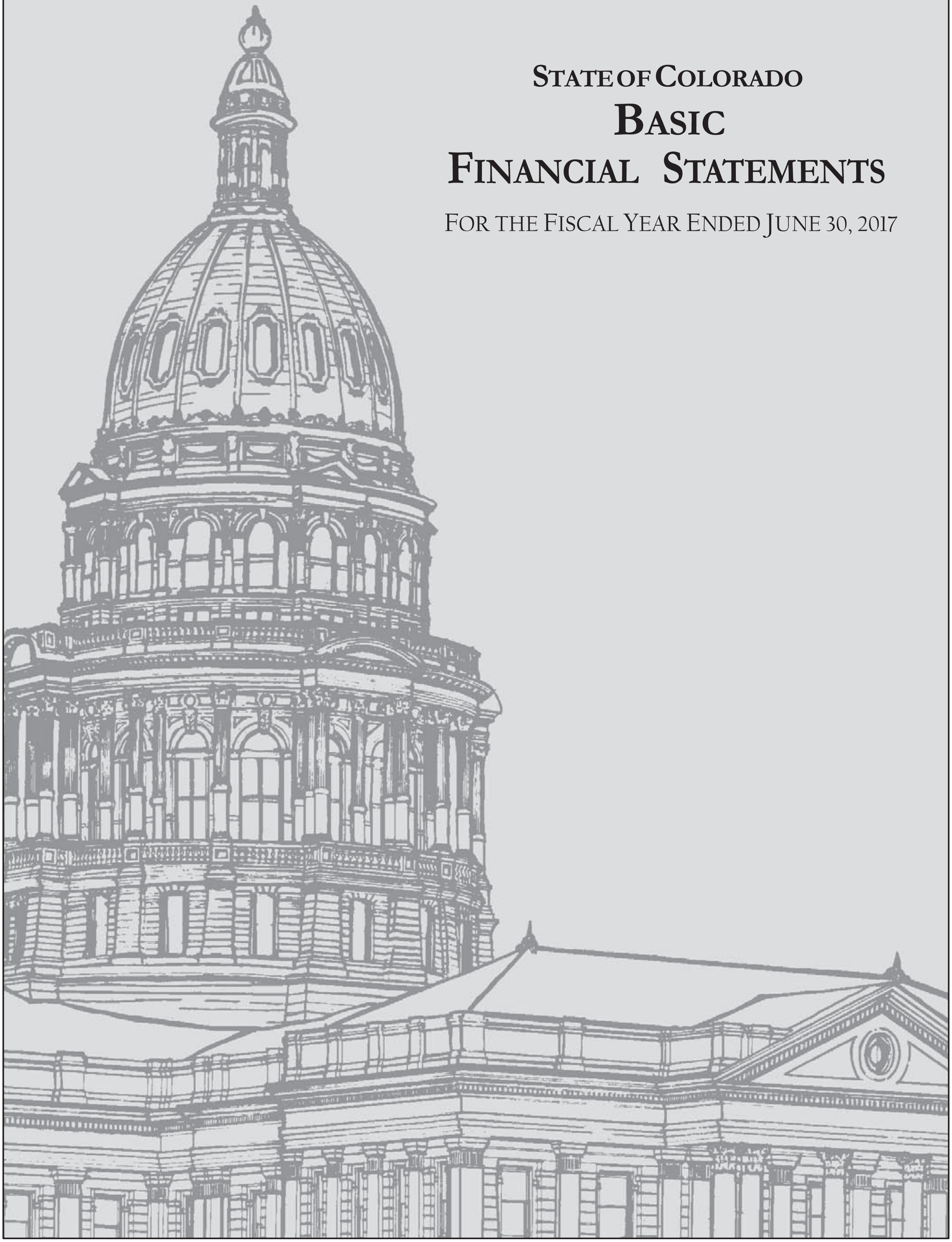
STATE OF COLORADO

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017



COLORADO
Office of the State Controller
Department of Personnel
& Administration

Office of the State Controller
1525 Sherman St.
Denver, CO 80203

September 20, 2017

The Honorable John W. Hickenlooper
Governor
State of Colorado

The Honorable Crisanta Duran
Speaker of the House
Colorado General Assembly

The Honorable Kevin Grantham
President of the Senate
Colorado General Assembly

Dear Madam and Sirs:

The attached Basic Financial Statements (BFS) for the State of Colorado as of June 30, 2017 are submitted to you on time and in compliance with Section 24-30-204, C.R.S. We were able to complete the BFS on time due to the extraordinary efforts of the departments and staff in the Office of the State Controller.

The financial statements are prepared in accordance with generally accepted accounting principles except for the budgetary statements, which report certain payroll, purchased services from the Governor's Office of Information Technology, Medicaid, and other legislatively specified expenditures on a cash basis. The financial statements are unaudited. The State Auditor's opinion is anticipated by December 15, 2017 and will be included in the Comprehensive Annual Financial Report that I expect to issue in mid-January of 2018.

If you have questions, please feel free to contact me.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

Attachment

cc: June Taylor, Department of Personnel & Administration
Henry Sobanet, Office of State Planning & Budgeting
Dianne E. Ray, State Auditor
Natalie Mullis, Chief Economist – Legislative Council

STATE OF COLORADO
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION:

STATEMENT OF NET POSITION
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,565,050	$ 2,918,952	$ 5,484,002	$ 303,797
Deposit on Land	-	-	-	-
Investments	-	545,073	545,073	7,795
Restricted Securities Not Held for Investment	-	-	-	-
Taxes Receivable, net	1,325,689	125,257	1,450,946	-
Contributions Receivable, net	-	-	-	56,681
Other Receivables, net	716,258	492,683	1,208,941	81,587
Due From Other Governments	524,021	175,436	699,457	3,049
Due From Other Funds	-	-	-	-
Internal Balances	26,355	(26,354)	1	-
Due From Component Units	154	23,041	23,195	-
Inventories	54,152	59,167	113,319	-
Prepaids, Advances and Deposits	72,047	34,454	106,501	3,228
Net Pension Asset	-	-	-	-
Other Current Assets	-	-	-	-
Total Current Assets	5,283,726	4,347,709	9,631,435	456,137
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,493,996	192,786	1,686,782	120,278
Restricted Investments	867,572	93,661	961,233	107,680
Restricted Receivables	587,580	-	587,580	1,600
Restricted Securities Not Held for Investment	-	-	-	-
Investments	255,069	2,092,319	2,347,388	2,364,351
Contributions Receivable, net	-	-	-	139,051
Due From Other Funds	-	-	-	-
Net Pension Asset	-	-	-	-
Other Long-Term Assets	614,932	110,916	725,848	932,014
Depreciable Capital Assets and Infrastructure, net	9,994,896	7,502,746	17,497,642	203,931
Land and Nondepreciable Capital Assets	1,972,419	1,937,519	3,909,938	58,980
Capital Assets Held as Investments	112,290	-	112,290	-
Total Noncurrent Assets	15,898,754	11,929,947	27,828,701	3,927,885
TOTAL ASSETS	21,182,480	16,277,656	37,460,136	4,384,022
DEFERRED OUTFLOW OF RESOURCES:	3,307,067	2,214,324	5,521,391	5,035
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	886,992	-	886,992	-
Accounts Payable and Accrued Liabilities	1,163,369	788,090	1,951,459	30,266
TABOR Refund Liability (Note 8B)	21,807	-	21,807	-
Due To Other Governments	393,901	46,765	440,666	413
Due To Other Funds	-	-	-	
Intrafund Payables	-	-	-	
Due To Component Units	-	1,249	1,249	-
Unearned Revenue	126,307	327,816	454,123	-
Obligations Under Securities Lending	-	-	-	-
Accrued Compensated Absences	11,865	25,381	37,246	-
Claims and Judgments Payable	46,369	-	46,369	-
Leases Payable	28,254	7,292	35,546	-
Derivative Instrument Liability	-	-	-	-
Notes, Bonds, and COPs Payable	46,990	146,604	193,594	47,455
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	27,678	131,239	158,917	154,837
Total Current Liabilities	2,753,532	1,474,436	4,227,968	232,971
Noncurrent Liabilities:				
Due to Other Funds	-	-	-	
Deposits Held In Custody For Others	116	20	136	376,818
Accrued Compensated Absences	158,435	317,070	475,505	-
Claims and Judgments Payable	260,535	37,361	297,896	-
Capital Lease Payable	113,899	42,599	156,498	-
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	-	9,251	9,251	-
Notes, Bonds, and COPs Payable	1,266,507	4,652,616	5,919,123	594,511
Due to Component Units	-	1,678	1,678	-
Net Pension Liability	11,137,010	6,642,374	17,779,384	4,095
Other Postemployment Benefits	-	343,570	343,570	-
Other Long-Term Liabilities	407,912	90,586	498,498	125,750
Total Noncurrent Liabilities	13,344,414	12,137,125	25,481,539	1,101,174
TOTAL LIABILITIES	16,097,946	13,611,561	29,709,507	1,334,145
DEFERRED INFLOW OF RESOURCES:	35,603	206,313	241,916	321
NET POSITION:				
Net investment in Capital Assets:	13,929,241	6,989,126	20,918,367	215,557
Restricted for:				
Construction and Highway Maintenance	915,033	-	915,033	-
Education	107,012	506,058	613,070	-
Unemployment Insurance	-	920,814	920,814	-
Debt Service	79,966	95,403	175,369	-
Emergencies	194,369	34,000	228,369	-
Permanent Funds and Endowments:				
Expendable	7,643	165,637	173,280	1,107,777
Nonexpendable	1,020,225	91,878	1,112,103	911,004
Other Purposes	671,303	65,961	737,264	672,809
Unrestricted	(8,568,794)	(4,194,771)	(12,763,565)	147,444
TOTAL NET POSITION	$ 8,355,998	$ 4,674,106	$ 13,030,104	$ 3,054,591

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 655,108	$ (19,599)	$ 150,065	$ 173,534	$ 3,493
Business, Community, and Consumer Affairs	910,319	1,876	153,292	261,684	-
Education	6,112,211	1,334	25,089	608,964	-
Health and Rehabilitation	1,190,457	2,294	85,977	452,885	-
Justice	3,145,930	4,950	249,001	159,139	412
Natural Resources	238,090	954	135,170	41,674	-
Social Assistance	10,420,864	2,069	792,800	6,347,612	6
Transportation	2,116,565	1,890	470,494	104,262	810,828
Interest on Debt	58,764	-	-	-	-
Total Governmental Activities	24,848,308	(4,232)	2,061,888	8,149,754	814,739
Business-Type Activities:					
Higher Education	7,819,980	2,488	4,660,496	2,094,170	40,832
Higher Education Segments	-				
Unemployment Insurance	509,861	-	650,090	38,232	-
Lottery	492,657	522	556,231	315	-
Parks and Wildlife	189,391	727	161,367	34,704	3,041
College Assist	314,800	97	-	348,802	-
Other Business-Type Activities	202,862	398	290,206	44,689	-
Total Business-Type Activities	9,529,551	4,232	6,318,390	2,560,912	43,873
Total Primary Government	34,377,859	-	8,380,278	10,710,666	858,612
Component Units:					
University of Colorado Hospital Authority					
Colorado Water Resources and Power Development Authority	44,137		28,982	47,069	
University of Colorado Foundation	131,258			143,111	
Colorado State University Foundation	52,693			101,629	
Colorado School of Mines Foundation	28,420		1,900	4,905	
University of Northern Colorado Foundation	11,656			5,773	
Other Component Units	27,152		21,694	161	2,317
Total Component Units	$ 295,316	$ -	$ 52,576	$ 302,648	$ 2,317

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

Payment from State of Colorado
Special Items (See Note 41)
(Transfers-Out) / Transfers-In
Internal Capital Contributions
Permanent Fund Additions

Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Fiscal Year Beginning
- Prior Period Adjustment (See Note 29A)
- Accounting Changes (Note 29B)

Net Position - Fiscal Year Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (308,417)	$ -	$ (308,417)	
(497,219)	-	(497,219)	
(5,479,492)	-	(5,479,492)	
(653,889)	-	(653,889)	
(2,742,328)	-	(2,742,328)	
(62,200)	-	(62,200)	
(3,282,515)	-	(3,282,515)	
(732,871)	-	(732,871)	
(58,764)	-	(58,764)	
(13,817,695)	-	(13,817,695)	
-	(1,026,970)	(1,026,970)	
-	178,461	178,461	
-	63,367	63,367	
-	8,994	8,994	
-	33,905	33,905	
-	131,635	131,635	
-	(610,608)	(610,608)	
(13,817,695)	(610,608)	(14,428,303)	
-	-	-	-
-	-	-	31,914
-	-	-	11,853
-	-	-	48,936
-	-	-	(21,615)
-	-	-	(5,883)
-	-	-	(2,980)
-	-	-	62,225
3,151,679	-	3,151,679	-
321,419	-	321,419	-
6,291,376	-	6,291,376	-
432,802	-	432,802	-
452,042	-	452,042	-
495,909	-	495,909	-
44,091	-	44,091	-
-	-	-	-
629,081	-	629,081	-
376	-	376	-
16,987	-	16,987	17,546
103,606	-	103,606	8,263
-	-	-	-
-	(808)	(808)	(1,721)
(349,964)	349,964	-	-
-	-	-	-
766	-	766	-
11,590,170	349,156	11,939,326	24,088
(2,227,525)	(261,452)	(2,488,977)	86,313
10,589,266	4,981,653	15,570,919	2,968,278
(5,743)	545	(5,198)	-
-	(46,640)	(46,640)	-
$ 8,355,998	$ 4,674,106	$ 13,030,104	$ 3,054,591

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 210,359	$ 779,973	$ 65,115
Investments	-	-	-
Taxes Receivable, net	1,509,492	9,668	-
Contributions Receivable, net	-	-	-
Other Receivables, net	613,173	21,522	3,415
Due From Other Governments	467,235	10,387	-
Due From Other Funds	86,349	17,070	5,037
Internal Balances	-	-	-
Due From Component Units	154	-	-
Inventories	8,503	35,114	9,334
Prepaids, Advances and Deposits	39,460	16,677	679
Restricted Assets:			
Restricted Cash and Pooled Cash	443,662	108,151	497,654
Restricted Investments	-	-	90,122
Restricted Receivables	92	-	587,488
Investments	14,080	-	-
Contributions Receivable, net	-	-	-
Due From Other Funds	-	-	-
Other Long-Term Assets	709	350,796	9,793
Depreciable Capital Assets and Infrastructure, net	-	-	-
Land and Nondepreciable Capital Assets	-	-	-
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 3,393,268	$ 1,349,358	$ 1,268,637
DEFERRED OUTFLOW OF RESOURCES:	677	-	-
LIABILITIES:			
Tax Refunds Payable	$ 837,817	46,651	$ 2,255
Accounts Payable and Accrued Liabilities	755,210	18,652	217,069
TABOR Refund Liability (Note 8B)	21,807	-	-
Due To Other Governments	305,365	32,058	34,317
Due To Other Funds	50,270	481	1,565
Due To Component Units	-	-	-
Unearned Revenue	26,224	9,651	31,207
Obligations Under Securities Lending	-	-	-
Compensated Absences Payable	-	-	-
Claims and Judgments Payable	282	-	8
Leases Payable	-	-	-
Notes, Bonds, and COPs Payable	-	-	-
Other Postemployment Benefits	-	-	-
Other Current Liabilities	18,478	-	32
Due to Other Funds	-	-	-
Deposits Held In Custody For Others	1	-	-
Other Long-Term Liabilities	-	-	-
TOTAL LIABILITIES	2,015,454	107,493	286,453
DEFERRED INFLOW OF RESOURCES:	226,101	2	1,465
FUND BALANCES:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	-	-
Inventories	8,503	35,114	9,334
Permanent Fund Principal	-	-	-
Prepaids	39,348	16,677	679
Restricted	442,249	79,173	917,778
Committed	646,020	1,110,899	52,928
Assigned	16,270	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	1,152,390	1,241,863	980,719
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,393,945	$ 1,349,358	$ 1,268,637

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 251,174	$ -	$ 1,220,271	$ 2,526,892
-	-	-	-
-	-	33,487	1,552,647
-	-	-	-
1,139	-	76,094	715,343
1,947	-	44,397	523,966
10	-	7,689	116,155
-	-	-	-
-	-	-	154
-	-	331	53,282
3,431	112	6,787	67,146
-	118,179	326,350	1,493,996
-	-	777,450	867,572
-	-	-	587,580
3,844	-	237,145	255,069
-	-	-	-
-	-	-	-
37	-	25,738	387,073
-	-	-	-
-	-	-	-
-	-	112,290	112,290
$ 261,582	$ 118,291	$ 2,868,029	$ 9,259,165
-	-	-	677
$ -	$ -	$ 269	$ 886,992
11,262	16,160	112,852	1,131,205
-	-	-	21,807
-	-	22,161	393,901
2,042	-	35,059	89,417
-	-	-	-
-	-	53,558	120,640
-	-	-	-
-	-	-	-
-	-	89	379
-	-	-	-
-	-	-	-
-	-	-	-
167	-	4,646	23,323
-	-	-	-
-	-	115	116
-	-	-	-
13,471	16,160	228,749	2,667,780
-	-	1,200	228,768
-	-	-	-
-	-	331	53,282
-	-	1,122,480	1,122,480
3,431	112	6,787	67,034
5	102,019	237,650	1,778,874
244,675	-	1,270,832	3,325,354
-	-	-	16,270
-	-	-	-
248,111	102,131	2,638,080	6,363,294
$ 261,582	$ 118,291	$ 2,868,029	$ 9,259,842

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 2,526,892	$ 38,152	$ -	$ -	$ -	$ 6	$ -	$ 2,565,050
Investments	-	-	-	-	-	-	-	-
Taxes Receivable, net	1,552,647	-	-	-	-	(226,958)	-	1,325,689
Contributions Receivable, net	-	-	-	-	-	-	-	-
Other Receivables, net	715,343	915	-	-	-	-	-	716,258
Intrafund Receivables	-	-	-	-	-	-	-	-
Due From Other Governments	523,966	55	-	-	-	-	-	524,021
Due From Other Funds	116,155	1,804	-	-	-	-	(117,959)	-
Internal Balances	-	-	-	-	-	-	26,355	26,355
Due From Component Units	154	-	-	-	-	-	-	154
Inventories	53,282	870	-	-	-	-	-	54,152
Prepaids, Advances and Deposits	67,146	4,901	-	-	-	-	-	72,047
Total Current Assets	5,555,585	46,697	-	-	-	(226,952)	(91,604)	5,283,726
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,493,996	-	-	-	-	-	-	1,493,996
Restricted Investments	867,572	-	-	-	-	-	-	867,572
Restricted Receivables	587,580	-	-	-	-	-	-	587,580
Investments	255,069	-	-	-	-	-	-	255,069
Contributions Receivable, net	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Other Long-Term Assets	387,073	-	-	-	-	227,859	-	614,932
Depreciable Capital Assets and Infrastructure, net	-	137,584	9,857,312	-	-	-	-	9,994,896
Land and Nondepreciable Capital Assets	-	910	1,971,509	-	-	-	-	1,972,419
Capital Assets Held as Investments	112,290	-	-	-	-	-	-	112,290
Total Noncurrent Assets	3,703,580	138,494	11,828,821	-	-	227,859	-	15,898,754
TOTAL ASSETS	9,259,165	185,191	11,828,821	-	-	907	(91,604)	21,182,480
DEFERRED OUTFLOW OF RESOURCES:	677	156,881	-	3,149,509	-	-	-	3,307,067
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	886,992	-	-	-	-	-	-	886,992
Accounts Payable and Accrued Liabilities	1,131,205	24,473	-	7,338	-	-	353	1,163,369
TABOR Refund Liability (Note 8B)	21,807	-	-	-	-	-	-	21,807
Due To Other Governments	393,901	-	-	-	-	-	-	393,901
Due To Other Funds	89,417	2,540	-	-	-	-	(91,957)	-
Intrafund Payables	-	-	-	-	-	-	-	-
Due To Component Units	-	-	-	-	-	-	-	-
Unearned Revenue	120,640	5,840	-	-	-	(173)	-	126,307
Obligations Under Securities Lending	-	-	-	-	-	-	-	-
Compensated Absences Payable	-	488	-	-	-	11,377	-	11,865
Claims and Judgments Payable	379	-	-	-	37,488	8,502	-	46,369
Leases Payable	-	21,457	-	6,797	-	-	-	28,254
Derivative Instrument Liability								-
Notes, Bonds, and COPs Payable	-	-	-	46,990	-	-	-	46,990
Other Postemployment Benefits	-	-	-	-	-	-	-	-
Other Current Liabilities	23,323	54	-	-	-	4,301	-	27,678
Total Current Liabilities	2,667,664	54,852	-	61,125	37,488	24,007	(91,604)	2,753,532
Noncurrent Liabilities:								
Due to Other Funds	-	-	-	-	-	-	-	-
Deposits Held In Custody For Others	116	-	-	-	-	-	-	116
Accrued Compensated Absences	-	9,639	-	-	-	148,796	-	158,435
Claims and Judgments Payable	-	-	-	-	120,791	139,744	-	260,535
Capital Lease Payable	-	81,434	-	32,465	-	-	-	113,899
Capital Lease Payable To Component Units	-	-	-	-	-	-	-	-
Derivative Instrument Liability								-
Notes, Bonds, and COPs Payable	-	-	-	1,266,507	-	-	-	1,266,507
Due to Component Units	-	-	-	-	-	-	-	-
Net Pension Liability	-	555,986	-	-	-	10,581,024	-	11,137,010
Other Postemployment Benefits	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	-	-	-	-	-	407,912	-	407,912
Total Noncurrent Liabilities	116	647,059	-	1,298,972	120,791	11,277,476	-	13,344,414
TOTAL LIABILITIES	2,667,780	701,911	-	1,360,097	158,279	11,301,483	(91,604)	16,097,946
DEFERRED INFLOW OF RESOURCES:	228,768	5,002	-	-	-	(198,167)	-	35,603
NET POSITION:								
Net investment in Capital Assets:	112,288	35,601	11,828,821	1,952,531	-	-	-	13,929,241
Restricted for:								
Construction and Highway Maintenance	915,033	-	-	-	-	-	-	915,033
Education	107,012	-	-	-	-	-	-	107,012
Unemployment Insurance	-	-	-	-	-	-	-	-
Debt Service	79,966	-	-	-	-	-	-	79,966
Emergencies	194,369	-	-	-	-	-	-	194,369
Permanent Funds and Endowments:								
Expendable	7,643	-	-	-	-	-	-	7,643
Nonexpendable	1,020,225	-	-	-	-	-	-	1,020,225
Other Purposes	671,303	-	-	-	-	-	-	671,303
Unrestricted	3,255,455	(400,442)	-	(163,119)	(158,279)	(11,102,409)	-	(8,568,794)
TOTAL NET POSITION	$ 6,363,294	$ (364,841)	$ 11,828,821	$ 1,789,412	$ (158,279)	$ (11,102,409)	$ -	$ 8,355,998

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

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

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

- Fleet management,
- Printing and mail services,
- Information technology and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services,
- Legal services, and
- Others including debt collection.

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

(C) Long-term liabilities such as leases, bonds, notes, mortgages, and Certificates of Participation (including accrued interest) are not due and payable in the current period, and therefore, they are not included in the fund-level financial statements. However, from an economic perspective these liabilities reduce net position and are reported in the *Statement of Net Position.* The portion reported as current in the reconciliation is payable within the following fiscal year. Deferred outflows related to debt refunding losses require a similar adjustment. The largest single portion of the long-term balance is related to Transportation Revenue Anticipation Notes issued by the Department of Transportation.

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

(E) Other measurement focus adjustments include:

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 6,262,821	$ -	$ -
Corporate Income	467,411	-	-
Sales and Use	3,085,580	-	-
Excise	102,784	-	629,081
Other Taxes	237,277	64,950	376
Licenses, Permits, and Fines	31,883	3,039	392,445
Charges for Goods and Services	74,026	6,653	143,666
Rents	262	-	3,037
Investment Income (Loss)	18,957	13,779	2,769
Federal Grants and Contracts	7,553,810	109,964	843,438
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	242,141	2,939	67,782
TOTAL REVENUES	18,076,952	201,324	2,082,594
EXPENDITURES:			
Current:			
General Government	228,874	-	62,984
Business, Community, and Consumer Affairs	161,080	8,172	-
Education	788,512	-	-
Health and Rehabilitation	631,512	533	11,862
Justice	1,392,189	-	128,525
Natural Resources	39,894	58,902	-
Social Assistance	8,473,261	-	-
Transportation	-	-	1,361,221
Capital Outlay	22,398	1,905	84,846
Intergovernmental:			
Cities	92,874	67,492	260,710
Counties	1,356,544	49,816	234,563
School Districts	4,405,287	1,919	-
Special Districts	68,360	23,903	67,459
Federal	271	1,157	14
Other	24,118	4,920	1,196
Debt Service	56,981	12	-
TOTAL EXPENDITURES	17,742,155	218,731	2,213,380
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	334,797	(17,407)	(130,786)
OTHER FINANCING SOURCES (USES):			
Transfers-In	4,315,364	4,724	886,441
Transfers-Out	(4,580,206)	(56,394)	(950,743)
Face Amount of Bond/COP Issuance	-	-	128,665
Bond/COP Premium/Discount	-	-	13,878
Capital Lease Proceeds	891	-	-
Sale of Capital Assets	(5)	-	-
Insurance Recoveries	4,967	-	1,843
Bond/COP Refunding Issuance	-	-	-
Bond/COP Premium Refunding Proceeds	-	-	-
Bond/COP Refunding Payments	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(258,989)	(51,670)	80,084
NET CHANGE IN FUND BALANCES	75,808	(69,077)	(50,702)
FUND BALANCE, FISCAL YEAR BEGINNING	1,076,582	1,310,940	1,031,421
Prior Period Adjustment (See Note 29A)	-	-	-
Accounting Changes (See Note 29B)	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 1,152,390	$ 1,241,863	$ 980,719

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 498,112	$ -	$ 6,760,933
-	41,888	-	509,299
-	-	64,306	3,149,886
-	-	217,326	949,191
1,632	-	161,570	465,805
5	-	409,910	837,282
-	-	787,348	1,011,693
-	-	129,013	132,312
365	1,450	8,685	46,005
10,984	-	166,935	8,685,131
-	-	766	766
-	-	63,663	63,663
13	187	24,714	337,776
12,999	541,637	2,034,236	22,949,742
24,309	-	27,256	343,423
1,641	-	282,157	453,050
1,330	47,476	32,075	869,393
370	-	125,461	769,738
5,369	-	179,025	1,705,108
85	-	14,422	113,303
4,102	-	880,779	9,358,142
-	-	2,815	1,364,036
66,374	-	13,302	188,825
-	-	70,099	491,175
-	-	99,383	1,740,306
-	670,929	43,177	5,121,312
-	-	12,160	171,882
-	-	149	1,591
-	-	51,378	81,612
1,818	-	179,895	238,706
105,398	718,405	2,013,533	23,011,602
(92,399)	(176,768)	20,703	(61,860)
170,315	25,321	449,320	5,851,485
(217,121)	(50,862)	(341,680)	(6,197,006)
-	-	-	128,665
-	-	-	13,878
-	-	-	891
-	-	15,086	15,081
1,122	-	2	7,934
-	-	-	-
-	-	-	-
-	-	-	-
(45,684)	(25,541)	122,728	(179,072)
(138,083)	(202,309)	143,431	(240,932)
386,194	304,440	2,499,848	6,609,425
-	-	(5,199)	(5,199)
-	-	-	-
$ 248,111	$ 102,131	$ 2,638,080	$ 6,363,294

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES RECONCILED TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 6,760,933	$ -	$ -	$ -	$ 28,586	$ 6,789,519
Corporate Income	509,299	-	-	-	(34,609)	474,690
Sales and Use	3,149,886	-	-	-	1,793	3,151,679
Excise	949,191	-	-	-	1,309	950,500
Other Taxes	465,805	-	-	-	19,089	484,894
Licenses, Permits, and Fines	837,282	-	-	-	162	837,444
Charges for Goods and Services	1,011,693	-	-	-	(1)	1,011,692
Rents	132,312	-	-	-	-	132,312
Investment Income (Loss)	46,005	(165)	-	-	(164)	45,676
Federal Grants and Contracts	8,685,131	-	-	-	-	8,685,131
Additions to Permanent Funds	766	-	-	-	-	766
Unclaimed Property Receipts	63,663	-	-	-	-	63,663
Other	337,776	-	-	-	1,237	339,013
TOTAL REVENUES	22,949,742	(165)	-	-	17,402	22,966,979
EXPENDITURES:						
Current:						
General Government	343,423	10,757	122,002	-	8,241	484,423
Business, Community, and Consumer Affairs	453,050	8,094	143,808	-	(3,524)	601,428
Education	869,393	390	87,305	-	75,128	1,032,216
Health and Rehabilitation	769,738	3,662	271,453	-	15,294	1,060,147
Justice	1,705,108	12,664	1,091,574	-	38,966	2,848,312
Natural Resources	113,303	5,027	113,980	-	3,126	235,436
Social Assistance	9,358,142	38,390	(7,204)	-	129,155	9,518,483
Transportation	1,364,036	6,290	542,527	-	25,860	1,938,713
Capital Outlay	188,825	-	(787,288)	-	-	(598,463)
Intergovernmental:						
Cities	491,175	-	-	-	-	491,175
Counties	1,740,306	-	-	-	-	1,740,306
School Districts	5,121,312	-	-	-	-	5,121,312
Special Districts	171,882	-	-	-	-	171,882
Federal	1,591	-	-	-	-	1,591
Other	81,612	-	-	-	-	81,612
Debt Service	238,706	2,311	-	(178,778)	-	62,239
TOTAL EXPENDITURES	23,011,602	87,585	1,578,157	(178,778)	292,246	24,790,812
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(61,860)	(87,750)	(1,578,157)	178,778	(274,844)	(1,823,833)
OTHER FINANCING SOURCES (USES):						
Transfers-In	5,851,485	6,734	-	-	-	5,858,219
Transfers-Out	(6,197,006)	(5,946)	-	-	-	(6,202,952)
Face Amount of Bond/COP Issuance	128,665	-	-	(128,665)	-	-
Bond/COP Premium/Discount	13,878	-	-	(12,495)	-	1,383
Capital Lease Proceeds	891	-	-	(891)	-	-
Sale of Capital Assets	15,081	-	(83,563)	-	-	(68,482)
Insurance Recoveries	7,934	-	-	-	-	7,934
Bond/COP Refunding Issuance	-	-	-	-	-	-
Bond/COP Premium Refunding Proceeds	-	-	-	-	-	-
Bond/COP Refunding Payments	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(179,072)	788	(83,563)	(142,051)	-	(403,898)
Internal Service Fund Charges to BTAs	-	206	-	-	-	206
NET CHANGE FOR THE YEAR	(240,932)	(86,756)	(1,661,720)	36,727	(274,844)	(2,227,525)
Prior Period Adjustment (See Note 29A)	(5,199)	-	-	-	(544)	(5,743)
Accounting Changes (See Note 29B)	-	-	-	-	-	-
TOTAL CHANGE FOR THE CURRENT YEAR WITH PRIOR PERIOD ADJUSTMENT	$ (246,131)	$ (86,756)	$ (1,661,720)	$ 36,727	$ (275,388)	$ (2,233,268)

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

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

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

- Fleet management,
- Printing and mail services,
- Information technology services and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services,
- Legal services, and
- Others including debt collection.

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 1,311,446	$ 808,093
Investments	544,411	-
Premiums Receivable, net	-	125,257
Contributions Receivable, net	-	-
Student and Other Receivables, net	440,351	2,997
Due From Other Governments	113,175	7,452
Due From Other Funds	11,140	1
Internal Balances	-	-
Due From Component Units	23,041	-
Inventories	38,713	-
Prepaids, Advances and Deposits	23,595	-
Total Current Assets	2,505,872	943,800
Noncurrent Assets:		
Restricted Cash and Pooled Cash	151,187	-
Restricted Investments	93,661	-
Restricted Receivables	-	-
Investments	2,059,984	-
Contributions Receivable, net	-	-
Due From Other Funds	-	-
Other Long-Term Assets	108,930	-
Depreciable Capital Assets and Infrastructure, net	6,385,989	7,575
Land and Nondepreciable Capital Assets	1,274,537	-
Depreciable Capital Assets for Investment	-	-
Total Noncurrent Assets	10,074,288	7,575
TOTAL ASSETS	12,580,160	951,375
DEFERRED OUTFLOW OF RESOURCES:	2,085,815	5,246
LIABILITIES:		
Current Liabilities:		
Tax Refunds Payable	-	-
Accounts Payable and Accrued Liabilities	703,238	1,263
TABOR Refund Liability (Note 8B)	-	-
Due To Other Governments	-	1
Due To Other Funds	4,807	-
Due To Component Units	1,249	-
Unearned Revenue	274,236	-
Obligations Under Securities Lending	-	-
Compensated Absences Payable	23,861	-
Claims and Judgments Payable	-	-
Leases Payable	6,817	-
Derivative Instrument Liability		
Notes, Bonds, and COPs Payable	145,564	-
Other Postemployment Benefits	-	-
Other Current Liabilities	76,710	15,509
Total Current Liabilities	1,236,482	16,773
Noncurrent Liabilities:		
Due to Other Funds	-	-
Deposits Held In Custody For Others	-	-
Accrued Compensated Absences	304,088	-
Claims and Judgments Payable	37,361	-
Capital Lease Payable	39,262	-
Capital Lease Payable To Component Units	-	-
Derivative Instrument Liability	9,251	-
Notes, Bonds, and COPs Payable	4,125,170	-
Due to Component Units	1,678	-
Net Pension Liability	6,075,695	11,026
Other Postemployment Benefits	343,570	-
Other Long-Term Liabilities	90,555	-
Total Noncurrent Liabilities	11,026,630	11,026
TOTAL LIABILITIES	12,263,112	27,799
DEFERRED INFLOW OF RESOURCES:	49,744	433
NET POSITION:		
Net investment in Capital Assets:	5,533,351	7,575
Restricted for:		
Construction and Highway Maintenance	-	-
Education	506,058	-
Unemployment Insurance	-	920,814
Debt Service	77,134	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	165,637	-
Nonexpendable	91,878	-
Other Purposes	-	-
Unrestricted	(4,020,939)	-
TOTAL NET POSITION	$ 2,353,119	$ 928,389

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 47,468	$ 751,945	$ 2,918,952	$ 38,152
-	662	545,073	-
-	-	125,257	-
-	-	-	-
21,153	28,182	492,683	915
-	54,809	175,436	55
-	4,968	16,109	1,804
-	-	-	-
-	-	23,041	-
1,446	19,008	59,167	870
4,496	6,363	34,454	4,901
74,563	865,937	4,390,172	46,697
-	41,599	192,786	-
-	-	93,661	-
-	-	-	-
-	32,335	2,092,319	-
-	-	-	-
-	-	-	-
-	1,986	110,916	-
286	1,108,896	7,502,746	137,584
-	662,982	1,937,519	910
-	-	-	-
286	1,847,798	11,929,947	138,494
74,849	2,713,735	16,320,119	185,191
13,714	109,549	2,214,324	156,881
-	-	-	-
3,173	54,848	762,522	24,473
-	-	-	-
41	46,723	46,765	-
32,743	9,111	46,661	2,540
-	-	1,249	-
-	53,580	327,816	5,840
-	-	-	-
1	1,519	25,381	488
-	-	-	-
-	475	7,292	21,457
	-	-	-
-	1,040	146,604	-
-	-	-	-
35,576	3,444	131,239	54
71,534	170,740	1,495,529	54,852
-	21,370	21,370	-
-	20	20	-
750	12,232	317,070	9,639
-	-	37,361	-
-	3,337	42,599	81,434
-	-	-	-
-	-	9,251	-
-	527,446	4,652,616	-
-	-	1,678	-
41,111	514,542	6,642,374	555,986
-	-	343,570	-
31	-	90,586	-
41,892	1,078,947	12,158,495	647,059
113,426	1,249,687	13,654,024	701,911
1,427	154,709	206,313	5,002
286	1,447,914	6,989,126	35,601
-	-	-	-
-	-	506,058	-
-	-	920,814	-
-	18,269	95,403	-
-	34,000	34,000	-
-	-	165,637	-
-	-	91,878	-
-	65,961	65,961	-
(26,576)	(147,256)	(4,194,771)	(400,442)
$ (26,290)	$ 1,418,888	$ 4,674,106	$ (364,841)

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
Unemployment Insurance Premiums	$ -	$ 646,337
License and Permits	-	110
Tuition and Fees	2,936,863	-
Scholarship Allowance for Tuition and Fees	(619,032)	-
Sales of Goods and Services	2,192,577	-
Scholarship Allowance for Sales of Goods & Services	(24,179)	-
Investment Income (Loss)	1,544	-
Rental Income	16,017	-
Gifts and Donations	42,706	-
Federal Grants and Contracts	1,044,199	20,833
Intergovernmental Revenue	7,566	-
Other	407,060	-
TOTAL OPERATING REVENUES	6,005,321	667,280
OPERATING EXPENSES:		
Salaries and Fringe Benefits	5,502,267	12,065
Operating and Travel	1,533,411	493,744
Cost of Goods Sold	136,741	-
Depreciation and Amortization	423,358	2,379
Intergovernmental Distributions	32,778	-
Debt Service	-	-
Foundation Program Distributions	-	-
Prizes and Awards	440	-
TOTAL OPERATING EXPENSES	7,628,995	508,188
OPERATING INCOME (LOSS)	(1,623,674)	159,092
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	1,479	3,643
Investment Income (Loss)	234,154	17,399
Rental Income	13,431	1
Gifts and Donations	221,577	-
Intergovernmental Distributions	(25,561)	-
Federal Grants and Contracts	260,174	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(217)	-
Insurance Recoveries from Prior Year Impairments	488	-
Debt Service	(163,595)	(1,674)
Other Expenses	(1,731)	-
Other Revenues	18,582	-
TOTAL NONOPERATING REVENUES (EXPENSES)	558,781	19,369
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,064,893)	178,461
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	40,371	-
Additions to Permanent Endowments	-	-
Special Items (See Note 41)	(808)	-
Transfers-In	3,340,736	-
Transfers-Out	(2,937,593)	(18)
TOTAL CONTRIBUTIONS AND TRANSFERS	442,706	(18)
CHANGE IN NET POSITION	(622,187)	178,443
NET POSITION - FISCAL YEAR BEGINNING	3,021,946	749,946
Prior Period Adjustments (See Note 29A)	-	-
Accounting Changes (See Note 29B)	(46,640)	-
NET POSITION - FISCAL YEAR ENDING	$ 2,353,119	$ 928,389

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ -	$ 646,337	$ -
64	126,583	126,757	-
-	1,673	2,938,536	-
-	-	(619,032)	-
555,334	224,072	2,971,983	354,892
-	-	(24,179)	-
-	5,434	6,978	-
-	2,675	18,692	15,353
-	-	42,706	-
-	427,686	1,492,718	-
-	26,746	34,312	-
834	9,217	417,111	836
556,232	824,086	8,052,919	371,081
15,115	252,866	5,782,313	294,834
58,283	408,833	2,494,271	145,330
12,979	31,759	181,479	-
197	32,286	458,220	28,864
-	12,783	45,561	1
-	13,024	13,024	-
-	-	-	-
341,519	1,028	342,987	3
428,093	752,579	9,317,855	469,032
128,139	71,507	(1,264,936)	(97,951)
-	38,423	38,423	-
-	648	5,770	3
315	3,653	255,521	(164)
-	13,052	26,484	-
-	1,447	223,024	-
(64,464)	-	(90,025)	-
-	-	260,174	-
(8)	60,386	60,161	10,471
-	2,871	3,359	315
-	(10,305)	(175,574)	(2,311)
-	(4,785)	(6,516)	-
-	-	18,582	-
(64,157)	105,390	619,383	8,314
63,982	176,897	(645,553)	(89,637)
-	1,072	41,443	2,093
-	-	-	-
-	-	(808)	-
703	20,422	3,361,861	6,734
(70,417)	(10,367)	(3,018,395)	(5,946)
(69,714)	11,127	384,101	2,881
(5,732)	188,024	(261,452)	(86,756)
(20,558)	1,230,319	4,981,653	(278,085)
-	545	545	-
-	-	(46,640)	-
$ (26,290)	$ 1,418,888	$ 4,674,106	$ (364,841)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 2,348,363	$ -
Fees for Service	2,256,220	6,158
Receipts for Interfund Services	-	-
Sales of Products	69,118	527
Gifts, Grants, and Contracts	1,528,329	17,985
Loan and Note Repayments	500,249	-
Unemployment Insurance Premiums	-	647,563
Income from Property	29,449	1
Other Sources	157,505	-
Cash Payments to or for:		
Employees	(5,389,470)	(12,192)
Suppliers	(1,380,855)	(9,936)
Payments for Interfund Services	-	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(489,455)
Scholarships	(112,405)	-
Others for Student Loans and Loan Losses	(471,429)	-
Other Governments	(32,778)	-
Other	(118,253)	(3)
Component Unit Cash Flows from Operating Activities	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	(615,957)	160,648
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	3,188,825	12
Transfers-Out	(2,916,641)	(31)
Receipt of Deposits Held in Custody	574,444	-
Release of Deposits Held in Custody	(574,915)	(12)
Gifts and Grants for Other Than Capital Purposes	221,347	-
Intergovernmental Distributions	(25,561)	-
Intrafund Transfers	-	-
NonCapital Debt Proceeds	14,752	-
NonCapital Debt Service Payments	(45,952)	(399)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	436,299	(430)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(757,101)	(57)
Capital Contributions	11,962	-
Capital Gifts, Grants, and Contracts	15,883	-
Proceeds from Sale of Capital Assets	885,105	-
Capital Debt Proceeds	290,478	125,603
Capital Debt Service Payments	(420,019)	(252,481)
Capital Lease Payments	(8,649)	-
Taxes	-	-
Bond Defeasance and Refunding	-	-
Received from Borrowers	-	-
Disbursements to Borrowers	-	-
Capitalization Grants Received	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	17,659	(126,935)

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 1,594	$ 2,349,957	$ -
-	278,222	2,540,600	4,892
-	9,002	9,002	354,833
555,334	65,604	690,583	1,344
-	446,243	1,992,557	395
-	-	500,249	-
-	-	647,563	-
-	16,820	46,270	15,350
898	88,678	247,081	3,715
(15,057)	(252,047)	(5,668,766)	(295,002)
(29,259)	(168,384)	(1,588,434)	(113,762)
(381)	(5,125)	(5,506)	(40,366)
(384,906)	(7,414)	(392,320)	(605)
-	-	(489,455)	-
-	-	(112,405)	-
-	-	(471,429)	-
-	(13,142)	(45,920)	(1)
(700)	(304,510)	(423,466)	(99)
-	-	-	-
125,929	155,541	(173,839)	(69,306)
703	43,667	3,233,207	6,831
(70,417)	(31,172)	(3,018,261)	(6,043)
-	1,054	575,498	200
-	(1,053)	(575,980)	(417)
-	1,147	222,494	-
(64,464)	-	(90,025)	-
-	-	-	-
-	722	15,474	-
-	(1,270)	(47,621)	-
(134,178)	13,095	314,786	571
(52)	(315,900)	(1,073,110)	(39,670)
-	-	11,962	-
-	-	15,883	-
5,366	218,885	1,109,356	124,653
-	171,839	587,920	-
-	(10,153)	(682,653)	(54)
-	(606)	(9,255)	(24,043)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,314	64,065	(39,897)	60,886

(Continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

(Continued)

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	106,469	17,402
Proceeds from Sale/Maturity of Investments	2,079,177	-
Purchases of Investments	(2,308,797)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	126,051	(3)
NET CASH FROM INVESTING ACTIVITIES	2,900	17,399
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(159,099)	50,682
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,621,732	757,411
Prior Period Adjustment (See Note 29)	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,462,633	$ 808,093
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (1,623,674)	$ 159,092
Adjustments to Reconcile Operating Income (Loss)		
to Net Cash Provided by Operating Activities:		
Depreciation	423,358	2,379
Investment/Rental Income and Other Revenue in Operating Income	-	-
Net Periodic Pension Cost	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	296,535	3,645
(Gain)/Loss on Disposal of Capital and Other Assets	362	-
Compensated Absences	25,367	-
Insurance Premiums and State Subsidy	-	-
Claims and General Insurance Expenses Paid	-	-
Interest and Other Expense in Operating Income	38,444	1
Provision for Bad Debts	-	-
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred		
Inflows Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	86,810	(2,836)
(Increase) Decrease in Inventories	(439)	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	12,993	-
Increase (Decrease) in Accounts Payable	(1,131)	(2,404)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	125,418	771
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (615,957)	$ 160,648
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	27	-
Capital Assets Acquired by Grants or Donations and Payable Increases	51,767	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	20,211	-
Loss on Disposal of Capital and Other Assets	16,874	-
Disposal of Capital Assets	17,575	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	11,271	399
Assumption of Capital Lease Obligation or Mortgage	2,207	-
Financed Debt Issuance Costs	223	-
Gain on Debt Defeasance	-	-
Bad Debt Expense	-	-
Application of Prepaid Lease Expense	-	-
Fair Value Change in Derivative Instrument	(3,971)	-
Deferral of Loss on Derivative Instrument	-	-

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
669	13,535	138,075	66
-	16,286	2,095,463	-
-	(18,647)	(2,327,444)	-
(354)	(4,479)	121,215	(230)
315	6,695	27,309	(164)
(2,620)	239,396	128,359	(8,013)
50,088	554,148	2,983,379	46,165
-	-	-	-
$ 47,468	$ 793,544	$ 3,111,738	$ 38,152
$ 128,139	71,507	$ (1,264,936)	$ (97,951)
197	32,286	458,220	28,864
-	(5,434)	(5,434)	-
-	-	-	-
-	55,449	355,629	420
-	(15)	347	-
2	960	26,329	(92)
-	-	-	-
-	-	-	-
-	(38,320)	125	306
-	-	-	-
(72)	21,530	105,432	15,500
25	(4,007)	(4,421)	(157)
118	(299)	12,812	(821)
(364)	(278)	(4,177)	(6,600)
(2,116)	22,162	146,235	(8,775)
$ 125,929	$ 155,541	$ (173,839)	$ (69,306)
-	902	929	2,093
-	170	51,937	-
-	-	20,211	-
-	60,252	77,126	10,376
-	-	17,575	-
-	2,927	14,597	144
-	-	2,207	17,852
-	-	223	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(3,971)	-
-	-	-	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 82,697	$ 203,676	$ 581,552
Investments	-	235	-
Taxes Receivable, net	-	-	179,823
Contributions Receivable, net	-	-	-
Other Receivables, net	223	10,788	355
Intrafund Receivables	-	-	-
Due From Other Governments	-	-	-
Due From Other Funds	3,649	8,246	14,098
Internal Balances	-	-	-
Due From Component Units	-	-	-
Inventories	-	-	5
Prepaids, Advances and Deposits	-	-	-
Noncurrent Assets:			
Investments:			
Government Securities	15,849	21,941	-
Bank Acceptances	-	-	-
Commercial Paper	-	-	-
Corporate Bonds	10,917	-	-
Corporate Securities	-	-	-
Repurchase Agreements	-	2,506	-
Asset Backed Securities	4,808	-	-
Mortgages	-	-	-
Mutual Funds	26,264	6,482,118	-
Reverse Repurchase Agreements			
Guaranteed Investment Contracts			
Other Investments	19,135	911,248	-
Contributions Receivable, net	-	-	-
Due From Other Funds	-	-	-
Other Long-Term Assets	-	-	11,371
Depreciable Capital Assets and Infrastructure, net	-	-	-
Land and Nondepreciable Capital Assets	-	-	-
Depreciable Capital Assets for Investment	-	-	-
TOTAL ASSETS	163,542	7,640,758	$ 787,204
DEFERRED OUTFLOW OF RESOURCES:	-	-	-
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	3,836
Accounts Payable and Accrued Liabilities	19,512	9,575	1,206
TABOR Refund Liability (Note 8B)	-	-	-
Due To Other Governments	-	-	319,366
Due To Other Funds	-	73	-
Intrafund Payables	-	-	-
Due To Component Units	-	-	-
Unearned Revenue	-	8,356	-
Obligations Under Securities Lending	-	-	-
Compensated Absences Payable	15	-	-
Claims and Judgments Payable	16,077	-	36
Leases Payable	-	-	-
Derivative Instrument Liability			
Notes, Bonds, and COPs Payable	-	-	-
Other Current Liabilities	-	-	426,881
Noncurrent Liabilities:			
Due to Other Funds	-	-	-
Deposits Held In Custody For Others	-	4,343	35,506
Accrued Compensated Absences	35	-	-
Other Long-Term Liabilities	-	-	373
TOTAL LIABILITIES	35,639	22,347	$ 787,204
NET POSITION:			
Held in Trust for:			
Pension/Benefit Plan Participants	127,903	-	
Investment Trust Participants	-	-	
Individuals, Organizations, and Other Entities	-	7,618,411	
Unrestricted	-	-	
TOTAL NET POSITION	$ 127,903	$ 7,618,411	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,209,344
Member Contributions	87,153	-
Employer Contributions	301,665	-
Investment Income/(Loss)	3,431	675,134
Employee Participation Fees	-	-
Unclaimed Property Receipts	-	38,796
Other Additions	2,853	3,669
Transfers-In	1,237	-
TOTAL ADDITIONS	396,339	1,926,943
DEDUCTIONS:		
Distributions to Participants	3,231	285,210
Benefits and Withdrawals	-	-
Health Insurance Premiums Paid	154,867	-
Health Insurance Claims Paid	182,716	-
Other Benefits Plan Expense	30,393	-
Payments in Accordance with Trust Agreements	-	743,138
Administrative Expense	-	-
Other Deductions	22,881	-
Transfers-Out	73	23
TOTAL DEDUCTIONS	394,161	1,028,371
TOTAL TRANSFERS	-	-
CHANGE IN NET POSITION	2,178	898,572
NET POSITION - FISCAL YEAR BEGINNING	54,190	6,719,839
Prior Period Adjustments (Note 29)	-	-
Accounting Changes (See Note 29)	71,535	-
NET POSITION - FISCAL YEAR ENDING	$ 127,903	$ 7,618,411

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 231,658	$ 34,693
Deposit on Land		
Investments	-	-
Restricted Securities Not Held for Investment	-	-
Contributions Receivable, net	-	33,943
Other Receivables, net	79,120	24
Intrafund Receivables	-	-
Due From Other Governments	2,719	-
Due From Other Funds	-	-
Internal Balances	-	-
Due From Component Units		-
Inventories	-	-
Prepaids, Advances and Deposits	-	554
Net Pension Asset	-	-
Other Current Assets	-	-
Total Current Assets	313,497	69,214
Noncurrent Assets:		
Restricted Cash and Pooled Cash	109,252	-
Restricted Investments	107,680	-
Restricted Receivables	1,600	-
Restricted Securities Not Held for Investment	-	-
Investments	-	1,496,421
Contributions Receivable, net	-	77,591
Due From Other Funds	-	-
Net Pension Asset	-	-
Other Long-Term Assets	929,794	-
Depreciable Capital Assets and Infrastructure, net	34	434
Land and Nondepreciable Capital Assets	-	-
Total Noncurrent Assets	1,148,360	1,574,446
TOTAL ASSETS	1,461,857	1,643,660
DEFERRED OUTFLOW OF RESOURCES:	5,035	-
LIABILITIES:		
Current Liabilities:		
Tax Refunds Payable	-	-
Accounts Payable and Accrued Liabilities	13,381	9,290
TABOR Refund Liability (Note 8B)	-	-
Due To Other Governments	413	-
Notes, Bonds, and COPs Payable	40,700	-
Other Postemployment Benefits	-	-
Other Current Liabilities	137,640	15,845
Total Current Liabilities	192,134	25,135
Noncurrent Liabilities:		
Due to Other Funds	-	
Deposits Held In Custody For Others	-	331,283
Notes, Bonds, and COPs Payable	478,065	-
Due to Component Units		
Net Pension Liability	4,095	-
Other Postemployment Benefits		
Other Long-Term Liabilities	80,553	15,314
Total Noncurrent Liabilities	562,713	346,597
TOTAL LIABILITIES	754,847	371,732
DEFERRED INFLOW OF RESOURCES:	321	-
NET POSITION:		
Net investment in Capital Assets:	34	434
Permanent Funds and Endowments:		
Expendable	-	721,412
Nonexpendable	-	495,077
Other Purposes	669,401	-
Held in Trust for:		
Pension/Benefit Plan Participants	-	-
Investment Trust Participants	-	-
Individuals, Organizations, and Other Entities	-	-
Unrestricted	42,289	55,005
TOTAL NET POSITION	$ 711,724	$ 1,271,928

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

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 1,023	$ 11,503	$ 2,128	$ 22,792	$ 303,797
			-	-
-	-	-	7,795	7,795
-	-	-	-	-
13,211	6,871	2,656	-	56,681
-	1,631	135	677	81,587
-	-	-	-	-
-	-	-	330	3,049
	-	-	-	-
	-	-	-	-
	-	-	-	
-	-	-	-	-
365	-	-	2,309	3,228
-	-	-	-	-
-	-	-	-	-
14,599	20,005	4,919	33,903	456,137
-	59	-	10,967	120,278
-	-	-	-	107,680
-	-	-	-	1,600
-	-	-	-	-
425,163	282,718	104,368	55,681	2,364,351
31,416	25,591	4,453	-	139,051
-	-	-	-	-
-	-	-	-	-
644	284	92	1,200	932,014
21	-	965	202,477	203,931
-	-	-	58,980	58,980
457,244	308,652	109,878	329,305	3,927,885
471,843	328,657	114,797	363,208	4,384,022
-	-	-	-	5,035
-	-	-	-	-
1,436	3,287	670	2,202	30,266
-	-	-	-	-
-	-	-	-	413
-	-	-	6,755	47,455
-	-	-	-	-
-	-	-	1,352	154,837
1,436	3,287	670	10,309	232,971
				-
13,009	31,923	603	-	376,818
-	-	-	116,446	594,511
-	-	-	-	4,095
807	9,803	131	19,142	125,750
13,816	41,726	734	135,588	1,101,174
15,252	45,013	1,404	145,897	1,334,145
-	-	-	-	321
21	-	965	214,103	215,557
254,394	107,987	23,984	-	1,107,777
181,194	155,903	78,830	-	911,004
-	-	-	3,408	672,809
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
20,982	19,754	9,614	(200)	147,444
$ 456,591	$ 283,644	$ 113,393	$ 217,311	$ 3,054,591

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
OPERATING REVENUES:		
Unemployment Insurance Premiums	-	-
License and Permits	-	-
Fees	$ 28,782	$ -
Scholarship Allowance for Tuition and Fees	-	-
Sales of Goods and Services	-	-
Scholarship Allowance for Sales of Goods & Services	-	-
Investment Income (Loss)	7,533	-
Rental Income	-	-
Gifts and Donations	-	177,591
Federal Grants and Contracts	5,985	-
Intergovernmental Revenue	-	-
Other	200	1,969
TOTAL OPERATING REVENUES	42,500	179,560
OPERATING EXPENSES:		
Salaries and Fringe Benefits	1,623	-
Operating and Travel	18,898	24,940
Cost of Goods Sold	-	-
Depreciation and Amortization	10	91
Intergovernmental Distributions	-	-
Debt Service	23,606	-
Foundation Program Distributions	-	106,214
Prizes and Awards	-	-
TOTAL OPERATING EXPENSES	44,137	131,245
OPERATING INCOME (LOSS)	(1,637)	48,315
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	-	-
Investment Income (Loss)	-	(21,084)
Rental Income	-	-
Gifts and Donations	-	-
Intergovernmental Distributions	-	-
Federal Grants and Contracts	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	-	-
Insurance Recoveries from Prior Year Impairments	-	-
Debt Service	-	-
Other Expenses	-	(13)
Other Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	(21,097)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,637)	27,218
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	41,085	-
Additions to Permanent Endowments	-	-
Special Items (See Note 41)	-	-
Transfers-In	-	-
Transfers-Out	-	-
Intrafund Transfer-In	-	-
Intrafund Transfer-Out	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	41,085	-
CHANGE IN NET POSITION	39,448	27,218
NET POSITION - FISCAL YEAR BEGINNING	672,276	1,244,710
Prior Period Adjustments (See Note 29A)	-	-
Accounting Changes (See Note 29B)	-	-
NET POSITION - FISCAL YEAR ENDING	$ 711,724	$ 1,271,928

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

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
-	-	-	-	-
-	-	-	-	-
$ -	$ 1,900	$ -	$ -	$ 30,682
-	-	-	-	-
-	-	-	9,853	9,853
-	-	-	-	-
-	-	-	(1,414)	6,119
-	-	-	1,660	1,660
97,395	14,592	7,049	44	296,671
-	-	-	-	5,985
-	-	-	-	-
12,521	716	437	18,474	34,317
109,916	17,208	7,486	28,617	385,287
-	-	-	-	1,623
5,089	6,774	974	11,745	68,420
-	-	-	-	-
9	3	50	8,328	8,491
-	-	-	-	-
-	-	-	-	23,606
47,595	21,643	10,632	-	186,084
-	-	-	-	-
52,693	28,420	11,656	20,073	288,224
57,223	(11,212)	(4,170)	8,544	97,063
-	-	-	-	-
-	-	-	-	-
(9,409)	(12,914)	(2,351)	366	(45,392)
-	-	-	-	-
-	-	-	53	53
-	-	-	-	-
-	-	-	991	991
-	-	-	-	-
-	-	-	-	-
-	-	-	(7,073)	(7,073)
-	-	-	(6)	(19)
-	-	-	1,326	1,326
(9,409)	(12,914)	(2,351)	(4,343)	(50,114)
47,814	(24,126)	(6,521)	4,201	46,949
-	-	-	-	41,085
-	-	-	-	-
-	-	-	(1,721)	(1,721)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	(1,721)	39,364
47,814	(24,126)	(6,521)	2,480	86,313
408,777	307,770	119,914	214,831	2,968,278
-	-	-	-	-
-	-	-	-	-
$ 456,591	$ 283,644	$ 113,393	$ 217,311	$ 3,054,591

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS RECAST TO THE STATEMENT OF ACTIVITIES FORMAT FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		ELIMINATIONS & ADJUSTMENTS	STATEMENT OF ACTIVITIES	
OPERATING REVENUES:				
Fees	$ 30,682			
Sales of Goods and Services	9,853			
Investment Income (Loss)	6,119	(6,087)		
Rental Income	1,660			
Gifts and Donations	296,671	(304,997)		
Federal Grants and Contracts	5,985	(5,985)		
Other	34,317	(15,642)		
TOTAL OPERATING REVENUES	385,287	(332,711)	52,576	CHARGES FOR SERVICES
OPERATING EXPENSES:				
Salaries and Fringe Benefits	1,623			
Operating and Travel	68,420			
Depreciation and Amortization	8,491			
Debt Service	23,606	7,073		
Foundation Program Distributions	186,084			
Other Expenses	-	19		
TOTAL OPERATING EXPENSES	288,224	7,092	295,316	EXPENSES
OPERATING INCOME (LOSS)	97,063			
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	(45,392)	45,392		
Gifts and Donations	53	(53)		
Federal Grants and Contracts	991	(991)		
Debt Service	(7,073)	7,073		
Other Expenses	(19)	19		
Other Revenues	1,326	(1,326)		
TOTAL NONOPERATING REVENUES (EXPENSES)	(50,114)	50,114		
		302,648	302,648	OPERATING GRANTS & CONTRIBUTIONS
		2,317	2,317	CAPITAL GRANTS & CONTRIBUTIONS
		17,546	17,546	UNRESTRICTED INVESTMENT EARNINGS
		8,263	8,263	OTHER GENERAL REVENEUS
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	46,949			
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	41,085	(41,085)		
Special Items (See Note 41)	(1,721)			
TOTAL CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:	39,364	(41,085)	(1,721)	SPECIAL AND/OR EXTRAORDINARY ITEM
CHANGE IN NET POSITION	86,313		86,313	CHANGE IN NET POSITION
NET POSITION - FISCAL YEAR BEGINNING	2,968,278		2,968,278	NET POSITION - FISCAL YEAR BEGINNING
NET POSITION - FISCAL YEAR ENDING	$ 3,054,591		$ 3,054,591	NET POSITION - FISCAL YEAR ENDING

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. NEW ACCOUNTING STANDARDS

During Fiscal Years 2016 and 2017, the State implemented GASB Statement No. 73 – <u>Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68</u>. While the State as the primary government implemented GASB Statement No. 73 during Fiscal Year 2016, certain provisions of the Statement apply to the University of Colorado's Alternate Medicare Plan (AMP) during Fiscal Year 2017. In addition, since the Colorado Water Resources and Power Development Authority's year-end is December 31, 2016, certain provisions of GASB Statement No. 73 related to CWRPDA were implemented during Fiscal Year 2017.

GASB Statement No. 74 – <u>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</u>. The new standard replaces Statement Nos. 43, <u>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended</u>, and No. 57, <u>OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans</u>. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, <u>Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended</u>, Statement No. 43, and Statement No. 50, <u>Pension Disclosures</u>. Colorado State University System has the following four OPEB plans held in trust that fall under the scope of GASB Statement No. 74: (1) Retiree Medical Premium Refund Plan (RMPR), (2) Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS), (3) Umbrella RX Plan (URX), and (4) Long-Term Disability Insurance Plan (LTD).

GASB Statement No. 82 – <u>Pension Issues—an amendment of GASB Statement Nos. 67, 68, and 73</u>. The objective of this Statement is to address certain issues that have been raised with respect to GASB Statements No. 67 <u>Financial Reporting for Pension Plans</u>, GASB Statement No. 68, <u>Accounting and Financial Reporting for Pensions</u>, and GASB Statement No. 73, <u>Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68</u>. Specifically, GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

C. REPORTING ENTITY

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

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34. The State is financially accountable for those entities for which the State appoints a voting majority of the governing board and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State.

For those entities that the State does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent and there exists a financial benefit or burden relationship with the State. Entities that do not meet the specific criteria for inclusion may still be included if it would be misleading to exclude them. Under GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14, individually significant legally separate tax-exempt organizations are included as component units if their resources are for the direct benefit of the State and the State can access those resources.

The following entities qualify as major discretely presented component units:

- Colorado Water Resources and Power Development Authority
- University of Colorado Foundation
- Colorado State University Foundation
- Colorado School of Mines Foundation
- University of Northern Colorado Foundation

Other Component Units (Nonmajor):

- Denver Metropolitan Major League Baseball Stadium District
- Colorado Venture Capital Authority
- HLC @ Metro, Inc.
- University of Colorado Real Estate Foundation

The following table contains the primary factors for the inclusion of the non-foundation component units in the State's reporting entity:

Component Unit (Non Foundation)	**Board Appointment**	**Ability to Impose Will**	**Financial Benefit/Burden Relationship**
Colorado Water Resources and Power Development Authority	Appointment by the Governor, with consent of the Senate.	Water projects are subject to General Assembly authorization.	The Authority can enter into agreements in name of the State, while the State is required to develop project use plans for the Authority at no cost. The State may also appropriate funds in order for the Authority to meet its debt service requirements.
Denver Metropolitan Major League Stadium District	Appointment by the Governor, with consent of the Senate.	Board members serve at the pleasure of the Governor.	None.
Colorado Venture Capital Authority	Appointment by the Governor or legislature.	Bond issuance is contingent on legislative approval.	The Authority was capitalized based on general-purpose revenue tax credits.
HLC @ Metro, Inc.	Appointment by the State through the Metropolitan State University of Denver Board of Trustees.	The Board of Trustees of the Metropolitan State University of Denver controls and supervises the board of HLC @ Metro, Inc.	Metro State University of Denver has guaranteed the debt of HLC @ Metro, Inc.

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

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

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

University of Colorado Foundation
1800 Grant Street, Suite 725
Denver, Colorado 80203

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

Colorado School of Mines Foundation
P. O. Box 4005
Golden, Colorado 80402-4005

University of Northern Colorado Foundation
1620 Reservoir Road
Greeley, Colorado 80631

Denver Metropolitan Major League Baseball Stadium District
2195 Blake Street, Suite 300
Denver, Colorado 80205

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

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

University of Colorado Real Estate Foundation
1800 Grant Street, Suite 725
Denver, Colorado 80203-1114

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14, as amended by GASB Statements No. 39 and 61:

- Pinnacol Assurance
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Facilities Authority
- Colorado Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Fire and Police Pension Association
- The State Board of the Great Outdoors Colorado Trust Fund
- Colorado Health Benefit Exchange

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

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

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units. Those that are identifiable within an Enterprise Fund with bonds or debt instruments outstanding and a revenue stream pledged in support of that debt are required to be accounted for separately as segments (see Note 18).

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

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

D. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

Taxes, with the exception of unemployment insurance premiums supporting a business-type activity, are presented as general-purpose revenues. General-purpose revenues are presented at the bottom of the statement and do not affect the calculation of net program cost.

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

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

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

E. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

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

The Governmental Accounting Standards Board has defined major funds based on percentage thresholds; however, it allows presentation of any fund as a major fund when that fund is particularly important to financial statement users. The Capital Projects Fund, the State Education Fund, the Unemployment Insurance Fund, and the Lottery Fund do not meet the percentage threshold requirements, but they are presented as major funds under the discretion provided by the standard. The State's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, the Venture Capital Authority, HLC @ Metro, Inc. and University of Colorado Real Estate Foundation, which are presented as nonmajor component units.

The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

General Fund

Transactions that are not related to specific revenue streams for dedicated purposes for services traditionally provided by state government are accounted for in the General Fund. The General Fund contains Special Purpose Funds that include the State Public School, Risk Management, and Other Special Purpose Funds. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. As a result of comingled current and cumulative general-purpose and special-purpose revenue in the General Fund, combining schedules detailing the components of the General Fund are included as supplementary information. The schedules segregate activities funded with general-purpose revenue in order to demonstrate compliance with the legal definition of the General Fund, which is referred to as the General Purpose Revenue Fund.

Resource Extraction

This fund accounts for receipts from severance taxes, mineral leasing, and fees associated with the regulation of mining activities. Expenditures include distributions to local governments, regulatory costs, and loans to special districts and local governments for water projects.

Highway Users Tax Fund

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

Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of State owned facilities and certain equipment are accounted for in the Capital Projects Fund, unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund. A combining schedule of the components of the Capital Projects Fund is presented as supplementary information to segregate regular (primarily general-funded) and special (primarily cash-funded) capital construction.

State Education Fund

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

PROPRIETARY FUND TYPE:

Higher Education Institutions

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

Unemployment Insurance

This fund accounts for the collection of unemployment insurance premiums from employers, related federal support, the payment of unemployment benefits to eligible claimants, and revenue bonds issued through a related party, the Colorado Housing and Finance Authority.

Lottery

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

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

GOVERNMENTAL FUND TYPE (NONMAJOR):

General Fund

The General Fund and its components are classified as a major fund in the basic financial statements. Because of the requirement to separately identify activity related to general-purpose revenues for legal compliance purposes, the general-purpose revenue activity and the special-purpose revenue activities are shown in a combining schedule detailing the components of the General Fund. As a result, the General Fund activity is presented similar to major and nonmajor funds. The general-purpose activity is presented in the General Purpose Revenue Fund, while the special-purpose revenue activities include the Public School Fund, the Risk Management Fund, and the Other Special Purpose Funds.

Capital Projects

The Capital Projects Fund and its components are classified as a major fund in the basic financial statements. The components are necessary to support the calculation of resources available for future appropriation. In order to demonstrate legal compliance, the Regular Capital Projects, which is primarily funded from general-purpose revenue, and Special Capital Projects Fund, which is primarily funded with dedicated revenues, are presented similar to nonmajor funds.

Special Revenue Funds

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

Debt Service Fund

This fund accounts for the accumulation of resources, primarily transfers from other funds, for the payment of long-term debt principal and interest. It also accounts for the issuance of debt solely to refund debt of other funds. The primary debt serviced by this fund consists of Certificates of Participation issued by various departments and Transportation Revenue Anticipation Notes issued by the Department of Transportation to fund infrastructure.

Permanent Funds

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

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds

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

Internal Service Funds

The State uses internal service funds to account for the sale of goods and services, primarily to internal customers, on a cost reimbursement basis. The major fund concept does not apply to internal service funds. The State's Internal Service Funds reported in supplementary information include Central Services, Statewide Financial Information Technology, Information Technology, Capitol Complex, Highways, Public Safety, Administrative Courts, Legal Services, and Other Enterprise Services. In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Position,* and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPE:

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

Pension and Other Employee Benefit Trust Funds

In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for (1) members and beneficiaries of the Group Benefits Plan, which provides health, life, dental, and short-term disability benefits to state employees, and (2) the Colorado State University Other Post-Employment Benefit Trust Funds.

Private Purpose Trust Funds

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

Agency Funds

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

Department of Public Health and Environment, and part of the Department of Human Services.

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

Component Units

The Colorado Water Resources and Power Development Authority is engaged only in business-type activities, and uses proprietary fund accounting for its operations. The authority's financial information is presented as of December 31, 2016.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, uses proprietary fund accounting in preparation of its financial statements, while the Venture Capital Authority, a nonmajor component unit, applies applicable GASB pronouncements. The financial information for the Denver Metropolitan Major League Baseball Stadium District and the Venture Capital Authority are presented as of December 31, 2016.

The five foundations presented as component units and HLC @ Metro, Inc. follow Financial Accounting Standards Board statements applicable to not-for-profit entities. The foundations' audited not-for-profit financial statements have been recast into the governmental format as allowed by GASB Statement No. 39. Financial information for the five foundation component units and HLC @ Metro, Inc. are presented as of June 30, 2016.

F. BASIS OF ACCOUNTING

Primary Government

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

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

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

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

Expenditures are recognized in governmental funds when:

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

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

Proprietary and Fiduciary Funds

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

Component Units

The Colorado Water Resources and Power Development Authority uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liability is incurred.

G. ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET POSITION

CASH AND POOLED CASH

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

RECEIVABLES

Component Units

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

INVENTORIES

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

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

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

INVESTMENTS

Primary Government

Investments, including those held by the State Treasurer and reported as pooled cash, include both short and long-term investments. They are stated at fair value, except for certain money market investments (see Note 4). Investments that do not have an established market are reported at their estimated fair value. The State Treasurer records investment interest in individual funds based on book yield as adjusted for amortization of investment premiums and discounts.

Component Units

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

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

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

CAPITAL ASSETS

Depreciable capital assets are reported at historical cost, net of accumulated depreciation, on the government-wide *Statement of Net Position*. Donated capital assets are carried at acquisition value at the date of donation. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

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

(Amounts in Dollars)

Asset Class	Lower Capitalization Thresholds	Established State Thresholds
Land Improvements	$ 5,000	$ 50,000
Buildings	$ 5,000	$ 50,000
Leasehold Improvements	$ 5,000	$ 50,000
Intangible Assets	NA	$ 50,000
Vehicles and Equipment	NA	$ 5,000
Software (purchased)	NA	$ 5,000
Software (internally developed)	NA	$ 50,000
Collections	NA	$ 5,000
Infrastructure	NA	$ 500,000

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

(Amounts in Years)

Asset Class	Shortest Period Used	Longest Period Used
Land Improvements	3	50
Buildings	3	70
Leasehold Improvements	3	50
Vehicles and Equipment	1	50
Software	2	20
Library Books	3	20
Other Capital Assets	3	25
Infrastructure	20	75

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

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

UNEARNED REVENUE AND DEFERRED INFLOWS

Under reimbursement agreements, receipts from the federal government and other program sponsors are not earned until the related expenditures occur. These receipts are recorded as unearned revenue, except for amounts recorded as deferred inflows when the only eligibility requirement not met is the time requirement.

On the fund-level governmental financial statements, revenues related to taxes receivable that the State does not expect to collect until after the following fiscal year, are not earned and are reported as deferred inflows. However, taxes receivable are recognized as revenue on the government-wide financial statements.

ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

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

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

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

Component Units

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

INSURANCE

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

The State insures its property through a combination of self-insurance and commercial insurance carriers and is self-insured against liability risks for both its officials and employees (see Note 9). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees, because the State contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due. The State pays the actual costs of unemployment benefits paid to separated employees, rather than unemployment insurance premiums.

NET POSITION AND FUND BALANCES

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

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

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

<u>Net Investment in Capital Assets</u> – This item comprises capital assets net of accumulated depreciation, if applicable. The carrying value of capital assets are further reduced by the outstanding balances of leases, bonds, or other borrowings that were used to acquire, construct, or improve the related capital asset, deferred outflows related to refunding losses also adjust this line item.

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

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

The net position of Higher Education Institutions, a major proprietary fund, is restricted for educational purposes that primarily include student loans and scholarships restricted by the federal government and other sponsoring entities, and revenue balances pledged for auxiliary facility debt as a result of bond covenants. Balances related to various instructional, research and academic support programs, and capital projects may also be restricted based on requirements of donors and sponsors. Finally, Article XVIII, Section 9 of the State Constitution, also known as Amendment 50, requires that specified gaming receipts only be used for instructional purposes and scholarship programs.

Restricted for Unemployment Insurance – The entire net position balance of the Unemployment Insurance Fund is reported as restricted, because federal regulations limit nearly all the balance to paying unemployment insurance claims.

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

Restricted for Emergencies – The General Assembly designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve for emergencies three percent or more of fiscal year spending. Fiscal year spending is defined in TABOR as all spending and reserve increases, except for spending from certain excluded revenues and enterprises. State properties and the Unclaimed Property Trust Fund included as part of the required reserve are not represented in this amount. (See Note 2B for more information on the current year amount of the emergency reserve.)

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

Restricted for Other Purposes – The State operates certain funds that were established at the direction of the federal government, the courts, the State Constitution, or other external parties. The most significant purposes include:

- Settlements in various funds that have been directed by the courts for specific uses in environmental remediation and consumer protection cases.
- Gaming activities pursuant to Article XVIII, Section 9 of the State Constitution restricted to provide an operating reserve for historic preservation purposes, and for distribution to support local and State community colleges.
- Federal moneys held for mining reclamation, housing programs, and scholarship trusts.
- Aviation Fund moneys collected pursuant to Article X, Section 18 of the State Constitution.
- Lottery proceeds for parks and outdoor projects as directed by Article XXVII of the State Constitution.
- Tobacco taxes for health related programs pursuant to Article X, Section 21 of the State Constitution.

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

Nonspendable – This fund balance category consists of inventories; prepaid expenditures such as advances to counties for social assistance programs, local entities for species conservation, and to Colorado cities and special districts from emergency management funds; permanent funds related to state lands, and the corpus of other permanent funds.

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

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

Spendable fund balance classifications include:

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

Restrictions are in place on the *Balance Sheet – Governmental Funds* to reflect the restrictions discussed for the government-wide *Statement of Net Position*, except for Permanent Funds that are presented as Nonspendable. The emergency reserve is restricted in the Labor Fund, a nonmajor Other Special Revenue Fund, the Colorado Water Conservation Board Construction Fund and the Severance Tax Perpetual Base Fund in Resource Extraction, and the Controlled Maintenance Trust Fund within special-purpose General Funds. Gaming proceeds are restricted in the Gaming Fund, a nonmajor Other Special Revenue Fund, and funds legally required to be held for debt service in the Debt Service Fund, an Other Governmental Fund, while the remaining restrictions are represented in various funds.

In addition to restrictions on the government-wide *Statement of Net Position*, the *Balance Sheet – Governmental Funds* includes restrictions for other financing arrangements under which the proceeds are restricted to the purpose of the issuance. The unspent proceeds are primarily related to public school construction under the Building Excellent Schools Today (BEST) program, in the Special Purpose General Fund.

Committed – This fund balance classification consists of amounts constrained by the General Assembly, the State's highest level of decision-making authority. Changes to constraints require legislative action by the General Assembly. The classification applies to the majority of governmental funds, excluding the General Purpose Revenue Fund.

In the General Purpose Revenue Fund, the Committed category represents the requirement in Colorado Revised Statutes 24-75-201.1(1)(d) to reserve six percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. Historically, the legislature has acted to reduce the reserve when revenues were projected to be inadequate to fund appropriations and the reserve. The reserve is applicable for both GAAP and budget basis purposes. The GAAP based fund balance was not sufficient to report the entire reserve as Committed fund balance. As a result, only the remaining GAAP fund balance of $444.0 million was committed for this purpose.

Committed balances also include earned augmenting revenue, such as insurance proceeds, that State agencies are not required to revert into the General Purpose Revenue Funds' fund balance.

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

Assigned – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2016-17 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

Unassigned – This classification is the residual classification in the General Fund, and is not shown in other governmental funds, unless the fund balance is a deficit. For Fiscal Year 2016-17, there was no unassigned fund balance, because of the shortfall in the statutory reserve discussed in the Committed section of this note.

H. ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

PROGRAM REVENUES

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

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

INDIRECT COST ALLOCATION

The State allocates indirect costs on the government-wide *Statement of Activities.* In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities. The allocation is based on the Statewide Appropriations/Cash Fees Plan that is derived from the Statewide Indirect Cost Allocation Plan that was approved by the federal government during Fiscal Year 2016-17. The Statewide Appropriations/Cash Fees Plan includes indirect costs not chargeable to federal sources, including the majority of the Governor's Office.

The Plan uses allocation statistics from Fiscal Year 2013-14 and costs from the Fiscal Year 2015-15 Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2016-17. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Position.* However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the Transfers line item at the bottom of the *Statement of Activities.*

OPERATING REVENUES AND EXPENSES

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

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

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

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

NOTE 2 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

Within the limitations discussed below, the State Controller, with the approval of the Governor, may allow certain overexpenditures of the legal appropriation, as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The statute also provides for $250,000 of general-funded overexpenditure authority in the Children's Basic Health Plan. The Department of Human Services is allowed $1.0 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to $3.0 million in total for the remainder of the Executive Branch. An additional $1.0 million of combined transfers and overexpenditures are allowed for the Judicial Branch.

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

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

Total overexpenditures at June 30, 2017, were $33.3 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical Services Premiums – The Department of Health Care Policy and Financing overexpended this line item by $6.8 million of cash funds and $0.4 million of reappropriated cash funds. This appropriation pays for the majority of Medicaid services rendered for clients. The overexpenditures occurred as a result of higher than expected utilization of services by Medicaid clients.

- Behavioral Health Fee-for-Service – This appropriation line pays for Medicaid covered Behavioral Health services that are paid on a fee-for-service basis to providers. An unexpected increase in utilization is the cause of the general fund overexpenditure of this line in the amount of $9.8 million.

- Children's Basic Health Plan Medical and Dental Costs. – The Children's Basic Health Plan Medical and Dental Costs appropriation covers expenditures for services rendered for CHP+ clients. The cash overexpenditure in the amount of $0.8 million cash funds occurred as a result of a recoupment for dates of services in a prior fiscal year that the department was not expecting to be made this fiscal year.

- Public School Health Services. – The Public School Health Services appropriation covers expenditures for Medicaid services provided by school districts. The department believes that the $0.5 million cash fund overexpenditure is due to unexpected increase in Medicaid utilization. The cash funds within this appropriation are certified as public expenditures incurred by the districts and are eligible for federal financial participation under Medicaid.

- Regional Centers. – This appropriation line pays for Home and Community Based Services Developmental Disabilities Waiver (HCBS-DD) claims and Intermediate Care Facility (ICF) expenditures for Medicaid clients in state run Regional Centers. The $1.5 million general fund overexpenditure is related to both of these activities being higher than expected.

Approved Department of Human Services Overexpenditures Other Than Medicaid Subject to the $1.0 Million Limit:

- Early Intervention Services - This appropriation covers services for Community Centered Boards (CCB). This $0.7 million general fund overexpenditure occurred as a result of unanticipated and significant caseload growth during the last quarter of the year, and also the increase in utilization of CCBs conducting birth through two years of age evaluations that local school districts were unable to complete within the required time frame.

Approved State Departments Overexpenditures Subject to the $3.0 Million Limit:

- Vehicle Replacement Lease/Purchase - The Department of Personnel and Administration $1.2 million overexpended cash funds on this line due to the fact that the FY 2017 appropriation was reduced even though the authorized replacement vehicles to be ordered from the FY 2016 Fleet Trust was not.

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

- Hospital Provider Fee Fund – This cash fund resided at the Department of Health Care Policy and Financing, but was repealed with the passing of Senate Bill 17-267. Cleanup on the fund left the Department with a fund balance deficit of $5.1 million.
- Disaster Emergency Fund – The Department of Public Safety had a deficit fund balance in this fund in the amount of $3.2 million related to the department receiving a large FEMA reimbursement of prior year expenditures therefore a reduction to current year revenue was made to refund the funds back to the Governor's Office that exceeded current year expenditures.
- High Performance Transportation Enterprise – The Department of Transportation had a deficit fund balance related to this line item of $2.0 million. Pursuant to C.R.S. 43-4-806 (4), the Transportation Commission loaned monies to the High Performance Transportation Enterprise. Although there was a positive cash balance in the fund as of fiscal year end, the remaining unpaid loan liability was greater. The deficit this year has decreased from last year's amount of $2.9 million.
- Aviation Fund – The Department of Transportation had a deficit fund balance in this fund in the amount of $0.7 million related to lower than anticipated tax revenues resulting from low fuel prices. The deficit this year has decreased from last year's amount of $5.2 million.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in CRS 25.5-8-108(5). However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2016-17 spending authority is recommended. The following cash funds were in deficit fund balance position as a result of Department of Health Care Policy and Financing Medicaid activity as of June 30, 2016:

- Health Care Expansion Fund - $0.4 million
- Medicaid Buy-In Cash Fund - $0.2 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2005-06 through 2009-10. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC) which began in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2007-08.

In Fiscal Year 2014-15 a TABOR refund was due to taxpayers. Revenue subject to TABOR that year was $12,530.8 million, which exceeded the ESRC of $12,361.0 million by $169.7 million. The total refund payable triggered by the excess revenue was $169.7 million, plus $3.6 million of understated and un-refunded amounts from prior years, or $173.3 million. Since Fiscal Year 2014-15, various corrections to revenue for that year have resulted in a $14.2 million reduction in the amount originally calculated. Since Fiscal Year 2014-15, $137.3 million of refunds have been issued, and at the end of Fiscal Year 2016-17 the remaining amount payable to taxpayers is $21.8 million.

Revenue in Fiscal Year 2016-17 subject to the ESRC was $12,891.9 million, which is $435.9 million under the $13,327.8 million ERSC, and $2,130.3 million over the original TABOR limit.

Since the inception of Referendum C in Fiscal Year 2005-06, the State has retained $16,903.7 million (unadjusted for prior year errors) – $3,593.6 million during the initial five year revenue retention period, and an additional $13,310.1 million as a result of the higher ESRC limit in Fiscal Years 2010-11 through 2016-17.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2016-17 that amount was $386.8 million.

At June 30, 2017, the financial net positions, or fund balances of the following funds, were applied to the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $83.0 million set in the Long Appropriations Act. Only $78.4 million of this fund's balance was restricted since, at June 30, 2017 its net assets were less than $83.0 million. The assets restricted were net cash of $66,.7 million and investments, excluding unrealized gains, of $11.8 million.
- Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34.0 million.
- Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Controlled Maintenance Trust Fund, a portion of the major General Fund – $68.0 million set in the Long Appropriations Act. Only $50.0 million of this fund's net assets were restricted, all of it cash, since at June 30, 2017 its net assets were less than $68.3 million. During the fiscal year, $20.1 million was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through four executive orders, to pay for the costs of fighting wildfires across the state.
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5.0 million.

- The 2016 legislative session Long Appropriations Act designated up to $142.3 million of State properties as the remainder of the emergency reserve.

The estimate of the needed reserve was based on the December 2016 revenue estimate prepared by the Legislative Council. Because the revenues subject to the TABOR reserve requirement were more than estimated and designated in the Long Appropriations Act, or available in the designated funds as detailed above, the amount restricted for the reserve was $11.1 million less than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement. The Governor's Office will work with the Legislature to address the constitutional emergency reserve.

NOTE 3 – CASH AND RECEIVABLES

CASH AND POOLED CASH

Primary Government

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

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

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

Including restricted amounts and fiduciary funds, the Cash and Pooled Cash line on the financial statements includes $6,635.4 million ($6,638.7 million at amortized cost) of claims of the State's funds on moneys in the Treasurer's pooled cash.

At June 30, 2017, the treasurer had invested $6,770.2 million (fair value) of the pool and held no certificates of deposit.

The State had an accounting system cash deposit balance of $1,486.9 million in the Treasurer's pool. Under the GASB Statement No. 40 definitions, $54.5 million of the State's total bank balance of $1,535.4 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

Component Units

The Colorado Water Resources and Power Development Authority had cash deposits of $1.2 million with bank balances of $1.2 million at December 31, 2016. Of the booked amount, $250,000 was federally insured. The authority also reported as cash and cash equivalents $30.0 million held by the State Treasurer, $291.5 million held in COLOTRUST and CSAFE, and $19.3 million held in a third party, short-term, prime investment fund. COLOTRUST (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust) are local government investment vehicles that qualify as 2a7-like investment pools, where the value of each share is maintained at $1.00. COLOTRUST, CSAFE and the third party investment fund have credit quality ratings of AAA, while cash held by the State Treasurer is not rated for credit quality.

NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

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

Activities section of the *Statement of Cash Flows.* The following general types of transaction are reported as noncash:

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

RECEIVABLES

Primary Government

The Taxes Receivable of $1,450.9 million shown on the government-wide *Statement of Net Position* in current assets primarily comprises the following:

- $1,509.5 million, mainly of self-assessed income and sales tax recorded in the General Purpose Revenue Fund. This amount includes $227.00 million of taxes receivable expected to be collected after one year and reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Position.* These long-term receivables are offset by deferred inflows on the *Balance Sheet – Governmental Funds*.

- $125.3 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.
- $33.5 million recorded in nonmajor special revenue funds which include approximately $12.3 million from gaming tax, $11.8 million from insurance premium tax, and $10.9 million from tobacco tax.

The Restricted Receivables of $587.6 million shown on the government-wide *Statement of Net Position* in noncurrent assets related primarily to $56.6 million of Taxes Receivable, $47.2 million of Other Receivables, and $483.7 million of intergovernmental receivables recorded in the Highway Users Tax Fund and State Highway Fund. All three items were reported as Restricted Receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund and State Highway Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

The Other Receivables of $1,208.9 million shown on the government-wide *Statement of Net Position* are net of $249.1 million in allowance for doubtful accounts and primarily comprise the following:

- $440.2 million of student and other receivables of Higher Education Institutions.
- $608.4 million of receivables recorded in the General Fund, of which $17.3 million is from interest receivable on investments. The Department of Health Care Policy and Financing also recorded receivables of $651.0 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $3.7 million of patient receivables.
- $76.1 million recorded by Other Governmental Funds including $40.2 million of tobacco settlement revenues expected within the following year, $7.8 million of rent and royalty receivables recorded by the State Lands Fund and $16.3 million from the Great Outdoors Colorado program recorded by Parks and Wildlife.
- $21.5 million recorded by the Resource Extraction Fund.

Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of $922.5 million at December 31, 2016. During 2016, the authority made new loans of $132.6 million and canceled or received repayments for existing loans of $101.1 million.

University of Colorado Foundation contributions receivable of $33.9 million and $77.6 million are reported as Contributions Receivable current and noncurrent, respectively, in the Statement of Net Position – Component Units. At June 30, 2016, the amount reported as contributions receivable totals $125.3 million of unconditional promises to give which were offset by an $11.6 million allowance for uncollectible contributions and a $2.2 million unamortized pledge discount using discount rates ranging from 0.41 percent to 5.81 percent.

At June 30, 2016, Contributions Receivable for the Colorado State University Foundation included contributions of $47.3 million, which were offset by $1.5 million of unamortized pledge discounts calculated using the five-year U.S. Treasury note rate and $1.2 million of allowance for uncollectible pledges. At June 30, 2016, contributions from two donors represented approximately 36 percent of net contributions receivable for the foundation.

At June 30, 2016, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $30.8 million was offset by $3.2 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 54 percent of the foundation’s contributions receivable at June 30, 2016, consists of a pledge from one donor and approximately $4.9 million is due from trusts held by others.

At June 30, 2016, combined current and noncurrent Contributions Receivable for the University of Northern Colorado Foundation was $7.3 million. It was offset by $0.2 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 60 percent of the foundation’s contributions receivable at June 30, 2016 consists of pledges from two donors and approximately 26 percent of its contributions for the year are from three donors.

INVENTORIES

Inventories of $113.33 million shown on the government-wide *Statement of Net Position* at June 30, 2017, primarily comprise:

- $66.4 million of resale inventories, of which, Resource Extraction recorded $35.1 million, and Higher Education Institutions recorded $27.8 million, and
- $23.4 million of consumable supplies inventories, of which, $10.9 million was recorded by the Higher Education Institutions, $9.1 million was recorded by the Highway Users Tax Fund, $2.2 million by the General Purpose Revenue Fund, and $0.7 million by Parks and Wildlife, a nonmajor enterprise fund, and
- $16.9 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

PREPAIDS AND ADVANCES

Prepaids and Advances of $106.5 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $17.3 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to social assistance programs.
- $16.1 million in advances to Colorado cities and special districts by the Division of Homeland Security and Emergency Management.
- $15.2 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.
- $15.8 million prepaid by Higher Educational Institutions, of which $7.2 million was related to cash payments for library subscriptions at Colorado State University.
- $4.5 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

OTHER LONG-TERM ASSETS

The $725.8 million shown as Other Long-Term Assets on the government-wide *Statement of Net Position* is primarily long-term taxes receivable and long-term loans. Long-term taxes receivable of $227.0 million recorded in the General Purpose Revenue Fund are not included as Other Long-Term Assets on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable.

The $387.1 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($9.8 million), a major special revenue fund, and the Resource Extraction Fund ($350.8 million), a major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

The water loans are made for periods ranging from 10 to 30 years. Interest rates range from 2 to 6 percent for most projects, and they require the local entities or districts to make a yearly payment of principal and interest.

The $110.9 million shown as Other Long-term Assets on the *Statement of Net Position – Proprietary Funds* is primarily student loans issued by Higher Education Institutions but also includes livestock.

NOTE 4 – INVESTMENTS

Primary Government

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

Colorado Revised Statutes 24-75-601.1 authorizes the types of securities in which public funds of governmental entities, including State agencies, may be invested. Investments of the Public Employees Retirement Association discussed in Note 6 and other pension funds are not considered public funds. In general, the statute allows investment in Certificates of Participation related to a lease or lease purchase commitment, local government investment pools, repurchase and reverse repurchase agreements (with certain limitations), securities lending agreements, corporate or bank debt securities denominated in US dollars, guaranteed investment or interest contracts including annuities and funding agreements, securities issued by or fully guaranteed by the United States Treasury or certain federal entities and the World Bank, inflation indexed securities issued by the United States Treasury, general obligation and revenue debt of other states in the United States and their political subdivisions (including authorities), or registered money market funds with policies that meet specific criteria.

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

Colorado Revised Statutes 24-36-113 authorizes securities in which the State Treasurer may invest and requires prudence and care in maintaining investment principal and maximizing interest earnings. In addition to the investments authorized for all public funds, the State Treasurer may invest in securities of the federal government and its agencies and corporations without limitation, asset-backed securities, certain bankers' acceptances or bank notes, certain commercial paper, certain international banks, certain loans and collateralized mortgage obligations and certain debt obligations backed by the full faith and credit of the state of Israel. The Treasurer's statute also establishes credit quality rating minimums specific to the Treasurer's investments. The Treasurer's statute is the basis for a formal investment policy published on the State Treasurer's website. In addition to the risk restrictions discussed throughout this Note 4, the Treasurer's investment policy precludes the purchase of derivative securities.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. In Fiscal Year 2016-17, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $4.6 million, for the Unclaimed Property Tourism Trust Fund of $356,670 and for the Major Medical Fund of $77,374. For the Treasurer's pooled cash fund, the State Treasurer realized a gain from the sale of investments of $172,747.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2017 and 2016, the treasurer had $78.4 million and $85.9 million at fair value, respectively, of GOCO's funds on deposit and invested.

The investment earnings of the Unclaimed Property Tourism Trust Fund, a nonmajor special revenue fund, are assigned by law to the Colorado Travel and Tourism Promotion Fund, a nonmajor special revenue fund, to the State Fair, a nonmajor enterprise fund, and to the Agriculture Management Fund, a nonmajor special revenue fund.

As provided by State statute, the State Treasurer held $8.6 million of investment in residential mortgages by paying the property taxes of certain elderly State citizen homeowners that qualify for the program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

The State Treasurer held Colorado Housing and Finance Authority bonds, a related party, totaling $4.3 million as of June 30, 2017. See Note 18 for additional details.

Excluding fiduciary funds, the State recognized $1,359,515 of net realized gains from the sale of investments held by State agencies other than the State Treasurer during Fiscal Year 2016-17.

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

(Amounts in Thousands)

Footnote Amounts		Carrying Amount
Deposits (Note 3)	$	1,487,652
Investments:		
Governmental Activities		7,895,853
Business-Type Activities		2,731,054
Fiduciary Activities		7,495,020
Less: Cash in Clearing Accounts		(2,165)
Total	$	19,607,414
Financial Statement Amounts		
Net Cash and Pooled Cash	$	6,351,927
Add: Warrants Payable Included in Cash		219,990
Total Cash and Pooled Cash		6,571,917
Add: Restricted Cash		1,686,782
Add: Restricted Investments		961,233
Add: Investments		10,387,482
Total	$	19,607,414

Custodial Credit Risk

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

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

The *Other* category of the General Fund comprises the issuance trustee's deposit of proceeds from Certificates of Participation issued for local school district capital construction under the Build Excellent Schools Today (BEST) program. The $5.5 million is reported in the Public School Buildings Fund, a Special Purpose General Fund. Certain trustees have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments. The Other category of the Treasurer's pool primarily consists of World Bank supranational loans for $684.5 million. The *Other* category of the Other Governmental funds comprises the issuance trustees' deposit of unexpended proceeds from Certificates of Participation issued for BEST issuances ($79.4 million) reported in the Debt Service Fund, an Other Governmental Fund and $3.2 million related to investments in the Public School Fund.

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

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
INVESTMENT TYPE				
U.S. Government Securities	$ 2,087,279	$ -	$ 310,441	$ 2,397,720
Commercial Paper	$ 746,131	$ -	$ -	746,131
Corporate Bonds	$ 2,400,213	$ -	$ 299,970	2,700,183
Asset Backed Securities	$ 577,902	$ -	$ 161,919	739,821
Mortgages Securities	$ 2,078	$ 8,608	$ 159,648	170,334
Mutual Funds	$ 265,000	$ -	$ 2,724	267,724
Other	$ 694,608	$ 5,472	$ 173,860	873,940
TOTAL INVESTMENTS	$ 6,773,211	$ 14,080	$ 1,108,562	$ 7,895,853

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in aggregate, and fiduciary funds by investment type at fair value. Investment types included in the *Other* category for Higher Education Institutions primarily consist of: a variety of investments held by the University of Colorado Foundation ($391.7 million), the Colorado State University Foundation ($13.6 million), and the Colorado School of Mines Foundation ($34.4 million); money market funds ($357.7 million); equity trusts ($346.5 million); fixed income trusts ($42.9 million); municipal bonds and securities ($16.7 million) and other investments ($12.8 million).

The *Other* category of the Other Enterprise funds are primarily comprises the Bridge Enterprise trustee's holdings that include unexpended proceeds of $18.3 million from prior years of bond issuances.

The *Other* category of the Fiduciary funds primarily comprises money market funds held by CollegeAssist trustee's holdings that include unexpended proceeds of $758.5 million from prior years of bond issuances.

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

(Amounts in Thousands)

	Business- Type Activities			Fiduciary
	Higher Education Institutions	Other Enterprises	Total	Fiduciary
INVESTMENT TYPE				
U.S. Government Securities	$ 393,276	$ -	$ 393,276	$ 38,025
Commercial Paper	1,996	-	1,996	-
Corporate Bonds	283,562	-	283,562	10,917
Repurchase Agreements	20,226	-	20,226	2,506
Asset Backed Securities	110,488	-	110,488	4,808
Mortgages Securities	26,656	-	26,656	-
Mutual Funds	657,688	510	658,198	6,508,381
Other	1,216,191	20,461	1,236,652	930,383
TOTAL INVESTMENTS	$ 2,710,083	$ 20,971	$ 2,731,054	$ 7,495,020
INVESTMENTS SUBJECT TO CUSTODIAL RISK				
U.S. Government Securities	$ 290	$ -	$ 290	$ -
Corporate Bonds	449	-	449	-
Repurchase Agreements	-	-	-	2,506
Mutual Funds	14,512	-	14,512	-
Other	50,558	-	50,558	18,824
TOTAL SUBJECT TO CUSTODIAL RISK	$ 65,809	$ -	$ 65,809	$ 21,330

Credit Quality Risk

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

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

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

In addition to the amounts shown in the following table:

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

(Amounts In Thousands)

Standard & Poor's	Moody's	U.S. Govt. Agencies	Commercial Paper	Corporate Bonds	Repurchase Agreements	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Guaranteed Investment Contract	Municipal Bonds & Other	Total
Treasurer's Pool:											
Long-term Ratings											
AAA		$ 684,548	$ -	$ 65,042	$ -	$ 577,902	$ -	$ -	$ -	$ 265,000	$ 1,592,492
AA		310,875	-	915,332	-	-	-	-	-	10,060	$ 1,236,267
A		894,448	746,131	1,381,668	-	2,078	-	-	-	-	$ 3,024,325
BBB		-	-	35,175	-	-	-	-	-	-	$ 35,175
Total T-Pool		**1,889,871**	**746,131**	**2,397,217**	**-**	**579,980**	**-**	**-**	**-**	**275,060**	**5,888,259**
Higher Education Institutions:											
Long-term Ratings											
AAA		-	-	11,456	-	64,377	-	-	-	6,921	82,754
	Aaa	244,629	-	19,294	-	26,708	367,567	-	-	529	658,727
AA		138,853	-	63,019	-	28,080	-	-	-	8,660	238,612
	Aa	541	-	18,668	-	3,666	-	-	-	2,873	25,748
A		-	-	111,908	-	4,162	-	-	-	307	116,377
	A	-	-	60,052	-	5,275	-	-	-	233	65,560
BBB		-	-	86,592	-	2,790	-	-	-	-	89,382
	Baa	-	-	56,084	-	1,904	-	-	-	-	57,988
BB		-	-	249	-	72	-	-	-	-	321
	Ba	-	-	2,359	-	188	-	-	-	-	2,547
B		-	-	57	-	60	-	-	-	-	117
	B	-	-	-	-	1,164	-	-	-	-	1,164
CCC		-	-	890	-	1,049	-	-	-	-	1,939
	Caa	-	-	2,295	-	186	-	-	-	-	2,481
D		-	-	1,354	-	56	-	-	-	-	1,410
	Ca	-	-	320	-	141	-	-	-	-	461
Short-term Ratings											
	P-1	-	1,996	-	-	-	-	-	-	-	1,996
Unrated		106,301	-	9,819	20,226	33,694	155	127,534	-	429	298,158
Total Higher Ed		**490,324**	**1,996**	**444,416**	**20,226**	**173,572**	**367,722**	**127,534**	**-**	**19,952**	**1,645,742**
Fiduciary Funds:											
Long-term Ratings											
	Aaa	-	-	-	2,506	-	-	-	-	-	2,506
Unrated		-	-	-	-	-	4,561,541	2,679,108	152,717	-	7,393,366
Total Fiduciary		**-**	**-**	**-**	**2,506**	**-**	**4,561,541**	**2,679,108**	**152,717**	**-**	**7,395,872**
All Other Funds:											
Long-term Ratings											
AAA		-	-	41,235	-	161,919	-	-	-	-	203,154
	Aaa	-	-	-	-	-	2,448	-	-	-	2,448
AA		113,496	-	178,559	-	155,377	827	-	-	3,211	451,470
	Aa	-	-	-	-	-	-	-	-	1,120	1,120
A		-	-	71,925	-	-	-	-	-	-	71,925
BBB		-	-	8,251	-	-	-	-	-	-	8,251
Unrated		-	-	-	-	8,608	7,366	6,853	-	4,271	27,097
Total Other		**113,496**	**-**	**299,970**	**-**	**325,904**	**10,641**	**6,853**	**-**	**8,602**	**765,465**
Total		**$ 2,493,691**	**$ 748,127**	**$ 3,141,603**	**$ 22,732**	**$ 1,079,456**	**$ 4,939,904**	**$ 2,813,495**	**$ 152,717**	**$ 303,614**	**$ 15,695,338**

Interest Rate Risk

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

The University of Colorado operates a treasury function separate from the State Treasurer and uses duration to measure and manage interest rate risk for most of its investments. However, University Physicians Incorporated, a blended component unit of the University of Colorado, manages interest rate risk using weighted average maturity and limits the time to maturity of individual investments to no more than ten years, based on the credit quality rating.

State statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy requires a portion of the investment pool to have a maximum maturity of one year and the balance of the pool to have maximum maturity of five years. The policy also sets maturity limits for the Unclaimed Property Tourism Promotion Trust Fund (1 - 30 years).

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds for $269.7 million with a duration of 8.3 years and a short-term inflation protected securities index fund for $70.2 million with a duration of 2.6 years. These securities are excluded from the duration table on the following page because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

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

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

	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
Investment Type	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity
U.S. Government Securities	$ 2,087,279	1.463	$ 80,785	5.256	$ 15,849	6.630	$ 332,382	12.866
Commercial Paper	746,131	0.100	1,996	0.500	-	-	-	-
Corporate Bonds	2,397,218	3.054	129,188	4.800	10,917	2.000	299,970	7.307
Asset Backed Securities	579,981	2.161	60,608	3.600	4,808	0.930	321,567	4.407
Money Market Mutual Funds	265,000	-	-	-	-	-	-	-
Municipal Bonds	10,060	4.000	-	-	-	-	3,211	3.000
Other	684,548	0.147	18,808	6.023	-	-	-	-
Total Investments	$ 6,770,217		$ 291,385		$ 31,574		$ 957,130	

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

The University of Colorado holds repurchase agreements of $20.2 million to provide temporary investment of funds restricted for capital construction projects. The repurchase agreements are over-collateralized and the counterparty to the agreements is required to provide additional collateral should the market value of securities held as collateral decline below 104 percent for U.S. Treasuries and GNMA obligations or 105 percent for FHLMC and FNMA obligations. As a result, the University does not have interest rate risk associated with these agreements. The $20.2 million is not shown in the following duration table.

Certain trustees, as discussed under Custodial Credit Risk, have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments. The trustees' investment in the pool is not segregated, but is a share in the overall pool.

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

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
University of Colorado:		
U.S. Government Securities	$ 331,156	7.772
Municipal Bonds	3,282	13.269
Corporate Bonds	153,362	8.272
Certificates of Deposit	298	21.953
Asset Backed Securities	49,880	11.454
Repurchase Agreements	20,226	1.495
Bond Mutual Funds	127,337	3.339
Colorado School of Mines:		
Bond Mutual Fund - 1	$ 962	6.700
Bond Mutual Fund - 2	715	2.200
Bond Mutual Fund - 3	446	0.600
Colorado Mesa University:		
U.S. Government Securities	$ 487	3.177
Corporate Bonds	1,013	3.987
Taxable Municipal Bonds	483	4.297
Bond Mutual Funds	197	3.500
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund - 1	$ 757,582	6.700
Bond Mutual Fund - 2	815,203	6.100
Bond Mutual Fund - 3	521,288	0.112
Bond Mutual Fund - 4	432,882	1.900
Bond Mutual Fund - 5	220,417	7.800
Bond Mutual Fund - 6	60,395	4.500
Bond Mutual Fund - 7	48,496	6.100
Bond Mutual Fund - 8	4,247	6.000

Foreign Currency Risk

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

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for the Unclaimed Property Tourism Promotion Trust Fund. The pool and the Unclaimed Property Tourism Promotion Trust Fund may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 80 percent) set for the other allowed investment types. For the pool and the Unclaimed Property Tourism Promotion Trust Fund, the policy sets maximum concentrations in an individual issuer for certain investment types.

Unrealized Gains and Losses

Unrealized gains and losses are a measure of the change in fair value of investments (including investments underlying pooled cash) from the end of the prior fiscal year to the end of the current fiscal year. With the implementation of GASB Statement No. 54, unrealized gains are not identified as a separate component of fund balance. The following schedule shows the State's net unrealized gains and (losses) for all funds by fund category.

(Amounts in Thousands)

	Fiscal Year 2016-17	Fiscal Year 2015-16
Governmental Activities:		
Major Funds		
General - General Purpose	$ (4,898)	$ 2,525
General - Special Purpose	(3,892)	2,224
Resource Extraction	(5,845)	2,384
Highway Users Tax	(5,465)	2,350
Capital Projects-Regular	(2,070)	910
Capital Projects-Special	(36)	17
State Education	(2,142)	(188)
NonMajor Funds:		
State Lands	(23,461)	21,717
Other Permanent Trusts	(65)	35
Labor	(1,526)	(573)
Gaming	(851)	378
Tobacco Impact Mitigation	(890)	517
Resource Management	(99)	47
Environment Health Protection	(869)	422
Other Special Revenue	(2,925)	1,712
Unclaimed Property	(6,081)	5,018
Information Technology	(178)	81
Administrative Courts	(8)	5
Legal Services	(42)	20
Other Internal Service	(2)	1
Business-Type Activities:		
Major Funds		
Higher Education Institutions	126,051	(72,406)
Unemployment Insurance	(3)	-
Lottery	(354)	208
NonMajor Funds:		
CollegeInvest	(580)	429
Wildlife	(958)	482
College Assist	(883)	515
Correctional Industries	(36)	21
State Nursing Homes	(125)	54
Prison Canteens	(43)	23
Petroleum Storage Tank	(23)	8
Transportation Enterprise	(1,796)	610
Other Enterprise Activities	(35)	13
Fiduciary:		
Pension/Benefits Trust	(35)	(232)
Private Purpose Trust	422,254	(189,164)
	$ 482,089	$ (219,837)

Fair Value Measurements

To the extent available, the State's investments are recorded at fair value as of June 30, 2017. Fair value is the price that would be received to sell and asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments – values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments – classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes the State's investments within the fair value hierarchy at June 30, 2017:

(Amounts in Thousands)

	Fair Value as of 6/30/2016 (in thousands)	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Government Securities	$ 2,829,020	$ 2,253,061	$ 575,959	$ -
Commercial Paper	748,128	-	748,128	-
Corporate Bonds	2,994,662	70,425	2,892,888	31,349
Corporate Equities	11,575	11,575	-	-
Repurchase Agreements	2,506	-	-	2,506
Asset-backed Securities	855,117	6,483	847,728	906
Mortgages	196,990	26,169	157,942	12,879
Mutual Funds	7,434,302	7,432,075	2,061	166
Money Market Funds	1,116,186	758,546	-	357,640
Other - Uncategorized	1,013,461	1,962	823,260	188,239
Total Investments by Fair Value Level	$ 17,201,947	$ 10,560,296	$ 6,047,966	$ 593,685

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Below are the primary inputs and valuation techniques used for Level 3 Other - Uncategorized.

Other – Uncategorized Investments

The Colorado School of Mines and Colorado State University interest in Foundation investments are managed by their respective Foundations on behalf of each institution, and are reflected in each Foundation's Long-term Investment Pool (LTIP). The investments totaling $34.4 million for the School of Mines and $13.6 million for Colorado State University represent a share of the Foundation's LTIP and therefore, the institutions do not own any specific investments. As such, the fair value measurements for the investments were reported as Level 3 inputs. The investments are under each Foundation's LTIP policy. This policy requires funds to be managed in a diversified manner to reduce risks with the goal of providing a steady stream of funding. The LTIP must be over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, would achieve the overall portfolio objectives. This diversification is to ensure that adverse or unexpected developments arising in one security or asset class will not have a significant detrimental impact on the entire portfolio.

The Treasurer's Pool held investments totaling $684.5 million represent loans with World Bank discount notes and World Bank's International Bank for Reconstruction and Development.

The State Treasurer had investments totaling $87.1 million represent Certificates of Participation (COPs) proceeds held by the trustee on behalf of the State. There is no market price associated with these investments. The State Treasurer also had investments totaling $8.6 million represent taxes paid to counties on behalf of property owners in Colorado. The value shown is the outstanding balance owed to the State at June 30, 2017, and there is no market price associated with these investments.

The valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) is presented on the following table.

(Amounts in Thousands)

Investments Measured at the Net Asset Value (NAV)		
Fixed Income Trust		42,923
Equity Trust		346,474
Money Market Funds		357,534
Repurchase agreements		20,226
Guaranteed Investment Contracts		152,717
Money Market Funds		106
Total Investments Measured at the NAV	$	919,980

Component Units

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

Component Units – Non-Foundations

Except for certain guaranteed investment contracts (which are excluded), the Colorado Water Resources and Power Development Authority's investment policy allows investments consistent with those authorized for governmental entities by State statute as described at the beginning of this Note 4. The authority's repurchase agreements, which are not held in the authority's name, were all subject to custodial credit risk because its trustee is considered both the purchaser and custodian of the investments. At the end of 2016, the Authority had $29.0 million in cash held by the State Treasurer; the State Treasurer's Pool is discussed above in this Note 4.

The table below reflects the credit quality risk associated with investments of the Colorado Water Resources and Power Development Authority as of December 31, 2016. All existing repurchase agreements specify a collateralization rate between 103 percent and 105 percent. U.S. Treasuries and obligations guaranteed by the U.S. Government that collateralize the repurchase agreements are exempt from credit risk disclosure under GASB 40, therefore a rating agency assessment is not required. In addition to the table below, the Authority had investments in the State Treasurer's pool of $29.0 million. The State Treasurer's pool is reflected in the Primary Government section of this Note 4.

(Amounts in Thousands)

	Carrying Value	Exempt From Disclosure	NSRO Rating
COLOTRUST PLUS	$ 291,468		AAA
Federated Prime Obligations Fund	19,250		AAA
U.S. Treasury Notes - SLGS	84,041	X	
Repurchase Agreements - Collateralized:			
U.S. Treasuries or Obligations - Guaranteed	13,600	X	
Government Agencies	10,070		AAA
Total	$ 418,429		

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cash flow needs of its future bond debt service, and holding those investments to maturity. The authority had $107.7 million of investments subject to interest rate risk with the following maturities: one year or less – eight percent, two to five years – 31 percent, six to ten years – 28 percent, eleven to fifteen years – 27 percent, and sixteen years or more – six percent.

The Colorado Water Resources and Power Development Authority did not have investments subject to concentration of credit risk, including repurchase agreements that represent five percent or more of total investments. Investments in local government investment pools, money market mutual funds and direct obligations of the U.S. government are exempt from concentration of credit risk disclosure.

The Colorado Water Resources and Power Development Authority had $19.3 million in investments valued using quoted market prices (Level 1 inputs). Certain investments, such as the Repurchase Agreements, U.S. Treasury Notes, State and Local Government Securities, and COLOTRUST are exempt from being measured at fair value and thus are excluded from the fair value hierarchy.

The Colorado Venture Capital Authority, a nonmajor component unit, holds investments in two limited partnerships, Colorado Fund I, LP and Colorado Fund II, LP, which do not have stated credit ratings. Measured with Net Asset Value, investments in these partnerships were $50.5 million as of December 31, 2016. The Authority's investment portfolio is exposed to credit and concentration of credit risk as it invests solely in the partnerships in accordance with the partnership agreements and statute. The portfolio is also exposed to interest rate risk as amounts in excess of those required to fund capital contributions under the terms of the funds' partnership agreement are held as bank deposits in a FDIC insured financial institution with the State Treasury. The portfolio is not exposed to custodial or foreign currency risks. The Authority had deposits held by the State Treasury of $11.6 million. The State Treasurer's pool is reflected in the Primary Government section of this Note 4.

The Denver Metropolitan Major League Baseball Stadium District maintains all of its cash and cash equivalents with one Denver bank and has accounts receivable due from the District's lessee, resulting in a concentration of credit risk with respect to these financial instruments. Management of the District believes its risk of exposure with respect to cash and cash equivalents is adequately covered by the Public Deposit Protection Act (PDPA) and FDIC insurance. Under the provisions of GASB Statement No. 40, deposits collateralized under PDPA are not deemed to be exposed to custodial credit risk. The District's cash deposits had bank balances of $7.9 million as of December 31, 2016. Since deposits are highly liquid, management of the District believes the interest rate risk associated with its deposits is minimal. The District does not hold any debt securities and therefore is not exposed to credit quality risk.

Component Units – Foundations

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

At June 30, 2016, the University of Colorado Foundation held $336.8 million of domestic equity securities, $355.3 million of international equity securities, $189.2 million of fixed income securities and $563.7 million of alternative investments including real estate, private equities, hedge funds, absolute return funds, venture capital, oil and gas assets, commodities and other investments. The foundation has adopted FASB guidance in valuing its investments. Ninety percent of the University of Colorado Foundation's alternative investments, or $505.5 million in fair value, are carried at net asset value and do not fall in the fair value hierarchy. See the following table.

	Fair Value	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash and cash equivalents	$ 7,204,666	$ 7,204,666	$	$
Domestic equities	332,793,658	332,793,658		
International equities	355,301,583	355,301,583		
Fixed income	189,176,921	15,264,021	173,912,900	
Alternative				
Private equity	38,100,000		38,100,000	
Venture capital	285,095			285,095
Commodities	19,112,684	19,112,684		
Other	678,497		454,975	223,522
Assets held under split-interest agreements	37,500,985	34,492,219	3,008,766	
Beneficial interests in charitable trusts	7,430,388			7,430,388
Total Investments by Fair Value Level	$ 987,584,477	$ 764,168,831	$ 215,476,641	$ 7,939,005

Alternative Investments Measured at the Net Asset Value (NAV)	
Real estate	$ 76,431,377
Private equity	191,164,474
Long/short hedged equity	28,514,933
Absolute returns	136,277,227
Venture capital	60,778,714
Commodities	12,349,347
Total Investments Measured at the NAV	505,516,072
Total Investments	$ 1,493,100,549

The foundation's spending policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment loss of $24.4 million is net of $11.5 million of investment fees and comprises $18.3 million of interest, dividends and other income, $25.6 million of realized gains, and $56.8 million of unrealized losses.

At June 30, 2016, the Colorado State University Foundation held $201.8 million of equity securities, $31.9 million of fixed income securities, $143.3 million of alternative investments (comprising hedged equities, absolute return, private equity and alternative fixed income investments), and $48.1 million in cash and other investments. Certain level 3 assets were held in investments that calculate net asset value per share.

	Fair Value	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash equilvalents	$ 7,577,989	$ 7,577,989	$	$
Equities	201,817,571	108,305,985	93,511,586	
Fixed income	31,870,308	31,870,308		
Alternative investments	-			
Hedged equities	25,540,383		13,462,386	12,077,997
Absolute return	72,128,317		72,088,416	39,901
Private equity	41,314,697			41,314,697
Fixed income	4,364,860			4,364,860
Short duration	39,693,975	39,693,975		
Student-managed investments	855,041	855,041		
Total Investments by Fair Value Level	$ 425,163,141	$ 188,303,298	$ 179,062,388	$ 57,797,455

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 4.5 percent (net of investment and administrative fees and expenses) of the three-year average of investment fair value to be distributed. At June 30, 2016 the CSMF held $282.1 million of investments consisting of $255.6 million held as a long-term investment pool, $10.7 million in beneficial interests in endowments, $11.8 million in split-interest agreements, and $4.0 million in gift annuity agreements. Of the Level 3 investments, $167.9 million was held in certain entities that calculate net asset value per share.

	Fair Value	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Long-term investments				
Managed domestic equity funds	$ 59,775,857	$ 41,796,526	$ 17,979,331	$
Internaational equities	61,439,865	25,045,090	36,394,775	
Fixed income	9,583,230			9,583,230
Fixed income - mutual funds	17,287,481	17,287,481		
Cash equivalent funds	3,555,061		3,555,061	
Long/short hedge funds	59,154,697		35,707,761	23,446,936
Private equity/venture capital	44,823,921			44,823,921
Chartiable trusts	26,468,859	25,906,074	418,911	143,874
Total Investments by Fair Value Level	$ 282,088,971	$ 110,035,171	$ 94,055,839	$ 77,997,961

At June 30, 2016, the University of Northern Colorado Foundation held $41.7 million of equity securities, $18.7 million of fixed income securities, $32.3 million of alternative investments, $3.8 million of cash and other investments and $6.8 million in beneficial interest in trusts held by others. Level 3 assets in the table on the next page are held in certain entities that calculate net asset value. The Foundation's investment loss of $2.4 million is net of $0.4 million of management fees and comprises $2.0 million of interest and dividends and $4.0 million of realized and unrealized losses.

	Fair Value	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Cash equivalent mutual funds	$ 442,950	$ 442,950	$	$
Equities	41,707,187	41,707,187		
Fixed income	18,733,869	9,291,425	9,442,444	
Student-managed funds	2,409,676		2,409,676	
Stock/bond mixed mutual funds	930,419	930,419		
Alternative Investments				
Low correlated hedge	14,638,203			14,638,203
Limited partnerships	5,776,703	5,776,703		
Commodities	4,038,012	4,038,012		
Real estate	3,737,093			3,737,093
Illiquid Credit	2,248,967			2,248,967
Private equity	1,908,095			1,908,095
Beneficial interest in long-term trusts	6,796,726			6,796,726
Total Investments by Fair Value Level	$ 103,367,900	$ 62,186,696	$ 11,852,120	$ 29,329,084

TREASURER'S INVESTMENT POOL

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

NOTE 5 – CAPITAL ASSETS

Primary Government

During Fiscal Year 2016-2017, the State capitalized $21.5 million of interest incurred during the construction of capital assets. The majority of this interest was capitalized by Higher Education Institutions in the amount of $20.9 million, while the remainder was attributable to the Bridge Enterprise Program in the Department of Transportation.

The schedule on the following page shows the capital asset activity for Fiscal Year 2016-17. The schedule shows that $418 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $674 million of construction in progress were completed and added to capital assets for Business Type activities.

(Amounts in Thousands)

	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	110,898	$ 2,547	$ -	$ 2,701	$ 116,146
Land Improvements	7,276	-	98	-	7,374
Collections	10,996	34	-	-	11,030
Other Capital Assets	1,810	326	-	-	2,136
Construction in Progress (CIP)	757,300	617,470	(433,501)	(14,758)	926,511
Infrastructure	963,630	-	15,580	(594)	978,616
Total Capital Assets Not Being Depreciated	1,851,910	620,377	(417,823)	(12,651)	2,041,813
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	50,062	1,645	6,734	(76)	58,365
Buildings	3,176,516	19,470	38,895	(5,068)	3,229,813
Software	308,600	134,512	52,424	(13,893)	481,643
Vehicles and Equipment	908,346	69,326	1,974	(34,637)	945,009
Library Materials and Collections	5,746	353	-	(86)	6,013
Other Capital Assets	37,334	9	-	-	37,343
Infrastructure	11,423,942	103	317,796	(70,460)	11,671,381
Total Capital Assets Being Depreciated	15,910,546	225,418	417,823	(124,220)	16,429,567
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(32,155)	(2,473)	-	269	(34,359)
Buildings	(954,894)	(83,992)	-	297	(1,038,589)
Software	(213,462)	(27,388)	-	7,098	(233,752)
Vehicles and Equipment	(555,707)	(65,168)	-	31,874	(589,001)
Library Materials and Collections	(4,077)	(415)	-	86	(4,406)
Other Capital Assets	(35,018)	(1,193)	-	-	(36,211)
Infrastructure	(4,106,155)	(350,030)	-	724	(4,455,461)
Total Accumulated Depreciation	(5,901,468)	(530,659)	-	40,348	(6,391,779)
Total Capital Assets Being Depreciated, net	10,009,078	(305,241)	417,823	(83,872)	10,037,788
TOTAL GOVERNMENTAL ACTIVITIES	11,860,988	315,136	-	(96,523)	12,079,601
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	549,313	55,637	-	(87)	604,863
Land Improvements	16,882	-	-	-	16,882
Collections	26,940	1,375	63	(207)	28,171
Construction in Progress (CIP)	1,005,911	922,035	(693,687)	(19,063)	1,215,196
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	37,934	-	19,011	-	56,945
Total Capital Assets Not Being Depreciated	1,652,441	979,047	(674,613)	(19,357)	1,937,518
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	712,868	2,794	33,559	(5,698)	743,523
Buildings	8,363,225	79,833	547,773	(8,125)	8,982,706
Software	227,674	4,428	2,039	(14,833)	219,308
Vehicles and Equipment	1,082,996	96,595	9,624	(39,791)	1,149,424
Library Materials and Collections	556,570	23,835	-	(3,213)	577,192
Other Capital Assets	4,146	-	-	-	4,146
Infrastructure	854,972	66,917	81,618	(6,459)	997,048
Total Capital Assets Being Depreciated	11,802,451	274,402	674,613	(78,119)	12,673,347
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(367,462)	(34,026)	-	5,116	(396,372)
Buildings	(2,951,843)	(280,847)	-	(12,530)	(3,245,220)
Software	(171,928)	(19,466)	-	13,618	(177,776)
Vehicles and Equipment	(783,078)	(83,638)	-	29,943	(836,773)
Library Materials and Collections	(423,168)	(22,573)	-	3,380	(442,361)
Other Capital Assets	(1,723)	(129)	-	33	(1,819)
Infrastructure	(53,023)	(17,542)	-	284	(70,281)
Total Accumulated Depreciation	(4,752,225)	(458,221)	-	39,844	(5,170,602)
Total Capital Assets Being Depreciated, net	7,050,226	(183,819)	674,613	(38,275)	7,502,745
TOTAL BUSINESS-TYPE ACTIVITIES	8,702,667	795,228	-	(57,632)	9,440,263
TOTAL CAPITAL ASSETS, NET	$ 20,563,655	$ 1,110,364	$ -	$ (154,155)	$ 21,519,864

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

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES	Depreciation Amount
General Government	$ 18,404
Business, Community and Consumer Affairs	2,579
Education	36,525
Health and Rehabilitation	9,107
Justice	47,073
Natural Resources	2,190
Social Assistance	12,678
Transportation	373,241
Internal Service Funds (Charged to programs and BTAs based on usage)	28,863
Total Depreciation Expense - Governmental Activities	530,660
BUSINESS-TYPE ACTIVITIES	
Higher Education Institutions	423,348
Other Enterprise Funds	32,287
Unemployment Insurance	2,379
State Lottery	197
Total Depreciation Expense - Business-Type Activities	458,211
Total Depreciation Expense Primary Government	$ 988,871

Component Units

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment of $145.8 million, net of accumulated depreciation of $90.2 million, at December 31, 2016. The district depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from 3 to 50 years.

HLC @ Metro, Inc., a nonmajor component unit, reported $39.4 million of depreciable capital assets net of depreciation. A nondepreciable capital asset for the use of land at below market rent, under an agreement with Metropolitan State University of Denver, carries a value of $4.9 million.

NOTE 6 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

Most State of Colorado employees, including four-year college and university employees, participate in a defined benefit (DB) pension plan; however, all employees, with the exception of certain higher education employees, have the option of participating in a defined contribution (DC) plan instead (see Note 8). The DB plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). The State plan and the other divisions' plans described below are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, CO 80217-5800 or by calling the PERA Info line at 1-800-759-7372, or by visiting http://www.copera.org.

Administration of the Plan

In 1931, State statute established PERA and the State Division Trust Fund; subsequent statutes created the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the Denver Public Schools Division Trust Fund, and the Health Care Trust Funds. The state participates in the State Division Trust Fund and judges are part of the Judicial Division Trust Fund. Changes to the plan require an actuarial assessment and legislation by the General Assembly as specified in Title 24, Article 51 of the Colorado Revised Statutes.

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

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

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available (see Note 8C), unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional retirement plan.

Defined Retirement Benefits

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

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For members with less than five years of service credit as of January 1, 2011 age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.

- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.

State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20 and 65 – 5. For members eligible to retire as of January 1, 2011, reduced service benefits are calculated in the same manner as a service retirement benefit; however, the benefit is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement. For members eligible to retire after January 1, 2011, an additional actuarial reduction applies.

Members with five years of service credit as of January 1, 2011, are also eligible for retirement benefits without a reduction for early retirement based on the original hire date, as follows:

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

Monthly benefits, except as discussed below, are calculated as 2.5 percent times the number of years of services times the highest average salary (HAS). Monthly benefits in the Judicial Division for retirements on or after July 1, 1999 for members hired on or before July 1, 1973 are calculated as 4 percent for the years 0-10, 1.66 percent for years 11-16, 1.5 percent for years 17-20, and 2.5 percent for years 21 and greater.

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

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

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

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

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

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

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

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

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

Money Purchase Retirement Benefit

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

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who have 5 years of service and withdraw their accounts before reaching retirement eligibility and before reaching age 65 receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. Members not having 5 years of service and not eligible for full or reduced retirement receive an employer matching contribution of one-half of their account balance measured at January 1, 2011. Contributions after January 1, 2011, are not eligible for the additional 50 percent match until the member earns five years of service credit. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limit the rate to a maximum of 5 percent. Effective January 1, 2009, the rate was set at 3 percent and remained at the rate through June 30, 2016.

Disability and Survivor Benefits

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

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

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8.0 percent of their gross covered wages, except for State troopers and Colorado Bureau of Investigation officers, who contribute 10.0 percent. From July 1, 2010 through June 30, 2012, member and State Trooper (including Colorado Bureau of Investigation agents) rates were 10.5 and 12.5 percent, respectively. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

In the 2004 and 2010 legislative sessions, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary for calendar years 2006 and 2007, with subsequent year increases of 0.4 percent of salary through 2017, to a maximum of 5 percent (except for the Judicial Division whose AED contribution was frozen at the 2010 level).

In the 2006 and 2010 legislative sessions, 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, for calendar years 2008 through 2017, to a maximum of 5 percent (except for the Judicial Division whose SAED contribution was frozen at the 2010 level). The SAED will be deducted from the amount otherwise available to increase State employees' salaries.

At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point.

The following table summarizes employer contribution requirements, including AED and SAED for all employees except Judges and State Troopers for the last three fiscal years. The rates in the table are expressed as a percentage of salary as defined in Title 24, Article 51, Section 101 (42) of the Colorado Revised Statutes.

	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017	
	CY14	CY15		CY16		CY17
	7-1-14 to 12-31-14	1-1-15 to 6-30-15	7-1-15 to 12-31-15	1-1-16 to 6-30-16	7-1-16 to 12-31-16	1-1-17 to 6-30-17
Employer Contribution Rate	10.15%	10.15%	10.15%	10.15%	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S., Section 24-51-208 (1)(f)	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the State Division	9.13%	9.13%	9.13%	9.13%	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411	3.80%	4.20%	4.20%	4.60%	4.60%	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-	3.50%	4.00%	4.00%	4.50%	4.50%	4.50%
Total Employer Contribution Rate to the State Division	16.43%	17.33%	17.33%	18.23%	18.23%	18.23%

For State Troopers the State was required to contribute 12.85 percent and AED and SAED based on the rates shown in the previous table. For Judges the State was required to contribute 13.66 percent and AED of 2.20 percent and SAED of 1.50 percent (frozen at that level since 2010).

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2016, the State Division of PERA had a funded ratio of 54.6 percent and a 60-year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly lower at 52.7 percent. The Judicial Division had a funded ratio of 66.6 percent based on current contribution rates and 64.4 percent based on market rates.

Employer contributions are recognized by the State Division in the period in which the compensation becomes payable to the member and the State of Colorado is statutorily committed to pay the contributions to the State

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

C. PENSION RELATED BALANCES

For fiscal year ended June 30, 2017, the State of Colorado reported a liability of $17.5 billion for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The proportion of the net pension liability was based on contributions to the State and Judicial Divisions for the calendar year 2016 relative to the total contributions of participating employers to the State and Judicial Divisions.

At December 31, 2016, the State of Colorado's proportion of the State Division was 95.49 percent, which was a decrease of 0.22 percent from its proportion measured as of December 31, 2015 (94.16 percent for the Judicial Division, which is an increase of 0.18 percent).

For the fiscal year 2016-17, the State of Colorado recognized pension expense of $9.5 billion for the State and Judicial Divisions. For the State Division, deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 174,349	$ -
Changes of assumptions and other inputs	4,462,282	53,989
Net difference between projected and actual earnings on pension plan investments	581,464	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions		45,941
Contributions subsequent to the measurement date	128,071	-
	$ 5,346,166	$ 99,930

For the Judicial Division the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 20,439	$ 2
Changes of assumptions and other inputs	49,048	-
Net difference between projected and actual earnings on pension plan investments	11,721	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	4,200	-
	$ 85,408	$ 2

Deferred outflows of resources totaling $138.6 million for the State Division and Judicial Division related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability for the fiscal year ended June 30, 2017. For the State Division other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Amounts in Thousands)

Fiscal Year Ended June 30	
2018	$ 2,801,503
2019	2,195,205
2020	161,243
2021	6,155
2022	-
Thereafter	-

For the Judicial Division other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Amounts in Thousands)

Fiscal Year Ended June 30	
2018	$ 28,737
2019	25,740
2020	18,440
2021	8,288
2022	-
Thereafter	-

Actuarial Assumptions
The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	State Division	Judicial Divison
Actuarial cost method	Entry age	Entry age
Price inflation	2.40%	2.40%
Real wage growth	1.10%	1.10%
Wage inflation	3.50%	3.50%
Salary increases, including wage inflation	3.50 to 9.17%	4.00 to 5.00%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%	7.50%
Muncipal bond index rate 12/31/15	None	3.57%
Beginning period of application	None	2040
Discount rate	5.26%	5.73%
Future post-retirement benefit increases:		
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00%	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre and post retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll forward procedures.

Healthy mortality assumptions for active members reflect the RP 2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP 2014 Healthy Annuitant Mortality Table, adjusted as follows:

Males: Mortality improvement projected to 2018 using the MP 2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Females: Mortality improvement projected to 2020 using the MP 2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP 2014 Disabled Retiree Mortality Table.

The long term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA.s Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long term rate of return assumption for the SDTF, including long term historical data, estimates inherent in current market data, and a log normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

The discount rate used to measure the total pension liability was 5.26 percent and 5.18 percent for the State and Judicial Divisions, respectively. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the GASB Statement No. 67 projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2039 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.2 percent on pension plan investments was applied to periods through 2039 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System, was applied to period on and after 2039 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.86 percent, resulting in a discount rate of 5.25 percent.

As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent.

The collective net pension liability for the State Division Trust Fund and the Judicial Division Trust Fund increased by $7.8 billion and $70 million, respectively. The majority of the increase to the net pension liability can be attributed to a provision of governmental accounting standards for pensions which require future benefit obligations to be measured at a lower discount rate when certain conditions exist. For the 2015 PERA fiscal year, the application of a required GASB test resulted in liabilities being measured using the assumed investment rate of return of 7.50 percent. For the 2016 PERA fiscal year, on which the state's proportionate share of the collective net pension liability in this report are based, application of the required GASB test triggered the need to use a blend of two rates: an assumed investment rate of return of 7.25 percent and a municipal bond index rate of 3.86 percent. This resulted in the use of a blended discount rate of 5.26 percent. The use of the lower discount rate resulted in a significant increase to the net pension liability.

The following table shows the sensitivity of Colorado's proportionate share of the net pension liability to changes in the discount rate for the State Division and Judicial Division from 5.26 percent and 5.18 percent respectively to what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.26 percent and 4.18 percent respectively) or 1-percentage-point higher (6.26 percent and 6.18 percent respectively):

State Division

(Amount in Thousands)

	1% Decrease (4.26%)	Current Discount Rate (5.26%)	1% Increase (6.26%)
Proportionate share of the net pension liability	$ 21,724,039	$ 10,079,249	$ 14,101,995

Judicial Division

(Amount in Thousands)

	1% Decrease (4.18%)	Current Discount Rate (5.18%)	1% Increase (6.18%)
Proportionate share of the net pension liability	$ 301,506	$ 172,828	$ 186,632

Component Units

Employees of the Colorado Water Resources and Power Development Authority (CWRPDA) are covered under the State Division of PERA as discussed above.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

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

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

Primary Government

PERA Health Care Trust Fund

The PERA Health Care Program is a cost-sharing multiple employer plan. It began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Title 24, Article 51, Part 12 of the Colorado Revised Statutes establishes the Fund and authorizes PERA to administer and subsidize a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit.

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

An additional implicit subsidy exists for participating retirees who have not participated in Social Security and who are not otherwise eligible for Medicare Part A. This occurs because State statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding the premium is calculated assuming that the participants have Medicare Part A coverage. At December 31, 2016, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.29 billion, a funded ratio of 17.4 percent, and a 30-year amortization period.

The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208(1)(f) of the Colorado Revised Statutes. Beginning July 1, 2004, the State contribution to the Health Care Trust Fund was 1.02 percent of gross covered wages. The State paid contributions of $30.4 million, $34.3 million, $27.0 million, $25.9, million, and $24.9 million in Fiscal Years 2016-17, 2015-16, 2014-15, 2013-14, and 2012-13 respectively. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. The Health Care Trust Fund offers two general types of plans – fully insured plans offered through healthcare organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered health care plans in 2016. As of December 31, 2016, there were 55,789 participants, including spouses and dependents, from all contributors to the plan.

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

In the calendar 2016, the Entry Age Normal level percentage of pay actuarial cost method allocation basis was used. The actuarial assumptions included a 7.25 percent investment rate of return, and an aggregate 3.50 percent projection of salary increases, both assuming a 2.40 percent inflation rate and real wage growth of 1.10 percent. Medical claims are projected to increase annually by 5.00 percent based on different subsidy and premium options. The UAAL is being amortized as a level percentage of payroll on a level percent closed and layered basis over 30 years. Except for the discount rate, these assumptions primarily affect plan assets available, rather than the actuarial accrued liability because the benefit is a fixed subsidy amount.

The financial statements for the PERA Health Care Trust Fund can be found within PERA's financial statements as referenced at the beginning of Note 1.

University of Colorado – Other Postemployment Benefits Plan

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

The contribution requirements of plan members and the University are established by the University's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2015-16, the University contributed $14.9 million to the plan. Plan members contributed 0.24 percent of covered payroll (defined as the annual payroll of active employees covered by the plan) and the University contributed 0.93 percent of covered payroll.

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

(Amounts In Thousands)

Annual required contribution	$	74,105
Interest on net OPEB obligation		13,011
Adjustment to annual required contribution		(17,750)
Annual OPEB cost (expense)		69,366
Contributions made		(14,929)
Increase/(Decrease) in net OPEB obligation		54,437
Net OPEB obligation - beginning of year		289,133
Net OPEB obligation - end of year	$	343,570

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

(Amounts In Thousands)

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016-17	$ 69,366	21.5%	$ 343,570
2015-16	$ 61,704	23.3%	$ 289,133
2014-15	$ 62,461	26.1%	$ 241,779

As of July 1, 2016, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $625.0 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $625.0 million. The UAAL of the plan exceeds the Net OPEB Obligation (NOPEBO) due to the portion of the UAAL not required to be recognized as NOPEBO at the implementation of GASB Statement No. 45. The covered payroll was $1.3 billion, and the ratio of UAAL to covered payroll was 46.8 percent. The current valuation was calculated on the basis of the unit credit actuarial cost method. The actuarial assumptions included a 4.5 percent investment rate of return, and health care trend rates ranging from 6.5 to 11.0 percent in 2016, down to 4.5 percent in 2030. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Colorado State University – Other Postemployment Benefits Plans

Colorado State University administers four single employer defined benefit healthcare qualifying trust plans. The Retiree Medical Premium Refund Plan (RMPR) is open to new members and provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the University and are participants in its defined contribution plan. The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) is closed to new members and provides a monthly subsidy for medical premiums of up to $433 (reduced by the amount of premium subsidy provided by PERA) for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) closed to new members and supplements prescription benefits provided through PERA for employees with ten or more years of PERA service. The Long-Term Disability Insurance Plan (LTD) is open to new members and provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or until attained age between 65 and 70 years depending on when the employee became disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by going to:
http://busfin.colostate.edu/Resources/Fin_Statements.aspx

The contribution requirements of all plan members and the University are established by the University's Board of Governors. The required contribution for the RMPR, URX, and LTD plans is set by the University in consultation with outside benefit consultants, underwriters, and actuaries. The subsidy amount under the RMPS increases annually in alignment with the increase in the cost of individual coverage under the lowest cost medical option. For Fiscal Year 2015-16, the University contributed $1.3 million to the RMPR at a contribution rate of 1.18 percent of covered earnings, $2.0 million to the RMPS at a 15.09 percent contribution rate, and $0.2 million to the URX at a 1.83 percent contribution rate. Employees contributed $1.5 million at a 0.32 percent contribution rate to the LTD plan. Members of the RMPS, RMPR, and URX plans are not required to make contributions, however members of the LTD plan are required to contribute. As of June 30, 2017, RMPR had 4,599 active members, 68 terminated but eligible members, and 384 retired members or beneficiaries receiving benefits; the RMPS had 172 active members, 172 terminated but eligible members, and 495 retired members or beneficiaries receiving benefits; the URX had 172 active members, 172 terminated but eligible members, and 366 retired members or beneficiaries receiving benefits; and LTD had 5,272 active members and 42 retired members or beneficiaries receiving benefits.

All four plans are on a full accrual basis of accounting. Plan assets are recorded at quoted market prices and contributions benefits and refunds are recorded in the month incurred. Administrative costs are financed as direct expenditures of the trust.

As of the most recent actuarial valuation date of January 1, 2017, funded ratios for RMPR, RMPS, URX, and LTD were 131.5 percent, 50.5 percent, 21.3 percent, and 87.0 percent, respectively. RMPR, RMPS, URX, and LTD reported actuarial value of plan assets of $45.4 million, $22.6 million, $0.7 million, and $8.9 million, respectively, and actuarial accrued liabilities of $34.5 million, $44.7 million, $3.5 million, and $10.2 million, respectively. The actuarial value of plan assets for RMPR exceeded the actuarial accrued liability so the plan was overfunded on an actuarial basis by $10.9 million. RMPS, URX, and LTD reported unfunded actuarial accrued liabilities of $22.2 million, $2.7 million and $1.3 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was $344.3 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was -3.2 percent. Plan contributions for RMPS, URX, and LTD are not based on salaries or covered payroll.

The RMPR and LTD plans used the entry age normal actuarial cost method, while the RMPS and URX plans use the unit credit method. All four plans used a 5.3 percent investment rate of return, and used a 3 percent inflation adjustment. The LTD plan also assumed a 4 percent salary increase, while the RMPR, RMPS and URX plans did not incorporate that assumption into their analysis because benefits are not based on salary.

The RMPR assumed no health care cost trend adjustment, and RMPS and URX assumed an annual healthcare cost trend initial rate of 7 percent declining to an ultimate rate of 5 percent. The LTD does not use a healthcare trend rate because it provides income replacement not healthcare. The RMPR and LTD plans used a level percentage of projected payroll to amortize the UAAL and the RMPS and URX plans used a level dollar amount. All four plans originally amortized the UAAL over 30 years. Regarding amortization periods, 21 years remain on the closed periods for the RMPS and URX and 30 years remain for the RMPR and LTD open periods.

Other Programs

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

Component Units

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

NOTE 8 – OTHER EMPLOYEE BENEFITS

Primary Government

A. MEDICAL AND DISABILITY BENEFITS

The Group Benefit Plans Fund is a Pension and Other Employee Benefits Trust Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care. The State uses a self-funded approach for certain employee and state-official medical claims. The State's contribution to the premium is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans.

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2016-17, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $10 or $20 depending on the level of participation.

The State offers two statewide, self-funded PPO options administered by United Healthcare and two regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). Two statewide, dental PPO options administered by Delta Dental were also offered.

The Public Employees Retirement Association (PERA) covers short-term disability claims for State employees eligible under its retirement plan (see Note 6). The Group Benefit Plans Fund provides short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

B. EMPLOYEE DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan which was established for State and local government employees in 1981. At July 1, 2009, the State's administrative functions were transferred to PERA in a fiduciary to fiduciary transfer; all costs of administration and funding are borne by the plan participants. The 457 plan allows for voluntary participation to provide additional benefits at retirement, and all employees may contribute to the 457 plan. At conversion, State employees were the primary participants in the 457 plan. In calendar year 2016, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $6,000 in 2015, for total contributions of $24,000. Contributions and earnings are tax deferred. At December 31, 2016, the plan had net position of $751.7 million and 17,921 participants.

C. OTHER RETIREMENT PLANS

PERA 401k Plan

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the 457 plan, the defined contribution plan, and the defined benefit plan. Title 24, Article 51, Part 14 of the Colorado Revised Statutes, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. In calendar year 2016, PERA members were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $6,000 in 2016, for total contributions of $24,000. Contributions and earnings are tax deferred. On December 31, 2016, the plan had net position of $2,829.7 million and 68,752 accounts.

PERA Defined Contribution Retirement Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the State's defined contribution plan was transferred to PERA and participants of the State's plan became participants of the PERA defined contribution plan. Existing State plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years. Title 24, Article 51, Part 15 of the Colorado Revised Statutes, assigns the authority to establish Plan provisions to the PERA Board of Trustees.

Contribution requirements are established under Title 24, Article 51, Section 1505 of the Colorado Revised Statutes. Participants in the plan are required to contribute 8 percent (10 percent for State troopers) of their salary. The contribution rate was restored from the temporary increase in Fiscal Years 2010-11 and 2011-12 to 10.5 percent (12.5 percent for State Troopers). Additionally, the State of Colorado is required to contribute AED and SAED to the State Division as shown in the following table. The rates in the following table are expressed as a percentage of salary as defined in Title 24, Article 51, Section 101 (42) of the Colorado Revised Statutes.

	Fiscal Year 2014	Fiscal Year 2015		Fiscal Year 2016		
	CY14	CY15		CY16		CY17
	7-1-14 to 12-31-14	1-1-15 to 6-30-15	7-1-15 to 12-31-15	1-1-16 to 6-30-16	7-1-16 to 12-31-16	1-1-17 to 6-30-17
Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411	3.80%	4.20%	4.20%	4.60%	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	3.50%	4.00%	4.00%	4.50%	4.50%	5.00%
Total Employer Contribution Rate to the State Division	7.30%	8.20%	8.20%	9.10%	9.10%	10.00%

Participating employees of the PERA defined contribution plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA defined contribution plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the Colorado Revised Statutes. As a result, forfeitures do not reduce pension expense. At December 31, 2016, the plan had a net position of $167.4 million and 5,761 participants.

The financial statements for the PERA Deferred Compensation Plan, the PERA 401k Plan, and the PERA Defined Contribution Plan can be found within PERA's financial statements as referenced at the beginning of Note 6.

Higher Education Optional Retirement Plans

Legislation in 1992 authorized State institutions of higher education the option of offering other retirement plans to their employees. At that time, certain employees had the choice of retaining their membership in PERA. As a result of the legislation, some employees of various institutions may be covered under defined contribution plans such as the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), the Variable

Annuity Life Insurance Corporation (VALIC), or other similar plans. Generally these plans are available to faculty or other staff members who are not part of the State's classified employee system. Faculty members at the University of Colorado are also covered under Social Security.

Other State Retirement Plans

The State made contributions to other retirement plans of $191.9 million and $173.4 million during Fiscal Years 2016-17 and 2015-16, respectively. In addition, the State paid $137.5 million and $123.6 million in FICA and Medicare taxes on employee wages during Fiscal Years 2016-17 and 2015-16, respectively.

D. TERMINATION BENEFITS

The University of Colorado provides an early retirement incentive program to tenured professors who are at least 55 years of age, whose age and years of service combined equal at least 70, and who participate in the University's optional retirement plan. The time period for the arrangement is for 5 calendar years. The incentive is equal to twice the base salary and supplemental pay and requires the immediate relinquishment of tenure status. In Fiscal Year 2016-17, 69 employees participated in the program at a present value accrued cost of $4.6 million, with an assumed discount rate of 5 percent.

Component Units

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

NOTE 9 – RISK MANAGEMENT

Primary Government

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. Per statute, individual Department property claims have a $5,000 deductible per occurrence. Claims brought under state law are limited to $350,000 per person and $990,000 per accident pursuant to the Colorado Governmental Immunity Act, CRS 24-10-101. The Risk Management Fund is reported as a Special Purpose General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State. Workers compensation losses are self-insured per the Risk Management Act (CRS 24-30-1501); the State has purchased $50.0 million of excess insurance per occurrence ($10.0 million deductible). Property claims are self insured as well; $450.0 million of property loss insurance ($500,000 deductible). The State has also purchased excess liability coverage for automotive liability outside Colorado $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty and theft loss coverage ($250,000 deductible). Settlements have not exceeded insurance coverage in any of the three prior years.

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

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

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

Colorado employers, including the State, are liable for occupational injuries and diseases of their employees through workers' compensation insurance or self-insurance. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related injuries. The State is self-insured and uses the services of a third party administrator, Broadspire Services, to administer its plan. The State reimburses Broadspire the current cost of claims paid and related administrative expenses.

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $375,000 per individual. In Fiscal Year 2016-17, the State recovered approximately $1.5 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded $15.5 million of insurance recoveries during Fiscal Year 2016-17. Of that amount approximately $8.8 million was related to asset impairments that occurred in prior years. The remaining $6.7 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $1.5 million, as noted above), a Pension and Other Employee Benefits Fund, and $2.2 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2016-17, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $325,000 per person and $11.1 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2016-17 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $325,494 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $500,000 per claimant, $1.5 million per occurrence, and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2016-17, however, the University collected $1,021,965 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 and has purchased reinsurance for individual claims up to statutory limits. There was no significant reduction in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for claims up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University carries cyber risk liability insurance up to $5.0 million ($100,000 deductible for cyber extortion; $20,000 deductible for foreign notification; and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $25.0 million of aviation liability insurance ($1,000 deductible), and $1.0 million of unmanned aerial vehicles liability insurance. The University also carries liability, professional liability, and pollution liability for the Center for Environmental Management Federal Lands operations, including prescribed burn operations, which includes a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. There were no significant reductions in insurance coverage in Fiscal Year 2016-17, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, auto, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2005-06. The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability ($10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2016-17, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the College was covered under the State's risk management program. The College retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2016-17, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $489.6 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $7.0 million of fine arts insurance ($2,500 deductible). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2011-12, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $1.0 million of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2016-17, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased $2.0 million of general liability insurance ($0 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $2.0 million ($1,000 deductible for accidents and acts of nature, $10,000 for loss to property). Before Fiscal Year 2012-13, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2012-13. There were no significant reductions in insurance coverage in Fiscal Year 2016-17, and the amount of settlements has not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million ($0 deductible) and $2.0 million aggregate. Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2016-17 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2016-17	24,926	3,054	4,095	23,885
2015-16	27,429	1,767	4,270	24,926
2014-15	23,395	10,599	6,565	27,429
Workers' Compensation				
2016-17	133,672	35,984	35,263	134,393
2015-16	130,357	36,072	32,757	133,672
2014-15	120,600	43,642	33,885	130,357
Group Benefit Plans:				
2016-17	15,766	201,105	200,794	16,077
2015-16	14,717	188,021	186,972	15,766
2014-15	14,248	183,548	183,079	14,717
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2016-17	16,726	7,388	7,995	16,119
2015-16	13,858	10,180	7,312	16,726
2014-15	14,445	8,684	9,271	13,858
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2016-17	1,666	10,357	9,714	2,309
2015-16	1,799	7,233	7,366	1,666
2014-15	1,711	7,644	7,556	1,799
Medical Malpractice				
2016-17	11,469	1,006	3,047	9,428
2015-16	9,498	2,883	912	11,469
2014-15	7,139	4,060	1,701	9,498
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2016-17	26,760	54,124	50,967	29,917
2015-16	28,660	46,728	48,628	26,760
2014-15	33,555	40,237	45,132	28,660
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2016-17	355	(172)	48	135
2015-16	56	367	68	355
2014-15	81	32	57	56
Fort Lewis College:				
Worker's Compensation				
2016-17	-	5	3	2
2015-16	13	15	28	-
2014-15	21	24	32	13
General Liability				
2016-17	39	3	39	3
2015-16	-	44	5	39
2014-15	-	-	-	-

Changes in Claims Liabilities
(Amounts in Thousands)

(Continued) Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Colorado Mesa University:				
Workers' Compensation				
2016-17	220	(130)	54	36
2015-16	28	220	28	220
2014-15	17	50	39	28
General Liability				
2016-17	3	10	13	-
2015-16	-	35	32	3
2014-15	-	548	548	-
Western State Colorado University:				
Workers' Compensation				
2016-17	-	-	-	-
2015-16	-	-	-	-
2014-15	14	(11)	3	-
General Liability				
2016-17	-	-	-	-
2015-16	-	-	-	-
2014-15	-	-	-	-

Component Units

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss, and is self-insured for any director or officer legal liability. There were no significant reductions in insurance coverage and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

NOTE 10 – LEASES AND SHORT-TERM DEBT

LEASE COMMITMENTS

Primary Government

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

At June 30, 2017, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease (Before Depreciation)

	Land	Buildings	Equipment and Other
Governmental Activities	$ 5,559	$ 117,966	$ 338,347
Business-Type Activities	-	34,330	49,793
Total	$ 5,559	$ 152,296	$ 388,140

At June 30, 2017, the State expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 21	$ 183	$ 204
Business-Type Activities	$ -	$ 145	145
Total	$ 21	$ 329	$ 350

During the year ended June 30, 2017, the State incurred no contingent rentals related to capital and operating leases.

Colorado State University Research Foundation (CSURF), a related party, is a not-for-profit Colorado corporation, established to aid and assist the Universities governed by the Board of Governors for the Colorado State University System in their research and educational efforts. Support provided by the Foundation to the institutions (Colorado State University and Colorado State University – Pueblo) includes patent administration and licensing, financing the acquisition of research and educational facilities and equipment, and land acquisition and management. Colorado State University paid CSURF $1.5 million in Fiscal Year 2016-17 for leased space, and at June 30, 2017 had total future lease obligations for leased space of $9.6 million. Colorado State University also paid CSURF $3.9 million during the fiscal year for equipment, vehicles, and buildings and had total future lease obligations for leased equipment, vehicles, and buildings of $19.2 million.

In years prior Fiscal Year 2016-17, the Community College of Aurora made operating lease payments of approximately to the Community College of Aurora Foundation, which was the landlord for the CenterTech Campus. The College purchased the building from the Foundation in Fiscal Year 2015-2016 and had no operating lease payments to the Foundation in Fiscal Year 2016-2017.

For Fiscal Year 2016-17, the State recorded building and land rent of $57.5 million for governmental-type activities, $23.7 million for business-type activities and $35,297 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $13.7 million and $39.1 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $3.6 million of capital lease interest costs for governmental activities and $1.7 million for business-type activities in Fiscal Year 2016-17.

The State entered into approximately $23.0 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2017, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases			
			Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Principal	Interest	Principal	Interest
2018	$ 52,896	$ 26,877	$ 28,254	$ 3,297	$ 7,292	$ 1,475
2019	46,880	$ 21,577	$ 23,067	$ 2,739	$ 5,798	$ 1,302
2020	35,408	$ 17,917	$ 20,234	$ 2,257	$ 5,051	$ 1,147
2021	31,758	$ 13,155	$ 17,484	$ 1,844	$ 3,917	$ 1,002
2022	29,142	$ 10,777	$ 16,623	$ 1,463	$ 3,880	$ 902
2023 to 2027	88,129	$ 28,039	$ 33,323	$ 3,008	$ 19,793	$ 2,262
2028 to 2032	2,836	$ 8,159	$ 3,167	$ 242	$ 4,160	$ 315
2033 to 2037	1,466	$ 661	$ -	$ -	$ -	$ -
2038 to 2042	739	$ 534	$ -	$ -	$ -	$ -
2043 to 2047	721	$ 449	$ -	$ -	$ -	$ -
2048 to 2052	661	$ 179	$ -	$ -	$ -	$ -
2053 to 2057	661	$ -	$ -	$ -	$ -	$ -
Thereafter	2,062	$ -	$ -	$ -	$ -	$ -
Present Value of Minimum Lease Payments And Imputed Interest	$ 293,359	$ 128,324	$ 142,152	$ 14,850	$ 49,891	$ 8,405

Component Units

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2018. Total rental expense for the year ended December 31, 2016, was $140,432. The total minimum rental commitment as of December 31, 2016, is $244,785.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2022. The total rental expense for the year ended June 30, 2016 was $147,590. The total minimum rental commitment under the leases was $874,000 at June 30, 2016.

SHORT-TERM DEBT

On July 26, 2016 the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2016A. The notes were due and payable on June 27, 2017, at a coupon rate of 2.167 percent. The total interest related to this issuance was $12.0 million; however, the notes were issued at a premium of $8.6 million, resulting in net interest costs (including the cost of issuance) of $3.6 million and a yield of 0.598 percent. The notes were issued for cash management purposes and were repaid by June 27, 2017, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 21, 2016, the State Treasurer issued $275.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2016A. The notes were due and payable on June 29, 2017, at a coupon rate of 3.091 percent. The total interest related to this issuance was $8.0 million; however, the notes were issued at a premium of $6.4 million, resulting in net interest costs (including cost of issuance) of $1.8 million or 0.585 percent. The notes matured on June 29, 2017, and were repaid.

On January 12, 2017, the State Treasurer issued $375.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2016B. The notes were due and payable on June 29, 2017, at a coupon rate of 3.933 percent. The total interest related to this issuance was $6.8 million; however, the notes were issued at a premium of $5.3 million, resulting in net interest costs (including cost of issuance) of $1.6 million or 0.867 percent. The notes matured on June 29, 2017, and were repaid.

The following schedule shows the changes in short-term financing for the period ended June 30, 2017:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 600,000	$ (600,000)	$ -
Education Loan Anticipation Notes	-	650,000	(650,000)	-
Total Governmental Activities Short-Term Financing	-	1,250,000	(1,250,000)	-
Total Short-Term Financing	$ -	$ 1,250,000	$ (1,250,000)	$ -

NOTE 11 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Primary Government

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

Collectively, the State's business-type activities had $1,753.4 million in available net revenue after operating expenses to meet the $296.2 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 17.)

During Fiscal Year 2016-17 the State recorded $250.6 million of interest costs, of which $59.6 million was recorded by governmental activities and $190.9 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $4.5 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.3 million of interest on Certificates of Participation issued by the Judicial Branch, $29.8 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $3.3 million of interest on Education and General Fund Tax and Revenue Anticipation Notes issued by the State Treasurer. The business-type activities interest cost primarily comprises $165.7 million of interest on revenue bonds issued by institutions of higher education, $13 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, $9.8 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise, and $2.1 million of interest on Unemployment Insurance Fund's federal loan and revenue bonds. College Assist and the Transportation Enterprise are nonmajor enterprise funds.

Annual maturities of notes, bonds, and COPs payable at June 30, 2017, are as follows:

(Amounts in Thousands)

	Governmental Activities							
Fiscal	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ -	$ -	$ 2,135	$ 231	$ 44,855	$ 52,318	$ 46,990	$ 52,549
2019	-	-	2,175	187	49,455	50,610	51,630	50,797
2020	-	-	2,220	142	30,805	49,163	33,025	49,305
2021	-	-	2,270	95	31,925	47,895	34,195	47,990
2022	-	-	2,315	48	33,185	46,266	35,500	46,314
2023 to 2027	-	-	-	-	287,755	207,489	287,755	207,489
2028 to 2032	-	-	-	-	379,335	146,371	379,335	146,371
2033 to 2037	-	-	-	-	245,185	78,500	245,185	78,500
2038 to 2042	-	-	-	-	107,060	33,294	107,060	33,294
2043 to 2047	-	-	-	-	57,295	5,761	57,295	5,761
Subtotals	-	-	11,115	703	1,266,855	717,667	1,277,970	718,370
Unamortized Prem/Discount	-	-	-	-	35,527	-	35,527	-
Totals	$ -	$ -	$ 11,115	$ 703	$ 1,302,382	$ 717,667	$ 1,313,497	$ 718,370

(Amounts in Thousands)

Business-Type Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2018	$ 121,298	$ 186,942	$ 1,184	$ 1,200	$ 22,805	$ 14,546	$ 145,629	$ 203,147
2019	126,974	186,067	91	1,177	23,760	13,398	151,182	201,086
2020	132,404	180,804	134	1,174	24,660	12,239	157,570	194,646
2021	137,087	175,609	37	1,171	25,815	11,086	163,326	188,280
2022	140,946	170,168	37	1,171	27,085	9,814	168,472	181,550
2023 to 2027	763,167	757,909	48,703	7,311	137,760	28,840	951,920	795,776
2028 to 2032	806,538	572,930	-	-	51,570	4,525	860,925	578,644
2033 to 2037	806,240	372,786	-	-	-	-	810,488	372,950
2038 to 2042	601,280	185,370	-	-	-	-	601,280	185,370
2043 to 2047	220,065	78,974	-	-	-	-	220,065	78,974
2048 to 2052	109,405	42,587	-	-	-	-	109,405	42,587
2053 to 2057	113,800	15,241	-	-	-	-	113,800	15,241
Subtotals	4,079,204	2,925,387	50,186	13,204	313,455	94,448	4,454,062	3,038,251
Unamortized Prem/Discount	279,904	-	(8)	-	33,313	-	313,209	-
Unaccreted Interest	(6,911)	-	-	-	-	-	(6,911)	-
Totals	$ 4,352,197	$ 2,925,387	$ 50,178	$ 13,204	$ 346,768	$ 94,448	$ 4,760,360	$ 3,038,251

In March 2008, the Colorado School of Mines entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs on its variable rate debt. See Note 14 for additional information.

Assuming current interest rates are applied over the term of the debt, at June 30, 2017, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado School of Mines' Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2018	$ 975	$ 314	$ 1,061	$ 2,350
2019	550	308	1,041	1,899
2020	575	303	1,025	1,903
2021	575	299	1,009	1,883
2022	850	293	989	2,132
2023 to 2027	5,025	1,345	4,545	10,915
2028 to 2032	12,900	975	3,293	17,168
2033 to 2037	14,335	410	1,385	16,130
2038 to 2042	3,075	11	35	3,121
Totals	$ 38,860	$ 4,258	$ 14,383	$ 57,501

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

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 21,075	$ 1,341,336	$ 1,362,411
Business Type Activities	5,094,314	10,131	466,203	$ 5,583,098
Total	$ 5,094,314	$ 31,206	$ 1,807,539	$ 6,945,509

Component Units

Debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2016, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2017	$ 40,700	$ 22,427	$ 63,127
2018	39,790	20,744	60,534
2019	38,730	18,954	57,684
2020	34,085	17,198	51,283
2021	32,425	15,652	48,077
2022 to 2026	152,585	57,073	209,658
2027 to 2031	108,080	30,062	138,142
2032 to 2036	59,510	9,877	69,387
2037 to 2041	9,790	1,952	11,742
2042 to 2046	3,070	259	3,329
Total Future Payments	$ 518,765	$ 194,198	$ 712,963

The original principal amount for the outstanding bonds was $875.3 million. Total interest paid during 2016 was $23.6 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds are insured as to payment of principal and interest by National Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The Water Resources Revenue Bonds, Series 2004B, 2004E and 2005F are insured as to payment of principal and interest by MBIA, Inc. The Water Resources Revenue Bonds Series 2005B, 2009A, 2010A, 2011A and 2013A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The Water Resources Revenue Bonds Series 2014A are insured as to payment of principal and interest by Build America Mutual Assurance Company. The authority can issue up to $150.0 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds, and as of December 31, 2016, it had $7.3 million of these bonds outstanding.

Metropolitan State University of Denver has unconditionally guaranteed the debt service on bonds issued by the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority and transferred to HLC @ Metro, Inc. in October 2010. Bonds of $54.9 million were issued to finance the University's Hotel and Hospitality Learning Center. The debt service requirements to maturity for HLC @ Metro, Inc. at June 30, 2016, are as follows:

(Amounts in Thousands)

Fiscal Year	Principal	Interest	Total
2017	$ 825	$ 3,178	$ 4,003
2018	1,075	3,138	4,213
2019	1,250	3,090	4,340
2020	1,300	3,038	4,338
2021	1,350	2,981	4,331
2022 to 2026	7,395	13,817	21,212
2027 to 2031	8,870	11,425	20,295
2032 to 2036	10,820	8,292	19,112
2037 to 2041	13,285	4,376	17,661
2042 to 2043	7,595	378	7,973
Total Future Payments	$ 53,765	$ 53,713	$ 107,478

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2016-17:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 90	$ 9,417	$ (9,391)	116	$ 116
Accrued Compensated Absences	154,510	17,272	(13,347)	158,435	11,865
Claims and Judgments Payable	276,010	-	(15,475)	260,535	46,369
Capital Lease Payable	122,404	18,062	(26,567)	113,899	28,254
Notes, Bonds, and COPs Payable	1,174,467	-	92,040	1,266,507	46,990
Net Pension Liability	6,295,004	4,842,006	-	11,137,010	-
Other Long-Term Liabilities	415,669	255,105	(262,862)	407,912	-
Total Governmental Activities Long-Term Liabilities	8,438,154	5,141,862	(235,602)	13,344,414	133,594
Business-Type Activities					
Deposits Held In Custody For Others	20	42,400	(42,400)	20	20
Accrued Compensated Absences	293,365	53,500	(29,795)	317,070	25,381
Claims and Judgments Payable	39,657	9,002	(11,298)	37,361	-
Capital Lease Payable	47,994	4,047	(9,442)	42,599	7,292
Derivative Instrument Liabilities	13,222	-	(3,971)	9,251	-
Notes, Bonds, and COPs Payable	4,480,091	536,168	(363,643)	4,652,616	146,604
Due to Component Units	1,631	47	-	1,678	-
Net Pension Liability	3,957,073	2,685,301	-	6,642,374	-
Other Postemployment Benefits	289,133	54,437	-	343,570	-
Other Long-Term Liabilities	28,569	77,428	(15,411)	90,586	-
Total Business-Type Activities Long-Term Liabilities	9,150,755	3,462,330	(475,960)	12,137,125	179,297
Fiduciary Activities					
Deposits Held In Custody For Others	60,833	2,367	(23,351)	39,849	7,711
Accrued Compensated Absences	38	7	(10)	35	15
Claims and Judgments Payable	-	-	-	-	-
Other Long-Term Liabilities	713	373	(713)	373	-
Total Fiduciary Activities Long-Term Liabilities	61,584	2,747	(24,074)	40,257	7,726
Total Primary Government Long-Term Liabilities	$ 17,650,493	$ 8,606,939	$ (735,636)	$ 25,521,796	$ 320,617

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

The amounts shown in the schedule above for the changes in Net Pension Liability are netted as increases for the governmental and business type activities because that information is not readily available. See Note 6 for additional pension information.

The amounts shown in the schedule above for Notes, Bonds, and Certificates of Participation do not include short-term borrowing disclosed in Note 10. A current portion is not normally identifiable for Claims and Judgments Payable, Derivative Instrument Liabilities, Other Post Employment Benefits in business-type activities and Other Long-Term Liabilities in both governmental activities and business type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See notes 7 and 9 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

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

At June 30, 2017, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Position*:

The $407.9 million shown for governmental activities primarily comprises:

- $252.2 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Purpose Revenue Fund and Highway Users Tax Fund. Payment is not expected within one year.
- $152.7 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 13 for additional information on pollution remediation obligations).
- $2.9 million of unclaimed property liabilities estimated to be due to claimants.

The $92.3 million (including $1.7 million Due to Component Units) shown for business-type activities primarily comprises $90.6 million of unearned revenue in Higher Education Institutions, the most significant balances of which relate to an early retirement incentive program and an alternate Medicare program at the University of Colorado ($24.8 million and $59.1 million, respectively).

Component Units

Long-Term Liabilities of the Colorado Water Resources and Power Development Authority were primarily contained in its Water Pollution Control Fund, accounting for $313.5 million, or fifty-five percent, of the $571.7 million total. Long-term liabilities of the Water Operations Fund and the Drinking Water Fund were $129.8 million and $128.4 million, respectively. The Water Pollution Control Fund accounted for fifty-one percent, or $244.0 million, of the bonds payable total of $478.1 million. Sixty-three percent, or $59.2 million, of other long-term liabilities were related to project costs payable – leveraged loans. Changes in long-term liabilities for the Authority in 2016 were as follows:

(Amounts in Thousands)

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 594,745	$ 64,535	$ (140,515)	$ 518,765	$ 40,700
Other Long-Term Liabilities	208,985	147,155	(123,647)	232,494	138,869
Total Long-Term Liabilities	$ 803,730	$ 211,690	$ (264,162)	$ 751,259	$ 179,569

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

Changes in the value of investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Position – Component Units*. At June 30, 2016, the foundation held $37.5 million of split interest agreement investments with $16.9 million of related liabilities and reported $7.3 million of net beneficial interest in charitable trusts held by others.

At June 30, 2016, the University of Colorado Foundation held $342.0 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Position – Component Units*, this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

At June 30, 2016, the Colorado State University Foundation held $13.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Position – Component Units*, this liability is reported as Deposits Held in Custody.

At June 30, 2015, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust, charitable gift annuity contracts and pooled income assets of $15.8 million; related liabilities of $9.4 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Position – Component Units*.

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $9.4 million mentioned above and total $4.6 million. At June 30, 2016, CSMF reported $31.9 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Position – Component Units* as Deposits Held in Custody.

NOTE 13 – DEFEASED DEBT AND POLLUTION REMEDIATION OBLIGATIONS

DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2016-17, debt was defeased in both governmental and business-type activities.

At June 30, 2017, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Treasury	$ 133,435
Department of Corrections	59,045
Business-Type Activities:	
University of Colorado	431,145
Colorado State University	133,375
Colorado School of Mines	31,160
Western State College	34,875
Colorado Mesa University	675
Adams State College	16,415
Total	$ 840,125

The Board of Regents of the University of Colorado issued $28,480,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-1 to partially defease its 2012B Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 2.8 percent. The remaining term of the debt was 17 years and the estimated debt service cash flows decreased by $2,706,544. The defeasance resulted in an economic gain of $2,253,762 and book loss of $3,068,849 that will be amortized as an adjustment of interest expense over the remaining 17 years of the new debt.

The Board of Regents of the University of Colorado issued $38,450,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-1 to partially defease its 207A Enterprise Refunding Revenue Bonds. The defeased debt had an interest rate of 4.42 percent, and the new debt had an interest rate of 2.27 percent. The remaining term of the debt was 16 years and the estimated debt service cash flows decreased by $4,532,761. The defeasance resulted in an economic gain of $4,336,850 and book gain of $1,341,219 that will be amortized as an adjustment of interest expense over the remaining 16 years of the new debt.

The Board of Governors of Colorado State University issued $22,976,045.26 of its Enterprise Revenue and Refunding Bonds, Series 2016B to partially defease its 2007A, 2007B, and 2008A Enterprise Revenue Bonds. The defeased debt had an interest rate of 4.98 percent, and the new debt had an interest rate of 4.68 percent. The remaining term of the debt was 20 years and the estimated debt service cash flows decreased by $3,512,269.84. The defeasance resulted in an economic gain of $2,233,989.56 and book loss of $528,506.29 that will be amortized as an adjustment of interest expense over the remaining 20 years of the new debt.

The Board of Governors of Colorado State University issued $1,128,954.74 of its Enterprise Revenue and Refunding Bonds, Series 2016B to partially defease its 2007A Enterprise Revenue Bonds. The defeased debt had an interest rate of 4.98 percent, and the new debt had an interest rate of 4.68 percent. The remaining term of the debt was 20 years and the estimated debt service cash flows decreased by $246,383.10. The defeasance resulted in an economic gain of $152,003.91 and book loss of $18,339.13 that will be amortized as an adjustment of interest expense over the remaining 20 years of the new debt.

The Board of Trustees of Western State Colorado University issued $26,995,000 of its Auxiliary Facilities Revenue Refunding Bonds, Series 2016 to partially defease its 2009 Revenue Bonds and 2010A Institutional Enterprise Revenue Bonds (Tax-Exempt). The defeased debt had an interest rate of 4.89 percent, and the new debt had an interest rate of 3.69 percent. The remaining term of the debt was 22.75 years and the estimated debt service cash flows decreased by $4,674,916. The defeasance resulted in an economic gain of $3,599,614 and book loss of $3,023,158.13 that will be amortized as an adjustment of interest expense over the remaining 22.75 years of the new debt.

The Board of Trustees of Adams State University issued $7,265,000 of its Institutional Enterprise Revenue Refunding Bonds, Series 2017A and 2017B to partially defease its 2009A Auxiliary Facilities Revenue Improvement Bonds, 2009B Auxiliary Facilities Revenue Bonds, and 2012 Institutional Enterprise Revenue Bonds. The defeased debt had an interest rate of 3.3-5 percent, and the new debt had an interest rate of 3.98 percent. The remaining term of the debt was 20 years and estimated debt service cash flows increased by $3,847,639. The defeasance resulted in an economic loss of $481,147 and a book loss of $873,396 that will be amortized as an adjustment of interest expense over the remaining 26 years of the new debt.

POLLUTION REMEDIATION OBLIGATIONS

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

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

The State's total amount of pollution remediation obligations as of June 30, 2017 was $157.8 million ($5.1 million of which was a current liability). Superfund sites account for approximately $156.9 million ($4.2 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $58.4 million related to the operation of a water treatment plant. The new water treatment plant was completed in Fiscal Year 2011-12, and the operating and maintenance costs of the new plant are to be shared with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in calendar year 2023, the State will assume 100 percent of the operating costs of the new plant, estimated at $2.3 million annually. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. As of June 30, 2017, the State has received $4.7 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $64.7 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a new water treatment plant whose construction commenced in 2013. Current operating and maintenance costs are estimated at approximately $1.3 million, increasing to approximately $2.6 million in 2028, and continuing into perpetuity. The State's share of the costs to complete the remaining remediation projects is estimated to total $2.7 million through 2018. The department shares these costs with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $5.7 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. Two remedial design projects on surface and subsurface water have been completed. Construction cost estimates were based upon an engineering study and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $19.1 million related to the clean-up of contamination from mine waste piles and drainage. The State will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-sharing ratio of 10 percent State, 90 percent EPA until 2027, after which time the State assumes 100 percent of the costs. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

NOTE 14 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2017.

(Amounts in Thousands)	Governmental Activities	Business-Type Activites
Deferred Outflow of Resources:		
Derivative Instruments	$ -	$ 2,371
Refunding Losses	2,431	159,281
Pensions	3,304,636	2,052,672
	3,307,067	**2,214,324**
Deferred Inflow of Resouces		
Nonexchange Transactions	338	442
Refunding Gains	-	860
Timing Differences	795	95
Service Concession Arrangements	-	139,455
Pensions	34,470	65,461
	$ 35,603	**$ 206,313**

A. DERIVATIVE INSTRUMENTS

On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement (the Agreement) in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2008A debt issuance. The agreement was not terminated with the refunding of the Series 2008A bonds by the Series 2010A Refunding Bonds issued in 2010. The agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred outflow of $2.4 million as of June 30, 2017.

The Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing variable rate revenue bonds. The Agreement, with an original notional amount of $43.2 million and current notional amount of $39.5 million, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London Interbank Offering Rate (payable by Morgan Stanley), which was 0.31 percent at June 30, 2017. Cash flows between the parties are settled on the net difference. The market value to the Colorado School of Mines as of June 30, 2017 was $13.2 million liability as determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2037. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

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

- Termination Risk – Terminating the transaction while the market value is negative would likely require a termination payment by the School.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School considers the swap agreement counterparty's (Morgan Stanley) credit quality rating and the ability of the counterparty to withstand credit market turmoil. As of June 30, 2017, Morgan Stanley's credit rating is A3 by Moody's, and BBB+ by Standards & Poor's.

- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices.

B. REFUNDING GAINS AND LOSSES

Refunding gains and losses on debt refunding transactions are recorded as deferred inflows or deferred outflows, respectively, and generally amortized over the life of the new debt. On June 30, 2017, deferred outflows in governmental activities related to unamortized refunding losses included $1.0 million in the Department of Transportation and $1.0 million in the Department of Corrections. All of the unamortized refunding gains and losses in business-type activities were in Higher Education Institutions.

C. TIMING DIFFERENCES

Deferred Inflows are recorded for unavailable revenue resulting from timing differences that are primarily related to long-term taxes receivables. The majority of the deferred inflows balance is recognized as revenue over time in the government-wide Statement of Activities.

D. NONEXCHANGE TRANSACTIONS

Deferred inflows are recorded for grant receipts when all of the eligibility requirements for the grant have been met, except the time requirement. As of June 30, 2017, the Department of Health Care Policy and Financing, a governmental activity, held $0.3 million and Colorado State University, a business-type activity, held $0.4 million in receipts awaiting the passage of time.

E. SERVICE CONCESSION ARRANGEMENTS

Service Concession Arrangements are arrangements between a government and a governmental or nongovernmental entity in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Deferred inflows totaling approximately $139 million were related to Service Concession Arrangements at the High Performance Transportation Enterprise. Refer to Note 19 for additional information on Service Concession Arrangements.

F. PENSIONS

Primary Government

Additional information on the components of deferred inflows and deferred outflows for pensions can be found in Note 6.

Component Unit

The Colorado Water Resources and Power Development Authorities deferred outflows of resources and deferred inflow information comprised of refunding costs, refunding benefits and pension. These are reported on Statement of Net Position-Component Units.

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

The beginning net position/fund balance was restated as a result of the following prior period adjustments:

Governmental activities decreased by $5,198,714. Colorado's Department of Public Health and Environment reduced accounts receivable and related allowances for receivables deemed uncollectable.

A transfer of vehicles and other assets from Centralized Capital Assets to the Brand Inspection Fund (Other Special Revenue) corrected the coding on these assets, but did not affect total Governmental fund balance.

(Amounts in Dollars)

	Government-Wide Statements		Fund-Level Statements		
			Major Governmental Fund		Major Proprietary Fund
Subject	Governmental Activities	Business-Type Activities	Environment and Health Protection	Centralized Capital Assets	Other Enterprises
Brand Inspection Vehicles	(545,040)	545,040		(545,040)	545,040
Reduction to Accounts Receivables and related Allowance For Billed Accounts Receivable by Department of Public Health and Environment	(5,198,714)		(5,198,714)		
	(5,743,754)	545,040	(5,198,714)	(545,040)	545,040

B. ACCOUNTING CHANGES

CSU implementation of GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans: Beginning fund balance in Fiduciary Assets of the Colorado State University was increased by $71,534,705.99. This correctly characterized these Other Post Employment Benefit plan assets as a fiduciary trust rather that as deposits held for others as they were formerly recorded. This implementation was for the fiscal year ending June 30, 2017.

CU implementation of GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets: Beginning fund balance was reduced by $46,640,326.01 to record the cumulative effect of GASB 73 adoption. This implementation was for the fiscal year ending June 30, 2017.

(Amounts in Dollars)

	Government-Wide Statements		Fund-Level Statements	
			Major Proprietary Fund	Major Fiduciary Fund
Subject	Governmental Activities	Business-Type Activities	Higher Education Institutions	Pension and Other Employee Benefit Trust
Colorado State University Other Post-Employment Benefits Trust				71,534,706
University of Colorado Alternate Medicare Plan		(46,640,326)	(46,640,326)	
	-	(46,640,326)	(46,640,326)	-

Component Unit

During 2016, the Colorado Water Resources and Power Development Authority adopted GASB Statement No. 72 of the Governmental Accounting Standards Board (GASB 72), *Fair Value Measurement and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements and related disclosures. Adoption of GASB 72 had no effect on the Authority's beginning net position as of January 1, 2015 or on the change in net position for the year ended December 31, 2015.

FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balance comprises the following (see Note 1 for additional details.):

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND:			
General Government	$ 55,440	$ 482,935	$ 16,270
Business, Community and Consumer Affairs	-	57,093	-
Education	386,809	8,095	-
Health and Rehabilitation	-	24,276	-
Justice	-	10,193	-
Natural Resources	-	2,343	-
Social Assistance	-	61,096	-
TOTAL	$442,249	$ 646,031	$ 16,270
RESOURCE EXTRACTION:			
General Government	$ 66,000	$ -	$ -
Business, Community and Consumer Affairs	-	193,228	-
Education	-	2,124	-
Health and Rehabilitation	-	306	-
Natural Resources	13,173	915,241	-
TOTAL	$ 79,173	$ 1,110,899	$ -
HIGHWAY USERS TAX:			
General Government	$ 59,707	$ 33,614	$ -
Health and Rehabilitation	3,027	-	-
Justice	865	1,914	-
Transportation	854,179	17,400	-
TOTAL	$917,778	$ 52,928	$ -
CAPITAL PROJECTS:			
General Government	$ -	$ 236,726	$ -
Business, Community and Consumer Affairs	-	1,632	-
Education	-	3,056	-
Health and Rehabilitation	-	1,505	-
Justice	5	1,378	-
Natural Resources	-	57	-
Social Assistance	-	321	-
TOTAL	$ 5	$ 244,675	$ -
STATE EDUCATION:			
Education	$102,019	$ -	$ -
TOTAL	$102,019	$ -	$ -
OTHER GOVERNMENTAL FUNDS:			
General Government	$169,116	$ 507,154	$ -
Business, Community and Consumer Affairs	43,605	298,992	-
Education	-	85,073	-
Health and Rehabilitation	17,822	96,329	-
Justice	-	189,172	-
Natural Resources	6,666	13,303	-
Social Assistance	441	80,809	-
TOTAL	$237,650	$ 1,270,832	$ -

The significant fund balances held for restricted purposes as of June 30, 2017, include:

- $386.8 million in the General Fund in the Education function includes $251.0 million related to the BEST program; a portion in cash from bond proceeds issued by the Treasurer and a portion in local school district matching funds restricted for public school fund construction under a settlement agreement.
- $854.2 million in the Highway Users Tax Fund in the Transportation function includes $850.1 million in the State Highway Fund from motor fuels tax and fees pursuant to Article X of the State Constitution and is restricted for highway construction and maintenance.
- $102.0 million in the State Education Fund in the Education function from 0.33 percent of income taxes is restricted for educational purposes pursuant to Article IX, Section 17 of the State Constitution.
- $169.1 million in the Other Governmental Funds in the General Government function includes $83.0 for the TABOR emergency reserve recorded in the Major Medical Fund, $80.0 million in the Debt Service Fund, $18.6 million recorded in the Clean and Renewable Energy Fund and $17.5 million recorded in the Mortgage Fraud Custodial Fund.

The significant fund balances held for committed purposes as of June 30, 2017, include:

- $482.9 million in the General Fund in the General Government function includes $444.0 million, a portion of the $584.3 million representing the 6 percent statutory reserve available on a GAAP basis (see Note 1).
- $192.2 million in the Resource Extraction Fund in the Business, Community, and Consumer Affairs function includes $143.2 million in the Local Government Severance Tax Fund from severance tax and federal mineral leasing moneys held for the Department of Local Affairs for distribution to local governments.
- $915.2 million in the Resource Extraction Fund in the Natural Resources function includes $465.0 million in the Colorado Water Conservation Board Construction Fund that represents cash balances and loans receivable for loans issued to local governments by the Colorado Water Conservation Board; and $370.9 million in the Severance Tax Perpetual Base Fund for cash and long term severance tax loans receivables.
- $236.7 million in the Capital Projects funds in the General Government function represents cash and receivables related to appropriated multi-year capital projects.
- $507.2 million in the Other Governmental Funds in the General Government function primarily represents $277.6 million in the Unclaimed Property Funds and $75.8 million in Tobacco Litigation Settlement Funds.
- $299.0 million in Other Governmental Funds in the Business, Community and Consumer Affairs function primarily represents $50.4 million in the Limited Gaming Fund, $32.4 million in the Employment Support Fund and $13.8 million in the Workmen's Compensation Funds.
- $189.2 million in Other Governmental Funds in the Justice function primarily represents $52.5 million in the Disaster Emergency Fund in the Department of Public Safety, $15.5 million in the Supreme Court Committee Fund, $11.8 million in the Victims Compensation Fund, and $11.1 million in the Victims Assistance Fund.

STABILIZATION ARRANGEMENTS

In accordance with C.R.S. 24-75-201.1(1)(d), the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. For Fiscal Year 2016-2017, the reserve is calculated as six percent of General Purpose Revenue Fund appropriations less exceptions pursuant to C.R.S. 24-75-201.1(2). C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In Fiscal Year 2016-17 there was no use of the reserve. As of June 30, 2017, on a legal budgetary basis the reserve was $584.3 million. On a GAAP basis only $444.0 million was available for the reserve (see Note 1).

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

MINIMUM FUND BALANCE POLICIES

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

Pursuant to Rule 8.2003.D, the Hospital Provider Fee Oversight Advisory Board (OAB) has established a reserve of four percent of the estimated expenditures for the Hospital Provider Fee Cash Fund plus any interest accrued by the fund. For Fiscal Year 2016-17, the maximum amount that could be kept in reserve was $68.1 million although the OAB lowered the target reserve to $3 million for that year. The reserve acts as a buffer to minimize the need for mid-year fee increases in the event that expenditures are higher than estimated.

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2017, were:

DUE FROM OTHER FUNDS (DOLLARS IN THOUSANDS)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 41,334	$ 66	$ -
Resource Extraction	-	-	-
Highway Users Tax	-	-	-
Capital Projects	-	-	-
Higher Education Institutions	6,971	415	572
Unemployment Insurance	1	-	-
MAJOR FUNDS SUBTOTAL	48,306	481	572
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Environment and Health Protection	1	-	-
Unclaimed Property	1	-	-
Other Special Revenue	38	-	149
OTHER GOVERNMENTAL FUNDS SUBTOTAL	40	-	149
ENTERPRISE FUNDS:			
Parks and Wildlife	-	-	-
Correctional Industries	-	-	-
State Nursing Homes	-	-	-
Transportation Enterprise	-	-	844
Other Enterprise Activities	-	-	-
OTHER ENTERPRISE FUNDS SUBTOTAL	-	-	844
INTERNAL SERVICE FUNDS:			
Central Services	-	-	-
Information Technology	1,721	-	-
INTERNAL SERVICE FUNDS SUBTOTAL	1,721	-	-
FIDUCIARY FUNDS:			
State Employee Benefit Plans	203	-	-
College Savings Plan	-	-	-
Treasury Agency Funds	-	-	-
FIDUCIARY FUNDS SUBTOTAL	203	-	-
TOTAL	$ 50,270	$ 481	$ 1,565

DUE TO OTHER FUNDS
(DOLLARS IN THOUSANDS)

Capital Projects	Higher Education Institutions	State Lottery	All Other Funds	Total
$ -	$ 636	$ 15,371	28,942	$ 86,349
48	-	-	17,022	17,070
-	-	-	5,037	5,037
-	-	-	10	10
1,960	-	-	1,222	11,140
-	-	-	-	1
2,008	636	15,371	52,233	119,607
-	-	-	-	1
-	-	-	-	1
-	-	-	7,500	7,687
-	-	-	7,500	7,689
-	-	3,274	-	3,274
-	767	-	-	767
34	-	-	1	35
-	-	-	-	844
-	-	-	48	48
34	767	3,274	49	4,968
-	23	-	-	23
-	-	-	60	1,781
-	23	-	60	1,804
-	3,381	-	65	3,649
-	-	-	8,246	8,246
-	-	14,098	-	14,098
-	3,381	14,098	8,311	25,993
$ 2,042	$ 4,807	$ 32,743	$ 68,153	$ 160,061

All of the material receivables and related payables shown in the schedule are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the State's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The General Fund receivable of $28.9 million from All Other Funds is primarily comprised of $15.3 million in payables from the Limited Gaming Fund and $8.5 million from various cash funds to support incurred Medicaid expenditures.

The General Fund receivable of $41.3 million within the General Fund primarily includes $35.6 million in personal services and operating line item reversions payable from the General Purpose Revenue Fund to the State Employee Reserve Fund.

The General Fund receivable of $15.4 million from the State Lottery Fund primarily consists of a payable recorded by the Conservation Trust Fund for $13.1 million, and to the Building Excellent Schools Today Grant Program for approximately $2.3 million.

The Resource Extraction Fund receivable of $17.0 million from All Other Funds primarily consists of $17.4 million of loans from the Division of Parks and Wildlife Fund.

The Treasury Agency Fund receivable of $14.1 million represents the distribution of State Lottery Fund proceeds to the Great Outdoors Colorado Fund.

INTERFUND TRANSFERS

Transfers between funds for the fiscal year ended June 30, 2017, were:

TRANSFER-OUT FUND (DOLLARS IN THOUSANDS)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 3,961,096	$ 4,342	$ 79,396
Resource Extraction	47,072	14	-
Highway Users Tax	12,797	-	802,726
Capital Projects	1,571	-	500
State Education	8,990	-	-
Higher Education Institutions	5,442	-	-
Unemployment Insurance	18	-	-
State Lottery	55,664	-	30
MAJOR FUNDS SUBTOTAL	4,092,650	4,356	882,652
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	221	353	-
Gaming	15,564	15	-
Tobacco Impact Mitigation	3,443	-	9
Resource Management	51	-	-
Environment and Health Protection	11,708	-	-
Unclaimed Property	182	-	-
Other Special Revenue	98,779	-	3,780
PERMANENT FUNDS:			
State Lands Trust	79,725	-	-
OTHER GOVERNMENTAL FUNDS SUBTOTAL	209,673	368	3,789
ENTERPRISE FUNDS:			
Parks and Wildlife	4,318	-	-
College Assist	79	-	-
State Fair	112	-	-
Correctional Industries	942	-	-
State Nursing Homes	1,977	-	-
Prison Canteens	79	-	-
Petroleum Storage	10	-	-
Transportation Enterprise	-	-	-
Other Enterprise Activities	411	-	-
OTHER ENTERPRISE FUNDS SUBTOTAL	7,928	-	-
INTERNAL SERVICE FUNDS:			
Central Services	368	-	-
Information Technology	388	-	-
Capitol Complex	719	-	-
Administrative Courts	71	-	-
Legal Services	3,256	-	-
Other Internal Service	215	-	-
INTERNAL SERVICE FUNDS SUBTOTAL	5,017	-	-
FIDUCIARY FUNDS:			
State Employee Benefit Plans	73	-	-
Treasurer's Private Purpose	23	-	-
FIDUCIARY FUNDS SUBTOTAL	96	-	-
TOTAL	$ 4,315,364	$ 4,724	$ 886,441

TRANSFER-IN FUND
(DOLLARS IN THOUSANDS)

	Capital Projects	State Education	Higher Education Institutions	All Other Funds	TOTAL
	$ 88,983	$ 25,321	$ 230,231	$ 190,837	$ 4,580,206
	-	-	7,019	2,289	56,394
	1,152	-	-	134,068	950,743
	71,227	-	138,708	5,115	217,121
	-	-	7,847	34,025	50,862
	-	-	2,932,151	-	2,937,593
	-	-	-	-	18
	-	-	-	14,723	70,417
	161,362	25,321	3,315,956	381,057	8,863,354
	-	-	-	245	819
	1,557	-	8,712	18,913	44,761
	7,386	-	15,325	23,062	49,225
	-	-	-	-	51
	-	-	-	776	12,484
	-	-	-	-	182
	10	-	13	50,929	153,511
	-	-	730	192	80,647
	8,953	-	24,780	94,117	341,680
	-	-	-	5	4,323
	-	-	-	98	177
	-	-	-	-	112
	-	-	-	-	942
	-	-	-	2,261	4,238
	-	-	-	-	79
	-	-	-	-	10
	-	-	-	27	27
	-	-	-	48	459
	-	-	-	2,439	10,367
	-	-	-	551	919
	-	-	-	-	388
	-	-	-	305	1,024
	-	-	-	-	71
	-	-	-	73	3,329
	-	-	-	-	215
	-	-	-	929	5,946
	-	-	-	-	73
	-	-	-	-	23
	-	-	-	-	96
	$ 170,315	$ 25,321	$ 3,340,736	$ 478,542	$ 9,221,443

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the State's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund. These include $3,597.8 million from the General Purpose Revenue Fund to the State Public School Fund (both within the General Fund), $89.0 million to the Capital Projects funds (for controlled maintenance and capital projects), and $230.2 million to the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

Additional transfers-out from the General Fund include $79.4 million to the Highway Users Tax Fund and $97.4 million from the Public School Fund to the Charter School Institute Fund (both within the General Fund). In addition, $25.3 million was transferred to the State Education Fund, and $11.0 million was transferred to the Debt Service Fund for payment on outstanding certificates of participation issued by the Building Excellent Schools Today program.

The Resource Extraction transfer-out to the General Fund includes a $43.7 million transfer from the Mineral Leasing Fund to the State Public School Fund. Transfers to the Higher Education Fund include $7.0 million from the Federal Mineral Leasing Revenues Fund to the Lease-Purchase Cash Fund.

The Highway Users Tax Fund transfer-out to All Other Funds includes $132.7 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation.

The Capital Projects transfers-out include $138.7 million to Institutions of Higher Education representing spending on state-funded capital projects managed by the institutions.

The State Education Fund transfers-out includes $34.0 million to the Early Literacy Fund in All Other Funds.

The Lottery transfer-out to the General Fund primarily comprises $55.7 million to the Conservation Trust Fund in the Department of Local Affairs as a statutory distribution of Lottery net proceeds. Additionally, $13.3 million was transferred to the Division of Parks and Wildlife in All Other Funds.

The Gaming transfers-out include distributions of limited gaming revenues of $15.6 to the General Fund and $7.5 million to the Creative Industries Cash Fund and the Advance Industries Acceleration Fund in the Governor's Office of Economic Development and International Trade.

The Tobacco Impact Mitigation Fund includes transfers-out to Higher Education Funds of $15.3 million from the Tobacco Litigation Settlement Moneys Health Education Fund.

The Other Special Revenue transfers-out to the General Fund include $41.2 million from the Retail Marijuana Excise Tax Fund to the Public School Capital Construction Assistance Fund (a special purpose fund in the General Fund). Additionally, the transfers-out to All Other Funds includes transfers of $31.6 million to the State Lands Trust Fund.

The State Lands Trust transfer-out to the General Fund includes $21.0 million to the State Public School Fund.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education, the Department of Labor and Employment, and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2016-17, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $109.9 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2010-11, and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the revenue stream, and $607 million of the pledge commitment remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1998-99 and furthest maturity date of Fiscal Year 2054-55. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $1.6 billion. Individually significant Higher Education Institution pledges include:

- $1.2 billion (net) pledged by the University of Colorado to secure $127.7 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2015-16 and has a final maturity date of Fiscal Year 2046-47. The pledged revenue represents approximately 76.1 percent of the revenue stream, and $2.4 billion of the pledge (principal and interest) remains outstanding.
- $257 million (gross) pledged by Colorado State University to secure $67.9 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2054-55. The pledged revenue represents 100 percent of the total revenue stream, and $1.8 billion of the pledge (principal and interest) remains outstanding.
- $58.6 million (net) pledged by the Colorado School of Mines to secure $16.5 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt was originally issued in Fiscal Year 1998-99 and has a final maturity date of Fiscal Year 2042-43. The pledged revenue represents approximately 78.6 percent of the revenue stream, and $322.9 million of the pledge (principal and interest) remains outstanding.
- $30.7 million (gross) pledged by Metropolitan State University of Denver to secure $7.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2045-46. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $151.1 million of the pledge (principal and interest) remains outstanding.
- $24.6 million (net) pledged by Colorado Mesa University to secure $14.9 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2044-45. The pledged revenue represents approximately 55.1 percent of the revenue stream and $362.6 million of the pledge (principal and interest) remains outstanding.
- $39.1 million pledged by the University of Northern Colorado to secure $10.4 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2007-08 and furthest maturity date of Fiscal Year 2045-46. The pledged revenue represents 41.2 percent of the net total auxiliary and

student fee revenue streams and also represents 100 percent of gross tuition revenues. $235.7 million of the pledge (principal and interest) remains outstanding.

- $18.7 million (gross) pledged by Colorado State University – Pueblo to secure $5.6 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2043-44. The pledged revenue represents 100 percent of the revenue stream, and $179.5 million of the pledge (principal and interest) remains outstanding.
- $7.7 million (net) pledged by the Fort Lewis College to secure $4.1 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The debt issuances had an earliest origination date of Fiscal Year 2007-08 and furthest maturity date of Fiscal Year 2037-38. The pledged revenue represents 35.5 percent of the revenue stream, and $74.2 million of the pledge (principal and interest) remains outstanding.
- $17.8 million (net) pledged by the Western State Colorado University to secure $5.9 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2009-10 and furthest maturity date of Fiscal Year 2044-45. The pledged revenue represents 39.8 percent of the revenue stream, and $171.7 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Debt Service Requirements Interest	Debt Service Requirements Total
Higher Education Institutions	2,140,113	(496,614)	1,643,499	117,118	160,835	277,953
Statewide Bridge Enterprise	109,927	-	109,927	-	18,234	18,234
	$ 2,250,040	$ (496,614)	$ 1,753,426	$ 117,118	$ 179,069	$ 296,187

DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in its institutions of higher education. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor restricted endowment appreciation reported by the State's institutions of higher education totaled $18.4 million.

The University of Colorado reported net appreciation on endowment investments of $15.7 million that was available for spending. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds.* The University spends its investment income in accordance with its established spending policy.

The Colorado School of Mines reported $1.9 million of net appreciation on endowment investments that was available for spending. The School reported the related net assets in Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The School has an authorized spending rate of 4.5% of the rolling 36-month average market value of the endowment investments.

Colorado State University reported $605,631 of net appreciation on its donor-restricted endowments that was available for spending. The University reported the related net position in Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. Expenditures of the University's investment income on endowment earnings held are authorized by the University President and expended in accordance with that authorization. They are also reported to the Board of Governors.

NOTE 18 – COMPONENT UNITS, SEGMENTS, AND RELATED PARTIES

COMPONENT UNITS

The State reports nine component units under the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14 – The Financial Reporting Entity, Statement No. 39 – Determining Whether Certain Organizations Are Component Units, Statement No. 61 – The Financial Reporting Entity: Omnibus-An Amendment to GASB Statements No. 14 and No. 34, and Statement No. 80 – Blending Requirements for Certain Component Units. The State's component units are separated into major, and nonmajor below. Financial statements for the major component units are presented in the Basic Financial Statements and for the nonmajor component units in the Supplementary Information Section of the Comprehensive Annual Financial Report.

A. MAJOR COMPONENT UNITS

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. It is authorized to issue bonds, notes, or other obligations, which constitute its debt and not debt of the State of Colorado. Its primary revenue sources are income from invested bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and EPA grants. The Authority incurred $9.5 million in expenses for the State during 2016 for two State departments.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income. During Fiscal Year 2015-16, the foundation distributed $106.2 million of gifts and income to or for the benefit of the University of Colorado and other beneficiaries.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. During Fiscal Year 2015-16, the foundation transferred $47.6 million to the University.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income. During Fiscal Year 2015-16 the foundation transferred, $21.6 million to the University.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to provide program, scholarship and other support to the University of Northern Colorado. The foundation's primary revenue is derived from contributions and investment income. During Fiscal Year 2015-16, the foundation transferred $10.6 million to the University. At June 30, 2016, the Foundation owed the University $0.6 million.

B. NONMAJOR COMPONENT UNITS

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

The Colorado Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the State and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority $50.0 million of insurance-premium tax credits, which it subsequently sold to insurance companies.

In 2005, the Authority entered into a limited partnership agreement to form Colorado Fund I, LP (Fund I) and committed to provide up to $21.8 million to Fund I. The period of commitment extends over the term of Fund I, originally ending June 2015 and extended to June 2018, and is for investment in businesses meeting criteria established by the Authority, specifically including businesses in the life sciences, information technology, agritechnology, medical device, and retail sectors. As of December 31, 2016, the VCA has contributed approximately $21.8 million, or 100 percent, of its total funding commitment to Fund I.

In 2010 the authority entered into a limited partnership agreement to form Colorado Fund II, LP (Fund II) and has committed to providing up to $25.4 million over the term of Fund II (through December 2019 unless otherwise terminated). As of December 31, 2016, the VCA has contributed approximately $23.9 million, or 94 percent, of its total funding commitment to Fund II.

In August 2010, the Board of Trustees of the Metropolitan State College of Denver (now Metropolitan State University of Denver) established the HLC @ Metro, Inc. as a non-profit entity to provide for the financing, construction, operation, and management of the Hotel and Hospitality Learning Center at MSU Denver. The facility, which opened in August 2012, includes a fully functioning hotel and learning laboratory for the University's Hospitality, Tourism, and Events department.

During the year ended June 30, 2016, net assets of $1.7 million were transferred to the University of Colorado, the University of Colorado Foundation and the University of Colorado Property Corporation, Inc. (CUPCO, blended within the University) from the University of Colorado Real Estate Foundation (CUREF). Since June 30, 2016, CUREF continues to transfer assets, liabilities and other obligations to the University and the affiliated parties, with all transfers and the dissolution of CUREF anticipated to be completed by June 30, 2017. The increase in the level of financial burden/benefit to the University affected the component unit determination for CUREF. CUREF was added as a discretely presented nonmajor component unit for the fiscal year ended June 30, 2016, which resulted in a $6.1 million decrease to beginning net position for component units.

SEGMENT INFORMATION

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

University of Colorado

CU Medicine, formerly University Physicians Incorporated (UPI), performs the billing, collection, and disbursement functions for professional services rendered as authorized in Section 23-20-114, Colorado Revised Statues 1973.

Campus Village Apartments, LLC (CVA) is organized, operated and dedicated exclusively to the charitable purposes of promoting the general welfare, development, growth and wellbeing of the University, and specifically for the primary purpose of acquiring, constructing, improving, equipping and operating a student housing facility, to include related improvements and amenities.

Auraria Higher Education Center

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

The following page presents condensed financial information for the State's segments. Segment information for Auraria Higher Education Center is presented as of June 30, 2016.

CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2017

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO		AURARIA HIGHER EDUCATION CENTER June 30, 2016	
	CU MEDICINE	CAMPUS VILLAGE APARTMENTS	PARKING FACILITIES	STUDENT FACILITIES
ASSETS:				
Current Assets	$ 245,666	$ 4,883	$ 5,725	$ 8,554
Other Assets	243,536	5,285	4,732	363
Capital Assets	40,649	29,379	46,009	20,908
Total Assets	529,851	39,547	56,466	29,825
DEFERRED OUTFLOW OF RESOURCES	-	-	(635)	(110)
LIABILITIES:				
Current Liabilities	48,706	1,698	2,819	4,317
Noncurrent Liabilities	7,653	52,407	40,073	24,766
Total Liabilities	56,359	54,105	42,892	29,083
DEFERRED INFLOW OF RESOURCES	-	-	76	90
NET POSITION:				
Net Investment in Capital Assets	31,699	(22,473)	3,909	1,622
Restricted for Permanent Endowments:				
Restricted Net Position	-	7,977	4,311	4,856
Unrestricted	441,793	(62)	4,643	(5,936)
Total Net Position	$ 473,492	$ (14,558)	$ 12,863	$ 542

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES:				
Tuition and Fees	$ -	$ -	$ -	$ 5,426
Sales of Goods and Services	848,898	3,227	9,789	17,353
Other	-	-	-	55
Total Operating Revenues	848,898	3,227	9,789	22,834
OPERATING EXPENSES:				
Depreciation	4,722	674	2,463	2,017
Other	789,968	1,623	7,326	18,497
Total Operating Expenses	794,690	2,297	9,789	20,514
OPERATING INCOME	54,208	930	-	2,320
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income	3,310	123	388	28
Gifts and Donations	(11,533)	895	-	-
Other Nonoperating Revenues	34	-	-	-
Debt Service	(220)	(1,480)	(1,795)	(833)
Other Nonoperating Expenses	-	-	-	(7,610)
Total Nonoperating Revenues(Expenses)	(8,409)	(462)	(1,407)	(8,415)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Transfers-In	-	-	1,407	1,570
Special and Extraordinary Items	-	(15,026)		
Total Contributions, Transfers, and Other	-	(15,026)	1,407	1,570
CHANGE IN NET POSITION	45,799	(14,558)	-	(4,525)
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	427,693	-	12,863	5,067
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 473,492	$ (14,558)	$ 12,863	$ 542

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

NET CASH PROVIDED (USED) BY:				
Operating Activities	$ 39,038	$ 1,176	$ 4,864	$ 4,181
Noncapital Financing Activities	(11,533)	895	(1,407)	(1,217)
Capital and Related Financing Activities	(3,757)	(1,759)	(3,556)	(2,985)
Investing Activities	(27,268)	(484)	(206)	(33)
NET DECREASE IN CASH AND POOLED CASH	(3,520)	(172)	(305)	(54)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	84,577	937	5,715	5,235
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 81,057	$ 765	$ 5,410	$ 5,181

RELATED PARTIES AND ORGANIZATIONS

Primary Government

University of Colorado Denver Anschutz Medical Campus enters into related-party transactions with University of Colorado Health (UCHealth) under contracts that support the University's medical education mission. During Fiscal Year 2016-17, under these contracts, UCHealth paid the University $86.3 million and the University paid UCHealth $10.3 million. At June 30, 2017, the University had accounts receivable from UCHealth for $4.2 million, and had no accounts payable to UCHealth.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust members, who are the University of Colorado, the University of Colorado Hospital Authority, and University Physicians, Inc. The Trust provides healthcare benefits on a self-insured basis where risks are transferred to the pool. The University is not financially accountable for the Trust. During Fiscal Year 2016-17 the Trust paid medical claims on behalf of the University of $197.1 million. The University contributed $191.5 million to the Trust and its employees contributed $25.2 million. At June 30, 2017, the University had accounts receivable from the Trust for $830,000 and accounts payable to the Trust for $7.0 million.

The Colorado State University – Pueblo Foundation was established to benefit Colorado State University Pueblo. The Foundation transferred $1.5 million in cash and $31,896 in in-kind transfers to the University in Fiscal Year 2016-17. At June 30, 2017, the University had an account receivable from the Foundation for $3.3 million.

The Adams State University Foundation provides scholarships and work-study grants to students, and program development grants to Adams State University. The Foundation provided $1.5 million in scholarships, grants and operating expense reimbursements during Fiscal Year 2016-17.

The Colorado Mesa University Foundation provides financial assistance to Colorado Mesa University students and assists the University in serving educational needs. In Fiscal Year 2016-17, the Foundation awarded $1.5 million in scholarship funds directly to students and $2.7 million in donations and contributions to Colorado Mesa University. In the same year, Colorado Mesa University made operating transfers to the Colorado Mesa University Foundation for $359,718.

The Colorado Mesa University Real Estate Foundation donated $6.7 million in property to Colorado Mesa University. The University made operating transfers for $6.2 million to the Colorado Mesa University Real Estate Foundation.

The Fort Lewis College Foundation exists to support Fort Lewis College. During Fiscal Year 2016-17 the Foundation funded $894,496 for scholarships and passed through $1.3 million in gifts and pass-through grants for program support.

Metropolitan State University of Denver Foundation, Inc. was organized and is operated to promote the general welfare and development of Metropolitan State University of Denver. The foundation provided $2.8 million of funding to the University in Fiscal Year 2016-17. The foundation also reimbursed the University $348,420 for services provided by University employees and left un-reimbursed $340,094 of these services. At June 30, 2017, the Foundation owed the University $437,206.

Western State Colorado University Foundation was established to aid Western State Colorado University in fulfilling its educational mission. The Foundation transferred $4.8 million to the University in Fiscal Year 2016-17.

Most of the State's community colleges have established foundations to assist in their educational missions. With the exception of the Community College of Aurora, the Community College of Denver, Arapahoe Community College, Front Range Community College, Pikes Peak Community College, Pueblo Community College and Red Rocks Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000.

In Fiscal Year 2016-17, the Arapahoe Community College Foundation transferred $659,626 in scholarships and grants to Arapahoe Community College.

The Community College of Aurora Foundation provided the Community College of Aurora with scholarships and grants in Fiscal Year 2016-17 for $588,081. In previous years, the Community College of Aurora made lease payments to the Community College of Aurora Foundation for the CentreTech Campus, but the Community College of Aurora purchased the CentreTech campus in FY 2015-2016.

The Community College of Denver Foundation provided $636,954 to the Community College of Denver for scholarships and $172,087 in pass through grant funding and support for other activities.

Front Range Community College received from the Front Range Community College Foundation $550,411 for scholarships. Front Range Community College provided $270,093 in personnel and operating support to the Front Range Community College Foundation.

Pikes Peak Community College Foundation provided $1.0 million to Pikes Peak Community College in the form of reimbursements for direct expenditures, financial aid support and grant funds. The College in turn provided $305,124 of operating support to the Foundation.

The Pueblo Community College Foundation provided Pueblo Community College $904,576 in the form of scholarships, grants, construction funds, program funding and discretionary funds.

The Red Rocks Community College Foundation provided $904,215 to Red Rocks Community College. Of this amount, $432,281 was for scholarships, $172,564 was for the construction of the Arvada Health Professions and Science Building, and $160,467 was for pass-through grants. The rest of the funds were for other grants, special projects and support of operating expenses. The College provided $280,938 to the Foundation for operating expenses.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2016-17, the Board funded $30.5 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2017, GOCO owed the Department of Natural Resources $7 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, is a related party to the State through the Department of Health Care Policy & Financing. During Fiscal Year 2016-17 the Colorado Health Benefit Exchange reimbursed the State $341,348 for software programming and other information technology expenses.

Colorado Housing and Finance Authority (CHFA) is a related party to the State in three different activities as follows:

- The Colorado Housing and Finance Authority Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S. Rural Business Cooperative Service. The Department of Treasury holds two CHFA bonds with a face value of $4.3 million as of June 30, 2017. The Department receives monthly payments from CHFA for all principal payments and interest collected by the Authority. On bond maturity dates of January 1, 2025 and December 1, 2031, the Department of Treasury will receive any unpaid principal balance of the bonds, plus all accrued and unpaid interest.
- CHFA acts as the fiscal agent for the Colorado Energy Office State Energy Plan grant that provides loans for energy efficiency or renewable energy projects. The outstanding loan balance at CHFA on June 30, 2017 was $5.8 million. In Fiscal Year 2016-17, the Energy Office paid CHFA $19,000 in administrative fees for this service.
- Under CRS 8-77-103.5 CHFA is authorized "…to issue bonds and notes as are necessary to maintain adequate balances in the unemployment compensation fund or to repay moneys advanced to the State from

the Federal Unemployment trust fund, or both." On June 28, 2012, as a conduit issuer in an exchange transaction, CHFA issued Colorado Unemployment Compensation Fund Special Revenue Bonds with a par value of $624.8 million. These bonds were paid in full as of May 2017. The Department of Labor and Employment paid CHFA $60,000 in administration fees in Fiscal Year 2016-17 for this arrangement.

Component Units

The Colorado Venture Capital Authority (VCA) has Limited Partnership Agreements with Colorado Fund I, LP and Colorado Fund II, LP, and has selected High Country Venture, LLC, to serve as manager and general partner of both funds. The partnership agreements allocate income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2016, VCA's investments in Colorado Fund I and Colorado Fund II totaled $21.6 million and $28.9 million respectively.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

SERVICE CONCESSION ARRANGEMENTS

On February 25 2014, HPTE and Plenary Roads Denver (PRD) completed the financial close of a concession agreement. The commercial close of the concession agreement finalized the terms of the agreement. The concession agreement with PRD transferred the operations, maintenance, and revenues from the I-25 High Occupancy Toll (HOT) lanes and the U.S. 36 Phase I project to Plenary Roads Denver from HPTE for the next fifty years. The concession agreement is HPTE and CDOT's first public private partnership (P3) project, where public and private sectors work together to provide transportation improvements. PRD will finance, design, and construct U.S. 36 Phase II, and then operate and maintain, Phase I, Phase II, and the existing I-25 HOT lanes.

Under the agreement, the Enterprise received from PRD a transfer of capital assets and the assumption of the TIFIA loan. In accordance with GASB 60 the Enterprise recorded the capital assets consisting of tolling software and toll lanes at the acquisition value of $88,716.505. The Book value of the TIFIA loan assumed by PRD was $54 million. These amounts are included in deferred inflows of resources on the statement of net position.

ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Fund, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $75.5 million, $101.0 million and $1.1 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

In Fiscal Year 2010-11, Metropolitan State University of Denver's Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC @ Metro, Inc. The HLC @ Metro, Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds in October 2010, loaning the proceeds to HLC @ Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC @ Metro, Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due, and HLC @ Metro, Inc. is obligated to repay all payments made on its behalf. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2017, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

CONTINGENCIES

The Colorado Governmental Immunity Act (CGIA) sets upper limits on State liability at $350,000 per individual and $990,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid. Effective January 1, 2012, the Act was amended to waive the State's sovereign immunity for legal proceedings in which the State has been determined to be negligent in conducting prescribed fires.

Numerous court cases are pending in which the plaintiffs allege that the State has deprived persons of their constitutional rights, civil rights, inadequately compensated them for their property, engaged in regulatory misfeasance, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the State often files counterclaims. While it is reasonably possible that awards of judgment could occur, it is unlikely that those awards would have a material adverse effect on the State's financial condition.

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

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

At June 30, 2017, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $167.9 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the State to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds. Individual claims exceeding $5.0 million include two claims for refunds of $13.7 million to $22.1 million income taxes. The Department of Revenue will vigorously defend these claims. The likelihood of an unfavorable outcome is uncertain.

Various notes and bonds have been issued by state school districts that may impact the State. Colorado statutes provide that if a district indicates it will not make a required payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The State shall then withhold state property-tax-equalization payments to the defaulting school district for a period up to 12 months to cover the State's loss. Currently, notes or bonds valued at approximately $7.3 billion are outstanding. Of this amount, $1 billion is covered by private insurance.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the State being liable to those parties for any disallowed expenditure. Individually significant disallowances are disclosed in the following paragraphs.

Due to unclear guidance provided by the Centers for Medicare and Medicaid Services (CMS), the Department of Health Care Policy and Financing, as well as several other states, may have to repay a portion of the $38.4 million CHIPRA Bonus payments it received from CMS based on an Office of the Inspector General (OIG) audit finding. The Department strongly disagrees with this OIG audit finding and believes the OIG misinterpreted federal regulations and written guidance related to the CHIPRA bonus calculation. The Department is prepared to challenge this if repayment is requested by CMS and join other states in disputing this through all available channels including the State and Federal Courts. The likelihood of an unfavorable outcome is uncertain.

The Centers for Medicare and Medicaid Services (CMS) conducted an onsite visit of the Pueblo Regional Center (PRC) and sent the Colorado's Department of Health Care Policy and Financing (HCPF) a report of its findings and requested a development of corrective action plan. CMS claimed that HCPF violated federal administrative requirements regarding administration of the Medicaid Home and Community Based Services waiver program for developmentally disabled for approximately 60 individuals. CMS alleged violations of federal rules that involve the provision of services to those individuals between November 1, 2014 and November 2015 and seeks disallowance of payments to HCPF for services provided at PRC. HCPF submitted its proposed corrective action plan on September 26, 2016. HCPF has submitted responses to additional follow-up questions from CMS in March and August 2017. HCPF continues to work to fully respond and implement the CAPs requirements. As of September 13, 2017, HCPF continues to wait for feedback from CMS as to the scope of its determination of non-compliance. HCPF has filed a federal administrative appeal with the Department of Health and Human Services to dispute the scope of the CAP and any proposed remedial sanctions, but that matter is stayed to allow the parties to attempt to negotiate a resolution. The likelihood of an unfavorable outcome is uncertain. There is a possibility that the losses could reach greater than $5 million.

A suit was filed against the Colorado Department of Health Care Policy and Financing where the plaintiff seeks to expand the coverage of Direct Antiviral Acting (DAA) drugs for all Medicaid recipients with Hepatitis C, and to enjoin the Department from implementing any policy or protocol that denies access to DAA drugs to any Medicaid beneficiary who is infected with Hepatitis C. The Department estimates that it would cost $200 million in state funds to provide DAA drugs to all Medicaid recipients infected with Hepatitis C. The original case above was dismissed on February 17, 2017; however on April 13, 2017 a new case was filed by three new plaintiffs on essentially the same grounds, and this new case was further amended on May 9, 2017 to add a fourth plaintiff. Plaintiffs then filed a motion to certify it as a class, that motion is fully briefed and pending before the court. A ten-day trial is set to commence October 29, 2018. The Department of Health Care Policy and Financing will vigorously defend these claims. The likelihood of an unfavorable outcome is uncertain.

The TABOR Foundation, a not-for-profit entity that is not part of State government, has filed suit against the Colorado Department of Health Care Policy and Financing alleging that the hospital provider fee is a tax, not a fee; therefore, requiring a vote of the people. The plaintiffs challenge the fee imposed in Fiscal Years 2011, 2012 and 2013, and seek a refund of all revenue collected, kept, or spent unconstitutionally, plus interest. Approximately $5.4 billion has been collected in fees. The Complaint was filed on June 26, 2015. The Colorado Department of Health Care Policy and Financing filed a motion to dismiss arguing that the hospital provider fee is a fee and not a tax. The Motion was fully briefed and pending before the district court for 20 months when plaintiffs filed an Amended Complaint. Per the Court's order, on September 8, 2017, the State filed a supplement to the motion to dismiss adding grounds to dismiss the new claims in the Amended Complaint. The Colorado Department of Health Care Policy and Financing will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

A suit was filed against the Colorado Department of Human Services where the plaintiff seeks $10.0 million in damages due to suffering life-long injuries from an assault in a Division of Youth Correction facility. A motion to dismiss has been briefed, and the State is awaiting the Court's decision. The Department of Human Services will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

In January 2015, The United States Supreme Court issued its ruling in the case of The State of Kansas versus The States of Colorado and Nebraska claiming overuse of water supply available under the Republican River Compact. As a result of that ruling, The State of Nebraska was required to pay Kansas $5.5 million. The ruling also paved the way for state parties to come to agreement and finalize accounting of the available Republican River water supply and past uses by each state. Currently the accounting is finalized and both Nebraska and Kansas may consider asserting claims against Colorado for its documented overuse. Both states have indicated a strong interest in settling this past debt without litigation; nonetheless they have reserved the right to seek relief against Colorado if a settlement cannot be reached. No specific amount of damages has been determined; however they may exceed $5.0 million.

The State of Texas filed suit against The State of New Mexico claiming that New Mexico's groundwater pumping denied Texas access to their full entitlement under the Rio Grande Compact. Following briefing by the U.S. Solicitor, and a motion to intervene filed by The United State Department of Justice, the Supreme Court accepted suit against New Mexico for violating the Rio Grande Compact. Although no claims at this time have been asserted against The State of Colorado, the State is named as a defendant because it is a signatory to the Compact. Both Texas and New Mexico have indicated that they do not want to pull Colorado into the litigation any more than necessary, but neither of those states nor the United States is willing at this time to stipulate to limitations in the case to protect Colorado's interests. No dollar amount has been stated against Colorado, however depending on how the Court interrupts the Rio Grande Compact, either Texas or New Mexico or both could seek damages against Colorado. In what amount and on what basis, however, is unknown. Due to the unlimited timeline and extended timeframe associated with interstate litigation, this case is expected to last several years.

Two suits were filed by Heartland Biogas, LLC (Heartland) against The State of Colorado (Departments of Agriculture & Public Health and Environment) where the plaintiff seeks $100 million in damages in each case due to the voluntary closure of their biogas facility. In the first case the plaintiff alleges the State violated its due process and substantive due process rights. The Defendants filed a motion to dismiss. The Magistrate Judge recommended that the State Defendants' motion to dismiss be granted and that the claims against the State Defendants be dismissed with prejudice. The parties are awaiting the District Court Judges' review of the recommendation. The Defendants also filed a motion to dismiss the second case, where the plaintiff alleges the State is liable under a theory of estoppel and that the State's action constituted a regulatory taking. The State is unable to estimate the likelihood of an adverse outcome.

The National Federation of Independent Businesses (NFIB), has filed suit against the Colorado Secretary of State alleging that §§ 24-21-104 and 24-21-104.5, C.R.S. violate TABOR. These provisions allocate fees collected by the Secretary's Business and Licensing Division to a cash fund, and authorize appropriations from that cash fund to the Secretary's Elections Division and to counties to support election functions. NFIB seeks a refund of allegedly unconstitutionally collected registration fees, and the imposition of penalties, interest, fees, and costs in accordance with Colorado Constitution Article X, § 1. The complaint does not seek a precise monetary award; The State's estimate of exposure is approximately $20 million. The parties filed cross-motions for summary judgment in Denver District Court. After full briefing and oral argument, on November 3, 2015, the District Court granted summary judgment in the Secretary's favor. The Court did not decide whether the fees are taxes. NFIB has filed a timely appeal to the Colorado Court of Appeals, and the matter is now fully briefed.

In an unpublished decision, the Court of Appeals reversed the trial court's grant of summary judgment in favor of the Secretary and remanded the case for further factual development on the question of whether and to what extent the Secretary's fees have increased post-TABOR's enactment. The parties filed a joint petition for rehearing that was summarily denied, and then each party cross-petitioned for a writ of certiorari. The cross-petitions have been fully briefed and are pending before the Supreme Court. The Secretary will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in this Note 19, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 20 – SUBSEQUENT EVENTS

Primary Government

A. DEBT ISSUANCES AND REFUNDINGS

On July 18, 2017, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2017A. The notes mature on June 27, 2018. The total due on that date includes $600,000,000 in principal and $23,353,333 in interest. The GTRAN was issued with a premium of $18,030,200, an average coupon rate of 4.13%, and a true interest cost of 0.92%.

On July 20, 2017, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2017A. The notes mature on June 28, 2018. The total due on that date includes $290,000,000 in principal and $11,266,667 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $8,778,650, an average coupon rate of 4.14%, and a true interest cost of 0.90%.

On August 10, 2017, the Colorado School of Mines issued $27,675,000 with a premium of $4,509,313 in Institutional Enterprise Revenue Bonds, Series 2017A. The coupon rates of the bonds range from 2% - 5% with final maturity in late 2047. Proceeds of the Series 2017A Bonds will be used for financing certain improvements at the Colorado School of Mines as well as the cost of bond issuance.

B. OTHER

Component Units

The capitalization grants in both the Water Pollution Control Enterprise Fund (WPCRF) and the Drinking Water Revolving Fund (DWRF) programs, both of which are managed by the Colorado Water Resources and Power Development Authority, require that a minimum amount of the grant be used for additional subsidy. Additional subsidy can be grants, principal forgiveness, or negative interest loans. The Authority uses principal forgiveness as the additional subsidy. In the event there are remaining principal forgiveness funds available, which is generally not known or approved until January of the year subsequent to the loan executions, the Authority, with approval and coordination with the Water Quality Control Division, will award the remaining funds to eligible disadvantaged community loans that were executed during the year and reduce the outstanding balance of the loan as of the current year-end. The Authority recorded additional principal forgiveness in 2016 that was approved in 2017 in the WPCRF and DWRF programs of $551,525 and $1,439,030, respectively.

The Denver Metropolitan Major League Baseball Stadium District and the Colorado Rockies Baseball Club (CRBC) signed a new Ballpark lease commencing on March 31, 2017 and terminating March 31, 2047 plus three 5-year renewal options. The lease provides for payments by CRBC of $2.5 million annually, consisting of $1 million in rent and $1.5 million contribution to the capital fund. These amounts will be paid in two semi-annual installments in January and September. The lease also contains parking revenue-sharing provisions. Additionally, the new Ballpark lease agreement provides for a 99-year ground lease of the West Lot for which CRBC will make annual payments to the Capital Repairs Fund as follows:

On July 1, 2016, the Land Holding Venture, LLC (LHV LLC), with the University of Colorado Real Estate Foundation (CUREF) as sole member, transferred its ownership interest in various vacant land holdings and in a residential home to University of Colorado Property Corporation, Inc. (CUPCO) which were carried at $4.1 million as of June 30, 2016. On the same date, LHV transferred its interest in an option agreement to purchase vacant land to CUPCO carried at $15.7 million.

On July 1, 2016, CUREF assigned its single share in University of Colorado United Kingdom Foundation Limited (CU UK) to the University of Colorado Foundation. The net assets of CU UK of $1.0 million were consolidated into CUREF as of June 30, 2016.

On July 7, 2016, LHV LLC executed a binding commitment to sell real property to a third party for $1.2 million, subject to certain contingencies. LHV LLC transferred the same real property to CUPCO on July 13, 2016, subject to the purchase and sale commitment. The carrying value of this property was $0.6 million as of June 30, 2016.

On July 31, 2016, Partnership Holding Venture, LLC (PHV LLC), with CUREF as sole member, transferred its assets to the University of Colorado Foundation and Campus Village Apartments II (CVA II), with CUREF as sole member, transferred its assets to CUPCO. Both PHV LLC and CVA II were dissolved as of July 31, 2016.

On August 1, 2016, CUREF transferred its sole membership interest in 18th Avenue, LLC, to the University. 18th Avenue's net assets of $1.7 million were consolidated into CUREF as of June 30, 2016. In addition, 33rd Street, LLC, with CUREF as sole member, sold real property to the University, subject to existing leases, under terms of a purchase and sale agreement dated October 31, 2013, and amended July 26, 2016 where the two parties executed a binding commitment to sell real property on August 1, 2016 ("the closing date"), which was closed as scheduled.

On September 16, 2016, Campus Village Apartments (CVA), with CUREF as sole member, and the owner of an off-campus housing project, the plaintiff in litigation, mutually agreed to limit the monetary risks arising from the uncertainty of a pending appeal decision. The plaintiff, in the lower court case, challenged the policy of the University to require, according to the plaintiff, "with very few exceptions [that] all first-time domestic freshman and international students" at CU Denver live at CVA. A jury trial in 2015 returned a verdict in favor of the plaintiff and awarded damages. The agreement reached in September 2016 provides for payment to the plaintiff of $6.2 million to be made by CUREF on behalf of CVA if the appeals court finds in favor of the plaintiff. In the event the appeals court returns a decision reversing the verdict and vacating the judgment, CVA will have no further payment obligation. If the appeals court remands the case to the district court for rehearing, the plaintiff agrees to dismiss the original claims, as well as pending newer claims. If the appeals court affirms the district court's judgment, CVA agrees to pay the plaintiff an additional $0.1 million, and the plaintiff agrees to acknowledge that the judgment has been satisfied and will dismiss all claims.

On December 31, 2016, CUREF transferred all if its membership interests in CVA to CUPCO. The total assets of CVA at December 31, 2016 was $40,015,888, total liabilities were $54,500,096 of which $53,033,531 was tax exempt bond obligations (net of unamortized bond discount).

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,006,379	
Income Taxes			6,296,010	
Other Taxes			274,467	
Federal Grants and Contracts			(727)	
Tuition and Fees			-	
Sales and Services			319	
Interest Earnings			16,311	
Medicaid Provider Revenues			-	
Other Revenues			37,718	
Transfers-In			135,814	
Capital Contributions			-	
TOTAL REVENUES AND TRANSFERS-IN			9,766,291	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 10,753	$ 10,753	10,688	$ 65
Corrections	759,196	752,413	750,544	1,869
Education	3,764,627	3,764,789	3,764,202	587
Governor	35,996	33,678	33,299	379
Health Care Policy and Financing	2,654,392	2,622,722	2,530,441	92,281
Higher Education	871,035	869,498	869,320	178
Human Services	831,638	830,190	824,251	5,939
Judicial Branch	486,329	491,242	487,640	3,602
Labor and Employment	20,786	20,682	20,593	89
Law	15,139	15,191	14,795	396
Legislative Branch	44,789	44,772	44,772	-
Local Affairs	21,783	21,058	20,870	188
Military and Veterans Affairs	8,306	8,442	8,219	223
Natural Resources	28,743	28,743	28,543	200
Personnel & Administration	13,146	12,146	11,894	252
Public Health and Environment	47,630	47,630	47,603	27
Public Safety	123,111	122,681	122,232	449
Regulatory Agencies	1,769	1,769	1,629	140
Revenue	71,714	71,705	71,226	479
State	-	-	-	-
Transportation	-	-	-	-
Treasury	3,308	3,308	1,080	2,228
Transfers Not Appropriated by Department	-	-	-	-
TABOR Refund and Nonappropriated Estimates (See Note 8B)				
SUB-TOTAL OPERATING BUDGETS	9,814,190	9,773,412	9,663,841	109,571
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	1,147	904	243
Corrections	20,664	28,419	15,039	13,380
Education	1,323	17,124	4,208	12,916
Governor	10,316	47,294	12,549	34,745
Health Care Policy and Financing	-	-	-	-
Higher Education	22,313	173,643	130,391	43,252
Human Services	20,576	50,487	20,536	29,951
Judicial Branch	-	-	-	-
Labor and Employment	-	-	-	-
Law	-	-	-	-
Legislative Branch	-	-	-	-
Local Affairs	-	-	-	-
Military and Veterans Affairs	3,975	4,049	1,003	3,046
Natural Resources	-	-	-	-
Personnel & Administration	11,484	32,777	16,105	16,672
Public Health and Environment	-	167	71	96
Public Safety	1,535	2,737	938	1,799
Regulatory Agencies	-	-	-	-
Revenue	-	83,427	20,935	62,492
State	-	-	-	-
Transportation	500	500	500	-
Treasury	-	13	-	13
Budgets/Transfers Not Recorded by Department	-	-	-	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	92,686	441,784	223,179	218,605
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 9,906,876	$ 10,215,196	9,887,020	$ 328,176
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (120,729)	

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

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 40,569	
Income Taxes			540,000	
Other Taxes			90,672	
Federal Grants and Contracts			-	
Tuition and Fees			2,706,367	
Sales and Services			1,141,860	
Interest Earnings			28,753	
Health Care Provider Fees			309	
Other Revenues			685,676	
Transfers-In			1,178,408	
Capital Contributions			2,093	
TOTAL REVENUES AND TRANSFERS-IN			6,414,707	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 33,192	$ 30,597	27,612	$ 2,985
Corrections	71,161	79,405	50,247	29,158
Education	1,059,632	1,059,808	951,120	108,688
Governor	241,844	241,884	206,268	35,616
Health Care Policy and Financing	1,019,032	1,051,911	1,023,450	28,461
Higher Education	2,781,026	2,817,153	2,779,059	38,094
Human Services	237,974	242,196	192,840	49,356
Judicial Branch	157,706	156,933	128,469	28,464
Labor and Employment	72,691	71,500	69,883	1,617
Law	59,679	59,704	54,267	5,437
Legislative Branch	990	990	916	74
Local Affairs	25,114	24,139	18,506	5,633
Military and Veterans Affairs	2,012	2,012	1,564	448
Natural Resources	193,458	197,206	163,009	34,197
Personnel & Administration	120,982	123,281	108,949	14,332
Public Health and Environment	232,054	235,518	202,081	33,437
Public Safety	218,191	219,083	197,386	21,697
Regulatory Agencies	80,754	80,595	72,743	7,852
Revenue	199,958	201,952	173,357	28,595
State	22,077	22,489	21,702	787
Transportation	34,199	34,294	33,004	1,290
Treasury	2,717	2,732	2,492	240
Budgets/Transfers Not Recorded by Department	-	-	-	-
SUB-TOTAL OPERATING BUDGETS	6,866,443	6,955,382	6,478,924	476,458
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	16,709	18,174	854	17,320
Corrections	660	1,322	-	1,322
Education	-	-	-	-
Governor	-	18,587	617	17,970
Health Care Policy and Financing	-	-	-	-
Higher Education	2,757	125,833	71,784	54,049
Human Services	1,003	989	17	972
Judicial Branch	-	5,464	-	5,464
Labor and Employment	26,213	27,352	9,811	17,541
Law	-	-	-	-
Legislative Branch	-	-	-	-
Local Affairs	-	-	-	-
Military and Veterans Affairs	-	-	-	-
Natural Resources	9,433	31,277	5,256	26,021
Personnel & Administration	-	16,267	1,048	15,219
Public Health and Environment	897	22,349	3,417	18,932
Public Safety	-	4,049	59	3,990
Regulatory Agencies	-	-	-	-
Revenue	-	-	-	-
State	-	-	-	-
Transportation	-	500	500	-
Treasury	-	237	-	237
Budgets/Transfers Not Recorded by Department	-	-	-	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	57,672	272,400	93,363	179,037
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 6,924,115	$ 7,227,782	6,572,287	655,495
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (157,580)	

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

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ -	
Income Taxes			-	
Other Taxes			-	
Federal Grants and Contracts			$ 5,099,263	
Tuition and Fees			-	
Sales and Services			-	
Interest Earnings			-	
Medicaid Provider Revenues			-	
Other Revenues			-	
Transfers-In			-	
TOTAL REVENUES AND TRANSFERS-IN			5,099,263	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ -	$ -	-	$ -
Corrections	-	-	-	-
Education	-	-	-	-
Governor	-	-	-	-
Health Care Policy and Financing	-	-	-	-
Higher Education	-	-	-	-
Human Services	-	-	-	-
Judicial Branch	-	-	-	-
Labor and Employment	-	-	-	-
Law	-	-	-	-
Legislative Branch	-	-	-	-
Local Affairs	-	-	-	-
Military Affairs	-	-	-	-
Natural Resources	-	-	-	-
Personnel	-	-	-	-
Public Health and Environment	-	-	-	-
Public Safety	-	-	-	-
Regulatory Agencies	-	-	-	-
Revenue	-	-	-	-
State	-	-	-	-
Transportation	-	-	-	-
Treasury	-	-	-	-
Transfers Not Appropriated by Department	-	-	-	-
SUB-TOTAL OPERATING BUDGETS	-	-	-	-
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	-	-	-
Corrections	-	-	-	-
Education	-	-	-	-
Governor	-	-	-	-
Health Care Policy and Financing	5,194,175	5,141,655	4,738,674	402,981
Higher Education	-	-	-	-
Human Services	315,078	317,086	296,328	20,758
Judicial Branch	-	-	-	-
Labor and Employment	38,257	41,642	36,988	4,654
Law	-	-	-	-
Legislative Branch	-	-	-	-
Local Affairs	-	-	-	-
Military and Veterans Affairs	-	372	36	336
Natural Resources	-	-	-	-
Personnel & Administration	-	-	-	-
Public Health and Environment	21,056	19,749	17,331	2,418
Public Safety	-	-	-	-
Regulatory Agencies	-	-	-	-
Revenue	-	-	-	-
State	-	-	-	-
Transportation	-	-	-	-
Treasury	-	-	-	-
Budgets/Transfers Not Booked by Department	-	-	-	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	5,568,566	5,520,504	5,089,357	431,147
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,568,566	$ 5,520,504	5,089,357	$ 431,147
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 9,906	

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

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 9,680,717	$ -	$ -	$ 85,574
Cash	623,307	42,891	260,234	78,292
Federal	5,096,251	-	-	53
Sub-Total Revenues and Transfers-In Appropriated	15,400,275	42,891	260,234	163,919
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	584,889	-	-	-
Cash	4,140,931	404,759	2,016,230	11,729
Federal	2,611,899	109,964	843,438	10,930
Sub-Total Revenues and Transfers-In Non-Appropriated	7,337,719	514,723	2,859,668	22,659
Total Revenues and Transfers-In Appropriated and Non-Appropriated	22,737,994	557,614	3,119,902	186,578
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	9,663,841	-	-	223,179
Cash Funded	589,593	52,846	252,862	77,903
Federally Funded	5,088,195	-	-	53
Expenditures/Expenses and Transfers-Out Appropriated	15,341,629	52,846	252,862	301,135
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	611,227	-	-	-
Cash Funded	4,054,764	232,115	2,181,365	8,636
Federally Funded	2,616,656	109,970	730,877	10,847
Expenditures/Expenses and Transfers-Out Non-Appropriated	7,282,647	342,085	2,912,242	19,483
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	22,624,276	394,931	3,165,104	320,618
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	58,646	(9,955)	7,372	(137,216)
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	55,072	172,638	(52,574)	3,176
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	(8,789)	(5,845)	(5,466)	(2,107)
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	308,627	119,847	982	(1,902)
Increase/(Decrease) for GAAP Revenue Adjustments	(337,748)	(345,762)	(1,016)	(34)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	75,808	(69,077)	(50,702)	(138,083)
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	1,076,582	1,310,940	1,031,421	386,194
Addition of Northwestern Community College	-	-	-	-
Prior Period Adjustments (See Note 29A)	-	-	-	-
Accounting Changes (See Note 29B)	-	-	-	-
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 1,152,390	$ 1,241,863	$ 980,719	$ 248,111

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

		PROPRIETARY FUND TYPES						
STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	FIDUCIARY FUND TYPES	TOTAL PRIMARY GOVERNMENT
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,766,291
569,492	1,536,671	2,751,072	13,416	703	210,409	325,214	3,006	6,414,707
-	1,992	6	-	-	961	-	-	5,099,263
569,492	1,538,663	2,751,078	13,416	703	211,370	325,214	3,006	21,280,261
-	-	-	-	-	-	-	-	584,889
-	1,552,856	325,029	654,319	556,900	349,432	61,181	2,327,086	12,400,452
-	164,943	-	20,833	-	426,726	-	-	4,188,733
-	1,717,799	325,029	675,152	556,900	776,158	61,181	2,327,086	17,174,074
569,492	3,256,462	3,076,107	688,568	557,603	987,528	386,395	2,330,092	38,454,335
-	-	-	-	-	-	-	-	9,887,020
735,633	1,519,447	2,737,402	17,293	82,503	183,435	320,746	2,624	6,572,287
-	-	-	-	-	1,109	-	-	5,089,357
735,633	1,519,447	2,737,402	17,293	82,503	184,544	320,746	2,624	21,548,664
-	-	-	-	-	-	-	-	611,227
34,025	1,229,338	125,785	467,362	361,673	180,725	65,403	1,421,733	10,362,924
-	145,746	14,397	20,231	-	382,340	-	-	4,031,064
34,025	1,375,084	140,182	487,593	361,673	563,065	65,403	1,421,733	15,005,215
769,658	2,894,531	2,877,584	504,886	444,176	747,609	386,149	1,424,357	36,553,879
(166,141)	19,216	13,676	(3,877)	(81,800)	26,826	4,468	382	(268,403)
(34,025)	342,715	184,847	187,559	195,227	213,093	(4,222)	905,353	2,168,859
(2,143)	(36,770)	-	(3)	(354)	(4,133)	(230)	(1,499)	(67,339)
-	-	-	-	-	-	-	-	-
391	546,590	19,107	(4,992)	(118,797)	(28,887)	(91,139)	1,824	751,651
(391)	(728,320)	784	(244)	(8)	(18,875)	4,367	(5,310)	(1,432,557)
-	-	(840,601)	-	-	-	-	-	(840,601)
(202,309)	143,431	(622,187)	178,443	(5,732)	188,024	(86,756)	900,750	311,610
304,440	2,499,848	3,021,946	749,946	(20,558)	1,230,319	(278,085)	6,774,029	18,087,022
-	-	-	-	-	-	-	-	-
-	(5,199)	-	-	-	545	-	-	(4,654)
-	-	(46,640)	-	-	-	-	71,535	24,895
$ 102,131	$ 2,638,080	$ 2,353,119	$ 928,389	$ (26,290)	$ 1,418,888	$ (364,841)	$ 7,746,314	$ 18,418,873

GENERAL FUND SURPLUS SCHEDULE

The General Fund for GAAP purposes is not equivalent to the General Fund for budgetary purposes. The General Fund for GAAP purposes contains activities that are considered cash funds for budget purposes, and includes State Public School, Risk Management Fund, and Other Special Purpose Funds that do not have a sufficient original-source revenue stream to qualify as special revenue funds. The General Purpose Revenue Fund balance represents $508.0 million of the GAAP General Fund balance of $1,152.4 million on the *Balance Sheet – Governmental Funds.*

The General Purpose Revenue Fund is the principal operating fund of the State. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The general fund surplus is a statutorily defined amount that varies from the fund balance reported in the General Purpose Revenue Fund by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A).

The schedule on the following page is presented to document compliance with the constitutional requirement for a positive general fund surplus on the budgetary basis. This schedule includes both appropriated and nonappropriated activity. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* by the specific purpose revenue funds discussed above and in several other ways as discussed in the following paragraphs.

The total fund balance in the General Purpose Revenue Fund column on the *Combining Balance Sheet – General Funds* represents cumulative general-purpose and augmenting revenues in excess of expenditures. The ending general fund surplus is reconciled to the General Purpose Revenue Fund balance on the *Combining Balance Sheet – General Fund Components* presented in the Supplementary Section of the Comprehensive Annual Financial Report.

General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent earned revenues that were greater than the related appropriation for specific cash-funded expenditures in the General Purpose Revenue Fund. These revenues in excess of the related expenditures become part of total fund balance.

In order to measure the general fund surplus, encumbrances of the prior year related to approved rollforwards are subtracted from the revised budget and reduce the ending general fund surplus balance in the line item titled "State Controller Approved Rollfowards" because the related balances are not available for subsequent appropriation.

In order to properly state the amounts reverted, most restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule, with the exception of unspent appropriations related to unreleased prior year Medicaid overexpenditure restrictions.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS

BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 3,105,200	$ 3,081,800	$ 3,085,580		
Other Excise Taxes	99,300	103,900	102,784		
Individual Income Tax, net	6,385,900	6,298,300	6,208,992		
Corporate Income Tax, net	633,000	493,900	467,411		
Estate Tax	-	-	(32)		
Insurance Tax	299,000	286,900	290,503		
Parimutuel, Courts, and Other	27,300	33,800	40,144		
Investment Income	12,800	13,500	14,749		
Gaming	-	-	15,231		
TOTAL GENERAL PURPOSE REVENUES	10,562,500	10,312,100	10,225,362		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	10,753	10,753	10,688	$ 65	$ 8
Corrections	759,196	752,413	750,544	1,869	15,637
Education	3,764,627	3,764,789	3,764,202	587	580
Governor	35,996	40,099	39,719	380	2,431
Health Care Policy and Financing	2,654,392	2,627,096	2,533,729	93,367	434
Higher Education	871,458	870,855	870,677	178	78
Human Services	833,878	830,521	824,394	6,127	3,745
Judicial Branch	486,329	491,398	487,795	3,603	25
Labor and Employment	20,786	21,603	21,514	89	501
Law	15,139	15,191	14,795	396	15
Legislative Branch	44,789	44,772	44,772	-	440
Local Affairs	26,015	25,386	25,189	197	991
Military and Veterans Affairs	8,306	8,442	8,219	223	63
Natural Resources	28,743	28,743	28,543	200	15
Personnel & Administration	13,146	12,423	12,172	251	7
Public Health and Environment	47,630	48,630	48,603	27	2
Public Safety	123,111	122,681	122,232	449	966
Regulatory Agencies	5,919	5,919	5,779	140	10
Revenue	192,758	293,310	287,979	5,331	133
State	-	-	-	-	56
Transportation	-	392	392	-	-
Treasury	161,222	154,522	152,294	2,228	11,543
TOTAL ACTUAL BUDGET AND EXPENDITURES	10,104,193	10,169,938	10,054,231	$ 115,707	$ 37,680
Variance Between Actual and Estimated Budgets	3,307	(54,091)	-		
TOTAL ESTIMATED BUDGET	10,107,500	10,115,847	10,054,231		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	455,000	196,253	171,131		
EXCESS AUGMENTING REVENUES			37,680		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	46,100	45,000	28,746		
Transfers-Out To Various Cash Funds	(137,500)	(172,400)	(32,031)		
Transfer-Out to Capital Projects - General Fund	(84,000)	(84,000)	(31,284)		
Transfer-Out to Capital Projects - General Fund-Exempt Account	(500)	(500)	(500)		
Transfers-Out to Highway Users Fund	(158,000)	(79,000)	(131,700)		
Transfers-Out to State Education Fund	(25,300)	(25,300)	(25,321)		
TOTAL TRANSFERS	(359,200)	(316,200)	(192,090)		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES	95,800	(119,947)	16,721		
BEGINNING GENERAL FUND SURPLUS	-	48,847	48,847		
Release of Prior Year Statutory Reserve (5.6%)	528,600	512,700	465,994		
Establish Current Year Statutory Reserve (6.0%)	(634,900)	(584,300)	(584,310)		
Release of Contractually Restricted Energy Performance Leases			332		
Contractually Restricted Energy Performance Leases			(222)		
GAAP Revenues/(Expenditures) Not Budgeted			78,287		
Release of Assigned Prior Year State Controller Approved Rollfowards			19,283		
State Controller Approved Rollfowards			(16,270)		
ENDING GENERAL FUND SURPLUS	$ (10,500)	$ (142,700)	28,662		
ADJUSTMENTS TO BUDGETED REVENUE AND EXPENDITURES FOR GAAP FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2016-17 for Budget			(186,302)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2016-17 for Budget			(98,487)		
GAAP Information Technology Expenditures Deferred to Fiscal Year 2016-17 for Budget			(615)		
GAAP Revenues Related to Deferred Medicaid Payroll and Medicaid Program Expenditures			120,737		
GAAP FUND BALANCE NOT AVAILABLE FOR GENERAL FUND SURPLUS:					
Fair Value of Investments in Excess of Cost			(4,898)		
NonSpendable			47,685		
Restricted			-		
Committed			444,037		
Assigned			16,270		
Unassigned			-		
Shortfall in GAAP Basis Statutory Reserve			140,903		
ENDING GAAP GENERAL PURPOSE REVENUE FUND BALANCE			$ 507,992		

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

With the implementation of a new financial system, Colorado Operations Resource Engine (CORE), in Fiscal Year 2014-15, the budget schedules are now presented as appropriated and nonappropriated for each category. The appropriated schedules are part of the Required Supplementary Information (RSI) section while the nonappropriated schedules are part of the Supplementary Information (SI) section.

The three budget-to-actual schedules in the RSI show revenues and expenditures that are legislatively appropriated, excluding informational only appropriations that do not require action of the legislature but are included in the appropriations bills for informational purposes only. These schedules are presented in the budgetary fund structure discussed below.

The budgetary fund types used by the State differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all financial resources received by the State that have been designated to support specific expenditures. Federal funds are primarily made up of revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated by the General Assembly.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in significant duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.
- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children’s Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.
- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

B. BUDGETARY PROCESS

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

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

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

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 19. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission. In Fiscal Year 2016-17, the Department of Transportation capitalized project expenditures of $532.8 million from all funding sources.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Comprehensive Annual Financial Report.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 2. Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure relate to the change in fund balances/net position for the funds presented in the fund-level financial statements.

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted”. Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State's defined benefit pension plan is administered by the Public Employees' Retirement Association (PERA). The plan is a cost-sharing multiple-employer plan. The schedule below presents the State's (primary government's) proportionate share of the net pension liability for its retirement plan. The amounts presented for each Division for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Significant changes in assumptions are discussed in Note 6. Additionally, information is not available prior to Fiscal Year 2014.

(Amounts In Thousands)

	2017		2016		2015		2014	
	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.49%	94.17%	95.71%	93.98%	95.85%	93.60%	95.86%	93.44%
State's proportionate Share of Net Pension liability (asset)	$ 17,539,728	$ 239,423	$ 10,079,252	$ 172,828	$ 9,015,773	$ 129,500	$ 8,539,181	$ 102,756
State's covered payroll	$ 2,982,023	$ 49,064	$ 3,322,863	$ 52,353	$ 2,765,684	$ 53,488	$ 2,503,941	$ 39,185
State's proportionate share of the net pension liability (assets) as a percentage of its covered payroll	588.18%	487.98%	303.33%	330.12%	325.99%	242.11%	344.79%	218.83%
Plan fiduciary net position as a percentage of the total pension liability	42.59%	53.19%	56.11%	60.17%	59.84%	66.88%	61.08%	71.26%

Contributions:

The following schedule presents a ten year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions:

State & Judicial Division

(Amounts In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contributions	$ 565,618	$ 601,570	$ 474,189	$ 406,214	$ 368,468	$ 276,326	$ 256,682	$ 291,892	$ 277,229	$ 239,851
Contributions in relation to the contractually required contributions	(565,618)	(601,570)	(474,189)	(406,214)	(368,468)	(276,326)	(256,682)	(291,892)	(277,229)	(239,851)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,031,087	3,375,216	2,819,172	2,543,126	2,443,280	2,565,629	2,382,439	2,755,082	2,622,579	2,267,965
Contributions as a percentage of covered payroll	18.66%	17.82%	16.82%	15.97%	15.08%	10.77%	10.77%	10.59%	10.57%	10.58%

State Division

(Amounts In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contributions	$ 557,601	593,015	$ 466,883	$ 399,955	$ 362,791	$ 272,068	$ 252,727	$ 287,394	$ 272,957	$ 236,155
Contributions in relation to the contractually required contributions	(557,601)	(593,015)	(466,883)	(399,955)	(362,791)	(272,068)	(252,727)	(287,394)	(272,957)	(236,155)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,982,023	3,322,863	2,765,684	2,503,941	2,405,633	2,526,097	2,345,730	2,712,631	2,582,169	2,233,019
Contributions as a percentage of covered payroll	18.70%	17.85%	16.88%	15.97%	15.08%	10.77%	10.77%	10.59%	10.57%	10.58%

Judicial Division

(Amounts In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contributions	$ 8,017	$ 8,555	$ 7,306	$ 6,259	$ 5,677	$ 4,258	$ 3,955	$ 4,498	$ 4,272	$ 3,696
Contributions in relation to the contractually required contributions	(8,017)	(8,555)	(7,306)	(6,259)	(5,677)	(4,258)	(3,955)	(4,498)	(4,272)	(3,696)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	49,064	52,353	53,488	39,185	37,647	39,532	36,709	42,451	40,410	34,946
Contributions as a percentage of covered payroll	16.34%	16.34%	13.66%	15.97%	15.08%	10.77%	10.77%	10.60%	10.57%	10.58%

NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT INFORMATION

As required by GASB Statements No. 43, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the State's Schedule of Funding Progress for its other postemployment benefit plans. Under the standards, the State must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations. See Note 7 for additional information regarding the plans listed in the schedule.

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] ((b-a)/c)
University of Colorado:							
2016-17	7/1/2016	$ -	$625,035,000	$625,035,000	0.0%	$1,336,248,000	46.8%
2015-16	7/1/2015	$ -	$523,409,000	$523,409,000	0.0%	$1,336,248,000	39.2%
2014-15	7/1/2014	$ -	$523,409,000	$523,409,000	0.0%	$1,336,248,000	39.2%
Restated 2013-14	7/1/2012	$ -	$406,782,000	$406,782,000	0.0%	$1,253,260,000	32.5%
Colorado State University:							
RMPR							
2016-17	1/1/2017	$45,366,823	$ 34,490,851	$ (10,875,972)	131.5%	$ 344,324,853	-3.2%
2015-16	1/1/2016	$40,739,061	$ 39,842,947	$ (896,114)	102.2%	$ 325,054,595	-0.3%
2014-15	1/1/2015	$36,988,354	$ 36,252,781	$ (735,573)	102.0%	$ 305,287,641	-0.2%
RMPS							
2016-17	1/1/2017	$22,553,769	$ 44,708,454	$ 22,154,685	50.4%	N/A	N/A
2015-16	1/1/2016	$22,275,345	$ 45,646,475	$ 23,371,130	48.8%	N/A	N/A
2014-15	1/1/2015	$21,554,455	$ 51,483,575	$ 29,929,120	41.9%	N/A	N/A
URX							
2016-17	1/1/2017	$ 738,379	$ 3,470,163	$ 2,731,784	21.3%	N/A	N/A
2015-16	1/1/2016	$ 594,366	$ 2,285,901	$ 1,691,535	26.0%	N/A	N/A
2014-15	1/1/2015	$ 581,396	$ 2,749,825	$ 2,168,429	21.1%	N/A	N/A
LTD							
2016-17	1/1/2017	$ 8,861,555	$ 10,189,951	$ 1,328,396	87.0%	N/A	N/A
2015-16	1/1/2016	$ 7,926,531	$ 12,071,325	$ 4,144,794	65.7%	N/A	N/A
2014-15	1/1/2015	$ 7,506,099	$ 12,016,221	$ 4,510,122	62.5%	N/A	N/A

[1] The CSU-RMPS, CSU-URX, and CSU-LTD plans' benefits are not based on salaries or covered payroll.

Colorado State University's Statements of Net Positions and Statements of Changes in Plan Net Position, and Schedule of Employer Contributions are presented below:

Colorado State University
Post Employment Benefit Plan Statements
As of and for the Period Ended June 30, 2017

	RMPR	RMPS	URX	LTD
STATEMENT OF PLAN NET POSITION				
Assets:				
Cash and Pooled Cash	$ 885,943	$ 317,865	$ 125,572	$ 204,134
Employee Receivables	-	-	1,848	-
Interest and Dividend Receivables	7,058	2,532	1,001	1,626
U.S. Government Securities Investments	9,109,930	4,836,039	128,532	1,774,091
Corporate Bonds Investments	6,275,209	3,331,218	88,537	1,222,050
Other Investments	29,088,683	15,066,115	392,889	5,659,654
Liabilities:				
Accrued Payables	3,862	1,379	639	3,151
Benefits Payable	-	-	1,037	142,516
Total Net Position	$ 45,362,961	$ 23,552,390	$ 736,703	$ 8,715,888
STATEMENT OF CHANGES IN PLAN NET POSITION				
Additions:				
Contributions from Employers	$ 4,070,000	$ 1,981,495	$ 240,325	-
Contributions from Members	-	-	23,321	1,477,660
Net Investment Income from Increase in Fair Value of Investments	1,199,026	632,196	16,725	233,397
Net Investment Income from Interest and Dividends	330,983	174,442	5,563	64,723
Net Investment Income from Investment Expense	(52,747)	(25,651)	(1,167)	(10,342)
Deductions:				
Benefits & Refunds Paid to Members & Beneficiaries	847,731	1,443,805	$ 58,422	$ 880,850
Administrative Expense	75,291	41,446	84,003	95,165
Change in Net Position	$ 4,624,240	$ 1,277,231	$ 142,342	$ 789,423
Net Position - Fiscal Year Beginning	40,738,721	22,275,159	594,361	7,926,465
Net Position - Fiscal Year Ending	$ 45,362,961	$ 23,552,390	$ 736,703	$ 8,715,888
SCHEDULE OF EMPLOYER CONTRIBUTIONS				
Annual Required Contribution	$ 1,296,365	$ 1,981,495	$ 240,325	$ 1,372,886
Percent Contributed	314.0%	100.0%	100.0%	107.6%

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& Administration