund	(4,000)	4,000	-	-	-	-	-	-	-	-
Intraprogram transfers	-	-	-	-	-	(15,020)	1,170	13,850	-	-
Transfer to CollegeInvest Early Achievers Scholarship	-	-	-	-	-	-	(36,000)	36,000	-	-
Change in net assets	(3,427)	16,266	3,937	165	16,941	(14,723)	(20,731)	76,870	-	41,416
Net assets, beginning of year	11,944	95,482	76,870	-	184,296	26,667	116,213	-	-	142,880
Net assets, end of year	\$ 8,517	\$ 111,748	\$ 80,807	\$ 165	\$ 201,237	\$ 11,944	\$ 95,482	\$ 76,870	\$ -	\$ 184,296

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(dollar amounts expressed in thousands)

	<u>2007</u>					<u>2006</u>				
	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total
Cash Flows from Operating Activities:										
Cash received from student loans	\$ -	\$ 336,444	\$ -	\$ -	\$ 336,444	\$ -	\$ 334,600	\$ -	\$ -	\$ 334,600
Cash received from the federal government	-	36,178	-	-	36,178	-	30,994	-	-	30,994
Cash received from educational institutions	-	165,196	-	-	165,196	-	103,135	-	-	103,135
Cash purchases of student loans	-	(514,811)	-	-	(514,811)	-	(446,164)	-	-	(446,164)
Cash received from plan managers and other Funds	8,418	-	-	-	8,418	7,573	-	-	-	7,573
Cash loaned to educational institutions	-	(167,028)	-	-	(167,028)	-	(104,226)	-	-	(104,226)
Cash payments to federal government	-	(11,672)	-	-	(11,672)	-	(10,666)	-	-	(10,666)
Cash payments to suppliers for goods and services	(7,716)	(7,687)	(173)	-	(15,576)	(6,952)	(7,833)	7	-	(14,778)
Cash payments to employees for service	-	(1,984)	(107)	-	(2,091)	-	(1,600)	(78)	-	(1,678)
Income received from CollegeLenders	-	4,425	-	-	4,425	-	1,639	-	-	1,639
Net cash provided (used) by operating activities	702	(160,939)	(280)	-	(160,517)	621	(100,121)	(71)	-	(99,571)
Cash Flows from Investing Activities:										
Proceeds from maturities of investments	213	2,823,143	391,098	-	3,214,454	566	3,306,296	210,251	-	3,517,113
Purchase of investments	-	(3,054,153)	(395,345)	-	(3,449,498)	-	(3,268,830)	(286,681)	-	(3,555,511)
Income received from investments	527	11,330	4,333	5	16,195	608	8,025	1,651	-	10,284
Increase (decrease) from unrealized gain (loss) on investments	95	-	194	(1)	288	(86)	-	-	-	(86)
Net cash provided (used) by investing activities	835	(219,680)	280	4	(218,561)	1,088	45,491	(74,779)	-	(28,200)
Cash Flows from Non-Capital Financing Activities:										
Issuance of bonds and notes	-	506,000	-	-	506,000	-	181,000	-	-	181,000
Repayment of bonds and notes	-	(60,612)	-	-	(60,612)	-	(43,948)	-	-	(43,948)
Interest paid on bonds and notes	-	(63,001)	-	-	(63,001)	-	(43,790)	-	-	(43,790)
Payment of bond and arbitrage rebate fees	-	(2,744)	-	-	(2,744)	-	(2,639)	-	-	(2,639)
Payment of bond and note issuance costs	-	(3,024)	-	-	(3,024)	-	(1,163)	-	-	(1,163)
Contribution from intergovernmental agency	-	-	-	161	161	-	-	25,000	-	25,000
Intrafund transfers	(4,000)	4,000	-	-	-	(15,020)	(34,830)	49,850	-	-
Net cash provided (used) in non-capital financing activities	(4,000)	380,619	-	161	376,780	(15,020)	54,630	74,850	-	114,460
Cash Flows from Capital Financing Activities:										
Cash received from other Funds for depreciation reimbursement	414	-	-	-	414	367	-	-	-	367
Purchase of capital assets	(78)	-	-	-	(78)	(90)	-	-	-	(90)
Net cash used in capital financing activities	336	-	-	-	336	277	-	-	-	277
Decrease in cash and cash equivalents	(2,127)	-	-	165	(1,962)	(13,033)	-	-	-	(13,033)
Cash and cash equivalents, beginning of year	11,144	-	-	-	11,144	24,177	-	-	-	24,177
Cash and cash equivalents, end of year	\$ 9,017	\$ -	\$ -	\$ 165	\$ 9,182	\$ 11,144	\$ -	\$ -	\$ -	\$ 11,144

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(dollar amounts expressed in thousands)

	<u>2007</u>					<u>2006</u>				
	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Total
Reconciliation of operating income to net cash provided by operating activities:										
Operating income before transfers	\$ 573	\$ 12,266	\$ 3,937	\$ 4	\$ 16,780	\$ 297	\$ 14,099	\$ 2,020	\$ -	\$ 16,416
Items reflected as investing and non-capital financing activities:										
Income received from investments	(527)	(11,330)	(4,333)	(5)	(16,195)	(608)	(8,025)	(1,651)	-	(10,284)
Interest paid on bonds and notes	-	63,001	-	-	63,001	-	43,790	-	-	43,790
Bond fees and premium paid on defeasance	-	2,744	-	-	2,744	-	2,639	-	-	2,639
Amortization of bond and note issuance costs	-	341	-	-	341	-	377	-	-	377
Prepaid expenses	-	8	-	-	8	-	49	-	-	49
Accounts payable and accrued expenses	-	(4)	-	-	(4)	-	295	-	-	295
Adjustments to reconcile operating income to net cash provided (used) by operating activities:										
Amortization of premium costs	-	7,102	-	-	7,102	-	5,589	-	-	5,589
Change in allowance for loan losses	-	491	-	-	491	-	(82)	-	-	(82)
Depreciation expense	414	-	-	-	414	367	-	-	-	367
Depreciation expense allocated to other Funds	(414)	-	-	-	(414)	(367)	-	-	-	(367)
Net (appreciation) depreciation of fair value of investments and State Treasurer's cash pool	(95)	-	(194)	1	(288)	86	-	-	-	86
Changes in operating assets and liabilities:										
Student loans	-	(227,007)	-	-	(227,007)	-	(154,093)	-	-	(154,093)
Interest and other receivables	2	(8,000)	210	-	(7,788)	32	(6,276)	(500)	-	(6,744)
CollegeLender receivable	-	(2,527)	-	-	(2,527)	-	688	-	-	688
Prepaid expenses	(16)	(24)	-	-	(40)	(13)	(3)	-	-	(16)
Due (to) from other funds and other agencies	345	972	87	-	1,404	848	(2,018)	54	-	(1,116)
Accounts payable and accrued expenses	420	222	13	-	655	(21)	142	6	-	127
Arbitrage rebate payable	-	806	-	-	806	-	2,708	-	-	2,708
Net cash used by operating activities	<u>\$ 702</u>	<u>\$ (160,939)</u>	<u>\$ (280)</u>	<u>\$ -</u>	<u>\$ (160,517)</u>	<u>\$ 621</u>	<u>\$ (100,121)</u>	<u>\$ (71)</u>	<u>\$ -</u>	<u>\$ (99,571)</u>

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

1. Organization and Summary of Significant Accounting Policies:

Pursuant to Colorado Revised Statutes 23-3.1-201, et seq., and 23-3.1-301, et seq., as amended, CollegeInvest is a division of the Colorado Department of Higher Education. The Executive Director of the Department (Executive Director) has responsibility for oversight and management of CollegeInvest. In addition, CollegeInvest has a nine-person Board of Directors (Board) designated by the Governor and approved by the State Senate to serve four-year terms.

The Colorado General Assembly established a student obligation bond program (Bond Funds), a scholarship trust program (CollegeInvest Early Achievers Scholarship), a Section 529 post secondary education expense program (Prepaid Tuition Fund), a Section 529 college savings program (Scholars Choice, Stable Value Plus and Direct Portfolio Funds) and a loan forgiveness program for nursing teachers (Nursing Teacher Loan Forgiveness), which are administered by CollegeInvest. The mission of CollegeInvest is to be Colorado's higher education financing leader and to help Colorado families break down the financial barriers to college. The financial statements presented here do not include operations of the post secondary education expense program or the college savings program.

CollegeInvest receives no grants from, and is not otherwise financially assisted by, the State or any local government of the State. CollegeInvest is an enterprise under Section 20, Article X of the Colorado Constitution.

Primary operations of the student obligation bond program commenced in 1981. In meeting its legislative mandate, CollegeInvest issues tax-exempt and taxable financings. The proceeds from such financings are used to originate and purchase student loans and to make loans to institutions of higher education. Pursuant to Colorado Revised Statute 23-3.1-208, as amended, CollegeInvest is authorized to issue its own revenue bonds, notes and other obligations in the aggregate amount of \$2.0 billion, which are not deemed to constitute indebtedness, a debt or liability of the State of Colorado.

Reporting Entity:

The Student Loan Program Funds (Funds) present the financial statements of the Borrower Benefit Fund, the Bond Funds, the CollegeInvest Early Achievers Scholarship Trust Fund (CEAS Trust), and the Nursing Teacher Loan Forgiveness Fund (NTLF Fund). The Borrower Benefit Fund, the Bond Funds, the CEAS Trust, and the NTLF Fund are accounted for as separate enterprise funds within the State of Colorado's financial reporting system. The CEAS Trust and NTLF Fund were established by statute in July 2005 and July 2006, respectively. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the fund be self-supporting.

The accompanying financial statements of the Funds are not intended to present the financial position, results of operations, and cash flows of CollegeInvest as a whole in conformity with accounting principles generally accepted in the United States of America.

Borrower Benefit Fund

CollegeInvest utilizes a Borrower Benefit Fund for payment of general and administrative expenses and other activities of the Bond Funds, the Prepaid Tuition, Scholars Choice, Stable Value Plus, Direct Portfolio, CEAS Trust, and the NTLF Funds, necessary to fulfill their purposes. These expenses and activities have been allocated to the respective funds.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Borrower Benefit Fund (continued)

Assets and revenues of the Borrower Benefit Fund are not pledged as collateral for the Bond Funds.

Bond Funds

The financial activities of the Bond Funds are recorded in funds and accounts established under various financing documents. The financing documents for each Bond Fund restrict assets held in the respective trust estate for the payment of the outstanding obligations. Each Bond Fund is accounted for separately and is a separate trust estate. All obligations are revenue bonds or notes and are collateralized as provided in the bond or note indentures, by an assignment and pledge to the Trustee of all CollegeInvest's right, title and interest in the investments, student loans, and loans purchased from Colorado institutions of higher education and the revenues and receipts derived there from.

CollegeInvest Early Achievers Scholarship Trust Fund

A scholarship program (Scholarship Program) was created by Colorado statute to provide higher education scholarships for eligible students. CollegeInvest was designated by the statute to implement and administer the Scholarship Program. A scholarship under the Scholarship Program may only be awarded to undergraduate students who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the CEAS Trust consists of investment of monies deposited to the trust by CollegeInvest, the State (to the extent appropriated) and as a result of any gifts, grants or donations received by CollegeInvest for the Scholarship Program, as well as distribution of scholarships in conformance with the eligibility requirements established by the Board. Moneys in the trust may be used by CollegeInvest to fund the costs of implementing, marketing, and administering the Scholarship Program.

Nursing Teacher Loan Forgiveness Fund

A loan forgiveness program was created by Colorado statute to provide student loan forgiveness to persons who teach courses in nursing at a participating institution of higher education for at least five consecutive academic years after receipt of an advanced degree. Intergovernmental revenue is appropriated from the State of Colorado to the Colorado Department of Higher Education (DHE). CollegeInvest was designated by the statute to administer the NTLF Fund for the DHE. Repayment of loans through the program may only be awarded to persons who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the NTLF Fund consist of monies deposited in the State Treasurer's cash fund. CollegeInvest is also authorized to receive and expend gifts, grants, and donations or moneys appropriated by the General Assembly for the purpose of implementing the program. Moneys in the trust may be used by CollegeInvest for the payment of up to \$20,000 for all or part of the principal and interest on a loan for persons who teach courses in nursing at a state institution of higher education for at least five consecutive academic years after receipt of an advanced degree. The estimated cost of the program is \$160,000 in grants in FY2006-07 and FY 2007-08 to repay student loans and \$1,600 annually to administer the Nursing Teacher Loan Forgiveness program.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

1. Organization and Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting:

By statute, the Funds are continuously appropriated through user charges. Therefore, the budget is not legislatively adopted and a Statement of Revenues and Expenses – Budget to Actual is not a required part of these financial statements. Total budgeted expenses for the Funds for the Fiscal Year ended June 30, 2007 were \$91.2 million, compared with actual expenses of \$93.2 million. The total expenses for the Funds were \$2.0 million over budget primarily due to higher than expected excess interest and bond interest expenses. Total budgeted operating revenues of the Funds were \$114.2 million as compared with actual revenues of \$109.9 million. The lower than budgeted revenues were primarily due to recent changes at the Department of Education (DOE) regarding their interpretation of the Higher Education Act (HEA) with respect to the 9.5% Floor special allowance and the DOE suspending payments of the 9.5% Floor special allowance rate beginning October 1, 2006 until lenders can certify, and independent auditors confirm, that the population of loans being billed at the 9.5% Floor special allowance rate is consistent with the new interpretation of the HEA. See Note 13 for further discussion. The Executive Director and the Board exercise oversight responsibilities, including budgetary and financial oversight.

Basis of Accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and standards of the Governmental Accounting Standards Board (GASB). CollegeInvest has applied pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board, the Accounting Principles Board, and the Committee on Accounting Procedure except for pronouncements that conflict with or contradict the GASB. As enterprise activities, the Funds use the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Operating Revenues and Expenses:

The Funds distinguish between operating revenues and expenses and nonoperating items in the Statement of Revenues, Expenses and Changes in Net Assets. Operating revenues and expenses generally result from providing services in connection with the Funds' purpose of providing loans to borrowers for higher education. Operating revenues consist of interest and special allowance earned on loans and investment income. Operating expenses include the cost of interest on debt, servicing of loans, arbitrage, and general and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital transfers.

Cash and Cash Equivalents:

CollegeInvest considers all cash, demand deposit accounts and the State Treasurer's cash pool to be cash equivalents.

Investments:

Investments are carried at fair value, which is determined primarily based on quoted market prices at June 30, 2007 and 2006.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

1. Organization and Summary of Significant Accounting Policies (continued):

Student Loans:

Student loans are carried at their uncollected principal balances net of an allowance for loan losses. The Bond Funds may purchase student loans from lenders at a premium or discount. The Bond Funds also originate student loans directly to borrowers. The Bond Funds provide a benefit to borrowers which generally rewards prompt and regular payments, and payments made by automatic bank drafts, with credits to or reduction of principal balance, interest rate reductions and credit or waiver of origination fees. Premiums and borrower benefits are capitalized and amortized over the estimated life of the loan using a method approximating the effective interest method. Unamortized premiums and borrower benefits collectively were \$29.8 million and \$21.4 million at June 30, 2007 and 2006, respectively.

Allowance for Loan Losses:

The provision for loan losses is included in general and administrative expenses and is determined by management's evaluation of the student loan portfolios. This evaluation considers such factors as historical loss experience, quality of student loan servicing and collection, and economic conditions. When this evaluation determines that an exposure to loss is probable and can be reasonably estimated, a provision against current operations net of student loan recoveries is recorded. Actual losses are charged against the allowance for loan losses as they occur. The allowance for loan loss was \$1.7 million and \$1.2 million at June 30, 2007 and 2006, respectively.

Due from Other Funds and Other Agencies:

As of June 30, 2007 no monies were owed by College Assist (CA) to CollegeInvest. As of June 30, 2006 there was \$80,000 due from CA. This amount was for various operating expenses paid by the Borrower Benefit Fund on behalf of CA.

Capital Assets:

Equipment is carried at cost less accumulated depreciation. Costs of major additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation of equipment is computed on the straight-line method over the estimated life of the equipment ranging from three to five years. Amortization is computed on the straight-line method over the original office facility lease term. Software is carried at cost less accumulated amortization. Amortization is calculated on the straight-line method over the estimated life of the software ranging from five to ten years.

Bond and Note Issuance Costs:

Bond and note issuance costs are carried at cost, less accumulated amortization. Amortization of issuance costs is computed using a method approximating the effective interest method over the life of the bond or note issue, unless the bonds or notes are retired early, at which time the remaining issuance costs related to the retired bonds or notes are expensed.

Compensated Absences:

Compensated absences, known as general leave, includes vacation and is included in accrued compensated absences. Compensated absences are based on an employee's length of service and are earned ratably during the term of employment. Vested and accumulated vacation that is expected to be liquidated is accrued and charged against current operations.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

1. Organization and Summary of Significant Accounting Policies (continued):

Arbitrage Rebate Payable:

Interest income earned from investments in the Bond Funds is limited by U. S. Treasury regulations to the bond yield on tax-exempt bond issues. Interest income in excess of this limit has been deposited in rebate accounts in accordance with applicable financing documents. These rebate funds are remitted to the federal government as required by the applicable laws and regulations.

Interest income from student loans is limited to 1.5% or 2% over bond yield of the respective tax-exempt bond issue. Student loans, including principal and accrued interest, and cash have been deposited in excess earnings accounts in the amount of the interest income which exceeded the limit. The Bond Funds may utilize losses on non-performing, non-guaranteed student loans; reduction of principal on performing guaranteed loans; or pay the federal government to liquidate the liability for excess earnings as required by the applicable laws and regulations.

Transfers From/To Other Funds:

During the Fiscal Year ended June 30, 2007, the Borrower Benefit Fund of CollegeInvest contributed \$4.0 million to the Bond Funds. During the Fiscal Year ended June 30, 2006, the Borrower Benefit Fund of CollegeInvest contributed \$1.2 million to the Bond Funds.

During the Fiscal Year ended June 30, 2006, the Borrower Benefit Fund and Bond Funds of CollegeInvest transferred \$13.9 million and \$36.0 million, respectively, to the CEAS Trust to fund the Scholarship Program.

Due From/To Other Agencies:

The Bond Funds have interagency loans of \$18,000 and \$2,000 as of June 30, 2007 and 2006, respectively, due from the University of Northern Colorado for monies provided to the CollegeLender for student loan originations.

The Bond Funds have no interagency loan balance due from the University of Colorado Denver & Health Sciences as of June 30, 2007. The Bond Funds had an interagency loan of \$932,000 as of June 30, 2006 due from the University of Colorado Denver & Health Sciences for monies provided to the CollegeLender for student loan originations.

The Bond Funds have interagency loans of \$1.1 million and \$850,000 as of June 30, 2007 and 2006, respectively, due from the University of Colorado at Colorado Springs for monies provided to the CollegeLender for student loan originations.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

1. Organization and Summary of Significant Accounting Policies (continued):

Due From/To Other Funds:

The Borrower Benefit Fund has the following interfund loans as of June 30, 2007:

	Borrower Benefit Fund	Bond Funds	Prepaid Tuition Fund	Scholars Choice Fund	Stable Value Plus Fund	Direct Portfolio Fund	CollegeInvest Early Achievers Scholarship
(dollars amounts expressed in thousands)							
Interfunds loans due from (to):	\$772	(\$772)					
	\$58		(\$58)				
	(\$1,411)			\$1,411			
	\$37				(\$37)		
	(\$45)					\$45	
	\$142						(\$142)
Total:	(\$447)	(\$772)	(\$58)	\$1,411	(\$37)	\$45	(\$142)

The Borrower Benefit Fund has the following interfund loans as of June 30, 2006:

	Borrower Benefit Fund	Bond Funds	Prepaid Tuition Fund	Scholars Choice Fund	Stable Value Plus Fund	Direct Portfolio Fund	CollegeInvest Early Achievers Scholarship
(dollars amounts expressed in thousands)							
Interfunds loans due from (to):	\$495	(\$495)					
	\$52		(\$52)				
	(\$432)			\$432			
	\$26				(\$26)		
	(\$378)					\$378	
	\$54						(\$54)
Total:	(\$183)	(\$495)	(\$52)	\$432	(\$26)	\$378	(\$54)

Revenues:

Revenue consists of interest income on student loans, investment income, and special allowance on student loans. Pursuant to the Higher Education Act (Act), special allowance payments are intended to assure that the limitation on interest rates and other conditions imposed by the Act do not impede the carrying out of the purposes of the Act or cause the return to holders of loans made and insured under the Act to be less than equitable. The rate of special allowance payments for loans depends on the date of disbursement of the loan, and the source of the holder's funding to acquire the loan.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

1. Organization and Summary of Significant Accounting Policies (continued):

Use of Estimates:

The preparation of financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

Related Party Transactions:

CA was established in 1979 as a division of the Department of Higher Education. CA is the student loan guarantor for the State of Colorado. Loans to be insured by CA may only be originated by eligible institutions, which include CollegeInvest. Effective January 6, 2006, the Director of CollegeInvest was appointed the Director of CA. Although CollegeInvest and CA are both divisions of the Department, they are each constituted and operated as separate enterprises of the State under the direction of the same Director, and each (CollegeInvest and CA) retains the ability to enforce contractual obligations against the other.

Certain student loans of CollegeInvest are serviced under an origination and servicing agreement with CA and Nelnet (the Consortium Agreement). Prior to October 2005, CA originated loans and serviced certain loans following disbursement, and Nelnet also provided servicing under the Consortium Agreement. In October 2005, CA assigned its rights and obligations under the Consortium Agreement to Nelnet, and engaged Nelnet to carry out certain services on its behalf. From July 1, 2005 through October 2005, CollegeInvest paid CA \$1.0 million for servicing under the Consortium Agreement.

Reclassifications:

Certain amounts in the June 30, 2006 financial statements have been reclassified to conform to the current year's presentation.

2. Cash Deposits and Investments:

Cash Deposits:

All cash deposits of the Borrower Benefit Fund and NTLF Fund are held by a bank or the State Treasurer. Receipts are deposited to demand deposit accounts daily. Collected balances are transferred daily into money market funds.

CollegeInvest deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. CollegeInvest reports its share of the State Treasurer's unrealized gains/losses based on its participation in the State Treasurer's pool. All of the State Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2007 and 2006. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains or losses on the treasurer's pooled cash are shown as increases or decreases in cash balances, and therefore, are reported as noncash transactions. Additional information on the State Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

2. Cash Deposits and Investments (continued):

Cash Deposits (continued):

Cash deposits of the Borrower Benefit Fund, the CEAS Trust, and the NTLF Fund as of June 30 are as follows:

	2007			2006		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	(dollar amounts expressed in thousands)					
Demand deposit accounts	\$ -	\$ -	-	\$ 2	\$ -	2
State Treasurer's cash pool	<u>9,017</u>	<u>165</u>	<u>9,182</u>	<u>11,142</u>	<u>-</u>	<u>11,142</u>
	<u>\$ 9,017</u>	<u>\$ 165</u>	<u>\$ 9,182</u>	<u>\$ 11,144</u>	<u>\$ -</u>	<u>\$ 11,144</u>

The Bond Funds allows for demand deposits, however, all funds are currently invested in money market accounts or guaranteed investment contracts.

Custodial Credit Risk – Cash Deposits:

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Funds will not be able to recover their deposits or will not be able to recover collateral securities that are in the possession of an outside party. Monies in the demand deposit accounts are insured by federal depository insurance for the first \$100,000. Deposits in excess of the \$100,000 limit are collateralized subject to the provisions of the State's Public Deposit Protection Act (PDPA) for monies held within the State. The Borrower Benefit Fund did not have a bank balance in the demand deposit account for the year ended June 30, 2007. The carrying amount and bank balance of demand deposits accounts for Borrower Benefit Fund was \$2,000 as of June 30, 2006. All amounts are fully insured by the FDIC.

Investment Authority and Policy:

The Borrower Benefit Fund allows investment in direct obligations of the U.S. government and its agencies, demand deposits, certificates of deposit, banker's acceptances, commercial paper, money market funds, written reverse repurchase agreements and written repurchase agreements, general or revenue obligations of any state in the United States, and investment agreements as authorized by the Colorado Revised Statutes Section 24-75-6.

Cash receipts of the Bond Funds are invested when received and are held by the bond trustee and are governed by provisions of the respective debt agreements. These investments are comprised primarily of guaranteed investment contracts. The investment contracts are between the trustee as agent for CollegeInvest, and various AAA or AA rated financial institutions.

Effective June 7, 2007, the Board approved the investment policy of the CEAS Trust. Investments of assets in the CEAS Trust and the underlying portfolios are selected and managed in accordance with the standards set forth in the Colorado Revised Statutes Sections 15-1-304 and 15-1.1-103. Consistent with these standards, the Board, or its designated committee, will determine from time to time suitable investment parameters for the CEAS Trust, which seek to control risk through portfolio diversification, and obtain a reasonable return on the investment of Trust assets.

The appropriate asset allocation for investments of the CEAS Trust is a function of multiple factors, including projected cash flow requirements, minimizing risk while working to achieve an overall 5% disbursement objective, and minimizing loss or use of corpus.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

2. Cash Deposits and Investments (continued):

Investment Authority and Policy (continued):

The table below identifies the broad asset categories based on the respective benchmark that are authorized for investments of the CEAS Trust:

Asset Category	Allocation	Range	Benchmark
Fixed Income Securities	40%	+/- 2%	Lehman Brothers Aggregate Bond Index
Small Cap Equity Securities	5%	+/- 2%	Russell 2000 Index
Large Cap Equity Securities	40%	+/- 2%	Russell 1000 Index
International Equity Securities	15%	+/- 2%	MSCI EAFE Index net

Prior to June 7, 2007, the CEAS Trust was allowed to invest in direct obligations of the U.S. government and its agencies, demand deposits, certificates of deposit, banker's acceptances, commercial paper, money market funds, written reverse repurchase agreements and written repurchase agreements, general or revenue obligations of any state in the United States, and investment agreements as authorized by the Colorado Revised Statutes Section 24-75-601, et seq., as an investment policy was not in place.

Investments of the Borrower Benefit Fund, the Bond Funds and the CEAS Trust as of June 30 are as follows:

	<u>2007</u>			<u>2006</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
	(dollar amounts expressed in thousands)					
Money market mutual funds	\$ -	\$ 34,405	\$ 34,405	\$ 225	\$ 27,899	\$ 28,124
Fixed income securities	-	32,240	32,240	-	-	-
Guaranteed investment contracts	-	341,923	341,923	-	122,349	122,349
International equity securities	-	12,300	12,300	-	-	-
Large cap equity securities	-	32,119	32,119	-	-	-
Small cap equity securities	-	4,018	4,018	-	-	-
Commercial paper	-	-	-	-	71,500	71,500
	<u>\$ -</u>	<u>\$ 457,005</u>	<u>\$ 457,005</u>	<u>\$ 225</u>	<u>\$ 221,748</u>	<u>\$ 221,973</u>

Custodial Credit Risk:

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Funds will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All investments of the Bond Funds and the CEAS Trust are held in trust in CollegeInvest's name.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

2. Cash Deposits and Investments (continued):

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Bond Funds invest in guaranteed investment contracts and are not exposed to interest rate risk as of June 30, 2007 and 2006. The CEAS Trust was invested in various short term commercial paper instruments during the year ended June 30, 2006 and a majority of the year ended June 30, 2007 which are not exposed to interest rate risk. Effective June 25, 2007, the CEAS Trust invested in fixed income, small cap equity, large cap equity and international equity funds managed by Russell Trust Company (RTC) which are exposed to interest rate risk. RTC chooses money managers with expertise in selecting bonds across the maturity spectrum and combines firms that have differing investment approaches to manage the risk.

Investment Type	2007		2006	
	Fair Value	Weighted Average Maturity (in years)	Fair Value	Weighted Average Maturity (in years)
RIC Fixed Income I Fund Class Y	\$32,240	4.3	N/A	N/A

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Fund's investment policy and the actual ratings for each investment type:

As of June 30, 2007:

Investment Type	Minimum Rating	Exempt From Disclosure	Standard & Poor's Rating as of Year End				
			AAA	A1	A2	A3	NR
(dollar amounts expressed in thousands)							
Commercial papers	N/A	-	-	-	-	-	-
Fixed income securities	N/A	-	\$32,240	-	-	-	-
Guaranteed investment contracts	N/A	\$341,923	-	-	-	-	-
International equity securities	N/A	-	-	-	-	-	\$12,300
Large cap equity securities	N/A	-	-	-	-	-	\$32,119
Money market mutual fund	N/A	-	-	-	-	-	\$34,405
Small cap equity securities	N/A	-	-	-	-	-	\$4,018

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

2. Cash Deposits and Investments (continued):

Credit Risk (continued):

As of June 30, 2006:

Investment Type	Minimum Rating	Exempt From Disclosure	Standard & Poor's Rating as of Year End				
			A1	A2	A3	NR	
(dollar amounts expressed in thousands)							
Commercial papers	N/A	-	-	\$71,500	-	-	-
Fixed income securities	N/A	-	-	-	-	-	-
Guaranteed investment contracts	N/A	\$122,349	-	-	-	-	-
International equity securities	N/A	-	-	-	-	-	-
Large cap equity securities	N/A	-	-	-	-	-	-
Money market mutual fund	N/A	-	-	-	-	-	\$28,124
Small cap equity securities	N/A	-	-	-	-	-	-

As of June 30, 2007:

Investment Type	Minimum Rating	Exempt From Disclosure	Moody's Rating as of Year End			
			Aaa/P1	Aa3/P2	Aa2/P3	NR
(dollar amounts expressed in thousands)						
Commercial papers	N/A	-	-	-	-	-
Fixed income securities	N/A	-	\$32,240	-	-	-
Guaranteed investment contracts	N/A	\$341,923	-	-	-	-
International equity securities	N/A	-	-	-	-	\$12,300
Large cap equity securities	N/A	-	-	-	-	\$32,119
Money market mutual fund	N/A	-	-	-	-	\$34,405
Small cap equity securities	N/A	-	-	-	-	\$4,018

As of June 30, 2006:

Investment Type	Minimum Rating	Exempt From Disclosure	Moody's Rating as of Year End			
			P1	P2	P3	NR
(dollar amounts expressed in thousands)						
Commercial papers	N/A	-	\$71,500	-	-	-
Fixed income securities	N/A	-	-	-	-	-
Guaranteed investment contracts	N/A	\$122,349	-	-	-	-
International equity securities	N/A	-	-	-	-	-
Large cap equity securities	N/A	-	-	-	-	-
Money market mutual fund	N/A	-	-	-	-	\$28,124
Small cap equity securities	N/A	-	-	-	-	-

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

2. Cash Deposits and Investments (continued):

Concentrations of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments in any one issuer that represent 5% or more of total Bond Funds' and CEAS investments as of June 30, 2007 are as follows:

Issuer	Investment Type	<u>2007</u> Fair Value	<u>2006</u> Fair Value
(dollar amounts expressed in thousands)			
AIG Matched Funding Corporation	Guaranteed investment contracts	\$ 235,637	\$ N/A
Bayerische Landesbank	Guaranteed investment contracts	52,773	64,227
Trinity Plus Funding Company	Guaranteed investment contracts	52,415	52,801
Transamerica Life Insurance	Guaranteed investment contracts	1,098	5,321
Dreyfus Treasury Cash Management	Money market mutual fund	23,655	17,651
Firstbank Liquid Asset Account	Money market mutual fund	10,750	10,248
RIC Fixed Income I Fund Class Y	Fixed income securities	32,240	N/A
CTF Russell Common Trust Large Cap Structured Equity	Large cap equity securities	32,119	N/A
CTF Russell Common Trust International Equity Fund	International equity securities	12,300	N/A
CTF Russell Common Trust Small Cap Equity Fund	Small cap equity securities	4,018	N/A
Ancor Finance	Commercial papers	N/A	9,909
Rockies Express Pipeline	Commercial papers	N/A	9,907
Maximilian Capital	Commercial papers	N/A	9,887
New York Times Co Industries Inc.	Commercial papers	N/A	9,879
Cadbury Schweppes	Commercial papers	N/A	9,267
Santander Cent His	Commercial papers	N/A	8,451
Irish Life & Perm	Commercial papers	N/A	4,898
Standfield Victoria	Commercial papers	N/A	4,893
		N/A	4,411

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

2. Cash Deposits and Investments (continued):

Investment Income:

Net investment income as of June 30, 2007 and 2006 was comprised of the following:

	<u>2007</u>				<u>2006</u>			
	Borrower		CollegeInvest		Borrower		CollegeInvest	
	Benefit	Bond	Early	Nursing	Benefit	Bond	Early	Nursing
	Fund	Funds	Achievers	Teachers	Fund	Funds	Scholarship	Loan
		Scholarship	Loan	Forgiveness			Scholarship	Forgiveness
(dollar amounts expressed in thousands)								
Interest income (pledged as security on revenue bonds and notes)	\$ -	\$ 12,206	\$ -	\$ -	\$ -	\$ 8,277	\$ -	\$ -
Interest income	527	-	4,123	5	573	-	2,151	-
Change in fair value of State Treasurer's cash pool	95	-	194	(1)	(86)	-	-	-
Net investment income	<u>\$ 622</u>	<u>\$ 12,206</u>	<u>\$ 4,317</u>	<u>\$ 4</u>	<u>\$ 487</u>	<u>\$ 8,277</u>	<u>\$ 2,151</u>	<u>\$ -</u>

3. Student Loans:

The Bond Funds originate student loans directly to the borrower and purchase student loans from originating lenders in accordance with the provisions of the Higher Education Act (Act). The U. S. Department of Education administers and regulates the Federal Family Education Loan Program (Program). Almost all of the student loans in the Bond Funds have been originated under the Program. The Program includes loans originated in the Federal Stafford Loan program, formerly the Guaranteed Student Loan program, the Federal Parent Loan for Undergraduate Students program, and the Federal Consolidation Loan program. Loan terms and interest rates vary depending on the respective loan program and date of origination. Loan terms generally provide repayment of principal and interest on a monthly basis over a period of up to thirty years. Interest rates range from 2.8% to 12.0% (not including borrower benefits).

As of June 30, 2007, there are approximately \$162,000 of student loans in the Bond Funds originated under an alternative loan program. Alternative loans are credit-based, school certified, supplemental loans offered by private lenders to students who are not eligible for federal loans or who need assistance beyond their federal loan eligibility. Interest rates are variable, adjusted quarterly and equal to the three month LIBOR, plus a spread, dependent on the borrower's or cosigner's credit rating.

Interest to the borrower is either at a fixed or variable rate subject to a maximum rate. The loan yield to the Bond Funds is the maximum interest rate to the borrower or a rate indexed to the 91-day Treasury bill rate for each calendar quarter, for loans originated before January 1, 2000 or a rate indexed to the 91-day commercial paper rate for each calendar quarter for loans originated on or after January 1, 2000 through June 30, 2006. Loans originated after June 30, 2006 bear interest at a 6.8% fixed rate.

Principally, CA guarantees Program loans against the borrower's default, death, disability, and bankruptcy. CA is reinsured under the Act. The loan guarantee is subject to applicable procedures relating to the origination and servicing of student loans. There are penalties up to loss of guarantee if the applicable procedures are not met. CollegeInvest can reinstate guarantees under certain circumstances. CollegeInvest also has recourse provisions with its lenders and its servicers for any loss of guarantee. Loans disbursed prior to October 1, 1993 are 100% insured while loans disbursed on or after October 1, 1993 are insured up to 98% of principal and accrued interest in the case of default. Loans disbursed

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

3. Student Loans (continued):

after June 30, 2006 are insured up to 97% of principal and accrued interest. During the years ended June 30, 2007 and 2006, two of CollegeInvest's student loan servicers obtained a designation from the U.S. Department of Education which allows loss of guarantee reimbursement at 2% above the allowable rate. Certain due diligence standards must be met by the servicer to retain this designation. These standards will be evaluated by the Department on a quarterly basis. Management has provided an allowance for loan losses of principal and/or interest due to claim penalties, loss of guarantee and insurance below 100%.

4. Capital Assets:

Capital assets activity for the year ended June 30, 2007 and 2006 was as follows:

	Balance June 30, 2006	Additions	Deletions/ Depreciation	Balance June 30, 2007
(dollar amounts expressed in thousands)				
Software	\$ 2,838	\$ 20	\$ -	\$ 2,858
Furniture and equipment	471	58	-	529
Accumulated depreciation	(2,414)	-	(414)	(2,828)
Total capital assets, net	\$ 895	\$ 78	\$ (414)	\$ 559
	Balance June 30, 2005	Additions	Deletions/ Depreciation	Balance June 30, 2006
(dollar amounts expressed in thousands)				
Software	\$ 2,785	\$ 53	\$ -	\$ 2,838
Furniture and equipment	524	37	(90)	471
Accumulated depreciation	(2,137)	-	(277)	(2,414)
Total capital assets, net	\$ 1,172	\$ 90	\$ (367)	\$ 895

Depreciation expense for the years ended June 30, 2007 and 2006 was \$414,000 and \$367,000, respectively, of which \$343,000 and \$308,000, respectively, was allocated to the Bond Funds. The remaining amount was allocated to the Prepaid Tuition, Scholars Choice, Stable Value Plus, and Direct Portfolio Funds.

5. Bond and Note Issuance Costs:

Bond and note issuance costs as of June 30 are as follows:

	2007	2006
(dollar amounts expressed in thousands)		
Bond and note issuance costs	\$ 13,442	\$ 10,418
Less accumulated amortization	(4,020)	(3,679)
Bond and note issuance costs, net	\$ 9,422	\$ 6,739

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

6. Bonds and Notes Payable:

CollegeInvest issues bonds and notes to originate and purchase student loans. Each bond or note payable is a separate financing. All financings are revenue bonds or notes that are collateralized as provided in the financing agreements, by an assignment and pledge to a Trustee of all CollegeInvest's rights, title and interest in the investments, student loans, and loans purchased from Colorado institutions of higher education and the revenues and receipts derived there from. CollegeInvest has issued bonds and notes in different series under master indentures which allows cross collateralizing, greater efficiency, and the ability to issue additional bonds and notes.

Restrictive Covenants:

Certain indentures of trust and insurance policies include, among other requirements, covenants relative to restrictions on additional indebtedness, limits as to direct and indirect administrative expenses, restrictions to student loan portfolio mix, and requirements for maintaining certain financial ratios. Also, certain indentures of trust require the establishment of reserve accounts. CollegeInvest was in compliance with such covenants as of June 30, 2007 and 2006.

The serial bonds and notes may, at the option of CollegeInvest, be redeemed, without premium, from available surpluses in the respective Bond Funds. The term bonds and notes are subject to mandatory redemption at the principal amount plus accrued interest to the redemption date to the extent monies are available in the respective Bond Funds.

Refunding:

In addition to the bond issues discussed on subsequent pages, other bonds totaling \$21.0 million previously issued by CollegeInvest were currently refunded (debt legally satisfied) by the issuance of refunding bonds during the year ended June 30, 2007. No bonds were refunded during the year ended June 30, 2006.

Liquidity and Insurance Agreements:

CollegeInvest has entered into agreements with two liquidity providers. Pursuant to the Standby Agreements, the Liquidity Providers agreed, subject to the terms and conditions therein, to purchase certain 1999 Series A-2 and A-3 Bonds, Series 1989A Bonds or Series 1990A Bonds which are tendered by the owners thereof to the Tender Agent or are subject to mandatory purchase but are not remarketed by the Remarketing Agents. The liquidity fees on principal and interest are paid quarterly.

On March 24, 1999, CollegeInvest entered into an agreement to obtain municipal bond insurance on the Series 1999A-2, A-3, and A-4 Bonds, Series 1989A Bonds and Series 1990A Bonds. The policy insures payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. The term of the policy is for the life of the bonds and requires an annual fee.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006

6. Bonds and Notes Payable (continued):

The following bonds and notes payable are outstanding:

	<u>Authorized And Issued</u>	<u>Outstanding June 30, 2006</u>	<u>Issued (Redeemed) During 2007</u>	<u>Outstanding June 30, 2007</u>	<u>Due Within One Year</u>
(dollar amounts expressed in thousands)					
1999 Series A Master Indenture, Variable Rate Notes/Bonds:					
<i>Weekly Adjustable Interest Rate Bonds</i>					
1989A, Jun. 8, 1989	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ -
1990A, Jan. 4, 1990	66,655	60,655	-	60,655	-
1999A-2, Mar. 24, 1999	56,000	56,000	-	56,000	-
1999A-3, Mar. 24, 1999	32,300	32,300	-	32,300	-
<i>Monthly Adjustable Interest Rate Notes</i>					
1999A-4, Mar. 24, 1999	209,000	39,825	(23,851)	15,974	15,974
1999 Series IV Master Indenture, Variable Rate Notes/Bonds:					
<i>Monthly Adjustable Interest Rate Notes/Bonds</i>					
Series 1999IV-A1, Nov. 1, 1999	96,800	64,900	-	64,900	-
Series 1999IV-A2, Nov. 1, 1999	96,800	64,900	-	64,900	-
Series 1999IV-A4, Nov. 1, 1999	19,300	19,300	-	19,300	-
Series 2001V-A, July 31, 2001	36,250	36,250	-	36,250	-
Series 2002VII-A1, August 20, 2002	32,000	32,000	-	32,000	-
Series 2002VII-A2, August 20, 2002	16,000	16,000	-	16,000	-
Series 2002VII-A3, August 20, 2003	62,000	62,000	-	62,000	-
Series 2003VIII-A1, April 24, 2003	65,000	65,000	-	65,000	-
Series 2004IX-A1, July 22, 2005	38,500	38,500	-	38,500	-
Series 2004IX-A2, July 22, 2005	38,525	38,525	-	38,525	-
Series 2004X-A1, December 15, 2005	50,000	50,000	-	50,000	-
Series 2005XI-A1, September 1, 2005	65,000	65,000	-	65,000	-
Series 2005XI-A2, September 1, 2005	66,000	66,000	-	66,000	-
Series 2005XI-A3, September 1, 2005	50,000	50,000	-	50,000	-
Series 2006XII-A1, August 3, 2006	49,500		49,500	49,500	-
Series 2006XII-A2, August 3, 2006	49,500		49,500	49,500	-
Series 2006XII-A3, August 3, 2006	50,500		50,500	50,500	-
Series 2006XII-A4, August 3, 2006	50,500		50,500	50,500	-
Series 2007 XIII-A1, April 17, 2007	66,000		66,000	66,000	-
<i>Monthly Adjustable Interest Rate Subordinate Bonds</i>					
Series 2004IX-B4, July 22, 2005	6,000	6,000	-	6,000	-
Series 2007XIII-B1 April 17, 2007	21,000		21,000	21,000	-
Series 2007XIII-B2, April 17, 2007	19,000		19,000	19,000	-
<i>Quarterly Adjustable Interest Rate Notes</i>					
Series 2003VIII-A2, April 24, 2003	120,000	120,000	-	120,000	-
Series 2004IX-A3, July 22, 2005	96,000	96,000	-	96,000	-
Series 2007XIII-A2, April 17, 2007	200,000		200,000	200,000	-
<i>Fixed Interest Rate Notes</i>					
Series 2001VI-A, July 31, 2001	63,800	15,761	(15,761)	-	-
<i>Fixed Interest Rate Subordinate Notes/Bonds</i>					
Series 1995II-B, Jun. 29, 1995	21,000	21,000	(21,000)	-	-
Bonds and notes payable	<u>\$ 1,988,930</u>	<u>\$ 1,195,916</u>	<u>\$ 445,388</u>	<u>\$ 1,641,304</u>	<u>\$ 15,974</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

6. Bonds and Notes Payable (continued):

	Authorized And Issued	Outstanding June 30, 2005	Issued (Redeemed) During 2006	Outstanding June 30, 2006	Due Within One Year
(dollar amounts expressed in thousands)					
1999 Series A Master Indenture, Variable Rate Notes/Bonds:					
<i>Weekly Adjustable Interest Rate Bonds</i>					
1989A, Jun. 8, 1989	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ -
1990A, Jan. 4, 1990	66,655	60,655	-	60,655	-
1999A-2, Mar. 24, 1999	56,000	56,000	-	56,000	-
1999A-3, Mar. 24, 1999	32,300	32,300	-	32,300	-
<i>Monthly Adjustable Interest Rate Notes</i>					
1999A-4, Mar. 24, 1999	209,000	65,370	(25,545)	39,825	23,851
1999 Series IV Master Indenture, Variable Rate Notes/Bonds:					
<i>Monthly Adjustable Interest Rate Notes/Bonds</i>					
Series 1999IV-A1, Nov. 1, 1999	96,800	64,900	-	64,900	-
Series 1999IV-A2, Nov. 1, 1999	96,800	64,900	-	64,900	-
Series 1999IV-A4, Nov. 1, 1999	19,300	19,300	-	19,300	-
Series 2001V-A, July 31, 2001	36,250	36,250	-	36,250	-
Series 2002VII-A1, August 20, 2002	32,000	32,000	-	32,000	-
Series 2002VII-A2, August 20, 2002	16,000	16,000	-	16,000	-
Series 2002VII-A3, August 20, 2003	62,000	62,000	-	62,000	-
Series 2003VIII-A1, April 24, 2003	65,000	65,000	-	65,000	-
Series 2004IX-A1, July 22, 2005	38,500	38,500	-	38,500	-
Series 2004IX-A2, July 22, 2005	38,525	38,525	-	38,525	-
Series 2004X-A1, December 15, 2005	50,000	50,000	-	50,000	-
Series 2005XI-A1, September 1, 2005	65,000		65,000	65,000	-
Series 2005XI-A2, September 1, 2005	66,000		66,000	66,000	-
Series 2005XI-A3, September 1, 2005	50,000		50,000	50,000	-
<i>Monthly Adjustable Interest Rate Subordinate Bonds</i>					
Series 2004IX-B4, July 22, 2005	6,000	6,000	-	6,000	-
<i>Quarterly Adjustable Interest Rate Notes</i>					
Series 2003VIII-A2, April 24, 2003	120,000	120,000	-	120,000	-
Series 2004IX-A3, July 22, 2005	96,000	96,000	-	96,000	-
<i>Fixed Interest Rate Notes</i>					
Series 2001VI-A, July 31, 2001	63,800	34,164	(18,403)	15,761	15,761
<i>Fixed Interest Rate Subordinate Notes/Bonds</i>					
Series 1993I-B, Dec. 1, 1993	6,000	-	-	-	-
Series 1995II-B, Jun. 29, 1995	21,000	21,000	-	21,000	-
Bonds and notes payable	<u>\$ 1,488,930</u>	<u>\$ 1,058,864</u>	<u>\$ 137,052</u>	<u>\$ 1,195,916</u>	<u>\$ 39,612</u>

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006

6. Bonds and Notes Payable (continued):

Weekly Adjustable Interest Rate Bonds:

The weekly adjustable interest rate bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to CollegeInvest's Remarketing Agent and Trustee. The Remarketing Agent is authorized to sell the repurchased bonds at par by adjusting the interest rate. Interest is paid quarterly at a variable rate established weekly by the Remarketing Agent. The annual effective interest rate for such bonds was 3.78% for the year ended June 30, 2007. Under certain conditions, the bonds may be converted to a variable rate with varying interest rate periods or to a fixed rate. Bond principal matures on March 1, 2024, September 1, 2024, July 1, 2027, and September 1, 2034.

Monthly Adjustable Interest Rate Notes/Bonds:

CollegeInvest issued Taxable Senior Asset-Backed Notes that are subject to an auction every 7 days when the Auction Agent determines the interest rate for the subsequent period. The annual effective interest rate for such note was 5.38% for the year ended June 30, 2007. Note principal matures on June 1, 2039, and June 1, 2040.

CollegeInvest issued Taxable Senior Asset-Backed Notes that are subject to an auction every 28 days when the Auction Agent determines the interest rate for the subsequent period. The annual effective interest rate for such notes was 5.37% for the year ended June 30, 2007. Note principal matures on December 1, 2034, December 1, 2037, and June 1, 2040.

CollegeInvest issued Tax-Exempt Senior Asset-Backed Bonds that are subject to an auction every 35 days when the Auction Agent determines the interest rate for the subsequent period. The effective interest rate for such bonds was 3.93% for the year ended June 30, 2007. Bond principal matures on November 27, 2012, June 1, 2036, June 1, 2037, June 1, 2038, December 1, 2038, June 1, 2039, June 1, 2040 and December 1, 2041.

CollegeInvest issued Taxable Notes under a master indenture. Interest on such notes is paid monthly at a variable rate equal to a predetermined percentage above the LIBOR rate. The annual effective interest rate for such notes was 5.68% for the year ended June 30, 2007. Note principal matures on December 1, March 1, June 1, and September 1 through March 1, 2009.

Monthly Adjustable Interest Rate Subordinate Bonds:

CollegeInvest issued its Tax-Exempt Subordinate Asset-Backed Bonds concurrently with the issuance of the Taxable Senior Asset-Backed Notes/Bonds. The Subordinate Bonds are payable from the Trust Estate on a subordinate basis to the Senior Notes/Bonds in accordance with the terms of the master indenture. Interest on the subordinate bonds is paid on June 1 and December 1. The annual effective interest rate for such bonds was 4.00% for the year ended June 30, 2007. Bond principal matures on June 1, 2038 and December 1, 2041.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

6. Bonds and Notes Payable (continued):

Quarterly Adjustable Interest Rate Notes:

CollegeInvest issued Taxable Senior Asset-Backed Floating Rate notes at an interest rate equal to Three-Month LIBOR plus 0.225%. The initial floating rate term is through June 1, 2008. Subsequent to the initial floating rate term, the notes will be subject to a quarterly auction. The annual effective interest rate for such notes was 5.59% for the year ended June 30, 2007. Note principal matures on December 1, 2032, June 1, 2033, and December 1, 2041.

Fixed Interest Rate Notes:

CollegeInvest issued its Taxable Senior Asset-Backed Notes in accordance with the terms of the master indenture. Interest on the notes is paid and principal matures on September 1, December 1, March 1 and June 1. The note principal matured on June 1, 2007 at an effective rate of 5.73%.

Fixed Interest Rate Subordinate Notes/Bonds (net of discount):

CollegeInvest issued its Tax-Exempt Subordinate Asset-Backed Notes/Bonds concurrently with the issuance of the Taxable Senior Asset-Backed Notes/Bonds. The Subordinate Notes/Bonds are payable from the Trust Estate on a subordinate basis to the Senior Notes/Bonds in accordance with the terms of the master indenture. Interest on the subordinate notes/bonds is paid on June 1 and December 1. The Notes/Bonds were refunded as of May 18, 2007 with tax-exempt, subordinate, auction rate notes. The annual effective interest rate for such notes/bonds was 6.20% at the time of refunding.

The scheduled principal and interest payments (based on interest rates at June 30, 2007) relating to CollegeInvest's bonds and notes is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(dollar amounts expressed in thousands)		
2008	\$ 15,974	\$ 75,966	\$ 91,940
2009	-	75,390	75,390
2010	-	75,402	75,402
2011	-	75,402	75,402
2012	-	75,597	75,597
2013-2017	19,300	373,702	393,002
2018-2022	21,000	371,818	392,818
2023-2027	175,655	352,873	528,528
2028-2032	-	336,419	336,419
2033-2037	527,350	259,656	787,006
2038-2042	882,025	116,939	998,964
Total bonds and notes payable	<u>\$ 1,641,304</u>	<u>\$ 2,189,164</u>	<u>\$ 3,830,468</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

6. Bonds and Notes Payable (continued):

Private Activity Bond Allocations:

CollegeInvest was partnered with the City and County of Denver and El Paso County/City of Colorado Springs to transfer \$34.0 million and \$18.0 in Public Activity Bond (PAB) allocation to CollegeInvest, respectively. City and County of Denver high school graduates of 2005-2009 may receive up to \$1,500 in loan forgiveness upon college graduation. El Paso County high school graduates of 2005-2008 would also receive up to \$1,500.

PAB's are tax-benefit bonds issued by government organizations for the purpose of providing special financing benefits for qualified projects such as development of affordable education. PAB's are not cash, but rather the ability to issue tax-exempt debt.

7. Commitments and Contingencies:

Grants and Other:

Under the terms of federal grants, periodic audits are required and certain costs may be interpreted as not being appropriate expenses under the terms of the grants. Such audits could lead to reimbursement to the grantor agency or the U.S. Department of Education.

Cash Commitments:

CollegeInvest transferred \$4.0 million to the Bond Funds during the year ended June 30, 2007 to provide for a Loan Incentives For Teachers program. As of June 30, 2007 and 2006, CollegeInvest had committed \$1.8 million and \$1.7 million, respectively, to pay future operating expenses and potential cash flow shortfalls of the Prepaid Tuition Fund.

Purchase Commitments:

CollegeInvest has entered into agreements to purchase student loans from institutions of higher education and various other lenders. The agreements are for various periods of time and expire over the next five years. The following is a chart with the estimated purchase commitments through expiration of the agreements (dollar amounts expressed in thousands):

2008	\$ 170,600
2009	172,306
2010	174,029
2011	175,769
2012	177,527
	\$ 870,231

Lease Commitments:

CollegeInvest leases certain office facilities under an operating lease agreement which expires on February 29, 2008. The total rent expense for the Fiscal Years ended June 30, 2007 and 2006 was \$151,000 and \$152,000, respectively. Minimum future lease payments under the agreement total \$99,000 in fiscal year 2008.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

8. Retirement Plan:

Plan Description:

Most of CollegeInvest's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting www.copera.org.

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

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. Based on the 2006 legislation, higher education employees hired on or after January 1, 2008, have the additional option of participating in the state's defined contribution plan or PERA's defined contribution plan, which are discussed below, as well as the plans available to other employees in their institution.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year 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 the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

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

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

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

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

8. Retirement Plan (continued):

Plan Description (continued):

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009 or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are 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.
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percent of the employer contributions for this population.)

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

Funding Policy:

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is 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.

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2006, to December 31, 2006, the state contributed 10.65 percent (13.35 percent for state troopers and 14.16 percent for the Judicial Branch) of the employee's salary. From January 1, 2007, through June 30, 2007, the state contributed 11.15 (13.85 percent for state troopers and 14.66 percent for the Judicial Branch). During all of Fiscal Year 2006-07, 1.02 percent of the employees total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2005, the division of PERA in which the state participates was underfunded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

8. Retirement Plan (continued):

Funding Policy (continued):

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 .5 percent of salary beginning January 1, 2006, an additional .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will be deducted from the amount of changes to state employees' salaries, and used by the employer to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent.

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

CollegeInvest's contributions on behalf of the Funds to the three programs described above for the years ended June 30, 2007, 2006 and 2005 were \$177,000, \$138,000, and \$118,000, respectively. These contributions met the contribution requirement for each year.

9. Voluntary Tax-deferred Retirement Plans:

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer 403b or 401(a) plans.

10. Other Postretirement Benefits and Life Insurance:

Health Care Program

The PERA Health Care Program 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; the program was converted to a trust fund in 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

The Health Care Trust Fund is maintained by an employer's contribution as discussed above in Note 8.

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical benefit plans, and another carrier for prescription benefits, and with several health maintenance organizations providing services within Colorado. As of December 31, 2006, there were 42,433 enrollees in the plan.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

10. Other Postretirement Benefits and Life Insurance (continued):

During Fiscal Year 2007, PERA provided its members access to a group decreasing term life insurance plan offered by UnumProvident in which 41,101 members participated. Active members may join the Unum Provident Plan and continue coverage into retirement. Premiums are collected by monthly payroll deductions or other means. In addition, PERA maintained coverage for 12,790 members under closed group plans underwritten by Anthem Life, Prudential, and New York Life.

11. Risk Management:

Self Insurance

The State of Colorado currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. That includes general liability, motor vehicle liability, and worker's compensation. The State Risk Management Fund is a restricted General Fund used for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgements against the State except for employee medical claims. Property claims are not self-insured; rather the State has purchased insurance.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Worker's Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The State utilizes the services of Pinnacol Assurance (formerly Colorado Compensation Insurance Authority), a related party, to administer its plan. The State reimburses Pinnacol Assurance for the current cost of claims paid and related administrative expenses.

CollegeInvest participates in the Risk Management Fund. State agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The limits of liability for which the State accepts responsibility pursuant to the Colorado Governmental Immunity Act, section 24-10-101 are as follows:

<u>Liability</u>	<u>Limits of Liability</u>
General & Automobile	Each person \$150,000 Each occurrence \$600,000

There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three fiscal years.

Furniture and Equipment

The State of Colorado carries a \$15,000 deductible replacement policy on all State owned furniture and equipment. For each loss incurred, CollegeInvest is responsible for the first \$1,000 of the deductible and the State of Colorado is responsible for the next \$14,000 of the deductible. Any loss in excess of \$15,000 is covered by the insurance carrier up to replacement cost.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

12. Net Assets:

The Funds have net assets consisting of three components – invested in capital assets, restricted, and unrestricted.

Invested in capital assets consists of capital assets, net of accumulated depreciation. The Funds have no debt outstanding related to capital assets. As of June 30, 2007 and 2006, the Funds had invested in capital assets of \$559,000 and \$895,000, respectively.

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Funds had restricted net assets of \$192.7 million and \$172.4 million as of June 30, 2007 and 2006, respectively. The Bond Funds restrict net assets to uses prescribed in the respective financing documents. The CEAS Trust restricts net assets to uses prescribed under Senate Bill 05-003 to pay for costs of implementing, marketing, and administering the Scholarship Program for the purpose specifically outlined in the statute.

Unrestricted net assets consists of net assets that do not meet the definition of invested in capital assets or restricted net assets. As of June 30, 2007 and 2006, the Funds had unrestricted net assets of \$8.0 million and \$11.0 million, respectively. Although the Funds report unrestricted net assets on the face of the statement of net assets, unrestricted net assets are to be used by CollegeInvest for the payment of obligations incurred by CollegeInvest in carrying out its statutory powers and duties and are to remain in the Fund and not be transferred or revert to the general fund of the State of Colorado as outlined in 23.3-1-205.4 of the Colorado Revised Statutes.

13. Department of Education Review:

The U.S. Department of Education (USDE) performed a review of CollegeInvest in May 2006. As a result, CollegeInvest received a finding from the USDE regarding under billing of 9.5% Floor Special Allowance Payments (Floor SAP) of approximately \$13.6 million. Special Allowance Payments (SAP) is a government subsidy paid to student loan lenders which is designed to ensure a competitive return on student loans. Floor SAP eligible student loans receive a 9.5% total return. Student loans financed with tax-exempt bond proceeds originally issued prior to October 1, 1993 general are eligible for Floor SAP. The under billing identified in the review began in the quarter ended March 31, 1999. CollegeInvest has reviewed its portfolio from the quarter ended March 31, 1999 to the present. CollegeInvest is in the process of working with USDE in determining the revised amount of the under billing. CollegeInvest has not recorded and will not record this in its financial statements until the amount of the under billing has been determined and approved by the USDE.

14. Subsequent Events:

The College Cost Reduction and Access Act become Public Law 110-84 on September 27, 2007 effective October 1, 2007. The legislation reduces by 40 and 55 basis points lender subsidies for Stafford and Consolidation loans made by non-profit and for-profit lenders, respectively, on or after October 1, 2007. Additionally, it provides for a 70 and 85 basis point reduction for PLUS loans made by non-profit lenders and for-profit lenders, respectively, increases lender paid origination fees from 0.5% to 1.0% with an exception for “small tenders”, and repeals exceptional performer status. It further reduces lender insurance from 975 to 95% effective October 1, 2012.

The U.S. Department of Education issued the General Provisions and Loan Provisions Final Rule on November 1, 2007. The new regulations clarify the relationships between lenders and institutions and address numerous issues including prohibited inducements.

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006**

14. Subsequent Events (continued):

In addition, the regulations further define permissible activities by lenders as well as expand the USDE's oversight capability. The USDE will apply a rebuttable presumption for lenders that deviate from inducement rules acceptable under the Direct Loan Program, another student loan program also administered by the USDE, with an opportunity for the lender to show that the activity was not an improper inducement. Violation of these rules may result in limitation, suspension, or termination of a lender's participation in the FFEL Program.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

Members of the Legislative Audit Committee:

We have audited the financial statements of the business-type activities and each major fund of CollegeInvest, Student Loan Program Funds as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CollegeInvest, Student Loan Funds' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying section of findings and recommendations to be significant deficiencies in internal control over financial reporting (Findings 1 and 2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CollegeInvest, Student Loan Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Legislative Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Greenwood Village, Colorado
December 10, 2007

SUPPLEMENTARY INFORMATION

CollegeInvest
Supplementary Schedule - Bond Funds Combining Statement of Net Assets
June 30, 2007 and 2006
(dollar amounts expressed in thousands)

	<u>2007</u>			<u>2006</u>		
	Insured Bond Fund	Senior/ Subordinate Bond Fund	Total Bond Funds	Insured Bond Fund	Senior/ Subordinate Bond Fund	Total Bond Funds
Assets:						
Current assets:						
Restricted current assets:						
Investments	\$ 55,083	\$ 321,245	\$ 376,328	\$ 64,308	\$ 81,010	\$ 145,318
Student loans, net	7,390	20,904	28,294	7,484	21,125	28,609
Interest and other receivables	6,263	31,077	37,340	6,220	22,245	28,465
CollegeLender receivable	-	8,958	8,958	-	6,431	6,431
Prepaid expenses	164	94	258	180	61	241
Due from (to) other Funds and other agencies	(46,732)	47,050	318	(255)	1,545	1,290
Total restricted current assets	<u>22,168</u>	<u>429,328</u>	<u>451,496</u>	<u>77,937</u>	<u>132,417</u>	<u>210,354</u>
Noncurrent assets:						
Restricted noncurrent assets:						
Student loans, net	283,018	1,040,334	1,323,352	244,712	858,142	1,102,854
Bond and note issuance costs, net	1,018	8,404	9,422	1,097	5,642	6,739
Total restricted noncurrent assets	<u>284,036</u>	<u>1,048,738</u>	<u>1,332,774</u>	<u>245,809</u>	<u>863,784</u>	<u>1,109,593</u>
Total restricted assets	<u>306,204</u>	<u>1,478,066</u>	<u>1,784,270</u>	<u>323,746</u>	<u>996,201</u>	<u>1,319,947</u>
Liabilities:						
Current liabilities:						
Current liabilities payable from restricted assets:						
Accounts payable and accrued expenses	419	1,812	2,231	566	1,447	2,013
Interest payable	664	4,549	5,213	760	2,808	3,568
Bonds and notes payable	15,974	-	15,974	23,851	15,761	39,612
Total current liabilities payable from restricted assets	<u>17,057</u>	<u>6,361</u>	<u>23,418</u>	<u>25,177</u>	<u>20,016</u>	<u>45,193</u>
Noncurrent liabilities:						
Noncurrent liabilities payable from restricted assets:						
Arbitrage rebate payable	10,182	13,592	23,774	11,013	11,955	22,968
Bonds and notes payable	228,955	1,396,375	1,625,330	244,929	911,375	1,156,304
Total noncurrent liabilities payable from restricted assets	<u>239,137</u>	<u>1,409,967</u>	<u>1,649,104</u>	<u>255,942</u>	<u>923,330</u>	<u>1,179,272</u>
Total liabilities	<u>256,194</u>	<u>1,416,328</u>	<u>1,672,522</u>	<u>281,119</u>	<u>943,346</u>	<u>1,224,465</u>
Total restricted net assets	<u>\$ 50,010</u>	<u>\$ 61,738</u>	<u>\$ 111,748</u>	<u>\$ 42,626</u>	<u>\$ 52,855</u>	<u>\$ 95,482</u>

CollegeInvest
Supplementary Schedule - Bond Funds Combining Statement of
Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2007 and 2006
(dollar amounts expressed in thousands)

	<u>2007</u>			<u>2006</u>		
	<u>Insured</u> <u>Bond</u> <u>Fund</u>	<u>Senior/</u> <u>Subordinate</u> <u>Bond</u> <u>Fund</u>	<u>Total</u> <u>Bond</u> <u>Funds</u> <u>(Restricted)</u>	<u>Insured</u> <u>Bond</u> <u>Fund</u>	<u>Senior/</u> <u>Subordinate</u> <u>Bond</u> <u>Fund</u>	<u>Total</u> <u>Bond</u> <u>Funds</u> <u>(Restricted)</u>
Operating revenues:						
Interest and special allowance on student loans (pledged as security on revenue bonds and notes)	\$ 19,647	\$ 73,139	\$ 92,786	\$ 23,254	\$ 54,051	\$ 77,305
Interest income (pledged as security on revenue bonds and notes)	<u>3,050</u>	<u>9,156</u>	<u>12,206</u>	<u>2,088</u>	<u>6,189</u>	<u>8,277</u>
Total operating revenues	<u>22,697</u>	<u>82,295</u>	<u>104,992</u>	<u>25,342</u>	<u>60,240</u>	<u>85,582</u>
Operating expenses:						
Interest expense	11,033	61,057	72,090	10,510	40,331	50,841
Loan servicing costs	1,133	4,625	5,758	1,349	4,113	5,462
Rebate tax expense, net	1,293	6,341	7,634	2,961	5,165	8,126
Bond fees	947	1,536	2,483	1,118	1,866	2,984
General and administrative expenses	415	2,019	2,434	474	1,688	2,162
Salaries and benefits	422	1,562	1,984	409	1,191	1,600
Depreciation and amortization	<u>71</u>	<u>272</u>	<u>343</u>	<u>75</u>	<u>233</u>	<u>308</u>
Total operating expenses	<u>15,314</u>	<u>77,412</u>	<u>92,726</u>	<u>16,896</u>	<u>54,587</u>	<u>71,483</u>
Operating income before transfers	7,383	4,883	12,266	8,446	5,653	14,099
Transfer to College In Colorado Scholarship Trust Fund	-	-	-	(36,000)	-	(36,000)
Transfer from Borrower Benefit Fund	-	4,000	4,000	-	1,170	1,170
Net assets, beginning of year	<u>42,627</u>	<u>52,855</u>	<u>95,482</u>	<u>70,181</u>	<u>46,032</u>	<u>116,213</u>
Net assets, end of year	<u>\$ 50,010</u>	<u>\$ 61,738</u>	<u>\$ 111,748</u>	<u>\$ 42,627</u>	<u>\$ 52,855</u>	<u>\$ 95,482</u>

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
DISTRIBUTION**

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