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STATE OF COLORADO
DEPARTMENT OF THE TREASURY

BILL OWENS
STATE TREASURER



DAVID SOLIN
DEPUTY TREASURER

January 8, 1998

Dear Governor Romer,

Attached for your review is the Department of Treasury's Annual Report representing the Department's financial condition for the fiscal year ending June 30, 1997.

The Department of Treasury continues to help meet the economic needs of Colorado's citizens and businesses through prudent investment practices and wise cash management strategies. We are pleased to announce, in a low interest rate environment, an overall rate of return on pooled investments of 6.2% in FY 97.

The Unclaimed Property program continues to benefit the citizens of Colorado. Since its inception, a total of \$109.2 million has been collected. \$30 million has been returned to owners and \$38.8 million has been transferred to the General Fund for investment and appropriation. Additionally, \$14.5 million has been transferred to help finance Colorado's Uninsurable Health Insurance Plan.

In FY 97, Treasury's Unclaimed Property employees processed 17,600 inquiries and 4,800 claims concerning unclaimed property. Over 10,500 safety deposit boxes are currently on file in our office.

As the State's cash manager, Treasury continues to act as a resource for implementation and improvement of cash management procedures and practices statewide. Treasury's automated investment monitoring system allows us to manage the State's cash with greater precision.

The Department of Treasury's FY 97 accomplishments as highlighted reflect not only the intent of the office, but also the talents of a professional staff fully committed to public service to Colorado and its citizens.

Sincerely,

Bill Owens

Enclosure

COLORADO STATE TREASURY ANNUAL REPORT

For Fiscal Year ending June 30, 1997

POOLED ACCOUNTS AND INVESTMENTS

The Treasury maintains a cash and investment pool that is available for use by all funds and agencies within the state.

DEPOSITS

At year end, the book balance of the Treasury Operating account was \$33,453,587 and the bank balance was \$33,276,257. The full balance is collateralized in compliance with the Public Deposit Protection Act.

Certificates of deposit at banks and savings and loans throughout the state totaled \$41,300,000. The amounts not covered by federal insurance are always fully collateralized.

INVESTMENTS

The State Treasurer is allowed by statute to invest state funds in certain low risk investment instruments. These investments are either insured or registered or the securities are held by the Treasury or its agent in the state's name.

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$1,473,569	1,483,715
Bankers' Acceptances	217,124	217,165
Commercial Paper	293,330	293,335
Corporate Bonds	115,507	115,504
Mortgages	173,476	174,471
Asset-Backed Securities	575,355	576,001
Repurchase Agreements	24,850	24,850
Reverse Repurchase Agreements	(24,850)	(24,850)
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Total Investments	\$2,848,363	\$2,860,195

Total investments include these of the Public School Income Fund:

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$115,223	\$117,922
Corporate Bonds	5,000	4,855
Mortgages	81,870	82,029
Asset-Backed Securities	66,000	65,902
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PSPF Investments	\$268,093	\$270,708

Total investments also include these of the Controlled Maintenance Trust Fund:

	In Thousands	
	Carrying Amount	Market Value
U.S. Government Securities	\$132,022	\$132,481
Mortgages	60,734	61,582
Asset-Backed Securities	40,294	40,209
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CMTF Investments	\$233,050	\$235,272

INTEREST EARNED AND DISTRIBUTED

The total interest earned on the state investment pool was **\$152.9 million**.

Distribution of investment pool earnings was as follows:

General Fund	\$37,635,000
State agency accounts per statute	98,755,000
Payment of Note Interest	16,500,000

Total interest earnings	\$152,890,000

The Public School Fund earned interest of **\$20.2 million**.

The Controlled Maintenance Trust Fund earned interest of **\$17.1 million**.

Treasury also maintains the Severance Tax Trust Fund. On June 30, 1996, the balance in the fund was **\$22.4 million**. The fund earned **\$649,000** in interest for the General Fund.

NOTE ISSUANCE

During FY 97 Treasury issued \$400 million in short-term tax anticipation notes with an interest rate of 4.50%. Proceeds of the sales were deposited in the General Fund to be used to meet ordinary disbursements of the State. Earnings totaling **\$8.3 million** were recorded for the General Fund from these transactions.

SAFEKEEPING

Surety bonds, performance bonds and other surety agreements totaling **\$702 million** are held in the Treasury for various state agencies and are not included in these financial statements.

OTHER DISTRIBUTIONS

In FY 97, Treasury paid property taxes amounting to \$517,752 for 386 citizens through the Elderly Property Tax program.

Highway Users Tax Fund distributions for the year were:

- State Transportation Department \$346,831,000
- Other State Agencies 67,382,000
- Colorado Cities and Towns 76,001,000
- Colorado Counties 117,275,000

Federal Mineral Lease distributions were as follows:

- Colorado Department of Education \$22,193,000
- Colorado Water Conservation 3,711,000
- Colorado Mineral Impact Fund 6,193,000
- Colorado Counties 2,861,000
- Colorado School Districts 1,270,000
- Colorado Cities and Towns 828,000

**COLORADO STATE TREASURY
STATEMENT OF FINANCIAL CONDITION**

AS OF JUNE 30, 1997

ACCOUNT TITLE	BALANCE
CASH ITEMS	52,791.87
NORWEST BANK INVESTMENT ACCOUNT	(220,453.89)
NORWEST BANK UNEMPLOYMENT CLEARING	44,996.21
NORWEST BANK UNEMPLOYMENT BENEFITS	260,780.41
NORWEST BANK OPERATING ACCOUNT	(26,604,845.54)
INVESTMENTS	2,382,274,759.72
REPURCHASE AGREEMENTS	24,850,000.00
REVERSE REPURCHASE AGREEME	(24,850,000.00)
AGENCY CMO'S	31,304,713.06
COMMERCIAL PAPER	292,556,261.35
US TREASURY NOTES	973,690,993.77
ACCRUED INTEREST PURCHASED	604,810.43
BANKERS ACCEPTANCE	215,094,961.73
US TREASURY BILLS	23,599,611.13
FEDERAL AGENCIES	225,640,431.51
ASSET-BACKED SECURITIES	467,748,345.79
CORPORATES	110,734,630.95
CERTIFICATES OF DEPOSIT	41,300,000.00
TOTAL INVESTMENTS	2,382,274,759.72
 TOTAL ASSETS	 2,355,808,028.78

COLORADO STATE TREASURY
 BILL OWENS, TREASURER

COUNTY INVENTORY REPORT

AS-OF: 6/30/97

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ISSUER BANK	PRINCIPAL	PERCENTAGE
COLONIAL BANK	1,400,000.00	3.38
FIRST NB-STRASBURG	1,300,000.00	3.14
COUNTY TOTAL: ARAPAHOE	2,700,000.00	6.53
MCCLAVE STATE BANK-MCCLAVE	100,000.00	.24
COUNTY TOTAL: BENT	100,000.00	.24
LAFAYETTE STATE BANK-LAFAYETTE	300,000.00	.72
COUNTY TOTAL: BOULDER	300,000.00	.72
FIRST WESTERN NB-LA JARA	100,000.00	.24
COUNTY TOTAL: CONEJOS	100,000.00	.24
FIRST STATE BANK OF HOTCHKISS	600,000.00	1.45
COUNTY TOTAL: DELTA	600,000.00	1.45
BANK OF DENVER-DENVER	5,200,000.00	12.59
COLO COMMUNITY 1ST STATE BANK	3,700,000.00	8.95
COLORADO BUSINESS BANK-DENVER	3,800,000.00	9.20

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COLORADO STATE TREASURY
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COUNTY INVENTORY REPORT

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ISSUER BANK	PRINCIPAL	PERCENTAGE
PREMIER BANK - DENVER	300,000.00	.72
TRI-STATE BANK-DENVER	2,800,000.00	6.77
TRUST BANK OF COLORADO-DENVER	600,000.00	1.45
VECTRA BANK-DENVER	7,300,000.00	17.67
COUNTY TOTAL: DENVER	23,700,000.00	57.38
STATE BANK & TRUST-COLO SPGS	800,000.00	1.93
COUNTY TOTAL: EL PASO	800,000.00	1.93
GUNNISON SAV & LOAN-GUNNISON	1,700,000.00	4.11
COUNTY TOTAL: GUNNISON	1,700,000.00	4.11
BANK OF COLORADO-WESTERN SLOPE	2,800,000.00	6.77
COUNTY TOTAL: MESA	2,800,000.00	6.77
FIRST SECURITY BANK-CRAIG	1,300,000.00	3.14
COUNTY TOTAL: MOFFAT	1,300,000.00	3.14
OLATHE STATE BANK-OLATHE	300,000.00	.72
COUNTY TOTAL: MONTROSE	300,000.00	.72

COLORADO STATE TREASURY
 BILL OWENS, TREASURER

COUNTY INVENTORY REPORT

AS-OF: 6/30/97

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ISSUER BANK	PRINCIPAL	PERCENTAGE
COLO COMMUNITY FNB - FT MORGAN	100,000.00	.24
COUNTY TOTAL: MORGAN	100,000.00	.24
RIO GRANDE S&L-MONTE VISTA	1,700,000.00	4.11
COUNTY TOTAL: RIO GRANDE	1,700,000.00	4.11
COLO CMTY 1ST ST BK STMBT SPGS	2,900,000.00	7.02
COUNTY TOTAL: ROUTT	2,900,000.00	7.02
FIRST NB-AKRON	100,000.00	.24
COUNTY TOTAL: WASHINGTON	100,000.00	.24
CACHE BANK - GREELEY	100,000.00	.24
INDEPENDENT BANK	2,000,000.00	4.84
COUNTY TOTAL: WELD	2,100,000.00	5.08
	41,300,000.00	100.00
=== GRAND-TOTAL ==>	41,300,000.00	