UNIVERSITY OF COLORADO

2017 ANNUAL FINANCIAL REPORT

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ABBREVIATIONS AND ACRONYMS

18th Avenue .... 18th Avenue, LLC
457 .... PERA Deferred Compensation Plan
AED .... Amortization Equalization Disbursement
AHEC .... Auraria Higher Education Center
AIR .... Annual Increase Reserve
AMP .... Alternate Medicare Plan
ARC .... Annual Required Contribution
Authority .... Colorado Educational and Cultural Facilities Authority
Children's Colorado .... Children's Hospital Colorado
COF .... College Opportunity Fund
CPI-W .... Consumer Price Index for Urban Wage Earners and Clerical Workers
C.R.S. .... Colorado Revised Statutes
CU Anschutz .... University of Colorado Anschutz Medical Campus
CU Boulder .... University of Colorado Boulder
CU Denver .... University of Colorado Denver
CU Denver | Anschutz .... University of Colorado Denver | Anschutz Medical Campus
CU Foundation .... University of Colorado Foundation
CU Medicine .... University of Colorado Medicine
CUPCO .... University of Colorado Property Corporation, Inc.
CUREF .... University of Colorado Real Estate Foundation
CVA .... Campus Village Apartments, LLC
DPCU .... Discretely Presented Component Units
ERIP .... Early Retirement Incentive Program
ERISA .... Employee Retirement Income Security Act
GAAP .... Generally Accepted Accounting Principles
GASB .... Governmental Accounting Standards Board
HCTF .... Health Care Trust Fund
HDS .... Housing and Dining Services
LASP .... Laboratory for Atmospheric and Space Physics
LOC .... Line of Credit
NASA .... National Aeronautics and Space Administration
NAV .... Net Asset Value
NIH .... National Institute of Health
NIST .... National Institute of Standards and Technology
OPEB .... Other Postemployment Benefits
ORP .... Optional Retirement Plan
PDPA .... Public Deposit Protection Act
PERA .... Public Employees' Retirement Association of Colorado
Regents .... Board of Regents
RSI .... Required Supplementary Information
S&P .... Standard and Poor's
SAED .... Supplemental Amortization Equalization Disbursement
SDTF .... State Division Trust Fund
SEC .... Securities and Exchange Commission
SEIR .... Single Equivalent Interest Rate
SOM .... School of Medicine
State .... State of Colorado
Surgery Center .... Children's North Surgery Center, LLC
TABOR .... Taxpayer's Bill of Rights
TriWest .... TriWest Healthcare Alliance Corp.
Trust .... University of Colorado Health and Welfare Trust
TWE .... The Wildlife Experience
UAAL .... Unfunded Actuarial Accrued Liability
UCCS .... University of Colorado Colorado Springs
UCH .... University of Colorado Hospital
ULEHI .... University License Equity Holding, Inc.
University .... University of Colorado

The University of Colorado, Board of Regents, September 2017

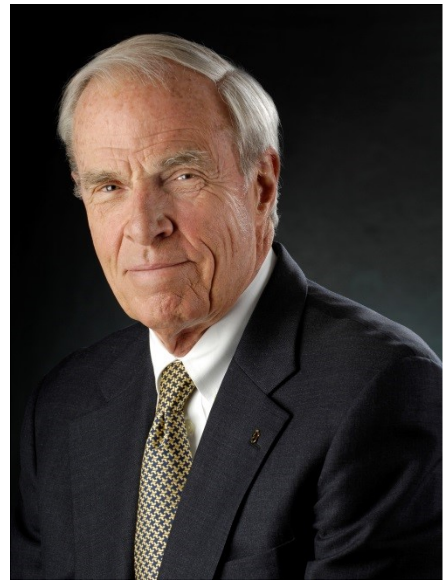
Standing left to right:

Jack Kroll, 1st Congressional District, Term 2017-23; John Carson, 6th Congressional District, Term 2015-21; Stephen C. Ludwig, At Large, Term 2013-19; Heidi Ganahl, At Large, Term 2017-23; Kyle Hybl, 5th Congressional District, Term 2013-19

Seated left to right:

Sue Sharkey, chair, 4th Congressional District, Term 2017-23; Irene Griego, 7th Congressional District, Term 2015-21; Glen Gallegos, 3rd Congressional District, Term 2013-19; Linda Shoemaker, vice chair, 2nd Congressional District, Term 2015-21

FROM THE PRESIDENT



The University of Colorado continues to be prudent and efficient in its practices, ensuring the University will thrive in a healthy Colorado economy and in the event of an economic downturn. These continued efficiencies helped the University earn the highest levels of confidence by the state, our constituents and financial institutions.

This confidence is apparent in everything we do. This past year the University's bond rating was upgraded to Aa1 by Moody's Investors Service. The rating boost indicates to investors a stable outlook for the University's existing and future bonds. It not only demonstrates confidence in how we operate the University, but also allows us to realize millions of dollars in interest cost savings in the coming years.

A recent study has found the University generates a remarkable annual economic impact of $12.35 billion annually for the state. The University is a substantial driver of Colorado's economy as the system and its four campuses directly employ 32,386 faculty, staff and student workers, making the University the third-largest employer in the state of Colorado.

As this report shows, our primary funding streams have continued to thrive as we increase revenue resources and improve on our efficiencies. The University achieved a record level of research funding in Fiscal Year 2017, with faculty securing $1.034 billion in federal, state and local awards – a 12 percent increase over the previous year's total.

The University also set a new record in fundraising this year thanks to $386.3 million in private contributions, reflecting an increase of $1.8 million. The preliminary figure for Fiscal Year 2017 marks the eighth consecutive year in which the University has exceeded the previous annual total.

Our financial health is critical to ensuring that we meet our obligation to serve our students, state and nation. Accountability is important to the university and we will continue to share our progress in reports such as this and online at cu.edu/accountability.

Sincerely,

Bruce D. Benson

President

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Members of the Legislative Audit Committee

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the University of Colorado (the University), an institution of higher education of the State of Colorado, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the 2017 and 2016 financial statements of University of Colorado Medicine (CU Medicine) a blended component unit, which represent approximately 8%, 20%, and 21%, and 8%, 17%, and 21.5% of the assets, net position, and revenues of the business-type activities of the University for 2017 and 2016, respectively. In addition, we did not audit the 2017 financial statements of the University of Colorado Foundation (CU Foundation), which represents 100% of the assets, net position, and revenues of the discretely presented component units for 2017. We also did not audit the financial statements of the CU Foundation and the University of Colorado Real Estate Foundation (CUREF), which represented 100% of the assets, net position, and revenues of the aggregate discretely present component units for 2016. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for CU Medicine, the CU Foundation and CUREF, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the CU Foundation and CUREF, discretely presented component units, and CU Medicine, a blended component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University of Colorado as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the University, an institution of higher education of the State of Colorado, are intended to present the financial position, the changes in financial position and cash flows of the business-type activities of only the University. Financial results for the State of Colorado are presented in separate state-wide financial statements prepared by the Office of the State Controller and audited by the Office of the State Auditor. Complete financial information for the State of Colorado is available in these state-wide financial statements. Our opinion is not modified with respect to this matter.

Also as described in Note 1 to the financial statements, the University adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *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 Statements Nos. 67 and 68,* which is effective for financial statement periods beginning after June 15, 2016. The requirements of GASB Statement No. 73 extend the approach to accounting and financial reporting established in GASB Statement No. 68. The University's net position was restated to reflect the impact of adoption. A summary of the restatement is presented in Note 1. June 30, 2016, financial statements were not restated for this change in accounting principle due to the fact that information was not available to the University to restate net position as of July 1, 2015. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 18 and the funding status of Other Post Employment Benefits and the Alternate Medicare Plan, the schedule of University's Proportionate Share of PERA Pension Liability, and the schedule of University's Contributions to PERA Pension on pages 82 and 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 17, 2017

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Management is pleased to present this financial discussion and analysis of the University of Colorado (the University). It is intended to make the University's financial statements easier to understand and communicate our financial situation in an open, accountable, and transparent manner. It provides an analysis of the University's net position and results of operations for the years ended June 30, 2017 and 2016 (Fiscal Year 2017 and 2016, respectively), with comparative information for the year ended June 30, 2015 (Fiscal Year 2015). University management is responsible for the completeness and fairness of this discussion and analysis and the financial statements.

UNDERSTANDING THE FINANCIAL STATEMENTS

Statements of Net Position present the assets, deferred outflows, liabilities, deferred inflows, and net position of the University at a point in time (June 30, 2017 and 2016). Their purpose is to present a financial snapshot of the University. They aid readers in determining the assets available to continue the University's operations; how much the University owes to employees, vendors, and lenders, and a picture of net position.

Statements of Revenues, Expenses, and Changes in Net Position present the total revenues and expenses of the University for operating, nonoperating, and other undertakings during the fiscal years ended June 30, 2017 and 2016. Their purpose is to assess the University's operating and nonoperating activities.

Statements of Cash Flows present cash receipts and payments of the University during the fiscal years ended June 30, 2017 and 2016. Their purpose is to present the sources of cash coming into the University, how that cash was expended, and the change in the cash balance during the year.

Notes to the Financial Statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements.

Required Supplementary Information (RSI) presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the funding status of other postemployment benefits, schedules of the University's proportionate share of the Public Employee's Retirement Association (PERA) pension liability and contributions to the PERA pension, the changes in the Alternate Medicare Plan (AMP) liability and related ratios, as well as this management's discussion and analysis.

Nonfinancial indicators are also available to assess the overall state of the University. Examples of nonfinancial indicators include trend and quality of applicants, freshman class size, student retention, building condition, and campus safety. Information about nonfinancial indicators is not included in this analysis but may be obtained from the University's Budget and Finance Office (see www.cu.edu/budgetpolicy).

FINANCIAL HIGHLIGHTS

Selected financial highlights for the fiscal year ended June 30, 2017 include:

- University assets total $6,675,055,000, deferred outflows of resources (reflecting loss on bond refundings and certain changes in the PERA and AMP pensions) total $706,918,000, liabilities total $5,013,843,000 and deferred inflows total $9,718,000 (related to the PERA and AMP pensions) resulting in net position of $2,358,412,000. Of this amount, $1,949,435,000 is net investment in capital assets, $58,390,000 is restricted for nonexpendable purposes, meaning only the earnings on the related investments may be used for purposes dictated by the resource provider, and $536,860,000 is restricted for purposes for which the donor, grantor, or other external party intended. The remaining unrestricted balance is a negative $186,273,000. See discussion throughout this Management's Discussion and Analysis (MD&A) regarding the University's negative unrestricted net position.

- As discussed in Note 1, the University adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73 *Accounting and Financial Reports for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68* (Statement No. 73) effective July 1, 2016 which was the first day of Fiscal Year 2017. As allowed by Statement No. 73, the University elected to adopt this standard as a cumulative effect in the Fiscal Year 2017 column. As a result, Fiscal Year 2016 balances reported in this document were not impacted.

- The increase in the University's net pension liability for Fiscal Year 2017 is a result of the increase in the State-wide net pension liability, due to changes in underlying actuarial assumptions made by PERA.

- In total, operating revenues increased approximately 8.5 percent in Fiscal Year 2017 while operating expenses increased 18.1 percent. For comparative purposes, operating revenues increased 7.8 percent in Fiscal Year 2016 while operating expenses increased 9.1 percent. The increase in operating expenses is primarily due to changes in PERA assumptions which increased the net pension liability by 74.3 percent and by the adoption of Statement No. 73.

- The University of Colorado Real Estate Foundation (CUREF) ceased operations during Fiscal Year 2017. In accordance with GASB Statement No. 69 *Government Combinations and Disposals of Government Operations* (Statement No. 69), the result of this transfer of operations is shown as a special item.

STATEMENT OF NET POSITION

Figure 1 illustrates the University's summary of assets, deferred outflows, liabilities, deferred inflows and net position. The mix of assets, liabilities, and net position has remained consistent with the exception of the PERA and AMP pension liabilities. Deferred outflows and inflows of resources and the net pension liability experienced changes from the prior year. The deferred outflows of resources of $54,427,000 in Fiscal Year 2017, $62,577,000 in Fiscal Year 2016, and $57,286,000 in Fiscal Year 2015 represent the deferred loss on bond refundings. In addition, in Fiscal Year 2017 and 2016 the deferred outflows of resources and deferred inflows of resources sections include items related to the PERA pension whose liability was recorded due to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* (Statement No. 68). This balance increased due to changes in actuarial assumptions made by PERA. Analysis of the University's capital assets and related debt is included in the section Capital Asset and Debt Management, whereas this section provides analysis of the University's noncapital assets and other liabilities.

Figure 1. Summary of Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position as of June 30, 2017, 2016, and 2015 *(in thousands)*

	2017	2016	2015
Assets			
Current assets	$ 838,388	808,547	770,484
Noncurrent, noncapital assets	2,306,105	2,137,091	2,198,223
Net capital assets	3,530,562	3,358,591	3,206,684
Total Assets	**6,675,055**	**6,304,229**	**6,175,391**
Deferred Outflows			
Loss on bond refundings	54,427	62,577	57,286
PERA pension-related	641,350	135,549	49,294
AMP-related	11,141	-	-
Total Deferred Outflows	**706,918**	**198,126**	**106,580**
Total Assets and Deferred Outflows	**7,381,973**	**6,502,355**	**6,281,971**
Liabilities			
Current liabilities	710,111	654,264	654,739
Noncurrent liabilities	4,303,732	3,311,266	3,146,892
Total Liabilities	**5,013,843**	**3,965,530**	**3,801,631**
Deferred Inflows			
PERA pension-related	9,629	23,830	7,317
AMP-related	89	-	-
Total Deferred Inflows	**9,718**	**23,830**	**7,317**
Total Liabilities and Deferred Inflows	**5,023,561**	**3,989,360**	**3,808,948**
Net Position			
Net investment in capital assets	1,949,435	1,821,752	1,762,302
Restricted for nonexpendable purposes	58,390	58,390	58,390
Restricted for expendable purposes	536,860	484,706	452,047
Unrestricted	(186,273)	148,147	200,284
Total Net Position	**2,358,412**	**2,512,995**	**2,473,023**
Total Net Position and Liabilities and Deferred Inflows	**$ 7,381,973**	**6,502,355**	**6,281,971**

The University's investments were $2,607,441,000 and $2,361,851,000 at June 30, 2017 and 2016, respectively, representing an increase of $245,590,000. The increase in investments in Fiscal Year 2017 was primarily due to market value increases offset by bond proceeds being liquidated and used for projects.

The University's investments were $2,361,851,000 and $2,468,636,000 at June 30, 2016 and 2015, respectively, representing a decrease of $106,785,000. The decrease in investments in Fiscal Year 2016 was primarily due to market fluctuations and a decrease in investment returns due to market conditions and bond proceeds being liquidated and used for projects. The decrease in investments is also attributable to the increase in accounts receivable discussed below.

The decrease in net accounts and loans receivable from Fiscal Year 2016 to 2017 of $61,854,000 was primarily due to improvements in the process of billing and letter of credit (LOC) draws as the University more fully utilizes its new finance system. The increase in net accounts and loans receivable from Fiscal Year 2015 to 2016 of $98,886,000 was primarily due to a delay in billing for expenses incurred on sponsored projects. The unbilled amounts decreased subsequent to year-end. The delay was caused by the implementation of a new finance system.

The University's non-debt-related liabilities were $3,333,647,000, $2,274,484,000, and $2,094,001,000 at June 30, 2017, 2016 and 2015, respectively. These liabilities are comprised of amounts categorized in Figure 2.

Figure 2. Composition of Non-debt-related Liabilities as of June 30, 2017, 2016, and 2015

(in thousands)		2017	2016	2015
Accounts payable	$	129,894	103,591	144,061
Accrued expenses		265,292	243,474	228,898
Compensated absences		226,758	204,028	182,404
Other postemployment benefits		343,570	289,133	241,779
Net pension		2,049,366	1,175,591	1,060,337
Unearned revenue		178,825	169,507	153,682
Alternate medicare plan		74,723	11,600	9,900
Early retirement incentive program		4,602	7,222	9,102
Risk financing		27,857	29,862	25,155
Construction contract retainage		12,880	19,821	17,878
Funds held for others		16,511	16,757	17,026
Miscellaneous liabilities		3,369	3,898	3,779
Total Non-debt-related Liabilities	**$**	**3,333,647**	**2,274,484**	**2,094,001**

The largest categories of non-debt-related liabilities are accrued expenses, compensated absences, other postemployment benefits (OPEB), the net pension liability and unearned revenue. Accrued expenses primarily represent salaries and benefits earned by University employees, primarily for June payroll, but not paid as of fiscal year end. This balance will vary depending upon the timing of payment of bi-weekly payrolls.

Compensated absences and OPEB estimate the amount payable to employees in the future for their vested rights under the University's various leave and retirement programs. This estimate is based on personnel policies that define the amount of vacation, sick leave, and other postemployment benefits to which each employee may be entitled (Note 1). Compensated absences typically increase year-over-year as employees accrue additional vacation days and salaries change.

The University is required to account for and report on OPEB (Note 7). Such benefits include health insurance benefits for University retirees and their dependents. The accounting standard requires a liability to be recorded for the cumulative difference between the annual OPEB cost and the employer's contribution to fund the obligation. The University has chosen to fund this liability on a pay-as-you-go basis rather than fund the annual OPEB cost. The unfunded actuarial liability, as determined by the University's actuary, is $625,035,000 as of July 1, 2016 and $523,409,000 as of July 1, 2015. The unfunded actuarial liability represents the excess of the actuarial accrued liability (the obligation for benefits earned) over the actuarial value of assets. As noted earlier, the University has elected not to fund this liability; therefore there are no assets held in trust to pay future benefits which have been earned by employees. Currently, generally accepted accounting principles (GAAP) do not require the total unfunded actuarial liability amount to be reflected in the financial statements and the liability is, therefore, not included in Figure 2. GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement No. 75) issued June 2015 and effective for Fiscal Year 2018 requires the full recognition of the liability to employees for OPEB. Therefore, the existence and amount of this balance should be considered in determining future resource demands on the University. As noted in Figure 2, the liability required to be reported in the financial statements totaled $343,570,000 in Fiscal Year 2017, an increase of $54,437,000 from the prior year, and the liability for OPEB totaled $289,133,000 in Fiscal Year 2016, an increase of $47,354,000 from the prior year. This increase is primarily due to the annual required contributions of $74,105,000 and $65,667,000 in Fiscal Year 2017 and 2016, respectively, offset by pay-as-you-go amounts of approximately $14,929,000 and $14,350,000 for Fiscal Year 2017 and 2016, respectively. The remaining change is detailed in Table 7.2 contained in Note 7 to the financial statements.

Effective July 1, 2016 the University adopted the provisions of Statement No. 73. Statement No. 73 requires governmental entities to extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, including those that are not administered through trusts. The AMP, which is available to retirees aged 65 or older, provides monthly cash payments to retirees and/or retirees and their spouses or domestic partners to offset medical plan costs for non-University Medicare Risk or Medicare-Eligible plans. The University's AMP is covered under this Standard and resulted in a cumulative effect entry as of the beginning of Fiscal Year 2017 of $46,640,000, which increased the AMP liability and decreased unrestricted net position.

As discussed in Note 15, the University participates in the state-wide PERA cost-sharing defined benefit pension plan. Statement No. 68 requires the University to record its "proportionate share" of PERA's net pension liability. The University has no legal requirement to pay this liability in the event of PERA's insolvency nor does it have the ability to determine the employer or employee annual contributions. The liability cannot be prepaid. Per PERA's Fiscal Year 2016 Comprehensive Annual Financial Report, PERA's net pension liability for the state division in which the University participates is $18,368,131,000. The University's "proportionate share" based on calendar 2017 contributions is $2,049,366,000. While the net pension liability increases total liabilities, decreases unrestricted net position, and increases pension expense, associated cash flow out of the University remains fixed by the contribution levels set in State statute. For PERA's Fiscal Year 2015 Comprehensive Annual Financial Report, the net pension liability was $10,531,033,000 and the University's proportionate share was $1,175,591,000. The majority of the $7.8 billion increase can be attributed to a change in assumptions, which required using a blended discount rate of 5.26 percent in 2016, instead of the stated 7.25 percent rate.

Unearned revenue represents amounts paid by students, auxiliary enterprise customers, grantors, and contractors for which the University has not met all of its requirements for revenue recognition (Note 8). These amounts will be recognized as revenue in future periods after all conditions have been satisfied. The unearned revenue balance fluctuates from year to year depending on factors such as the timing of the first day of classes and the rate of spending on grants and contracts for which payment has been received in advance. In Fiscal Years 2017 and 2016, University of Colorado Boulder's (CU Boulder) Laboratory for Atmospheric and Space Physics (LASP) received an advanced-pay sponsored project of which $47 million and $39 million, respectively, was unearned at year-end.

The University's net position may have restrictions imposed by external parties, such as donors, or include items that, by their nature are invested in capital assets (property, plant, and equipment) and are therefore not available for expenditure or debt repayment. To help understand these restrictions, the University's net position is shown in four categories, as displayed in Figure 1.

A portion of net position is restricted for either expendable or nonexpendable purposes. This portion is then more specifically delineated by programmatic restrictions. The programmatic category of the restriction is shown on the statement of net position. A nonexpendable restriction requires the original principal to be set aside for perpetual investment (as an endowment). The majority of the endowment assets benefiting the University are held by the University of Colorado Foundation (CU Foundation), which is a discretely presented component unit (Note 17) and not included in the above amounts. An expendable restriction allows the University to spend the full amount, but only for the purposes identified by the entity providing the money. Unrestricted net position, as defined by GAAP, is available for spending for any lawful purpose under the full discretion of management. However, the University has placed internal limitations on future use by designating unrestricted net position for certain purposes in keeping with management's plans to manage resources (Note 11).

As noted earlier, due to the PERA and AMP pension liabilities, the University's unrestricted net position is negative. This means the University's total liabilities and deferred inflows of resources are greater than its assets and deferred outflows of resources.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Figure 3 illustrates the University's summary of revenues, expenses, and changes in net position. A key component of this summary is the differentiation of operating and nonoperating activities. Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University. Nonoperating revenues/expenses include items determined not to fall in the operating category. The special item is due to the transfer of operations from CUREF to the University and to the University of Colorado Property Corporation (CUPCO), a blended component unit of the University, in accordance with Statement No. 69.

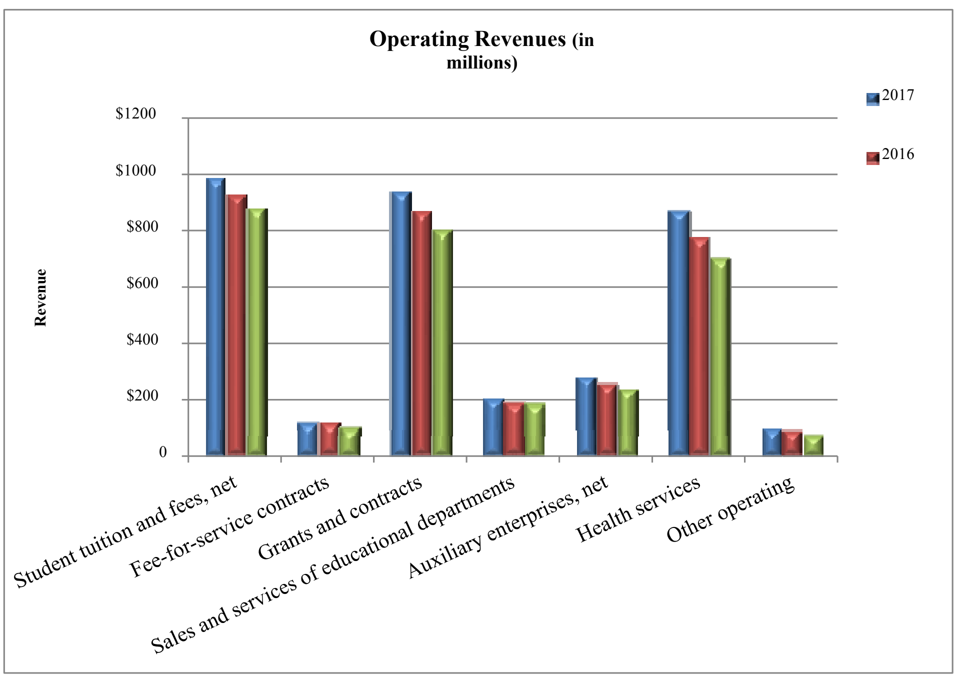
Figure 3. Summary of Revenues, Expenses, and Changes in Net Position for Years Ended

June 30, 2017, 2016, and 2015 *(in thousands)*	**2017**	**2016**	**2015**
Operating revenues	$ 3,528,628	3,253,072	3,018,930
Operating expenses	4,088,052	3,462,449	3,174,697
Operating Loss	**(559,424)**	**(209,377)**	**(155,767)**
Nonoperating revenues, net	398,451	202,406	217,013
Income (Loss) Before Other Revenues	**(160,973)**	**(6,971)**	**61,246**
Other revenues	53,838	46,943	109,243
Change in Net Position before special item	**(107,135)**	**39,972**	**170,489**
Special item-Transfer from CUREF	(808)	-	-
Change in Net Position after special item	**(107,943)**	**39,972**	**170,489**
Net Position, beginning of year	2,512,995	2,473,023	3,292,122
Cumulative effect of adoption of new accounting principle	(46,640)	-	(989,588)
Net Position, beginning of year, as restated	2,466,355	2,473,023	2,302,534
Net Position, End of Year	**$ 2,358,412**	**2,512,995**	**2,473,023**

Figure 4 provides an illustration of gross operating and nonoperating revenues by major sources excluding capital-related revenues. These sources include both State-appropriated and non-appropriated funds (Note 12). Appropriated funds are those controlled by Legislature through the general or special appropriation process and are designated for specific purposes. In Fiscal Year 2017, appropriated funds primarily included State of Colorado (State) stipends, fee-for-service contract revenues, and tobacco litigation settlement monies. The College Opportunity Fund (COF) provides stipends to qualified undergraduate students; the receiving students then use the stipends to pay a portion of their tuition. The Fiscal Year 2016 and 2015 State budgets specifically excluded student tuition and fees from appropriated funds, however, in Fiscal Year 2017 student tuition was included in the State's Long Bill. In November 1992, Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all the local governments and the State, including the University. In Fiscal Year 2005, the Colorado State Legislature determined in Section 23-5-101.7 of the Colorado Revised Statutes that an institution of higher education may be designated as an "enterprise" for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than 10 percent of its total annual revenue in grants as defined by TABOR. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any provisions of TABOR. In July 2005, the University's Board of Regents (the Regents) designated the University as a TABOR enterprise pursuant to the statute. During the Fiscal Years ended June 30, 2017 and 2016, the University believes it has met all requirements of TABOR enterprise status (Note 12). The amount of State grants received by the University was 1.36 percent and 1.21 percent of total annual revenues during the Fiscal Years ended June 30, 2017 and 2016, respectively. The ability of the Regents to increase tuition rates is limited by the State, although the University's operations no longer impact the State's TABOR spending limits due to the University's enterprise status.

Figure 4. Operating and Nonoperating Revenues (Excluding Capital) for Years Ended June 30, 2017, 2016, and 2015 *(in thousands)*

		2017	2016	2015
Operating Revenues				
Student tuition and fees, net	$	992,594	932,656	884,810
Fee-for-service contracts		121,872	121,440	104,745
Grants and contracts		943,199	872,665	807,092
Sales and services of educational departments		207,273	191,590	191,520
Auxiliary enterprises, net		283,007	259,826	241,415
Health services		876,986	781,257	707,198
Other operating		103,697	93,638	82,150
Total Operating Revenues		**3,528,628**	**3,253,072**	**3,018,930**
Nonoperating Revenues				
Federal Pell Grant		49,957	48,383	48,513
State appropriations		15,325	12,429	13,008
Gifts		181,049	174,926	142,176
Investment income, net		206,294	18,516	34,680
Other nonoperating, net		17,041	10,273	11,281
Total Nonoperating Revenues		**469,666**	**264,527**	**249,658**
Total Noncapital Revenues	**$**	**3,998,294**	**3,517,599**	**3,268,588**



The University experienced increases in all operating revenue sources in Fiscal Year 2017. The increases in tuition and fee revenue for Fiscal Years 2017 and 2016 reflect a combination of changing enrollment and rate increases. In Fiscal Year 2017 and 2016, enrollment increased by 1.10 percent and 1.94 percent, respectively. In Fiscal Year 2017, approved tuition rates increased 4.9 percent at CU Boulder, 3.8 percent at the University of Colorado Colorado Springs (UCCS), and 3.6 percent at the University of Colorado Denver (CU Denver). In Fiscal Year 2016, the increases were 2.9 percent, 3.5 percent, and 3.8 percent, respectively. At the University of Colorado Anschutz Medical Campus (CU Anschutz), tuition rates increased 5.1 percent in Fiscal Year 2017 and the rate increases ranged from 0 percent to 32 percent in Fiscal Year 2016.

In Fiscal Years 2017, 2016 and 2015, the University applied $64,661,000, and $63,175,000, respectively, of COF stipends against student tuition bills (these amounts are included in tuition revenues). Fee-for-service revenue from the State increased $432,000 between Fiscal Year 2017 and 2016, and $16,695,000 between Fiscal Year 2016 and 2015, due to the State budget.

Consistent with the University's goal to increase its focus and national role as a comprehensive research institution, one of the two largest sources of revenue for the University continues to be grants and contracts revenue, which includes funding from federal, state, and local governments, and private sources. Grants and contracts revenue from the federal government represents 74 percent, 77 percent and 79 percent of total grants and contract revenue for Fiscal Year 2017, 2016 and 2015, respectively. Each grant or contract is restricted in use to the purpose given and limited to the cost principles specified by each sponsor. The increase in recent years is due to the addition of several sponsored project awards from federal sponsors such as the National Aeronautics and Space Administration (NASA), National Institute of Standards and Technology (NIST) and National Institutes of Health (NIH). These grants also provide necessary funding for the administrative functions and facilities that support the grants through the facilities and administrative reimbursement. In Fiscal Years 2017, 2016 and 2015, the University received $182,846,000, $180,353,000 and $162,766,000, respectively, of such administrative and facility overhead cost reimbursements. The University pledges portions of this reimbursement revenue and other auxiliary revenues to satisfy its bond obligations, which are commonly referred to as pledged revenues, thus creating a reliance on continued federal research funding.

The increase to auxiliary enterprise revenues in Fiscal Year 2017 and in Fiscal Year 2016 is due to an increase in student body, affecting housing, dining, and food services at UCCS, where the food service is in house, as well as the revenue stream being higher for Auxiliary Non-Enterprises. At CU Boulder, the increases were due to Housing & Dining Services (HDS) room and board and meal revenue, bookstore revenue, and athletics revenue.

The majority of health services revenue includes medical practice plan revenues earned through CU Medicine (Notes 1 and 16), which has experienced growth in operating revenue of 12.6 percent in Fiscal Year 2017 and 7.5 percent in Fiscal Year 2016. Patient services revenue contributed the majority of the operating revenue increase which was driven by an 8.5 percent in Fiscal Year 2017 and 10.9 percent in Fiscal Year 2016 growth in clinical volumes and ongoing efforts to maximize reimbursement rates for commercial insurance.

Gifts increased $6,123,000 between Fiscal Year 2017 and 2016 mainly due to supporting Transformational Research funding and the National Behavior Health Innovation Center at CU Anschutz.

Gifts increased $32,750,000 between Fiscal Year 2016 and 2015 mainly due to an increase of academic support gifts from University of Colorado Health (UCH) and Children's Hospital Colorado (Children's Colorado) at CU Anschutz and an upgrade and expansion of satellite mission design software licenses gifted to the Aerospace Engineering Sciences department at CU Boulder.

Investment income net of investment expense was $206,294,000 in Fiscal Year 2017, $18,516,000 in Fiscal Year 2016, and $34,680,000 in Fiscal Year 2015. Investment income is subject to inherent variability due to the requirement to record the majority of investments at fair value. In Fiscal Year 2017, the University's unrealized gains on investments (the difference between the investment's fair value and cost basis) increased by $125,538,000. In Fiscal Year 2016, the University's unrealized gains on investments decreased by $74,851,000.

In addition to operating and nonoperating revenues, the University had capital revenues in the amounts depicted in Figure 5.

Figure 5. Capital Revenues for Years Ended June 30, 2017, 2016, and 2015

(in thousands)		2017	2016	2015
Capital student fee, net	$	10,203	11,612	8,458
Capital appropriations		33,441	24,860	18,193
Capital grants and gifts		10,194	10,471	57,063
Gain (loss) on disposal of capital assets		(3,597)	(5,858)	21,334
Total Capital Revenues	**$**	**50,241**	**41,085**	**105,048**

The University received appropriations from the State of $33,441,000 in Fiscal Year 2017 compared to $24,860,000 in Fiscal Year 2016 and $18,193,000 in Fiscal Year 2015. These monies are used for various controlled maintenance and other capital construction activity and fluctuate year to year based on the State budget.

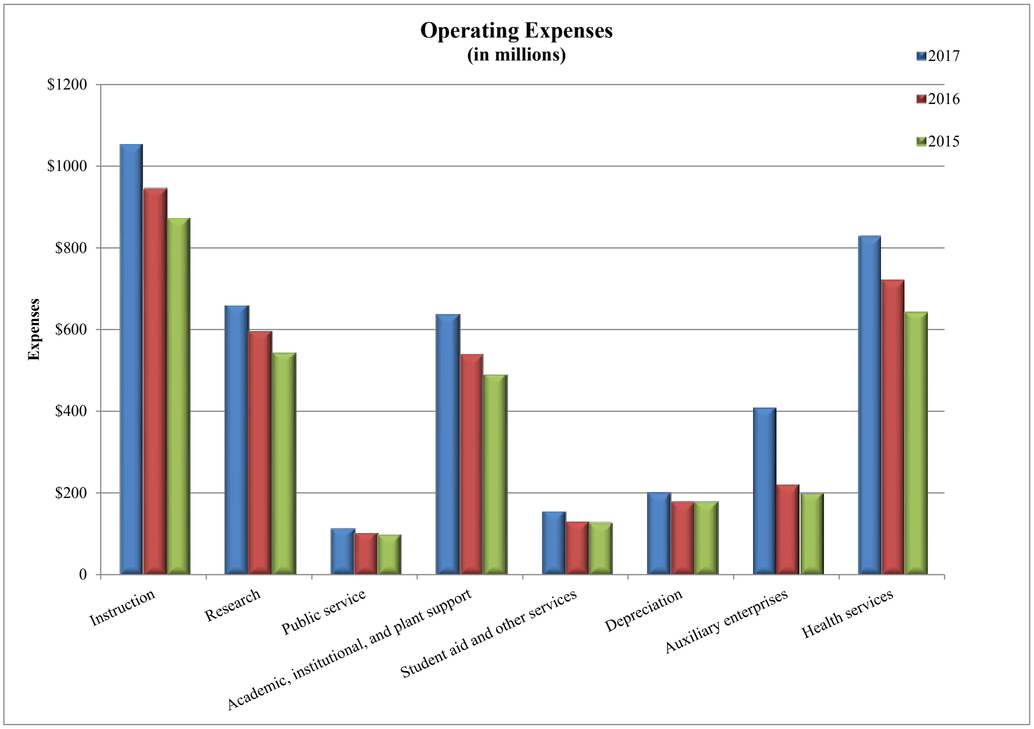
Capital grants and gifts were consistent from Fiscal Year 2016 to Fiscal Year 2017. Capital grants and gifts decreased $46,592,000 in Fiscal Year 2016 due to The Wildlife Experience (TWE) land and building that were donated to the University in the prior fiscal year. The TWE donation had resulted in a capital grants and gifts increase of $37,800,000 in Fiscal Year 2015.

The loss on disposal of capital assets in Fiscal Year 2017 and Fiscal Year 2016 is attributed to the disposal of assets without receiving any proceeds. The gain on disposal of capital assets in Fiscal Year 2015 was due primarily to the sale of the remaining parcel for the former 9th and Colorado campus.

The programmatic uses of resources are displayed in Figure 6 and demonstrate that the focus is basically unchanged over the past three fiscal years. Total educational and general programs overall have grown by 13.1 percent and 8.8 percent in Fiscal Year 2017 and 2016, respectively. The increase in academic, institutional, and plant support is related to the increases in instruction. The increase in instruction is partly due to the increased number of students and general increases in the cost of education. The increase in research expenditures in Fiscal Year 2017 related to increased nongovernmental grants and contracts within LASP. The 2016 increase in research expenditures related to increased Federal sponsored project awards in various departments and increases in institutional and state-funded needs-based financial aid programs. In addition, pension expense increased $312,412,000 and $20,645,000 in Fiscal Year 2017 and Fiscal Year 2016, respectively, which was allocated across the various expense program categories based on the related payroll.

Figure 6. Expense Program Categories for Years Ended June 30, 2017, 2016, and 2015

(in thousands)		2017	2016	2015
Instruction	$	1,057,097	949,007	874,923
Research		664,476	601,354	547,036
Public service		116,661	106,366	99,512
Academic, institutional, and plant support		646,164	542,808	493,629
Student aid and other services		154,139	132,876	129,633
Total Education and General		**2,638,537**	**2,332,411**	**2,144,733**
Depreciation		202,938	181,191	180,843
Auxiliary enterprises		413,393	224,523	202,682
Health services		833,184	724,324	646,439
Total Operating Expenses	**$**	**4,088,052**	**3,462,449**	**3,174,697**



The amounts shown for student aid do not reflect the actual resources dedicated to student aid. The majority of the University's student aid resources are netted against tuition, fee, and auxiliary revenue as a scholarship allowance (Note 13). The University's scholarship allowance was $200,665,000, $187,250,000 and $172,463,000 in Fiscal Year 2017, 2016 and 2015, respectively.

Increases in expenses related to health services, which are primarily related to CU Medicine, are consistent with the associated increases in health services revenue discussed earlier in this section.

CAPITAL ASSETS AND DEBT MANAGEMENT

The University had $5,726,536,000, $5,352,014,000 and $5,055,388,000 of plant, property, and equipment at June 30, 2017, 2016 and 2015, respectively, offset by accumulated depreciation of $2,195,974,000, $1,993,423,000 and $1,848,704,000, respectively. The major categories of plant, property, and equipment at June 30, 2017, 2016 and 2015 are displayed in Figure 7. Related depreciation charges of $202,938,000, $181,191,000 and $180,843,000 were recognized in the Fiscal Years 2017, 2016 and 2015, respectively. Detailed financial activity related to the changes in capital assets is presented in Note 5. Figure 8 details the University's current construction commitments.

Figure 7. Capital Asset Categories (before depreciation) as of June 30, 2017, 2016, and 2015 *(in thousands)*

		2017	2016	2015
Land	$	84,964	65,374	65,266
Construction in progress		320,025	274,770	534,173
Buildings and improvements		4,266,541	4,018,668	3,496,747
Equipment		546,890	504,054	494,899
Software and other intangibles		94,565	92,712	85,777
Library and other collections		413,551	396,436	378,526
Total Capital Assets (gross)	**$**	**5,726,536**	**5,352,014**	**5,055,388**

Figure 8. Current Construction Projects as of June 30, 2017

Campus/Project Description	Financing Sources	Value*
CU Boulder:		
Engineering Center Complex Renovation	Campus cash resources	$ 24,750
Aerospace Engineering Sciences Building	Campus cash resources	82,546
Euclid Autopark Addition (Center for Academic Success)	Campus cash resources	52,956
Jennie Smoly Caruthers Biotech Building (5th Wing)	State appropriation and campus cash resources	43,170
Ketchum Renovation	Governmental grants and contracts, bond proceeds, and campus cash resources	22,550
CU Denver | Anschutz:		
Denver Wellness Center	Bond proceeds and capital student fee	42,685
Campus Support Building Renovation	Campus cash resources	8,085
North Classroom Building Renovation	Campus cash resources	37,401
UCCS:		
Alpine Village	Bond proceeds	74,500
ENT Center for the Arts	State, gift, and campus cash resources	59,968
North Nevada Infrastructure	Campus cash resources/System cash resources/gift	20,000

** Value represents budgeted costs for project in thousands*

During Fiscal Year 2017, the University issued $66,930,000 in revenue bonds with proceeds being allocated to refunding a portion of certain outstanding obligations of the Board and paying costs relating to the issuance of the Series 2017A Bonds.

During Fiscal Year 2016, the University issued $188,240,000 in revenue bonds to fund the following University of Colorado Improvement Projects: a Wellness Center at CU Denver and a surface parking lot at UCCS. These bonds are special, limited obligations of the University, payable solely from net revenues derived from certain fees, facilities and operations of the University.

At June 30, 2017, 2016 and 2015, the University had debt (or similar long-term obligations) of $1,680,196,000, $1,691,046,000 and $1,707,630,000, respectively, in the categories illustrated in Figure 9. More detailed information about the University's debt is included in Note 9.

Figure 9. Debt Categories as of June 30, 2017, 2016, and 2015

(in thousands)	2017	2016	2015
Revenue bonds	$ 1,655,668	1,675,644	1,690,795
Capital leases	13,313	15,402	16,835
Note payable	11,215	-	-
Total Long-term Debt	**$ 1,680,196**	**1,691,046**	**1,707,630**

The Regents have adopted a debt management policy that includes limitations on the use of external debt. The University Treasurer will report to the Regents, prior to the issuance of new debt, the effect that the new debt will have on the University's debt capacity ratio to ensure the 7 percent debt ratio limit currently established by the Regents is not exceeded. The ratio is calculated as maximum annual debt service as a percentage of the University's unrestricted current fund expenditures plus mandatory transfers. State statute sets the maximum for this ratio at 10 percent in C.R.S. 23-20-129.5. A component of this policy is debt capacity, which is the calculated ratio of the University's debt service requirement as compared to certain unrestricted revenues. The University maintained its debt capacity limits. The University minimizes financing costs by monitoring current market conditions and by maintaining a bond rating of Aa1 and AA+ (Moody's and Fitch, respectively).

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The Fiscal Year 2018 budget approved by the State Legislature included a $16.7 million statewide increase for higher education operations which includes $7.8 million additional funding for the University through the higher education allocation model. The budget for the University for Fiscal Year 2018, as approved by the Regents, increased approximately $173,500,000, or 4.4 percent.

Due to the nature of funding for public institutions of higher education, operating losses are normal. Colorado is unique in that the majority of funding from the state comes in the form of stipends paid directly to students and from fee-for-service agreements in which the state pays its public higher education institutions for providing certain agreed-upon educational activities. Unlike regular state appropriations, stipends and fee-for-service revenues are included in operating revenue. This difference in funding models between Colorado and the remainder of the country is a consideration when comparing results between the University and out-of-state peers.

As discussed in previous years' MD&A, the University's operating loss continues to increase. For Fiscal Year 2017, the operating loss was $559,424,000, up from a loss of $209,377,000 in Fiscal Year 2016. For the first time since Fiscal Year 2009, the University incurred a negative change in net position of $107,943,000 (prior to the impact of the adoption of Statement No. 73). CU Medicine continues to generate operating income and investment returns increased to $206,294,000 in Fiscal Year 2017 from $18,516,000 in Fiscal Year 2016. The key driver in the Fiscal Year 2017 net position decrease and the operating loss is the change in assumptions used by PERA to calculate the PERA pension liability. This added $312,412,000 to operating expense in Fiscal Year 2017. Under Statement No. 68, as amended, these changes in assumptions will continue to impact the financial statements next year. It is important to note that the changes in assumptions made by PERA do not have an impact on the University's cash flows, as contribution rates for employers and members are set. It is unknown whether or not PERA will amend required contribution rates in the future. If contribution rates were to increase, the University's cash contributions to the plan would increase accordingly.

For Fiscal Year 2018, the University is required to adopt Statement No. 75. Statement No. 75 is estimated to increase the liability reported for OPEB by approximately $476,000,000, which will be deducted from unrestricted net position and result in ongoing higher operating expenses. The University does not fund its postemployment benefits as it is on a "pay-as-you-go" basis. Therefore, as with the PERA pension liability, there is no impact to the University's cash flow due to the adoption of this standard. PERA also has a postemployment benefit plan in which some University retirees participate and is available to future retirees. PERA has not provided the information necessary to determine the impact of Statement No. 75 on the University's financial statements.

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UNIVERSITY OF COLORADO
STATEMENTS OF NET POSITION
June 30, 2017 and 2016 *(in thousands)*

		2017		2016	
		University	*Component Units*	*University*	*Component Units*
Assets					
Current Assets					
Cash and cash equivalents (Note 2)	$	89,976	26,013	88,005	39,583
Investments (Note 3)		367,818	-	297,418	7,795
Accounts, contributions, and loans receivable, net (Note 4)		354,661	31,934	398,388	20,942
Inventories		21,287	-	20,905	-
Other assets		4,646	539	3,831	1,693
Total Current Assets		**838,388**	**58,486**	**808,547**	**70,013**
Noncurrent Assets					
Investments (Note 3)		2,239,623	1,689,100	2,064,433	1,456,655
Assets held under split-interest agreements (Note 3)		-	42,750	-	37,501
Accounts, contributions, and loans receivable, net (Note 4)		42,880	90,994	61,007	90,784
Other assets		23,602	8,017	11,651	8,206
Capital assets, net (Note 5)		3,530,562	1,583	3,358,591	71,820
Total Noncurrent Assets		**5,836,667**	**1,832,444**	**5,495,682**	**1,664,966**
Total Assets	**$**	**6,675,055**	**1,890,930**	**6,304,229**	**1,734,979**
Deferred Outflows					
Loss on bond refundings	$	54,427	-	62,577	-
PERA pension-related (Note 15)		641,350	-	135,549	-
Alternate medicare plan related (Note 15)		11,141	-	-	-
Total Deferred Outflows		**706,918**	**-**	**198,126**	**-**
Total Assets and Deferred Outflows	**$**	**7,381,973**	**1,890,930**	**6,502,355**	**1,734,979**
Liabilities					
Current Liabilities					
Accounts payable	$	129,894	13,775	103,591	10,155
Accrued expenses (Note 6)		265,292	-	243,474	-
Compensated absences (Note 7)		16,483	-	14,691	-
Unearned revenue (Note 8)		169,497	-	159,610	950
Bonds and capital leases (Note 9)		80,746	-	77,241	6,755
Split-interest agreements		-	2,604	-	2,490
Custodial funds		-	15,719	-	13,354
Early retirement incentive program (Note 15)		1,624	-	2,839	-
Other liabilities (Note 10)		46,575	-	52,818	-
Total Current Liabilities	**$**	**710,111**	**32,098**	**654,264**	**33,704**

See accompanying notes to basic financial statements

UNIVERSITY OF COLORADO
STATEMENTS OF NET POSITION
June 30, 2017 and 2016 *(in thousands)*

	2017		2016	
	University	*Component Units*	*University*	*Component Units*
Noncurrent Liabilities				
Compensated absences (Note 7)	$ 210,275	-	189,337	-
Other postemployment benefits (Note 7)	343,570	-	289,133	-
Net pension (Note 15)	2,049,366	-	1,175,591	-
Unearned revenue (Note 8)	9,328	-	9,897	-
Bonds and capital leases (Note 9)	1,599,450	-	1,613,805	63,931
Split-interest agreements	-	21,060	-	15,315
Custodial funds	-	379,744	-	328,691
Alternate medicare plan (Note 15)	74,723	-	11,600	-
Early retirement incentive program (Note 15)	2,978	-	4,383	-
Other liabilities (Note 10)	14,042	2,115	17,520	21,734
Total Noncurrent Liabilities	**4,303,732**	**402,919**	**3,311,266**	**429,671**
Total Liabilities	**$ 5,013,843**	**435,017**	**3,965,530**	**463,375**
Deferred Inflows				
PERA pension-related (Note 15)	$ 9,629	-	23,830	-
Alternate medicare plan related (Note 15)	89	-	-	-
Total Deferred Inflows	**9,718**	**-**	**23,830**	**-**
Total Liabilities and Deferred Inflows	**$ 5,023,561**	**435,017**	**3,989,360**	**463,375**
Net Position				
Net investment in capital assets	$ 1,949,435	-	1,821,752	24,030
Restricted for nonexpendable purposes (endowments)				
Instruction	-	313,095	-	280,422
Research	22,180	31,175	22,180	30,664
Academic support	21,169	29,270	21,169	29,101
Scholarships and fellowships	13,883	172,818	13,883	154,454
Capital and other	1,158	464	1,158	436
Total restricted for nonexpendable purposes	58,390	546,822	58,390	495,077
Restricted for expendable purposes				
Instruction	102,065	450,487	75,737	369,147
Research	42,543	95,475	32,344	95,595
Academic support	41,193	81,114	34,768	62,434
Student loans and services	37,370	-	45,226	-
Scholarships and fellowships	42,155	164,248	38,277	135,609
Auxiliary enterprises	169,020	-	145,282	-
Capital	42,416	50,155	60,306	54,420
Other	60,098	6,132	52,766	5,161
Total restricted for expendable purposes	536,860	847,611	484,706	722,366
Unrestricted (Note 11)	(186,273)	61,480	148,147	30,131
Total Net Position	**$ 2,358,412**	**1,455,913**	**2,512,995**	**1,271,604**

See accompanying notes to basic financial statements

UNIVERSITY OF COLORADO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2017 and 2016 *(in thousands)*

	2017		2016	
	University	*Component Units*	*University*	*Component Units*
Operating Revenues				
Student tuition (net of scholarship allowances of $176,419 in 2017 and $164,458 in 2016; net of bad debt of $3,251 in 2017 and $2,479 in 2016; pledged revenues of $901,918 in 2017 and $846,334 in 2016) (Note 9, 12 and 13)	$ 901,918	-	846,334	-
Student fees (net of scholarship allowances of $18,026 in 2017 and $16,985 in 2016; net of bad debt of $154 in 2017 and $202 in 2016; pledged revenues of $14,230 in 2017 and $13,812 in 2016) (Note 9, 12 and 13)	90,676	-	86,322	-
Fee-for-service contracts (Note 12)	121,872	-	121,440	-
Federal grants and contracts (pledged revenues of $139,013 in 2017 and $134,399 in 2016) (Note 9)	695,067	-	671,996	-
State and local grants and contracts (pledged revenues of $12,062 in 2017 and $11,675 in 2016) (Note 9)	60,309	-	58,376	-
Nongovernmental grants and contracts	187,823	-	142,293	-
Sales and services of educational departments (net of bad debt of $67 in 2017 and $29 in 2016 (Note 9)	207,273	-	191,590	-
Auxiliary enterprises (net of scholarship allowances of $4,244 in 2017 and $3,902 in 2016; net of bad debt of $986 in 2017 and $516 in 2016; pledged revenues of $96,929 in 2017 and $88,334 in 2016) (Note 9 and 13)	283,007	-	259,826	-
Health services (net of bad debt of $30,617 in 2017 and $30,643 in 2016; pledged revenues of $1,754 in 2017 and $1,563 in 2016) (Note 9 and 14)	876,986	-	781,257	-
Contributions (Note 17)		186,603	-	177,732
Other operating revenues (net of bad debt of $2,472 in 2017 and $751 in 2016; pledged revenues of $2,350 in 2017 and $1,328 in 2016) (Note 9)	103,697	13,250	93,638	23,752
Total Operating Revenues	**3,528,628**	**199,853**	**3,253,072**	**201,484**
Operating Expenses				
Education and general				
Instruction	1,057,097	-	949,007	-
Research	664,476	-	601,354	-
Public service	116,661	-	106,366	-
Academic support	209,320	-	177,806	-
Student services	132,451	-	113,266	-
Institutional support	277,667	171,183	232,184	136,370
Operation and maintenance of plant	159,177	-	132,818	-
Student aid	21,688	-	19,610	-
Total education and general expenses	**2,638,537**	**171,183**	**2,332,411**	**136,370**
Depreciation (Note 5)	202,938	933	181,191	2,400
Auxiliary enterprises	413,393	-	224,523	-
Health services (Note 14)	833,184	-	724,324	-
Total Operating Expenses	**4,088,052**	**172,116**	**3,462,449**	**138,770**
Operating Income (Loss)	**$ (559,424)**	**27,737**	**(209,377)**	**62,714**

See accompanying notes to basic financial statements

UNIVERSITY OF COLORADO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2017 and 2016 *(in thousands)*

	2017		*2016*	
	University	*Component Units*	*University*	*Component Units*
Nonoperating Revenues (Expenses)				
Federal Pell Grant	$ 49,957	-	48,383	-
State appropriations (Note 12)	15,325	-	12,429	-
Gifts	181,049	-	174,926	-
Investment income (net of investment expenses of $9,905 in 2017 and $11,992 in 2016)	206,294	156,572	18,516	(24,258)
Loss on disposal of capital assets	(3,597)	-	(5,858)	-
Interest expense on capital asset-related debt (including amortization of deferred loss of $9,878 in 2017 and $10,511 in 2016 (Note 5)	(67,039)	-	(55,060)	(3,715)
Bond issuance costs	(579)	-	(1,203)	-
Other nonoperating revenues (pledged revenues of $1,611 in 2017 and $911 in 2016) (Note 9)	17,041	-	10,273	(1,721)
Total Nonoperating Revenues (Expenses)	**398,451**	**156,572**	**202,406**	**(29,694)**
Income (Loss) Before Other Revenues	**(160,973)**	**184,309**	**(6,971)**	**33,020**
Other Revenues				
Capital student fee (net of scholarship allowance of $1,975 in 2017 and $1,905 in 2016; pledged revenue of $10,203 in 2017 and $11,612 in 2016) (Note 9 and Note 13)	10,203	-	11,612	-
Capital appropriations (Note 12)	33,441	-	24,860	-
Capital grants and gifts	10,194	-	10,471	-
Total Other Revenues	**53,838**	**-**	**46,943**	**-**
Change in net position before special item	**(107,135)**	**184,309**	**39,972**	**33,020**
Special Item - Transfer from CUREF	(808)	-	-	-
Change in net position after special item	**(107,943)**	**184,309**	**39,972**	**33,020**
Net Position, beginning of year	2,512,995	1,271,604	2,473,023	1,238,584
Cumulative effect of adoption of new accounting principle (Note 1)	(46,640)	-	-	-
Net Position, beginning of year, as restated	**2,466,355**	**-**	**2,473,023**	**-**
Net Position, End of Year	**$ 2,358,412**	**1,455,913**	**2,512,995**	**1,271,604**

See accompanying notes to basic financial statements

UNIVERSITY OF COLORADO
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016 *(in thousands)*

		2017	2016
		University	
Cash Flows from Operating Activities			
Tuition and fees	$	1,120,424	1,048,989
Grants and contracts		997,650	817,530
Sales and services of educational departments		207,273	191,590
Auxiliary enterprise charges		276,669	260,971
Health services		862,086	769,616
Other receipts		122,206	104,207
Payments to employees and benefits		(2,830,463)	(2,554,265)
Payments to suppliers		(575,428)	(572,648)
Payments for scholarships and fellowships		(21,688)	(19,610)
Total Cash Flows Provided by Operating Activities		**158,729**	**46,380**
Cash Flows from Noncapital Financing Activities			
Federal Pell Grant		49,957	48,383
State appropriations		15,325	12,429
Gifts and grants for other than capital purposes		181,049	174,926
Agency transactions		31,237	(12,600)
Direct lending receipts		385,474	371,109
Direct lending disbursements		(386,128)	(371,437)
Total Cash Flows Provided by Noncapital Financing Activities		**276,914**	**222,810**
Cash Flows from Capital and Related Financing Activities			
State capital contributions		33,441	24,860
Capital student fees		10,203	11,612
Proceeds from capital debt		141,437	211,200
Bond issuance costs paid		(579)	(1,203)
Principal paid on capital debt, leases and notes		(136,563)	(204,906)
Interest paid on capital debt, leases and notes		(77,601)	(98,724)
Proceeds from sale of capital assets		28,049	10,506
Purchases and construction of capital assets		(391,659)	(362,764)
Total Cash Flows Used for Capital and Related Financing Activities		**(393,272)**	**(409,419)**
Cash Flows from Investing Activities			
Proceeds from sales and maturities of investments		4,526,658	2,315,048
Purchase of investments		(4,647,517)	(2,283,115)
Investment earnings		80,459	93,408
Total Cash Flows Provided by (Used for) Investing Activities		**(40,400)**	**125,341**
Net Increase (Decrease) in Cash and Cash Equivalents		**1,971**	**(14,888)**
Cash and cash equivalents, beginning of year		88,005	102,893
Cash and Cash Equivalents, End of Year	**$**	**89,976**	**88,005**

See accompanying notes to basic financial statements

UNIVERSITY OF COLORADO
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016 *(in thousands)*

		2017	*2016*
		University	
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	$	(559,424)	(209,377)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation expense		202,938	181,191
Receipts of items classified as nonoperating revenues		17,041	10,273
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Receivables		31,321	(86,264)
Inventories		(382)	(753)
Other assets		(12,766)	1,033
PERA and AMP pension-related deferred outflows		(516,942)	(86,255)
Accounts payable		17,724	531
Accrued expenses		21,742	14,786
Unearned revenue		9,318	15,826
Compensated absences and other postemployment benefits		77,167	68,978
Net pension liability		873,775	115,254
Alternate medicare plan and early retirement incentive plan		13,863	(180)
Other liabilities		(2,534)	4,824
PERA and AMP pension-related deferred inflows		(14,112)	16,513
Net Cash Provided by Operating Activities	**$**	**158,729**	**46,380**

Noncash Transactions			
Donations of capital assets	$	2,126	1,337
Lease-financed acquisitions		295	1,482
Change in unrealized gains on investments		125,538	(74,851)
Amortization of premiums		16,042	24,360
Amortization of deferred loss		(8,150)	(10,511)

See accompanying notes to basic financial statements

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NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNANCE

The University of Colorado (the University) is a comprehensive degree-granting research university in the State of Colorado (the State). It is governed by a nine-member Board of Regents (the Regents) elected by popular vote in the State's general elections. Serving staggered six-year terms, one member is elected from each of the State's seven congressional districts with two Regents elected from the State at large. The University comprises the system office and the following three accredited campuses, each with its unique mission as detailed below:

- **University of Colorado Boulder (CU Boulder)**
  Established in 1861, CU Boulder is a comprehensive graduate research university (with selective admission standards) offering a comprehensive array of undergraduate, master's, and doctoral degree programs.

- **University of Colorado Denver | Anschutz Medical Campus**
  Originally operated as two separate campuses, the Health Sciences Center and the Denver campus were established in 1883 and 1974, respectively. In 2004, the two campuses were institutionally merged into the University of Colorado Denver. The consolidated institution is an urban comprehensive research university offering a full range of undergraduate, graduate, and professional degree programs in life sciences, professional programs, and liberal arts. The campuses are currently referred to collectively as University of Colorado Denver | Anschutz Medical Campus (CU Denver | Anschutz) and separately as the University of Colorado Denver (CU Denver) and the University of Colorado Anschutz Medical Campus (CU Anschutz).

- **University of Colorado Colorado Springs (UCCS)**
  Established as a separate campus in 1965, UCCS is a comprehensive graduate research university (with selective admission standards) offering a comprehensive array of undergraduate, master's, and doctoral degree programs.

To accomplish its mission, the University has over 7,800 instructional faculty serving approximately 63,000 students through 459 degree programs in 26 schools and colleges.

BASIS OF PRESENTATION AND FINANCIAL REPORTING ENTITY

Blended Component Units

The University's financial reporting entity includes the operations of the University and all related entities for which the University is financially accountable. Financial accountability may stem from the University's ability to appoint a majority of the governing board of the related organization, its ability to impose its will on the related organization, its ability to access assets, or its responsibility for debts of the related organization. Blended component units generally include those entities (1) that provide services entirely to the University, (2) in which there is a financial benefit or burden relationship, or (3) in which management of the University has operational responsibility. The University has the following blended component units:

- **University License Equity Holding, Inc. (ULEHI)**

  Originally established in 1992, with a significant reorganization in 2001, ULEHI facilitates certain licensing activities for the University. ULEHI is a nonprofit entity under Section 501(c)(3) of the Internal Revenue Code. The University appoints a voting majority of ULEHI's governing body, is able to impose its will on the organization, and the organization provides services entirely to the University.

  Detailed financial information may be obtained directly from ULEHI at 12635 East Montview Boulevard, Aurora, Colorado 80045.

- **University of Colorado Medicine (CU Medicine)**

  University Physicians, Inc. d/b/a CU Medicine, is a Colorado non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, organized to perform the billing, collection, and disbursement functions for professional services rendered for CU Anschutz as authorized in Section 23-20-114 of the Colorado Revised Statutes (C.R.S.). CU Medicine is the School of Medicine's (SOM) faculty practice plan with approximately 3,000 member providers. CU Medicine does not employ physicians or practice medicine directly; it provides the business and administrative support for the clinical faculty employed by the SOM. The members' primary sites of practice are at the University of Colorado Hospital (UCH) and Children's Hospital Colorado (Children's Colorado), but members also provide limited clinical services at multiple hospital and clinic sites throughout the region, including the National Jewish Medical and Research Center, the Veterans Administration Medical Center, and Denver Health and Hospital Authority. The majority of patients cared for reside within the Denver metropolitan area.

  The University appoints a majority of CU Medicine's governing body, and is able to impose its will. Additionally, CU Medicine exclusively benefits the University by providing the services described above.

  In Fiscal Year 1997, CU Medicine purchased a 30 percent interest in UCH's investment in TriWest Healthcare Alliance Corp. (TriWest). TriWest recapitalized the corporation and subsequently completed a stock repurchase of all outstanding shares in February 2014. CU Medicine reinvested $3,250,000 of its stock repurchase proceeds in the new TriWest entity. CU Medicine's new interest in TriWest represents 35 percent of a combined $9,250,000 investment held by UCH. CU Medicine and UCH's investment in TriWest represented approximately 3 percent of the book value of the entity at closing of the transaction. CU Medicine accounts for its participation in TriWest on the cost basis, and includes it in noncurrent other assets.

  In December 2010, CU Medicine, UCH, and the SOM entered into a joint operating agreement to develop and operate a radiology imaging facility. No contributions were made in 2017 or 2016. Capital contributions and division of revenue and expenses will be split between the partners based upon the operating agreement. The University did not contribute any funds to the facility and has no equity interest in it. CU Medicine recorded $630,000 and $894,000 in dividends during the years ended June 30, 2017 and 2016, respectively.

During 2009, CU Medicine purchased 49 units representing a 24.5 percent share in Children's North Surgery Center, LLC (Surgery Center) for $490,000. The Surgery Center was formed by the Children's Colorado, CU Medicine, and individual community physicians for the purpose of owning and operating a multi-specialty ambulatory surgery center focused on pediatric care. CU Medicine accounts for its participation in the Surgery Center on the cost basis. During 2012, CU Medicine contributed $123,000 through capital calls, thereby maintaining its original ownership interest. There were no such capital calls during Fiscal Years 2017 or 2016. In addition to its equity interest in the entity, CU Medicine has issued a maximum guaranty up to $1.2 million in support of a $4.7 million loan taken by the Surgery Center in support of its operations. The loan guarantee was approved by CU Medicine's Board of Directors in May 2012. In the event of default, CU Medicine and Children's Colorado would be responsible for their proportionate interest in this indebtedness to the extent it could not be satisfied by liquidating any remaining equity in the venture. The separate financial statements of the joint ventures are available to CU Medicine on at least an annual basis.

Detailed financial information may be obtained directly from CU Medicine at P.O. Box 111719, Aurora, Colorado 80042-1719.

Additionally, financial statements for CU Medicine's joint ventures may be requested at the addresses listed below:

TriWest Healthcare Alliance Corporate Office, PO Box 42049, Phoenix, Arizona 85080-2049.

Children's North Surgery Center, 469 West State Highway 7, Suite 2, Broomfield, Colorado 80023.

- **University of Colorado Property Corporation, Inc. (CUPCO)**

  Established in 2016 with operations starting in Fiscal Year 2017, CUPCO holds, invests, maintains, operates, and administers real and personal property for the benefit of the University. CUPCO is a nonprofit entity under Section 501(c) (3) of the Internal Revenue Code. The University appoints CUPCO's governing body, is able to impose its will on the organization, and the organization provides services entirely to the University.

  Under transfer agreements between CUPCO and Land Holding Venture, LLC, an entity formerly wholly owned by the University of Colorado Real Estate Foundation (CUREF), effective July 1 and July 13, 2016, CUPCO obtained ownership of various vacant land holding, a residential home, and an option agreement to purchase vacant land. Additionally, on July 1, 2016, a line of credit associated with the option agreement and other properties was also transferred to and assumed by CUPCO. On December 12, 2016, CUREF agreed to transfer ownership of Campus Village Apartments, LLC (CVA), to CUPCO, which included property and land, other assets, and the obligation of the Series 2008 Student Housing Revenue Bonds associated with CVA. The transfer of CVA occurred on December 31, 2016.

  CVA, a Delaware limited liability company, was formed under the laws of the State of Delaware on May 25, 2005, with CUREF as the sole member. CVA is organized, operated, and dedicated exclusively to the charitable purposes of promoting the general welfare, development, growth, and well-being of the University, and specifically for the primary purpose of acquiring, constructing, improving, equipping, and operating a student housing facility located in Denver, Colorado, as well as improvements and amenities related to this facility.

Table 1.1 summarizes the assets, liabilities, and net position CUPCO recognized as a result of these transfers.

Table 1.1. CUREF Transfer of Operations to CUPCO
(in thousands)

		Carrying Values
Transferred Assets (Net)		
Current assets	$	4,506
Noncurrent assets		55,281
Total Assets		59,787
Transferred Liaiblities		
Current liabilities		3,246
Noncurrent liabilities		65,703
Total Liabilities		68,949
Transferred Net Position		
Net investment in capital assets		(16,458)
Restricted for bond requirements		7,614
Unrestricted		(319)
Total Net Position	$	(9,163)

To bring the information above in conformity with GASB standards, unamortized bond issuance costs of $544,000 were excluded from the transfer above.

Detailed financial information may be obtained directly from CUPCO at 1800 Grant Street, Suite 725, Denver, Colorado 80203.

- **18th Avenue, LLC (18th Avenue)**

  18th Avenue, LLC (18th Avenue), a Colorado limited liability company, was formed under the laws of the State of Colorado on April 26, 2006, with CUREF as the sole member. 18th Avenue was organized, operated, and dedicated exclusively to promoting CUREF's charitable purposes and to promoting the general welfare, development, growth, and well-being of the University, and specifically for the primary purpose of acquiring, owning, operating, and maintaining real property consisting of an office building in Denver, Colorado.

  Under a transfer agreement between the University and CUREF, the University was assigned the sole membership interest in 18th Avenue, which owns the real property, including the office building and related improvements, located at 1800 Grant Street, along with the existing loan encumbering the property. The transfer of 18th Avenue, LLC, occurred on July 31, 2016.

Table 1.2 summarizes the assets, liabilities, and net position the University recognized as a result of this transfer.

Table 1.2. CUREF Transfer of Operations to 18th Avenue, LLC *(in thousands)*

		Carrying Values
Transferred Assets (Net)		
Current assets	$	1,616
Noncurrent assets		13,246
Total Assets		14,862
Transferred Liaiblities		
Current liabilities		1,708
Noncurrent liabilities		11,408
Total Liabilities		13,116
Transferred Net Position		
Net investment in capital assets		1,560
Unrestricted		186
Total Net Position	$	1,746

To bring the information above in conformity with GASB standards, unamortized bond issuance costs of $102,000 were excluded from the transfer above.

Discretely Presented Component Units

The University's financial statements include certain supporting organizations as discretely presented component units (DPCU) of the University (labeled component units). The majority of the resources, or income thereon that the supporting organizations hold and invest, are restricted to the activities of the University by the donors.

Because these restricted resources held by the supporting organizations can only be used by, or for the benefit of, the University, the following supporting organizations are considered DPCU of the University (see Note 17 for additional information):

- **University of Colorado Foundation (CU Foundation)**

  Established in 1967, the CU Foundation solicits, receives, holds, invests, and transfers funds for the benefit of the University. The CU Foundation, a nonprofit entity under Section 501(c)(3) of the Internal Revenue Code, has a 15-member board of directors, of which a member of the Regents, the president of the University, and another University designee serve as ex-officio non-voting members. The board of directors elects its own members, other than those serving as ex-officio non-voting members. The CU Foundation, as a not-for-profit entity, follows Financial Accounting Standards Board guidance in the preparation of its financial statements, which are then modified to match the University's financial reporting format.

  Under an agreement between the CU Foundation and the University, the CU Foundation provides certain development and investment services to the University in exchange for a fee.

  Detailed financial information may be obtained directly from the CU Foundation at 1800 Grant Street, Suite 725, Denver, Colorado 80203.

- **The University of Colorado Real Estate Foundation (CUREF)**

  Established in August 2002, CUREF solicited and managed real estate investments for the sole benefit of the University. CUREF, a nonprofit entity under Section 501(c)(3) and 509(a)(3) of the Internal Revenue Code, had up to a 14-member board of directors. Nine were voting members, of which four were appointed by the University. There were up to five ex-officio non-voting members.

  Effective May 21, 2015, the Board of Directors of CUREF approved a resolution to develop a memorandum of agreement for the transfer of assets, debts and obligations from CUREF to the University, the CU Foundation, and CUPCO and to begin a process that will result in the CUREF Board of Directors being transitioned to a real estate advisory committee working for the Office of the President of the University. As a part of that transition, a plan to transfer the assets, liabilities and obligations of CUREF to the University or its affiliated entities was approved on December 10, 2015, and various asset transfer agreements that provide the transfer provisions were approved May 3, 2016. During the year ended June 30, 2016, CUREF transferred $1,721,000 to the CU Foundation.

  After the transfers to CUPCO and 18th Avenue, all remaining assets were transferred to the University on May 26, 2017, and CUREF ceased to exist subsequent to these transfers. CUREF distributed its $5 million of its remaining cash to CU Boulder, $1 million to CU Denver, $600,000 to the System offices, and $9,000 to the Treasury. The total transfers from CUREF to the University and its blended component units resulted in a special item loss for the University of $808,000 during Fiscal Year 2017.

Table 1.3. CUREF Transfer of Operations to the University ***(in thousands)***

		Carrying Values
Transferred Assets		
Current assets	$	6,609
Total Assets		6,609
Transferred Net Position		
Unrestricted		6,609
Total Net Position	$	6,609

Joint Ventures and Related Organizations

The University has associations with the following organizations for which it is not financially accountable, or has primary access to the resources. Accordingly, these organizations have not been included in the University's financial statements. Information regarding the nature of the relationships is included in Note 18.

- University of Colorado Hospital (UCH)
- Auraria Higher Education Center (AHEC)
- University of Colorado Health and Welfare Trust (the Trust)

Relationship to State of Colorado

Article VIII, Section 5 of the Colorado Constitution declares the University to be a state institution. The Regents of the University are elected by popular vote of the citizens of the State. Therefore, the Board of the University is entirely different from the governing board of the State. Management of the University is completely separate and distinct from management of the State. The services provided by the University benefit the citizens of the State, rather than serving the State government. The services include provisions of undergraduate and graduate education to the citizens of the State, and conducting extensive amounts of federally and other funded research for the benefit of the citizens of the State, the nation and the world. Additionally, the University offers more than 200 public outreach programs serving Coloradans and their communities. All outstanding debt of the University is expected to be repaid entirely with resources generated by the University. No State funds are used to repay any debt issued by the University.

TAX-EXEMPT STATUS

The income generated by the University, as an instrumentality of the State, is generally excluded from federal income taxes under Section 115(a) of the Internal Revenue Code. The University also has a determination letter from the Internal Revenue Service stating it is exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Income generated from activities unrelated to the University's exempt purpose is subject to tax under Internal Revenue Code Section 511(a)(2)(B). There was no tax liability related to income generated from activities unrelated to the University's exempt purpose as of June 30, 2017 and 2016.

BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation is incurred.

The University applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

ACCOUNTING POLICIES

Cash and Cash Equivalents are defined for the purposes of reporting cash flows as cash on hand and deposit accounts. Investments in mutual funds and money market funds and securities are presented as investments. CU Medicine and the CU Foundation consider money market funds and securities with a maturity, when acquired, of three months or less to be cash equivalents.

Investments are reported in the financial statements at fair value, which is determined primarily based on quoted market prices as of June 30, 2017 and 2016. Amortized costs (which approximate fair value) are used for money market investments. These money market accounts are held with Securities and Exchange Commission (SEC) registered investment companies under Rule 2a7 of the Investment Company Act of 1940.

The classification of investments as current or noncurrent is based on the underlying nature and restricted use of the asset. Current investments are those without restrictions imposed by third parties that can be used to pay current obligations of the University. Noncurrent investments include investments with a maturity in excess of one year, restricted investments, and those investments designated to be used for long-term obligations.

The University's investment policies permit investments in fixed-income and equity securities and alternative strategies. These policies are implemented using individual securities, mutual funds, commingled funds, and alternative investments for the endowments. All of the University's alternative investments are held at the CU Foundation and follow its valuation methods.

Investments of the CU Foundation include those held as agency funds for the University. The CU Foundation records investment purchases and contributions, at the fair values of the investment assets received at the date of contribution. Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at their fair values. The fair values of alternative investments publicly traded on national security exchanges are stated at their closing market prices at June 30, 2017 and 2016, respectively. The fair values of alternative investments not publicly traded on national security exchanges represent the CU Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by investment managers, subject to review, evaluation, and adjustment by the management of the CU Foundation, or on the basis of other information developed, obtained, and evaluated periodically by the CU Foundation. Because of the inherent uncertainties in the valuation of alternative investments, those estimated fair values may differ significantly from the values that would have been used had ready market for the investments existed. Included in the investments portfolio are real estate and note receivable assets. These assets are booked at cost and present value, respectively.

Endowments and similar gift instruments owned by the University and the CU Foundation are primarily recorded as investments in the accompanying financial statements. Endowment funds are subject to the restrictions of donor gift instruments requiring the principal to be invested in perpetuity. Life income funds are used to account for cash or other property contributed to the University subject to the requirement that the University periodically pay the income earned on such assets to a designated beneficiary. The assets of life income funds become the property of the University or the CU Foundation upon the death of the designated beneficiary. Annuity funds are used to account for property contributed to the University or the CU Foundation in exchange for a promise to pay a fixed amount to the donor for a specified period of time. In addition, certain funds have been established by the Regents to function as endowment funds until the restrictions are lifted by the Regents. Gifts-in-kind are recorded at the fair market value as of the date of donation.

Accounts, Contributions, and Loans Receivable are recorded net of estimated uncollectible amounts, approximating anticipated losses.

Contributions receivable for the CU Foundation are unconditional promises to give that are recorded at their estimated net realizable value, discounted using risk-free interest rates effective at the date of the promise to give, if expected to be collected within one year and at the present value of their expected future cash flows if expected to be collected in more than one year. Subsequent to the initial recording of the contribution receivable, the CU Foundation uses the allowance method to record amounts estimated to be uncollectible. The allowance is based on the historical collectability of contributions promised to the CU Foundation and on management's analysis of specific promises outstanding.

For all other receivables, individual accounts are written off against the allowance when collection of the account appears doubtful. Bad debts substantially consist of write-offs for uncollectible balances on self-pay patients and contributions receivable.

Inventories are primarily accounted for using the consumption method and are stated at the lower of cost or market. Cost is determined using either first-in, first-out, average cost, or retail method.

Other Assets consists of prepaid expenses, travel advances, an option to purchase land, and other prepaid items.

Capital Assets are stated at cost at the date of acquisition or at acquisition value at the date of donation. For equipment, the capitalization policy includes all items with a value of $5,000 or more, and an estimated useful life of greater than one year.

Intangibles and renovations to buildings and other improvements that significantly increase the value or extend the useful life of the structure are capitalized. For intangibles and renovations and improvements, the capitalization policy includes items with a value of $75,000 or more. Routine repairs and maintenance are charged to operating expense. Major outlays for capital assets and improvements are capitalized as construction in progress throughout the building project. Interest incurred during the construction phase is included as part of the value of the construction in progress. Software, both externally purchased and internally developed, with a value of $5,000 or more is capitalized.

All collections, such as works of art and historical artifacts, have been capitalized at cost at the date of acquisition or acquisition value at the date of donation. The nature of certain collections is such that the value and usefulness of the collections does not decrease over time. These collections have not been depreciated in the accompanying financial statements.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized using the straight-line method over the shorter of the lease term or the estimated useful life. Such amortization is included as depreciation expense in the accompanying financial statements.

Depreciation is computed using the straight-line method and monthly convention over the estimated useful lives of the assets as displayed in Table 1.4.

Table 1.4. Asset Useful Lives

Asset Class	Years
Buildings	20 – 40 *
Improvements other than buildings	10 – 40
Equipment	3 – 20
Library and other collections	6 – 15
Software	5 – 10
Intangibles	Varies

* Certain buildings are componentized and the components may have useful lives similar to improvements or equipment.

Compensated Absences and Other Postemployment Benefits and related personnel expenses are recognized based on estimated balances due to employees upon termination or retirement. The limitations on such payments are defined by the rules associated with the personnel systems at the University. Employees accrue and vest in vacation and sick leave earnings based on their hire date and length of service. Professional exempt and 12-month faculty employees accrue sick leave with pay at the rate of 10 hours per month with a maximum accrual of 960 hours while classified employees earn 6.67 hours per month with a maximum accrual of 360 hours for employees hired after June 30, 1988. Employees hired before June 30, 1988, can accrue up to 360 hours in excess of amount of sick leave earned as of June 30, 1988. Employees earn and accrue vacation leave per the rates in Table 1.5. Vacation accruals are paid in full upon separation, whereas only a portion of sick leave is paid upon specific types of separation, such as retirement.

Table 1.5. Compensated Absence Accrual Rates for Vacation

Type of Employee	Days Earned Per Month*	Maximum Accrual
Classified employees hired on or after January 1, 1968	1-1.75 days	24 – 42 days
Professional exempt and 12-month faculty employees	1.83 days	44 days**

* Rates are for full-time employees; part-time employees earn at pro-rata based on percentage of appointment.
** Vacation accrual in excess of 44 days, is deducted to meet the 44 day limit.

The liability for compensated absences is expected to be funded by various sources of revenue that are available in future years when the liability is paid.

Other postemployment benefits (OPEB) consist of University-provided post-retirement healthcare and life insurance benefits for retired employees in accordance with the Regents' authority, as a single-employer plan. Substantially all University employees may become eligible for those benefits if they reach normal retirement age while working for the University. The University's contributions are made on a pay-as-you-go basis. The University's annual OPEB expense is calculated based on the annual required contribution (ARC) of the University, an amount actuarially determined. 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 fund excess) of the plan over a period not to exceed 30 years.

Unearned Revenue consists of amounts received for the provision of education, research, auxiliary goods and services, and royalties that have not yet been earned.

Bonds, Leases, and Notes Payable are debt by borrowing or financing usually for the acquisition of buildings, equipment, or capital construction. Bonds are addressed in Note 9.

Capital leases consist of various lease-purchase contracts and other lease agreements. Such contracts provide that any commitments beyond the current year are contingent upon funds being appropriated for such purposes by the Regents. It is reasonably assured that such leases will be renewed in the normal course of business and, therefore, are treated as non-cancelable for financial reporting purposes.

Split-interest Agreements are beneficial interests in various agreements which include gift annuities, charitable remainder annuity trusts and unitrusts, and a pooled income fund. The CU Foundation typically serves as trustee, although certain trusts are administered by outside trustees.

For trusts administered by the CU Foundation, specified earnings are typically paid to a named beneficiary. After termination of the trusts, the assets revert to the CU Foundation to create an endowment to support University activities or to be temporarily restricted for other purposes at the University. Assets received under such agreements are typically marketable equity and fixed-income securities, are recorded at their market value, and are included in investments in the accompanying financial statements. The estimated net present value of the obligation to named beneficiaries is recorded as a liability under split-interest agreements. A risk-free rate, using U.S. Treasury bonds at the date of the gift, is used in conjunction with actuarially determined life expectancies to calculate present values. The fair value of assets received in excess of the obligation is recognized as contribution revenue at the date of the gift. Changes in the value of the investments are combined with the changes in the estimated liability and are recorded in the accompanying financial statements.

In cases where a split-interest agreement is administered by an outside trustee, the CU Foundation records the estimated fair value of future cash flows from the trust as a contribution receivable from charitable remainder trusts at the point at which the CU Foundation becomes aware of its interest in the trust. Under certain circumstances, the CU Foundation accepts and manages trust funds for which the University or the CU Foundation has beneficial interest but is not the sole beneficiary of the trust. Funds received for which the University or the CU Foundation is not the ultimate beneficiary are included as other liabilities in the accompanying financial statements and are not included in contributions revenue.

Custodial Funds consist of funds held by the CU Foundation for endowments legally owned by other entities, including the University.

Alternate Medicare Plan is described in Note 15.

Early Retirement Incentive Plan is described in Note 15.

Other Liabilities are addressed in Note 10 and consist of risk financing, construction contract retainage, funds held for others, and miscellaneous.

Net Position is classified in the accompanying financial statements as follows:

Net investment in capital assets represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted for nonexpendable purposes consists of endowments and similar instruments in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted for expendable purposes represents net resources in which the University or the DPCU is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position represents net resources derived from student tuition and fees, fee-for-service contracts, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the Regents to meet current expenses for any purpose. These resources also include those from auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

Internal Transactions occur between University operating units, including its formal self-funded internal service units and blended component units. Examples of self-funded operating units are telecommunications, cogeneration, and storerooms. Transactions include the recognition of revenues, expenses, receivables, and payables in the appropriate accounts of the operating units. To accommodate external financial reporting, the internal revenues and receivables are netted against expenses and payables, respectively, and are eliminated at year end.

Classification of Revenues and Expenses in the accompanying financial statements has been made according to the following criteria:

Operating revenues are derived from activities associated with providing goods and services for instruction, research, public service, health services, or related support to entities separate from the University and that are exchange transactions. Examples include student tuition and fees, fee-for-service contracts, sales and services of auxiliary enterprises, healthcare and patient services, grants, and contracts. Tuition and fee revenue for sessions that are conducted over two fiscal years are allocated on a pro-rata basis. Operating revenues of the DPCU also include contributions, which are derived from their fundraising mission.

Other operating revenues include rental income, charges for services, transcript and diploma fees, other miscellaneous fees, and miscellaneous revenues from CU Medicine.

Operating expenses are paid to acquire or produce goods and services provided in return for operating revenues and to carry out the mission of the University.

Nonoperating revenues and expenses include all revenues and related expenses that do not meet the definition of operating revenues, capital revenues, or endowment additions. They are primarily derived from activities that are non-exchange transactions (e.g., gifts, including those from the CU Foundation), from activities defined as such by the GASB cash flow standards (e.g., investment income) and also federal funds allocated to state governments, such as the Pell Grant, and insurance recoveries.

Scholarship Allowances are the difference between the stated charge for the goods and services provided by the University and the amount that is paid by the students or by other third parties making payments on the students' behalf. Tuition and fee revenue and certain other auxiliary enterprise revenues are reported net of scholarship allowance in the accompanying financial statements. Certain grants from external governmental and private programs are recorded as either operating or nonoperating revenues in the accompanying financial statements. To the extent that such grant revenues are used to satisfy tuition and fees and other student charges, the University records scholarship allowances. The student aid line under operating expenses represents the amount of financial aid disbursed to students net of the aid applied to the student's account to pay for tuition and fees.

Health Services Revenue from Contractual Arrangements is recognized by CU Medicine as a result of providing care to patients covered under various third parties such as Medicare and Medicaid, private insurance companies, and managed care programs, primarily from fixed-rate agreements. The federal and state governments annually update fixed-rate agreements for Medicare and Medicaid, respectively. In addition to the standard Medicaid program, CU Medicine provides substantial care to Medicaid patients under the Colorado Access program. Contractual arrangements with insurance companies and managed care plans are negotiated periodically for future years.

Health services revenue is reported at the estimated net realizable amounts due from third-party payers and others for services rendered. Net patient services revenue includes care provided to patients who meet certain criteria under CU Medicine's medically indigent care policy as reimbursed with funds provided by the State processed by UCH, and co-payments made by care recipients. In accordance with CU Medicine's mission and philosophy, CU Medicine members annually provide substantial levels of charity care to patients who meet certain defined criteria. Charity care relates to services rendered for which no payment is expected.

Donor Restricted Endowment disbursements of the net appreciation (realized and unrealized) of investments of endowment gifts are permitted by state law, except where a donor has specified otherwise. The amount of earnings and net appreciation available for spending by the University and the CU Foundation is based on a spending rate set by the CU Foundation board on an annual basis. For the years ended June 30, 2017 and 2016, the authorized spending rate was equal to the greater of 4 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing 36-month average fair market value.

Earnings in excess of the amount authorized for spending are available in future years and are included in the value of the related investment. Earnings authorized to be spent are recognized in the University's financial statements as investment or gift revenue for University or CU Foundation-owned endowments, respectively. As of June 30, 2017 and 2016, there was $15,045,000 and $13,355,000, respectively, in net appreciation of investments available for authorization for expenditure as reported in restricted expendable net position.

Application of Restricted and Unrestricted Resources is made on a case-by-case basis by management depending on overall program resources.

Use of Estimates is made in order to prepare financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ significantly from those estimates.

Reclassifications of certain prior year balances have been made to conform to the current year's financial statement presentation.

Adoption of New Accounting Standard

Effective July 1, 2016, the University adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (Statement No. 73). Statement No. 73 requires governmental entities to extend the approach to accounting and financial reporting established in GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, as amended (Statement No. 68) to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pensions that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. The University's Alternate Medicare Plan (AMP) falls under the guidance of Statement No. 73. However, no assets have been accumulated to pay for plan benefits. As provided for in Statement No. 73, its provisions were not retroactively applied to the prior fiscal year. Fiscal Year 2017 reflects the cumulative effect of the adoption, which included a one-time decrease to unrestricted net position of $46,640,000, and varied increases to operating expense categories.

NOTE 2 – CASH AND CASH EQUIVALENTS

The University's cash and cash equivalents are detailed in Table 2, Cash and Cash Equivalents.

Table 2. Cash and Cash Equivalents *(in thousands)*

		2017	2016
University			
Cash on hand (petty cash and change funds)	$	370	395
Deposits with U.S. financial institutions		89,534	87,551
Deposits with foreign financial institutions		72	59
Total Cash and Cash Equivalents – University	**$**	**89,976**	**88,005**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. To manage custodial credit risk, deposits with U.S. and foreign financial institutions are made in accordance with University and State policy, including the Public Deposit Protection Act (PDPA). PDPA requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal depository insurance. Deposits collateralized under the PDPA are considered to be collateralized with securities held by the pledging institution in the University's name. As of June 30, 2017, $688,000 of the cash held by CUPCO was uninsured and uncollateralized. Deposits with foreign financial institutions are not PDPA-eligible deposits and thus are exposed to custodial credit risk and require separate authorization as depositories by the State. During the years ended June 30, 2017 and 2016, all deposits with foreign financial institutions were authorized.

NOTE 3 – INVESTMENTS

The University's investments generally include direct obligations of the U.S. government and its agencies, money market funds, municipal and corporate bonds, asset-backed securities, mutual funds, collective investment trust funds, repurchase agreements, corporate equities and alternative non-equity securities. CU Foundation investments are similar to the University's but also include alternative non-equity securities in hedge funds and commodities. Endowments are pooled to the extent possible under gift agreements. The CU Foundation manages certain of these endowments for the University in accordance with its investment policy.

To the extent permitted, and excluding the University's blended entities, the University pools cash balances for investment purposes. An investment policy statement approved by the Regents directs the Treasurer of the University to meet the following investment objectives:

- liquidity for daily operations,
- protection of the nominal value of assets, and
- generation of distributable earnings at a level commensurate with the time horizon of the investments.

For financial statement purposes, investment income (loss) is reported on a total return basis and is allocated among operational units based on average daily balances, using amortized costs. Average daily balances, based on amortized costs, approximated $1,718,163,000 and $1,610,620,000 for the years ended June 30, 2017 and 2016, respectively. The total return on this pool (excluding blended component units) was 9.99 percent and -0.16 percent for the years ended June 30, 2017 and 2016, respectively.

FAIR VALUE MEASUREMENTS

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). Under Statement No. 72 *Fair Value Measurement and Application* (Statement No. 72) fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach – This technique uses prices generated for identical or similar assets or liabilities. The most common example is an investment in public security traded in an active exchange such as the New York Stock Exchange.
- Cost approach – The cost approach determines the amount required to replace the current asset and may be ideal for valuing donations of capital assets or historical treasures.
- Income approach – This technique converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs should be maximized in fair value measures, and unobservable inputs should be minimized.

Statement No. 72 establishes a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. Example: ownership in shares of a mutual fund company that is publicly traded.

- Level 2 – Quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other-than-quoted prices that are not observable. Example: ownership of a corporate bond that trades on an exchange that is not active.

- Level 3 – Unobservable inputs. Example: ownership in a private hedge fund that does not trade on a public exchange.

The University owns an interest in several collective investment trust funds. These trust funds own investment assets, but the University owns an interest in the private trust itself rather than an interest in each underlying asset. Therefore, the unit of account is the University's ownership interest in the trust, rather than a percentage in individual assets held by the trust. The assets could be sold at an amount different than the Net Asset Value (NAV) per share (or its equivalent) due to the liquidation policies in each of the respective trusts' agreements with the investors. Redemption frequencies for these funds range from one to 30 days and there were no unfunded commitments as of June 30, 2017 and 2016.

The recurring fair value measurements as of June 30, 2017 for the University are included in Table 3.1.

Table 3.1. Investments ***(in thousands)***

Investment Type				**2017**
University	*Level 1*	*Level 2*	*Level 3*	*Total*
U.S. government securities	$ 249,462	149,076	-	398,538
Corporate bonds	59,508	223,339	-	282,847
Corporate equities	3,410	-	-	3,410
Municipal bonds	-	16,238	-	16,238
Mutual funds	627,112	164	166	627,442
CU Foundation	-	-	391,721	391,721
Asset-backed securities	1,675	107,907	906	110,488
Alternative non-equity securities:				
Absolute return fund	105	31	-	136
Real estate	319	-	5	324
Other	-	-	10	10
	941,591	496,755	392,808	1,831,154
Measured at NAV:				
Fixed income trusts				42,923
Equity trusts				346,474
				389,397
Measured at amortized cost:				
Money market funds				361,499
Measured at contract value:				
Guaranted investment agreement				5,165
Investments not requiring fair value:				
Repurchase agreements				20,226
Total Investments – University				**$ 2,607,441**

The recurring fair value measurements as of June 30, 2016 for the University are included in Table 3.1.

Table 3.1. (continued) Investments *(in thousands)*

Investment Type				**2016**
University	*Level 1*	*Level 2*	*Level 3*	*Total*
U.S. government securities	$ 294,417	53,558	-	347,975
Certificates of deposit	-	1,241	-	1,241
Corporate bonds	135,921	132,237	-	268,158
Corporate equities	9,177	-	-	9,177
Municipal bonds	6,323	14,461		20,784
Mutual funds	376,078	120,369	-	496,447
CU Foundation	-	-	325,670	325,670
Asset-backed securities	88,233	71,312	-	159,545
Alternative non-equity securities:				
Absolute return fund	13	-	-	13
Real estate	468	-	-	468
Other	-	-	43	43
	910,630	393,178	325,713	1,629,521
Measured at NAV:				
Fixed income trusts				42,400
Equity trusts				288,058
				330,458
Measured at amortized cost:				
Money market funds				313,507
Investments not requiring fair value:				
Repurchase agreements				88,365
Total Investments – University				**$ 2,361,851**

Details of investments by type for the CU Foundation are included in Table 3.2.

Table 3.2. Investments *(in thousands)*

Investment Type	**2017**	**2016**
CU Foundation		
Cash equivalents	$ 31,069	7,205
Equity securities:		
Domestic	354,928	332,794
International	443,189	355,302
Fixed-income securities	205,382	189,177
Alternative non-equity securities:		
Real estate	70,818	79,428
Private equity	283,742	229,264
Hedge funds	23,789	28,515
Absolute return funds	176,029	136,277
Venture capital	67,477	61,064
Commodities	30,424	31,462
Other	2,253	1,002
Total Investments – CU Foundation	**$ 1,689,100**	**1,451,490**

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Therefore, exposure arises if the securities are uninsured, not registered in the University's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the University's name. Open-ended mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. None of the University's investments are subject to custodial risk.

CREDIT QUALITY RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk only applies to debt investments. This risk is assessed by national rating agencies, which assign a credit quality rating for many investments. The University's investment policies for the Treasury pool do not permit investments in debt securities that are below investment grade at the time the security is purchased. University policy allows no more than 20 percent of investments to be rated below Baa (Moody's) or BBB (Standard & Poor's (S&P) and Fitch) at the time of purchase. There are two other investment policies tailored to non-pooled investments. Those policies do not restrict investments to a particular credit quality standard. Credit quality ratings are not required for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. Government. The CU Foundation does not have a policy concerning credit quality risk. A summary of the University's debt investments and credit quality risk as of June 30, 2017, and 2016 is shown in Table 3.3. The University obtains ratings from both Moody's and S&P, and primarily reflects the Moody's ratings in Table 3.3 unless S&P is lower. The ratings reflected are S&P for CU Medicine and the CU Foundation. Table 3.3 is a subset of Table 3.1 and does not include $1,257,480,000 of non-debt securities, $255,794,000 of debt investments that are backed by the full faith and credit of the U.S. government as of June 30, 2017, and does not include $969,381,000 of non-debt securities and $251,639,000 of debt investments that are backed by the full faith and credit of the U.S. government as of June 30, 2016.

Table 3.3. Debt Investments and Credit Quality Risk ***(in thousands)***

Investment Type	2017			2016		
	Unrated	Rated		Unrated	Rated	
	Fair Value	Fair Value	% of Rated Value by Credit Rating	Fair Value	Fair Value	% of Rated Value by Credit Rating
University						
U.S. government securities	$ 64,744	78,000	100% Aaa	$ 27,492	68,846	100% Aa
Bond mutual funds	127,337	-	-	180,517	-	-
Certificates of deposit	-	-	-	1,241	-	-
Corporate bonds	2,036	151,623	57% Aaa/Aa/A	14,162	137,518	63% Aaa/Aa/A
			41% Baa/Ba/B			35% Baa/Ba/B
			2% C			2% C/D
Money market mutual funds	-	371,532	100% Aaa	-	326,283	100% Aaa
Municipal bonds	429	2,853	4% Aaa	4,346	3,554	84% Aaa
			96% Aa/A			16% A
Repurchase agreements	20,226	-	-	88,365	-	-
Guaranteed investment agreement	-	5,165	-	-	-	-
Asset-backed securities	193	49,687	76% Aaa	57,846	38,084	73% Aaa
			14% Aa/A			17% Aa/A
			8% Baa/Ba/B			6% Baa/Ba/B
			2% Caa/Ca			4% Caa/Ca
Corporate bonds - CU Medicine	-	129,188	4% Aaa	-	116,478	4% Aaa
			30% Aa			31% Aa
			44% A			43% A
			22% Bbb			22% Bbb
Asset-backed securities - CU Medicine	-	60,608	36% Aa	-	63,615	36% Aa
			64% Aaa			64% Aaa
Money market mutual funds - CU Medicine	17,590	-	-	-	-	-
Municipal bonds - CU Medicine	-	12,956	1% A	-	12,484	1% A
			47% Aa			50% Aa
			52% Aaa			49% Aaa
Total Debt Investments – University	**$ 232,555**	**861,612**		**$ 373,969**	**766,862**	

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. Interest rate risk only applies to debt investments. The University, except for CU Medicine, manages interest rate risk in its investment portfolios by managing the duration, the maximum maturity, or both. University investment policies establish duration and maturity guidelines for each portfolio. The duration method uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. CU Medicine manages interest rate risk using weighted average maturity. Weighted average maturity is a measure of the time to maturity in years that has been weighted to reflect the dollar size of the individual investment within an investment type. The University's investment policy mitigates interest rate risk through the use of maturity limits for each of the investment segment pools.

A summary of the fair value of the University's debt investments and interest rate risk as of June 30, 2017 and 2016 is shown in Table 3.4. Table 3.4 is a subset of Table 3.1 and does not include $1,629,012,000 of non-debt securities as of June 30, 2017, and does not include $1,295,718,000 of non-debt securities as of June 30, 2016. The main difference in the amount of non-debt securities excluded in Table 3.3 and Table 3.4 is that money market funds are included in Table 3.3 as they have credit risk but they are excluded from Table 3.4 as they do not have interest rate risk. Also, U.S. government-backed securities are not subject to credit risks but are subject to interest rate risks and are included here but not in the credit quality risk section.

The University has investments in asset-backed securities, which consist mainly of mortgages, home equity loans, student loans, automobile loans, equipment trusts, and credit card receivables. These securities are based on cash flows from principal and interest payments on the underlying securities. An asset-backed security has repayments that are expected to significantly vary with interest rate changes. The variance may present itself in terms of variable repayment amounts and uncertain early or extended repayments.

Table 3.4. Debt Investments and Interest Rate Risk ***(in thousands and years)***

Investment Type	**2017**		**2016**	
University	**Amount**	**Duration**	**Amount**	**Duration**
U.S. government securities	$ 331,156	7.8	$ 276,803	4.4
Bond mutual funds	127,337	3.3	180,517	2.3
Certificates of deposit	-	-	1,241	4.0
Corporate bonds	153,659	8.3	151,680	7.8
Municipal bonds	3,282	13.3	7,900	7.5
Repurchase agreements	20,226	1.5	88,365	2.5
Asset-backed securities:				
Fixed-rate securities	33,670	-	74,699	-
Variable-rate securities	16,210	-	21,231	-
Total asset-backed securities	49,880	11.45	95,930	14.46
Total Debt Investments - University	$ 685,540		802,436	
CU Medicine and CUPCO	**Amount**	**Weighted Average Maturity**	**Amount**	**Weighted Average Maturity**
U.S. government securities	$ 67,382	6.13	$ 71,120	5.48
Corporate bonds	129,188	4.8	116,478	5.19
Asset-backed securities	60,608	3.6	63,615	3.54
Municipal bonds	12,956	5.51	12,484	4.90
Bond mutual funds	17,590	7.16	-	-
Guaranteed investment agreement	5,165	<30	-	-
Total Debt Investments	**$ 978,429**		**1,066,133**	

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to magnitude of an entity's investment in a single issuer other than the federal government. The University's policy is that exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, or government-sponsored corporations, shall not exceed 10 percent of the market value of the fixed income portfolio. The University had no investments exceeding 5 percent and is therefore not subject to concentration of credit risk.

SPLIT-INTEREST AGREEMENTS

Assets held by the CU Foundation under split-interest agreements are included in investments and consisted of the following as of June 30, 2017 and 2016, as shown in Table 3.5.

Table 3.5. CU Foundation Investments Held under Split-interest Agreements *(in thousands)*

Type		2017	2016
Charitable remainder trusts	$	36,198	34,325
Charitable gift annuities and pooled income funds		6,552	3,176
Total Investments Held under Split-interest Agreements	**$**	**42,750**	**37,501**

NOTE 4 – ACCOUNTS, CONTRIBUTIONS, AND LOANS RECEIVABLE

Table 4.1 segregates receivables as of June 30, 2017 and 2016, by type.

Table 4.1. Accounts, Contributions, and Loans Receivable *(in thousands)*

	2017			
Type of Receivable	**Gross Receivables**	**Allowance**	**Net Receivables**	**Net Current Portion**
University				
Student accounts	$ 70,129	25,849	44,280	44,280
Federal government	67,114	-	67,114	67,114
Other governments	31,137	-	31,137	31,137
Private sponsors	49,955	-	49,955	49,938
Patient accounts	112,198	7,480	104,718	104,717
CU Foundation	13,295	-	13,295	13,295
Interest	2,851	-	2,851	2,851
Direct financing lease	21,500	-	21,500	751
PAC-12 distribution	4,276	-	4,276	4,276
Other	21,918	1,158	20,760	20,760
Total accounts receivable	394,373	34,487	359,886	339,119
Loans	40,949	3,294	37,655	15,542
Total Receivable – University	**$ 435,322**	**37,781**	**397,541**	**354,661**

	2016			
Type of Receivable	**Gross Receivables**	**Allowance**	**Net Receivables**	**Net Current Portion**
University				
Student accounts	$ 66,540	23,448	43,092	43,090
Federal government	79,333	-	79,333	79,333
Other governments	69,570	-	69,570	69,570
Private sponsors	52,175	-	52,175	49,913
Patient accounts	96,182	6,363	89,819	89,819
CU Foundation	8,966	-	8,966	8,966
Interest	2,553	-	2,553	2,553
Direct financing lease	19,519	-	19,519	750
PAC-12 distribution	3,504	-	3,504	3,504
Other	23,888	1,509	22,379	22,378
Total accounts receivable	422,230	31,320	390,910	369,876
Loans	71,357	2,872	68,485	28,512
Total Receivable – University	**$ 493,587**	**34,192**	**459,395**	**398,388**

CONCENTRATION OF CREDIT RISK – PATIENT ACCOUNTS

CU Medicine grants credit without collateral to its patients. The mix of gross receivables from patients and third-party payers as of June 30, 2017 and 2016 is detailed in Table 4.2.

Table 4.2. CU Medicine Concentration of Credit Risk

Category	2017	2016
Managed care	49.3 %	56.1 %
Medicare	13.8	16.0
Medicaid	26.5	16.1
Other third-party payers	6.5	7.5
Self-pay	3.9	4.3
Total	**100.0 %**	**100.0 %**

NOTE 5 – CAPITAL ASSETS

Table 5 presents changes in capital assets and accumulated depreciation by major asset category for the years ended June 30, 2017 and 2016.

Interest expense related to capital asset debt incurred by the University during the years ended June 30, 2017 and 2016 approximated $69,808,000 and $68,862,000, respectively. Of this amount, approximately $2,769,000 and $13,802,000, respectively, was capitalized as part of the value of construction in progress.

The University had insurance recoveries of $1,930,000 and $4,031,000 in the years ended June 30, 2017 and 2016, respectively, which are included in nonoperating revenues.

Table 5. Capital Assets *(in thousands)*

Category		2016	Additions	Retirements/ Adjustments	Transfers	2017
University						
Nondepreciable capital assets						
Land	$	65,374	19,634	44	-	84,964
Construction in progress		274,770	252,872	7,764	(199,853)	320,025
Collections		17,281	598	207	-	17,672
Total nondepreciable capital assets		357,425	273,104	8,015	(199,853)	422,661
Depreciable capital assets						
Buildings		3,766,705	57,191	11	183,521	4,007,406
Improvements other than buildings		251,963	975	5,020	11,217	259,135
Equipment		504,054	54,141	16,420	5,115	546,890
Software		90,802	1,853	-	-	92,655
Other intangibles		1,910	-	-	-	1,910
Library and other collections		379,155	19,289	2,565	-	395,879
Total depreciable capital assets		4,994,589	133,449	24,016	199,853	5,303,875
Less accumulated depreciation						
Buildings		1,158,302	128,609	(15,164)	1,435	1,303,510
Improvements other than buildings		116,768	12,720	2,092	(1,435)	125,961
Equipment		371,419	39,504	10,758	-	400,165
Software		76,816	4,165	(27)	-	81,008
Other intangibles		324	-	(79)	-	402
Library and other collections		269,794	17,940	2,806	-	284,928
Total accumulated depreciation		1,993,423	202,938	386	-	2,195,974
Net depreciable capital assets		3,001,166	(69,489)	23,630	199,853	3,107,901
Total Net Capital Assets – University	**$**	**3,358,591**	**203,615**	**31,645**	**-**	**3,530,562**

Table 5. (continued) Capital Assets ***(in thousands)***

Category	2015	Additions	Retirements	Transfers	2016
University					
Nondepreciable capital assets					
Land	$ 65,266	107	-	1	65,374
Construction in progress	534,173	277,799	10,303	(526,899)	274,770
Collections	17,173	108	-	-	17,281
Total nondepreciable capital assets	616,612	278,014	10,303	(526,898)	357,425
Depreciable capital assets					
Buildings	3,294,116	3,023	4,261	473,827	3,766,705
Improvements other than buildings	202,631	4,738	113	44,707	251,963
Equipment	494,899	43,676	37,130	2,609	504,054
Software	83,867	1,232	52	5,755	90,802
Other intangibles	1,910	-	-	-	1,910
Library and other collections	361,353	18,781	979	-	379,155
Total depreciable capital assets	4,438,776	71,450	42,535	526,898	4,994,589
Less accumulated depreciation					
Buildings	1,043,687	114,316	(299)*	-	1,158,302
Improvements other than buildings	107,184	9,630	46	-	116,768
Equipment	368,720	38,660	35,961	-	371,419
Software	73,842	3,026	52	-	76,816
Other intangibles	248	76	-	-	324
Library and other collections	255,023	15,483	712	-	269,794
Total accumulated depreciation	1,848,704	181,191	36,771	-	1,993,423
Net depreciable capital assets	2,590,072	(109,741)	6,063	526,898	3,001,166
Total Net Capital Assets – University	**$ 3,206,684**	**168,273**	**16,366**	**-**	**3,358,591**

**Adjustment to buildings when asset was retired.*

NOTE 6 – ACCRUED EXPENSES

Table 6 details the accrued expenses as of June 30, 2017 and 2016 by type.

Table 6. Accrued Expenses ***(in thousands)***

Type	2017	2016
University		
Accrued salaries and benefits	$ 259,583	237,806
Accrued interest payable	4,270	4,194
Other accrued expenses	1,439	1,474
Total Accrued Expenses – University	**$ 265,292**	**243,474**

NOTE 7 – COMPENSATED ABSENCES AND OTHER POSTEMPLOYMENT BENEFITS

Table 7.1 and Table 7.2, present changes in compensated absences and postemployment benefits other than pension benefits for the years ended June 30, 2017 and 2016.

Table 7.1 Compensated Absences ***(in thousands)***

		2017	2016
University			
Beginning of year	$	204,028	182,404
Additions		226,573	159,782
Reductions		(203,843)	(138,158)
End of year	**$**	**226,758**	**204,028**
Current compensated absences		16,483	14,691

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

During the years ended June 30, 2017 and 2016, approximately 5,100 and 4,900 retirees, respectively, met the eligibility requirements and are receiving benefits under the University-administered single-employer postemployment benefit (non-pension) program. This program was established by the Regents who have the authority to amend the program provisions. Under this program, the University subsidizes a portion of healthcare and life insurance premiums on a pay-as-you-go basis. This program does not issue a separate financial report.

Table 7.2 Other Postemployment Benefits ***(in thousands)***

		2017	2016
University			
Annual required contribution (ARC)	$	74,105	65,667
Interest on net obligation		13,011	10,880
Adjustment to ARC		(17,750)	(14,843)
Annual OPEB expense		69,366	61,704
Estimated benefit payments		(14,929)	(14,350)
Increase in OPEB		54,437	47,354
Beginning of year		289,133	241,779
End of year	**$**	**343,570**	**289,133**

Funded Status and Funding Progress. As of July 1, 2016, the most recent actuarial valuation date, the plan was 0 percent funded, and the actuarial accrued liability for benefits was $625,035,000. The actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $625,035,000. For the year ended June 30, 2017, the covered payroll (annual payroll of active employees covered by the program) was $1,607,969,000 and the ratio of the UAAL to the covered payroll was 38.9 percent.

For the years ended June 30, 2017, 2016 and 2015, the annual OPEB cost was $69,366,000, $61,704,000, and $62,461,000, respectively. The University contributed $14,929,000, $14,350,000, and $13,623,000, respectively, which was 22 percent, 23 percent, and 22 percent, respectively, of the annual OPEB cost. The net OPEB obligation was $343,570,000, $289,133,000, and $241,779,000, respectively. See subsequent event in Note 20.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing program 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 program 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.

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the program 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 program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The projected unit credit actuarial cost method is used. The discount rate used in the valuation is 4.5 percent based on the University's expected long-term rate of return. The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 6.5 percent long-term average increase for all healthcare benefits, trending down to an ultimate 4.5 percent increase for 2025 and later years. It was assumed that all members would be entitled to the maximum life insurance benefit amount; therefore, no salary increase rate is assumed. The UAAL is being amortized as a level dollar on an open basis over a period of 30 years.

PERA HEALTH CARE TRUST FUND

The University contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

The University is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the University are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. The total PERA-defined payroll of employees covered by this plan was approximately $300,673,000 and $299,112,000 for the years ended June 30, 2017 and 2016, respectively. The University contributed a total of 20.81 percent and 19.57 percent, respectively, of the employee's gross covered wages to PERA in accordance with the following allocations and amounts detailed in Table 7.3, University Contributions to PERA. These contributions met the contribution requirement for each year. As of June 30, 2017 and 2016, the University recorded an accounts payable to PERA of $7,326,000 and $6,914,000, respectively, which represents the amount due for the June 30, 2017 and 2016 payroll, respectively.

Table 7.3 University Contributions to PERA ***(in thousands)***

Program	Basis		2017	2016	2015
Health Care Trust Fund	1.02% after July 1, 2004	$	3,067	3,051	3,013
Defined Benefit Plan	The balance remaining		58,698	54,561	50,696
Total University Contribution		**$**	**61,765**	**57,612**	**53,709**

NOTE 8 – UNEARNED REVENUE

As of June 30, 2017 and 2016, the types and amounts of Unearned revenue are shown in Table 8.

Table 8. Unearned Revenue *(in thousands)*

Type	2017 Total	2017 Current Portion	2016 Total	2016 Current Portion
University				
Tuition and fees	$ 36,628	36,628	29,482	29,482
Auxiliary enterprises	12,440	10,993	18,777	18,750
Grants and contracts	104,206	104,206	100,366	100,366
Miscellaneous	25,551	17,670	20,882	11,012
Total Unearned Revenue – University	**$ 178,825**	**169,497**	**169,507**	**159,610**

NOTE 9 – BONDS AND CAPITAL LEASES

As of June 30, 2017 and 2016, the categories of long-term obligations are summarized in Table 9.1.

Table 9.1. Bonds, Capital Leases, and Note Payable *(in thousands)*

Type	Interest Rates	Final Maturity	2017	2016
University				
Enterprise system revenue bonds (including premium of $132,044 in 2017 and $138,021 in 2016)	0.76-6.26%	6/1/47	$ 1,594,249	1,665,811
CU Medicine fixed-rate bonds	2.3%	11/1/24	8,657	9,833
Colorado Educational & Culture Facilities Authority Student Housing (CUPCO)	4.25-5.5%	6/1/38	52,762	-
Total revenue bonds			1,655,668	1,675,644
Capital leases	0.0%-6.0%	Various	13,313	15,402
Note payable	4.5%	6/1/33	11,215	-
Total Bonds, Capital Leases, and Note Payable – University			**$ 1,680,196**	**1,691,046**

Table 9.2 presents changes in bonds and capital leases for the years ended June 30, 2017 and 2016.

Table 9.2. Changes in Bonds, Capital Leases, and Note Payable ***(in thousands)***

Type	Balance 2016	Additions	Retirements	Balance 2017	Current Portion
University					
Revenue bonds	$ 1,537,623	120,665	133,986	1,524,302	63,311
Plus unamortized premiums	138,021	10,065	16,042	132,044	15,149
Less unamortized discounts	-	(701)	23	(678)	(46)
Net revenue bonds	1,675,644	130,730	150,028	1,655,668	78,414
Capital leases	15,402	295	2,384	13,313	1,990
Note payable	-	11,408	193	11,215	342
Total Bonds, Capital Leases, and Notes Payable – University	**$ 1,691,046**	**142,433**	**152,605**	**1,680,196**	**80,746**

Type	Balance 2015	Additions	Retirements	Balance 2016	Current Portion
University					
Revenue bonds	$ 1,551,374	188,240	201,991	1,537,623	61,646
Plus unamortized premiums	139,421	22,960	24,360	138,021	13,231
Net revenue bonds	1,690,795	211,200	226,351	1,675,644	74,877
Capital leases	16,835	1,482	2,915	15,402	2,364
Total Bonds and Capital Leases – University	**$ 1,707,630**	**212,682**	**229,266**	**1,691,046**	**77,241**

REVENUE BONDS

A general description of each revenue bond issue, original issuance amount, and the amount outstanding as of June 30, 2017 and 2016 is detailed in Table 9.3.

Table 9.3. Revenue Bonds Detail *(in thousands)*

Issuance Description	Original Issuance At Par	Outstanding Balance 2017	Outstanding Balance 2016
Series 2007A -			
Used to refund all of the revenue bond Refunding Series 1999A and Certificates of Participation Series 2003A and 2003B and a portion of revenue bond Refunding Series 1995A, Refunding and Improvement Series 2001B, Series 2002A, and 2002B	$ 184,180	27,725	77,305
Series 2007B -			
Used to fund acquisition and capital improvements at CU Boulder	63,875	-	2,070
Series 2009A -			
Used to fund acquisition and capital improvements at CU Boulder, UCCS and CU	165,635	10,025	14,595
Series 2009B-1 -			
Used to fund capital improvements at CU Boulder and CU Anschutz	76,725	6,900	13,510
Series 2009B-2 -			
Used to fund capital improvements at CU Boulder and CU Anschutz	138,130	138,130	138,130
Series 2009C -			
Used to refund Enterprise System Refund Series 1997, Enterprise System Revenue Refund Bonds Series 2001A for years 2012 through 2026, and Enterprise System Revenue Bonds Series 2002A for years 2014 through 2018	24,510	7,030	11,445
Series 2010A -			
Used to fund acquisition and capital improvements at CU Anschutz	35,510	27,765	29,070
Series 2010B -			
Used to refund Enterprise System Revenue Bonds Series 2002A and Enterprise System Revenue Bonds Series 2003A	56,905	26,345	31,680
Series 2010C -			
Used to fund capital improvements at CU Anschutz	4,375	3,015	3,255
Series 2011A -			
Used to fund capital improvements at CU Boulder and UCCS	203,425	40,085	44,955
Series 2011B -			
Used to partially refund Enterprise System Revenue Bonds Series 2002B, 2003A, 2004, and 2005A	52,600	47,965	48,480
Series 2012A-1 -			
Used to partially refund Enterprise System Revenue Bonds Series 2003A, 2004, 2005A, 2005B, 2006A, and 2007B	121,850	119,200	119,275
Series 2012A-2 -			
Used to partially refund Enterprise System Revenue Bonds Series 2004, 2005A, and 2005B	53,000	43,785	51,480
Series 2012A-3 -			
Used to partially refund Enterprise System Revenue Bonds Series 2005A, 2005B, 2006A, and 2007B	47,165	37,570	38,425
Series 2012B -			
Used to fund capital improvements at CU Boulder, CU Denver and UCCS	95,705	60,690	91,380
Series 2013A -			
Used to fund capital improvements at CU Boulder, CU Anschutz and UCCS	142,460	136,190	138,430
Series 2013B -			
Used to fund capital improvements at CU Anschutz	11,245	10,780	11,015

Table 9.3. (continued) Revenue Bonds Detail ***(in thousands)***

Issuance Description	Original Issuance At Par	Outstanding Balance 2017	Outstanding Balance 2016
Series 2014A -			
Used to fund capital improvements at CU Boulder	203,485	198,330	203,485
Series 2014B-1 -			
Used to partially refund Enterprise System Revenue Bond Series 2005B, 2006A, 2007B and 2009A.	100,440	98,105	98,420
Series 2015A -			
Used to partially refund Enterprise System Revenue Bonds Series 2006A, 2007B, and 2009A.	102,450	97,545	100,995
Series 2015B -			
Used to partially refund Enterprise System Revenue Bonds Series 2005A	3,925	3,020	3,130
Series 2015C -			
Used to partially refund Enterprise System Revenue Bonds Series 2007A	71,325	67,740	69,020
Series 2016A -			
Used to fund capital improvements at CU Denver and UCCS	31,430	31,310	31,430
Series 2016B-1 -			
Used to partially refund Enterprise System Revenue Bonds Series 2011A	156,810	156,025	156,810
Series 2017A-1 -			
Used to partially refund Enterprise System Revenue Bonds Series 2007A and 2012B	66,930	66,930	-
	2,214,090	1,462,205	1,527,790
Series 2014 - CU Medicine Fixed Rate Bonds -			
Used to fund capital improvements at CU Medicine	11,695	8,657	9,833
Series 2008 - Colorado Educational & Culture Facilities Authority Student Housing			
Used to fund capital improvements	54,055	53,440	-
Total revenue bonds	65,750	1,524,302	1,537,623
Plus premium		132,044	138,021
Less discount		(678)	-
Total Outstanding Revenue Bond Principal - University		$ 1,655,668	$ 1,675,644

The University's revenue bonds are payable semiannually, have serial and term maturities, and contain optional redemption provisions. The optional redemption provisions allow the University to redeem, at various dates, portions of the outstanding revenue bonds at prices varying from 100 to 101 percent of the principal amount of the revenue bonds redeemed.

The Enterprise System Revenue Bonds are secured by a pledge of all net revenues of auxiliary services, student fees, other self-funded services, and research services, in addition to 100 percent of the University's tuition, 100 percent of the University's capital student fees, and 100 percent of the University's indirect cost recoveries. All University revenue bonds are special limited obligations of the Regents and are payable solely from the pledged revenues (or the net income of the facilities as defined in the bond resolution). The revenue bonds are not secured by any encumbrance, mortgage, or other pledge of property, except pledged revenues, and do not constitute general obligations of the Regents.

The University's bonds are payable through June 1, 2047. During the years ended June 30, 2017 and 2016, the total principal and interest paid on the University's bonds net of Federal subsidy on the Build America Bonds was $127,708,000 and $124,541,000, respectively, which is 11 percent and 12 percent of the total net pledged revenues of $1,180,070,000 and $1,098,356,000, respectively. Net pledged revenues are 40 percent and 40 percent of the total specific revenue streams, respectively.

On May 23, 2017, the University issued $66,930,000 of Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2017A-1. The proceeds were used to refund $43,135,000 par value of the Series 2007A bonds and $28,910,000 par value of the Series 2012B bonds, and to cover certain costs related to the issuance. The refunding of Series 2007A resulted in an economic gain of $4,337,000 and accounting gain of $1,341,000, which is deferred and amortized over the life of the new bonds. The debt service cash flow decreased by $4,533,000. The refunding of Series 2012B resulted in an economic gain of $2,254,000 and accounting loss of $3,069,000, which is deferred and amortized over the life of the new bonds. The debt service cash flow decreased by $2,707,000. Series 2017A-1 has an interest rate ranging from 2.0 percent to 5.0 percent, and the bonds mature through June 1, 2034.

The University's revenue bonds contain provisions to establish and maintain reasonable fees, rates, and other charges to ensure gross revenues are sufficient for debt service coverage. The University is also required to comply with various other covenants while the bonds are outstanding. These covenants, among other things, restrict the disposition of certain assets, require the Regents to maintain adequate insurance, and require the Regents to continue to operate the underlying programs. Management believes the University has met all debt service coverage ratios and has complied with all bond covenants.

In December 2002, CU Medicine entered into a loan agreement with the Fitzsimons Redevelopment Authority to issue variable-rate bonds, Series 2002, in the amount of $20,500,000. Proceeds from the sale of these bonds were used to fund the development, construction, and equipping of CU Medicine's administrative office building. In October 2014, CU Medicine refinanced its variable-rate debt with a fixed-rate bank-direct purchase obligation. The borrowing, funded by US Bank, included a $3,500,000 reduction in principal to a net amount outstanding at the time of the refinance of $11,695,000. The obligation is amortizable over 10 years and carries a fixed rate of 2.3 percent. The US Bank financing is subject to the same financial covenants as those included in the original variable-rate obligation, the most significant of which are the maintenance of 60 days' cash on hand (defined as cash plus readily marketable securities) and a debt service coverage ratio of 1.25. CU Medicine management believes it is in compliance with its debt service requirements and financial covenants.

In August 2008, the Colorado Educational and Cultural Facilities Authority (the Authority) issued $54,055,000 of Series 2008 Student Housing Revenue Refunding Bonds (the Series 2008 Bonds). The Authority then loaned the proceeds of the bonds to CVA to refund the 2005 Bonds ($50,365,000), fund a portion of a debt service reserve fund, and pay certain costs of issuance. The Series 2008 Bonds are special, limited obligations of the Authority and are payable solely out of the amounts received by the Authority from CVA pursuant to the terms and provisions of the indenture, the loan agreement, and the lease vacancy agreement. The Series 2008 Bonds are 30 year serial bonds maturing on June 1, 2038, with fixed interest rates ranging from 4.25 percent to 5.5 percent, and contain certain provisions for early redemption. Interest is payable semi-annually on June 1 and December 1. The bonds are secured by the property owned by CVA as well as CVA's accounts and rents. See Note 1.

Future minimum payments for revenue bonds are detailed in Table 9.4.

Table 9.4. Revenue Bonds Future Minimum Payments ***(in thousands)***

		University		
Years Ending June 30		**Principal**	**Interest**	**Total**
2018	$	63,311	70,619	133,930
2019		66,301	68,036	134,337
2020		68,684	65,026	133,710
2021		70,614	62,269	132,883
2022		74,824	59,163	133,987
2023 – 2027		380,688	244,713	625,401
2028 – 2032		332,715	160,063	492,778
2033 – 2037		272,620	83,577	356,197
2038 – 2042		154,590	29,408	183,998
2043 – 2047		39,955	4,609	44,564
Total	**$**	**1,524,302**	**847,483**	**2,371,785**

EXTINGUISHMENT OF DEBT

Previous revenue bond issues considered to be extinguished through in-substance defeasance under GAAP, are not included in the accompanying financial statements. The amount of debt in this category, covered by assets placed in trust to be used solely for future payments, amounted to approximately $298,620,000 and $380,475,000 as of June 30, 2017 and 2016, respectively. As of June 30, 2017, the amount of debt defeased totaled $28,910,000, and escrow agent payments were $110,765,000. As of June 30, 2016, the amount of debt defeased totaled $145,760,000, and escrow agent payments were $77,790,000.

CAPITAL LEASES

The University's capital leases are primarily for equipment. The University also has a capital lease with a related party. During the year ended June 30, 2009, CU Denver entered into a $10,272,000 site lease agreement with AHEC associated with the build-out of educational space for CU Denver. As of June 30, 2017 and 2016, the University paid base rent to AHEC of approximately $836,000 and $838,000, respectively, annually for each year. Amortization expense is included in depreciation expense.

As of June 30, 2017 and 2016, the University had an outstanding liability for all its capital leases approximating $13,313,000 and $15,402,000, respectively, with underlying gross capitalized asset cost approximating $24,969,000 and $26,479,000, respectively, with accumulated amortization of $12,041,000 and $10,189,000 respectively, resulting in underlying net capitalized assets of $12,928,000 and $16,290,000, respectively.

Future minimum payments for all the University's capital lease obligations are detailed in Table 9.5.

Table 9.5. Capital Leases ***(in thousands)***

		University		
Years Ending June 30		**Principal**	**Interest**	**Total**
2018	$	1,990	591	2,581
2019		1,970	520	2,490
2020		1,780	450	2,230
2021		1,001	383	1,384
2022		870	337	1,207
2023 - 2027		4,923	938	5,861
2028 - 2032		779	23	802
Total	**$**	**13,313**	**3,242**	**16,555**

NOTE PAYABLE

18th Avenue has a 20-year mortgage on the property at 1800 Grant Street. The original amount borrowed was $12,450,000 at an interest rate of 4.15 percent with monthly principal and interest payments of $67,000. There is a balloon payment of $3,678,000 due on June 1, 2033.

Future minimum payments for the University's note payable are detailed in Table 9.6.

Table 9.6. Note Payable Future Minimum Payments ***(in thousands)***

		University		
Years Ending June 30		**Principal**	**Interest**	**Total**
2018	$	342	459	801
2019		356	444	800
2020		372	429	801
2021		387	414	801
2022		404	397	801
2023 – 2027		2,290	1,716	4,006
2028 – 2032		2,816	1,189	4,005
2033 – 2037		4,248	164	4,412
Total	**$**	**11,215**	**5,212**	**16,427**

STATE OF COLORADO CERTIFICATES OF PARTICIPATION

On October 23, 2008, the State issued State of Colorado Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation, Series 2008, with a par value of $230,845,000, at a net premium of $181,000. The certificates have interest rates ranging from 3.0 to 5.5 percent and mature in November 2027. Annual lease payments are made by the State and are subject to annual appropriations by the Legislature. As a result, this liability is recognized by the State and not included in the University's financial statements.

The certificates are secured by the buildings or equipment acquired with the lease proceeds and any unexpended lease proceeds. The proceeds were used to fund various capital projects for the benefit of certain State-supported institutions of higher education in Colorado, including UCCS and CU Boulder. The underlying capitalized assets are contributed to the University from the State. As of June 30, 2017, the University had underlying gross capitalized assets at UCCS costing approximately $17,735,000 with accumulated amortization of $6,133,000 resulting in an underlying net capitalized asset of $11,602,000. As of June 30, 2017, the University had underlying gross capitalized assets at CU Boulder costing approximately $796,000, with accumulated amortization of $128,000 resulting in an underlying net capitalized asset of $668,000. As of June 30, 2017, the University had underlying gross capitalized assets at CU Anschutz costing approximately $188,801,000, with accumulated amortization of $46,250,000 resulting in an underlying net capitalized asset of $142,551,000.

NOTE 10 – OTHER LIABILITIES

Table 10.1 details other liabilities as of June 30, 2017 and 2016.

Table 10.1. Other Liabilities *(in thousands)*

		2017		2016	
Type		**Total**	**Current Portion**	**Total**	**Current Portion**
University					
Risk financing	$	27,857	15,354	29,862	14,904
Construction contract retainage		12,880	12,880	19,821	19,821
Funds held for others		16,511	16,511	16,757	16,757
Miscellaneous		3,369	1,830	3,898	1,336
Total Other Liabilities – University	**$**	**60,617**	**46,575**	**70,338**	**52,818**

RISK FINANCING-RELATED LIABILITIES

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; medical malpractice; employee occupational injuries; graduate medical students' health; and natural disasters. The University finances these risks through various self-insurance programs. The University finances the cost and risks associated with employee health benefit programs through the Trust, a related organization as discussed in Note 18 to the financial statements. Under the terms of the Trust, the University is self-insured for medical claims beginning July 1, 2010. However, the risk of loss has been transferred to the Trust. Therefore, no liability was reported as of June 30, 2017 or 2016 for unpaid claims.

The University utilizes a protected self-insurance program for its property, liability, and workers' compensation risks. The University has established a separate self-insurance program for the purpose of providing professional liability coverage for the CU Denver | Anschutz Medical Campus and UCH. A separate self-insurance program has also been established to provide health insurance for graduate medical students and eligible dependents at CU Anschutz.

All self-insurance programs, other than employee health benefit programs, assume losses up to certain limits and purchase a defined amount of excess insurance for losses over those limits. These limits range from $350,000 to $1,500,000 per occurrence.

Reserves for unpaid claims under these programs are actuarially reviewed and evaluated for adequacy each year. The Property, General Liability, and Workers' Compensation reserve is reported on an undiscounted basis, and the CU Denver | Anschutz Medical Campus Professional Liability reserve of $9,429,000 is reported at a discount basis using 4 percent. Settlements have not exceeded coverages for each of the past three fiscal years. There were no significant reductions or changes in insurance coverage from the prior year.

The amount recorded as risk financing-related liabilities represents reserves based upon the annual actuarial valuation and includes reserves for incurred but not reported claims. Such liabilities depend on many factors, including claims history, inflation, damage awards, investment return, and changes in legal doctrine. Accordingly, computation of the claims liabilities requires an annual estimation process. Claims liabilities are reevaluated on a periodic basis and take into consideration recently settled claims, frequency of claims, and other relevant factors.

Changes in the balances of risk financing-related liabilities for the years ended June 30, 2017 and 2016 are presented in Table 10.2.

Table 10.2. Risk Financing-related Liabilities ***(in thousands)***

		Property, General Liability, and Workers' Compensation	Professional Liability	Graduate Medical Student Health Benefits	Total
University					
Balance as of June 30, 2015	**$**	**13,858**	**9,498**	**1,799**	**25,155**
Fiscal Year 2016:					
Claims and changes in estimates		10,180	2,883	7,233	20,296
Claim payments		(7,311)	(912)	(7,366)	(15,589)
Balance as of June 30, 2016	**$**	**16,727**	**11,469**	**1,666**	**29,862**
Fiscal Year 2017:					
Claims and changes in estimates		7,389	1,006	10,356	18,751
Claim payments		(7,996)	(3,046)	(9,714)	(20,756)
Balance as of June 30, 2017	**$**	**16,120**	**9,429**	**2,308**	**27,857**

DIRECT LENDING

The University participates in two student lending programs operated by the federal government, Direct Student Loan and the State School as Lender. These programs enable eligible students or parents to obtain a loan to pay for the student's cost of attendance directly through the University rather than through a private lender. The University is responsible for handling the complete loan process, including funds management as well as promissory note functions.

For the Direct Lending program, the University is not responsible for collection of these loans or for defaults by borrowers; therefore, these loans are not recognized as receivables in the accompanying financial statements. Direct lending activity during the years ended June 30, 2017 and 2016 was $386,128,000 and $371,437,000, respectively.

NOTE 11 - UNRESTRICTED NET POSITION

While on a system-wide basis the University has negative unrestricted net position, certain departments within the University maintain a positive unrestricted net position. Unrestricted net position is one component of the University's financial statements, which represents the net position held by the collective units of the University as of June 30. Balances fluctuate throughout the year and are reported as of a point-in-time. The University designates unrestricted net position by their intended purpose. Unobligated funds are generally available for campus use or support of schools, colleges, departments, or units. These funds are generated by nonrecurring revenue surpluses (such as departmental share unspent indirect cost recoveries) or year-end balances resulting from lower than expected spending levels (such as vacancy savings from an unfilled position). Campus leadership holds these funds in general categories based on internal policy or intended use. Their designation may change in accordance with directives from leadership, including Regent directives. Obligated Funds are unrestricted net position that are obligated to specific projects or are held for contractual payments (such as faculty start-up).

University policy requires each campus provide the Regents prior to December 31 a detailed report on designated net position. This report enhances clarity and frequency of internal communications and provides context for Regent decisions on key budget items. These reports are available on the Regents' website.

NOTE 12 – SPENDING LIMITATIONS

In November 1992, the Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to all local governments and the State, including the University. During the year ended June 30, 2005, the Colorado State Legislature determined in Section 23-5-101.7 of the C.R.S. that an institution of higher education may be designated as an enterprise for the purposes of TABOR so long as the institution's governing board retains authority to issue revenue bonds on its behalf and the institution receives less than 10 percent of its total annual revenues in grants as defined by TABOR. Further, so long as it is so designated as an enterprise, the institution shall not be subject to any of the provisions of TABOR.

In July 2005, the Regents designated the University as a TABOR enterprise pursuant to the statute. During the years ended June 30, 2017 and 2016, the University believes it has met all requirements of TABOR enterprise status. Specifically, the Regents retain the authority to issue revenue bonds and the amount of State grants received by the University was 1.36 percent and 1.21 percent during the years ended June 30, 2017 and 2016, respectively, as shown in Table 12.

Table 12. TABOR Enterprise State Support Calculation *(in thousands)*

		2017	2016
University			
Local government grants	$	793	586
Capital appropriations		33,441	24,860
Tobacco Litigation Settlement Appropriation		15,325	12,429
State COP annual debt service payments for CU Anschutz		7,249	7,205
State COP annual debt service payments for UCCS		1,010	481
State COP annual debt service payments for CU Boulder		22	10
Total State Support	**$**	**57,840**	**45,571**
Total TABOR enterprise revenues	$	4,251,026	3,776,792
Ratio of State support to total revenues		1.36%	1.21%

A portion of the University is subject to revenue and expense limitations imposed by the Colorado State Legislature through the annual appropriation process. For the years ended June 30, 2017 and 2016, the University's appropriated funds included $64,661,000 and $63,175,000 respectively, received for students that qualified for stipends from the College Opportunity Fund (COF) and $121,872,000, and $121,440,000, respectively, as fee-for-service contract revenue, as well as certain cash funds as specified in the State's annual appropriations bill. For Fiscal Year 2017, the student-paid portion of tuition was appropriated. For the years ended June 30, 2017 and 2016, expenses were within the appropriated spending authority.

Non-appropriated funds include certain grants and contracts, gifts, indirect cost recoveries, certain auxiliary revenues, in addition to mandatory student fees, and certain other revenue sources. All other revenues and expenses reported by the University represent non-appropriated funds and are excluded from the annual appropriations bill.

NOTE 13 – SCHOLARSHIP ALLOWANCES

During the years ended June 30, 2017 and 2016, scholarship allowances were provided by the following funding sources in amounts detailed in Table 13.

Table 13. Scholarship Allowances *(in thousands)*

For years ended June 30		2017			2016		
Funding Source Description		**Tuition and Fees**	**Auxiliary Enterprise Revenues**	**Total**	**Tuition and Fees**	**Auxiliary Enterprise Revenues**	**Total**
University							
University general resources	$	87,780	2,319	90,099	80,309	2,026	82,335
University auxiliary resources		12,276	342	12,618	10,766	345	11,111
Colorado Commission on Higher Education financial aid program		22,789	263	23,052	21,686	255	21,941
Federal programs, including Federal Pell grants		54,662	954	55,616	53,302	930	54,232
Other State of Colorado programs		118	2	120	74	2	76
Private programs		194	1	195	297	1	298
Gift fund		18,601	363	18,964	16,914	343	17,257
Total Scholarship Allowances - University	**$**	**196,420**	**4,244**	**200,664**	**183,348**	**3,902**	**187,250**

NOTE 14 – HEALTH SERVICES REVENUE

Health services revenue of $876,986,000 and $781,257,000 is recorded net of contractual adjustments approximating $1,230,615,000 and $1,102,249,000 and bad debt expense on uncollectible patient account receivables approximating $30,617,000 and $30,463,000 from CU Medicine and $68,000 and $159,000 from various departments at CU Anschutz for the years ended June 30, 2017 and 2016, respectively. Charity care provided during the years ended June 30, 2017 and 2016, based on estimated service costs of providing charity care, totaled approximately $6,894,000 and $7,155,000, respectively.

NOTE 15 – RETIREMENT PLANS AND INSURANCE PROGRAMS

Employees of the University eligible for retirement benefits participate in one of four retirement plans. Eligible student employees participate in a student retirement plan that is funded solely by contributions from the student employees. The student retirement plan is a defined contribution plan administered by a consortium of higher educational institutions in the State. All other eligible employees of the University participate in one of the three additional plans, PERA plan, the University's optional retirement plan, and CU Medicine's retirement plan.

PERA DEFINED BENEFIT PENSION PLAN

The University participates in the State Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension fund administered by PERA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan description. Eligible employees of the University are provided with pensions through the SDTF. Plan benefits are specified in Title 24, Article 51 of the C.R.S., administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

The University of Colorado has both classified and non-classified employees. All classified employees participate in PERA. Prior to legislation passed during the 2006 session, higher education employees had the option to participate in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, the University's employees, except classified employees, are required to participate in their institution's optional plan, if available, and social security unless they are active or inactive members of PERA with at least one year of service credit. In that case, they may elect either PERA or their institution's optional plan.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by the federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the University are required to contribute to the SDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. Eligible employees are required to contribute 8 percent of their PERA-includable salary. Table 15.1 summarizes the employer contribution requirements for all employees.

Table 15.1. Employer Contribution Requirements

	2017		2016	
	7-1-16 to 12-31-16	1-1-17 to 6-30-17	7-1-15 to 12-31-15	1-1-16 to 6-30-16
Employer Contribution Rate*	10.15%	10.15%	10.15%	10.15%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount Apportioned to the SDTF	9.13%	9.13%	9.13%	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.60%	5.00%	4.20%	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411	4.50%	5.00%	4.00%	4.50%
Total Employer Contribution Rate to the SDTF	18.23%	19.13%	17.33%	18.23%

*Rates are expressed as a percentage of salary as defined in C.R.S. §24-51-101(42).

Employer contributions are recognized by the SDTF in the period in which the compensation becomes payable to the member and the University is statutorily committed to pay the contributions to the SDTF. Employer contributions recognized by the SDTF from the University were $58,698,000 for the year ended June 30, 2017 and $54,561,000 for the year ended June 30, 2016.

As of June 30, 2017 and 2016, the University reported a liability of $2,049,366,000 and $1,175,591,000, respectively, for its proportionate share of the net pension liability. The net pension liability for Fiscal Year 2017 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 University's proportion of the net pension liability was based on the University's contributions to the SDTF for the calendar year 2016 and 2015 relative to the total contributions of participating employers to the SDTF. At both December 31, 2016 and 2015, the University's proportion was 11.16 percent.

For the years ended June 30, 2017 and 2016, the University recognized pension expense of $415,537,000 and $103,125,000. Table 15.2 details the sources of the University's deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2017.

Table 15.2. Deferred Inflows and Deferred Outflows of Resources Related to Pension ***(in thousands)***

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 20,371	-	17,119	36
Changes of assumptions or other inputs	521,372	6,308	-	13,916
Net difference between projected and actual earnings on pension plan investments	67,937	-	88,580	-
Changes in proportionate share of contributions	-	3,321	-	9,878
Contributions subsequent to the measurement date	31,670	-	29,850	-
Total	**$ 641,350**	**9,629**	**135,549**	**23,830**

The $31,670,000 reported as deferred outflows of resources related to pensions in Fiscal Year 2017, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The $29,850,000 reported as deferred outflows of resources related to pensions as of June 30, 2016, resulting from contributions subsequent to the measurement date, was recognized as a reduction of net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as detailed in Table 15.3.

Table 15.3. Future Amortization of Deferred Outflows and Deferred Inflows **(in thousands)**

Years ending June 30:	
2018	$ 324,186
2019	256,347
2020	18,805
2021	713
Total	**$ 600,051**

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the actuarial cost method, actuarial assumptions and other inputs detailed in Table 15.4.

Table 15.4. Actuarial Assumptions - December 31, 2015

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 9.57 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the AIR

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown in Table 15.5 were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016.

Table 15.5. Actuarial Assumptions - December 31, 2016

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 9.17 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	5.26 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the AIR

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 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 Table 15.6.

Table 15.6. Target Allocation and Expected Rate of Return

Asset Class	Target Allocation	30 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%**	

In setting the longer term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

Discount rate. Per PERA, the discount rate used to measure the total pension liability was 5.26 percent. 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:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

- 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 and effective as of the measurement date, 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 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 7.25 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 periods 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 blended discount rate of 5.26 percent.

As of the prior measurement date, the 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, 2.24 percent higher compared to the current measurement date.

Table 15.7 presents the proportionate share of the net pension liability calculated using the discount rate of 5.26 percent, as well as 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) or 1-percentage-point higher (6.26 percent) than the current rate:

Table 15.7. Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate ***(in thousands)***

		2017	
	1% Decrease (4.26%)	**Current Discount Rate (5.26%)**	**1% Increase (6.26%)**
Proportionate share of the net pension liability	$ 2,538,266	2,049,366	1,647,696
		2016	
	1% Decrease (6.50%)	**Current Discount Rate (7.50%)**	**1% Increase (8.50%)**
Proportionate share of the net pension liability	$ 1,485,194	1,175,591	916,618

Detailed information about the SDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

PERA DEFINED CONTRIBUTION PLAN

Employees of the University that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The employees' contributions to this 401(k) plan approximated $4,506,000 and $4,475,000 for the years ended June 30, 2017 and 2016, respectively.

PERA DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan, which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. 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) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, were allowed to make an additional $6,000 contribution in 2016 for total contributions of $24,000. Participants are also eligible for the special 457 plan catch-up beginning the last three years immediately preceding the participant's normal retirement age. Contributions and earnings made by CU employees are tax deferred, although the 457 plan does permit a Roth option. At December 31, 2016, the plan had 17,921 participants. The employees' contributions to the 457 plan approximated $14,457,000 and $13,571,000 for the years ended June 30, 2017 and 2016, respectively.

UNIVERSITY OPTIONAL RETIREMENT PLAN

Under the University's optional retirement plan (ORP), certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation.

For the years ended June 30, 2017 and 2016, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $128,523,000 and $116,728,000 during the years ended June 30, 2017 and 2016, respectively. The employees' contribution under the ORP approximated $64,107,000 and $58,183,000 during the years ended June 30, 2017 and 2016, respectively.

Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

UNIVERSITY VOLUNTARY RETIREMENT SAVINGS PLAN

The University provides a voluntary retirement savings plan to most employees referred to as a 403(b) plan. Employee salary deferrals into the 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. For calendar year 2017 and 2016, the plan had a contribution limit of $18,000. In addition, the plan allowed catch-up contributions of $6,000. The plan is administered by the University and the benefit terms are established and can be amended under the Employee Retirement Income Security Act (ERISA). The employees' contributions to this 403(b) plan approximated $40,551,000 and $36,882,000 for the years ended 2017 and 2016, respectively.

ALTERNATE MEDICARE PLAN

The University provides an Alternate Medicare Plan (AMP) to retirees aged 65 and over. The AMP was established by the University who also administers and has the authority to amend benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. Coverage is not provided for dependent children. The AMP is a single-employer defined benefit pension plan. The AMP provides a monthly cash payment of approximately $154 and $140 for a retiree in Fiscal Year 2017 and 2016, respectively, and approximately $262 and $238 for a retiree plus spouse/same gender domestic partner in Fiscal Year 2017 and 2016, respectively, to offset medical plan costs for non-university Medicare Risk or Medicare-Eligible plan. No retiree contribution is permitted. As these monthly cash payments are not restricted as to use, they are considered a pension rather than a postemployment benefit. As mentioned in Note 1, the University adopted the provisions of Statement No. 73 in Fiscal Year 2017.

Funded Status and Funding Progress. There are no assets accumulating in a trust for the AMP as the University funds this program on a pay-as-you-go basis. The University contributed $1,436,000, $1,349,000 and $1,250,000 for the years ended June 30, 2017, 2016 and 2015, respectively.

The actuarial valuation for the fiscal year ending June 30, 2017 had a measurement date of June 30, 2016. Based on March 1, 2015 participant data, there were 11,690 participants in the AMP plan, with 11,183 active employees and 507 retirees. In addition to the retirees in payment status, there were 175 retirees receiving benefits through the OPEB plan who are eligible for AMP benefit upon reaching Medicare eligibility.

The University recognized $5,431,000 of AMP expense in Fiscal Year 2017. Table 15.8 details regarding the total AMP liability for the measurement period from June 30, 2016 to June 30, 2017.

Table 15.8. Reconciliation of AMP Liability *(in thousands)*

		Total AMP Liability
Balance recognized at June 30, 2016	$	11,600
Cumulative effect of adoption of new accounting principle		46,640
Contributions made subsequent to the measurement date		1,349
Changes recognized for the fiscal year:		
Service cost		3,194
Interest on total AMP liaibility		2,391
Differences between expected and actual experience		(101)
Changes of assumption		10,999
Benefit payments		(1,349)
Net changes		15,134
Balance regognized at June 30, 2017		
(based on June 30, 2016 measurement date)	$	74,723

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing program 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 retirement rates, withdrawal rates, mortality rates, and participation rates. The entry age normal actuarial cost method is used. The discount rate used in the valuation is 2.85 percent as of the June 30, 2016 measurement date and 3.85 percent as of the June 30, 2015 measurement date, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The RP-2000 Combined Mortality Table projected to 2020 using scale AA (setback one year for females and two years for males) was used for post-retirement mortality. The pre-retirement mortality rates use the post-retirement rates with a 55 percent factor applied for males and a 40 percent factor applied for females.

The valuation reflects the following assumption change from the June 30, 2015 measurement date to the June 30, 2016 measurement date:

- A decrease in the interest rate from 3.85 percent to 2.85 percent

Table 15.9 illustrates the impact of interest rate sensitivity on the AMP liability for the fiscal year ending June 30, 2017.

Table 15.9. Sensitivity of AMP Liability *(in thousands)*

		1% Decrease (1.85%)	Current Rate (2.85%)	1% Increase (3.85%)
Total AMP liability	$	88,499	74,723	63,725

Table 15.10 illustrates the deferred outflows and inflows of resources as of June 30, 2017.

Table 15.10. AMP Deferred Outflows and Inflows *(in thousands)*

		Deferred Outflows	Deferred Inflows
Assumption change	$	9,705	-
Liability gain		-	89
Contributions subsequent to the measurement date		1,436	-
Total	$	11,141	89

Between the June 30, 2016 measurement date of the total AMP liability and the University's June 30, 2017 reporting date, the University made contributions of $1,436,000 during Fiscal Year 2017, that impacted the total AMP liability and were treated as a deferred outflow of resources.

Table 15.11 lists the amortization bases included in the deferred outflows and inflows of resources as of June 30, 2017.

Table 15.11. Amortization of AMP Deferred Outflows and Inflows *(in thousands)*

Date Established	Type of Base	Period Original	Period Remaining	Balance Original	Balance Remaining	Annual Payment
June 1, 2016	Liability (gain)/loss	8.5	7.5	$ (101)	(89)	(12)
June 1, 2016	Assumption change (gain)/loss	8.5	7.5	10,999	9,705	1,294
	Total changes			$ 10,898	9,616	1,282

The deferred outflow from contributions subsequent to the measurement date of $1,436,000 will be recognized as a reduction to the AMP liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows related to the AMP liability will be recognized in AMP expense as summarized in Table 15.12.

Table 15.12. Future Amortization of AMP Deferred Outflows and Inflows *(in thousands)*

Years ending June 30:		
2018	$	1,282
2019		1,282
2020		1,282
2021		1,282
2022		1,282
2023-2025		3,206
Total		9,616

Prior to the adoption of Statement No. 73, the University only recorded a liability for ARC not funded. As of June 30, 2016, based on the July 1, 2015 actuarial valuation, the unfunded actuarial accrued liability was $34,100,000. For the year ended June 30, 2016, the annual AMP cost was $3,000,000. The University contributed $1,300,000, which was 43 percent of the annual AMP cost. The net pension obligation was $11,600,000. The actuarial method used was the projected unit credit cost method and the discount rate used was 4.5 percent. The UAAL was being amortized straight-line over a closed period of 30 years. Table 15.13 presents changes in the AMP for the year ended June 30, 2016.

Table 15.13. Alternate Medicare Plan *(in thousands)*

		2016
University		
Annual required contribution (ARC)	$	3,200
Interest on net obligation		400
Adjustment to ARC		(600)
Net pension expense		3,000
Contributions made during the year		(1,300)
Increase in AMP		1,700
Beginning of year		9,900
End of year	**$**	**11,600**

EARLY RETIREMENT INCENTIVE PROGRAM

The University provides an early retirement incentive program (ERIP) to tenured professors who are at least 55 years of age and whose age and years of service total at least 70. These professors must also be participants in the University's ORP. The ERIP provides eligible participants with an incentive equal to twice the professor's base salary and supplemental pay. In return, the participants will retire and relinquish tenure immediately. There were 38 and 81 participants as of June 30, 2017 and 2016, respectively. Benefits under the ERIP are payable over a five-year period. Participation in this program does not impact the Optional Retirement Plan or OPEB. The liability as of June 30, 2017 and 2016 was $4,602,000 and $7,222,000, respectively, measured at a discounted present value using a rate of 5 percent. Table 15.13 presents changes in the ERIP for the years ended June 30, 2017 and 2016.

Table 15.14. Early Retirement Incentive Program ***(in thousands)***

		2017	2016
University			
Beginning of year	$	7,222	9,102
Additions		-	1,483
Reductions		(2,620)	(3,363)
End of year	**$**	**4,602**	**7,222**
Current ERIP		1,624	2,839

CU MEDICINE RETIREMENT PLAN

CU Medicine sponsors a defined contribution retirement plan for its permanent employees that is administered by the Teachers Insurance Annuities Association's College Retirement Equities Fund. The board of directors for CU Medicine has the authority to amend plan provisions. Employees are eligible for participation in the plan after completing one year of service. On behalf of eligible employees, CU Medicine contributed an amount equal to 7 percent of eligible employees' salaries for the years ended June 30, 2017 and 2016. CU Medicine's contributions for covered payroll to the retirement plan for the years ended June 30, 2017 and 2016, approximated $1,983,000 and $1,948,000, respectively.

HEALTH INSURANCE PROGRAMS

The University's contributions to its various health insurance programs approximated $191,461,000 and $174,503,000 during the years ended June 30, 2017 and 2016, respectively. See Note 18 for discussion of the Trust.

NOTE 16 – SEGMENT AND BLENDED COMPONENT UNIT INFORMATION

As of June 30, 2016, the University had one segment, CU Medicine. CU Medicine is also a blended component unit of the University.

CU Medicine has identifiable activities for which CU Medicine Fixed-Rate bonds approximating $8,657,000 and $9,833,000 are outstanding as of June 30, 2017 and 2016, respectively. The activities of this segment include all the SOM's faculty practice plan. Table 16.1 presents summary financial information as of and for the years ended June 30, 2017 and 2016.

The University paid CU Medicine rental amounts of $2,510,000 and $2,315,000 during the years ended June 30, 2017 and 2016, respectively. As CU Medicine is a blended component unit, these amounts are eliminated.

As of June 30, 2017, CVA is also a segment of the University. CVA is a wholly owned entity of CUPCO for which $53,440,000 revenue bonds are outstanding. CVA provides housing and other services for students of CU Denver, and the activities shown in Table 16.2 are for January 1, 2017 through June 30, 2017, the period of time after which CVA assets were transferred to CUPCO from CUREF.

Table 16.1 Segment Financial Information - CU Medicine *(in thousands)*

As of and for the year ended June 30		2017	2016
Condensed Statement of Net Position			
Assets			
Cash and cash equivalents	$	81,057	84,577
Short-term investments		59,657	52,958
Other current assets		104,952	87,754
Total current assets		245,666	225,289
Investments		235,760	214,130
Capital assets, net		40,649	43,082
Other noncurrent assets		7,776	5,753
Total noncurrent assets		284,185	262,965
Total Assets	**$**	**529,851**	**488,254**
Liabilities			
Accounts payable and accrued expenses	$	46,670	43,721
Accounts payable to University of Colorado		739	6,639
Bonds, leases, and notes payable		1,297	1,308
Total current liabilities		48,706	51,668
Bonds, leases, and notes payable		7,653	8,893
Total noncurrent liabilities		7,653	8,893
Total Liabilities	**$**	**56,359**	**60,561**
Net Position			
Net investment in capital assets		31,699	32,881
Unrestricted		441,793	394,812
Total Net Position	**$**	**473,492**	**427,693**
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Operating revenues (expenses)			
Patient revenues	$	848,898	753,978
Depreciation expense		(4,722)	(4,466)
Other operating expenses		(789,969)	(695,012)
Operating income		54,207	54,500
Nonoperating revenues (expenses)			
Investment income		3,310	11,365
Interest expense on capital asset-related debt		(220)	(253)
Other nonoperating expenses		(11,498)	(15,800)
Total nonoperating revenues (expenses)		(8,408)	(4,688)
Increase in Net Position		**45,799**	**49,812**
Net Position, beginning of year		427,693	377,881
Net Position, end of year	**$**	**473,492**	**427,693**
Condensed Statement of Cash Flows			
Net cash flows provided by (used for)			
Operating activities	$	39,038	47,587
Non-capital financing activities		(11,533)	(15,899)
Capital and related financing activities		(3,757)	(4,974)
Investing activities		(27,268)	(41,028)
Net (Decrease) Increase in Cash and Cash Equivalents		**(3,520)**	**(14,314)**
Cash and cash equivalents, beginning of year		84,577	98,891
Cash and Cash Equivalents, End of Year	**$**	**81,057**	**84,577**

Table 16.2 Segment Financial Information - CVA *(in thousands)*

As of and for the year ended June 30		2017
Condensed Statement of Net Position		
Assets		
Current assets	$	5,003
Capital assets		29,379
Other noncurrent assets		5,165
Total Assets	**$**	**39,547**
Liabilities		
Current liabilities	$	1,698
Noncurrent liabilities		52,407
Total Liabilities	**$**	**54,105**
Net Position		
Net investment in capital assets	$	(22,473)
Restricted for bond requirements		7,977
Unrestricted		(62)
Total Net Position		(14,558)
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating revenues	$	3,227
Operating expenses		(1,623)
Depreciation expense		(673)
Net operating income		931
Interest expense		(1,480)
Gifts		895
Interest income		124
Net nonoperating expenses		(461)
Increase in Net Position prior to Special Item		**470**
Special Item		(15,028)
Net Position, beginning of year		-
Net Position, end of year	**$**	**(14,558)**
Condensed Statement of Cash Flows		
Net cash flows provided by (used for)		
Operating activities	$	1,176
Non-capital financing activities		(1,759)
Capital and related financing activities		(484)
Investing activities		895
Net Decrease in Cash and Cash Equivalents		**(172)**
Cash and cash equivalents, transferred in		937
Cash and Cash Equivalents, End of Year	**$**	**765**

NOTE 17 – DISCRETELY PRESENTED COMPONENT UNITS

Summary financial information as of and for the years ended June 30, 2017 and 2016, for the University's DPCU are presented in Table 17.

Table 17. DPCU Summary Financial Statements *(in thousands)*

Condensed Statement of Net Position	As of June 30, 2017		
	CU Foundation	CUREF	Total
Assets			
Current assets			
Cash and cash equivalents	$ 26,013	-	26,013
Accounts and contributions receivable, net	31,934	-	31,934
Other current assets	539	-	539
Total current assets	58,486	-	58,486
Noncurrent assets			
Investments	1,689,100	-	1,689,100
Assets held under split-interest agreements	42,750	-	42,750
Contributions receivable, net	90,994	-	90,994
Other assets	8,017	-	8,017
Capital assets, net	1,583	-	1,583
Total noncurrent assets	1,832,444	-	1,832,444
Total Assets	**$ 1,890,930**	**-**	**1,890,930**
Liabilities			
Current liabilities			
Accounts payable	$ 480	-	480
Accounts payable - University	13,295	-	13,295
Split-interest agreements	2,604	-	2,604
Custodial funds	15,719	-	15,719
Total current liabilities	32,098	-	32,098
Noncurrent liabilities			
Split-interest agreements	21,060	-	21,060
Custodial funds	379,744	-	379,744
Other liabilities	2,115	-	2,115
Total noncurrent liabilities	402,919	-	402,919
Total Liabilities	**$ 435,017**	**-**	**435,017**
Net Position			
Restricted for nonexpendable purposes	$ 546,822	-	546,822
Restricted for expendable purposes	847,611	-	847,611
Unrestricted	61,480	-	61,480
Total Net Position	**$ 1,455,913**	**-**	**1,455,913**

Table 17. (continued) DPCU Summary Financial Statements *(in thousands)*

Statement of Revenues, Expenses, and Changes in Net Position		For the Year Ended June 30, 2017		
		CU Foundation	CUREF	Total
Operating revenues				
Contributions	$	186,603	-	186,603
Other revenue		5,397	7,853	13,250
Total operating revenues		192,000	7,853	199,853
Operating expenses				
Institutional support				
Gifts and income distributed to University and related parties		139,451	3,489	142,940
Other program services		4,387	-	4,387
Support services		20,591	3,265	23,856
Depreciation and amortization		158	775	933
Total operating expenses		164,587	7,529	172,116
Operating Income		27,413	324	27,737
Nonoperating revenues (expenses)				
Investment income		156,572	-	156,572
Increase in Net Position		**183,985**	**324**	**184,309**
Net Position, beginning of year		1,271,928	(324)	1,271,604
Net Position, End of Year	**$**	**1,455,913**	**-**	**1,455,913**

Condensed Statement of Cash Flows				
Net cash flows provided by (used for)				
Operating activities	$	37,545	(4,890)	32,655
Non-capital financing activities		37,114	-	37,114
Investing activities		(83,339)	-	(83,339)
Net Increase (Decrease) in Cash and Cash Equivalents		**(8,680)**	**(4,890)**	**(13,570)**
Cash and cash equivalents, beginning of year		34,693	4,890	39,583
Cash and Cash Equivalents, End of Year	**$**	**26,013**	**-**	26,013

Table 17. DPCU Summary Financial Statements *(in thousands)*

Condensed Statement of Net Position	As of June 30, 2016		
	CU Foundation	CUREF	Total
Assets			
Current assets			
Cash and cash equivalents	$ 34,693	4,890	39,583
Short-term investments	-	7,795	7,795
Accounts and contributions receivable, net	20,750	192	20,942
Other current assets	578	1,115	1,693
Total current assets	56,021	13,992	70,013
Noncurrent assets			
Investments	1,451,490	5,165	1,456,655
Assets held under split-interest agreements	37,501	-	37,501
Contributions receivable, net	90,784	-	90,784
Other assets	7,430	776	8,206
Capital assets, net	434	71,386	71,820
Total noncurrent assets	1,587,639	77,327	1,664,966
Total Assets	**$ 1,643,660**	**91,319**	**1,734,979**
Liabilities			
Current liabilities			
Accounts payable	$ 324	865	1,189
Accounts payable - University	8,966	-	8,966
Unearned revenue	-	950	950
Bonds, leases, and notes payable	-	6,755	6,755
Split-interest agreements	2,490	-	2,490
Custodial funds	13,354	-	13,354
Total current liabilities	25,134	8,570	33,704
Noncurrent liabilities			
Bonds, leases, and notes payable	-	63,931	63,931
Split-interest agreements	15,315	-	15,315
Custodial funds	328,691	-	328,691
Other liabilities	2,592	19,142	21,734
Total noncurrent liabilities	346,598	83,073	429,671
Total Liabilities	**$ 371,732**	**91,643**	**463,375**
Net Position			
Net investment in capital assets	$ -	24,030	24,030
Restricted for nonexpendable purposes	495,077	-	495,077
Restricted for expendable purposes	721,412	954	722,366
Unrestricted	55,439	(25,308)	30,131
Total Net Position	**$ 1,271,928**	**(324)**	**1,271,604**

Table 17. (continued) DPCU Summary Financial Statements *(in thousands)*

Statement of Revenues, Expenses, and Changes in Net Position		For the Year Ended June 30, 2016		
		CU Foundation	CUREF	Total
Operating revenues				
Contributions	$	177,688	44	177,732
Other revenue		5,278	18,474	23,752
Total operating revenues		182,966	18,518	201,484
Operating expenses				
Institutional support				
Gifts and income distributed to University and related parties		106,214	65	106,279
Other program services		4,282	4,763	9,045
Support services		20,658	388	21,046
Depreciation and amortization		91	2,309	2,400
Total operating expenses		131,245	7,525	138,770
Operating Income		51,721	10,993	62,714
Nonoperating revenues (expenses)				
Investment income (loss)		(24,503)	245	(24,258)
Pledges assigned to affiliate		-	(1,721)	(1,721)
Interest expense on capital asset-related debt		-	(3,715)	(3,715)
Increase in Net Position		**27,218**	**5,802**	**33,020**
Net Position, beginning of year		1,244,710	(6,126)	1,238,584
Net Position, End of Year	**$**	**1,271,928**	**(324)**	**1,271,604**

Condensed Statement of Cash Flows				
Net cash flows provided by (used for)				
Operating activities	$	(19,975)	1,651	(18,324)
Non-capital financing activities		38,879	14,669	53,548
Capital and related financing activities		(201)	-	(201)
Investing activities		(2,503)	(17,138)	(19,641)
Net Increase (Decrease) in Cash and Cash Equivalents		**16,200**	**(818)**	**15,382**
Cash and cash equivalents, beginning of year		18,493	5,708	24,201
Cash and Cash Equivalents, End of Year	**$**	**34,693**	**4,890**	39,583

UNIVERSITY OF COLORADO FOUNDATION

Distributions made by the CU Foundation to the University were approximately $141,091,000 and $108,843,000 during the years ended June 30, 2017 and 2016, respectively. This amount has been recorded as University grant or gift revenue and DPCU operating expense in the accompanying financial statements and does not include undistributed income on University endowments.

Since July 1, 2007, the University has contracted with the CU Foundation to manage a portion of its investments. As of June 30, 2017 and 2016, respectively, $180,196,000 and $153,379,000 of non-endowed investments are being managed by the CU Foundation.

The University is the ultimate beneficiary of substantially all restricted and trust funds held by the CU Foundation and is income beneficiary of a significant portion of endowment funds held by the CU Foundation. In addition, the University contracts with the CU Foundation to manage its endowments. The University has endowments and other assets held by the CU Foundation approximating $211,525,000 and $172,291,000 as of June 30, 2017 and 2016, respectively.

The CU Foundation collected a one percent annual advancement support fee of $3,500,000 and $3,300,000 for the years ended June 30, 2017 and 2016, respectively. The CU Foundation paid the University $20,749,000 to help cover development costs during each of the years ended June 30, 2017 and 2016, which is reported as other operating revenue.

As of June 30, 2017 and 2016, the University recorded an accounts receivable from the CU Foundation of $13,271,000 and $8,966,000, respectively. As of June 30, 2017 and 2016, the University recorded an account payable to the CU Foundation of $1,249,000 and $710,000, respectively.

THE UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION

During Fiscal Year 2017, CUREF distributed its assets and liabilities as part of its dissolution plan. For more information see Note 1.

NOTE 18 – RELATED ORGANIZATIONS AND JOINTLY GOVERNED ORGANIZATIONS

UNIVERSITY OF COLORADO HOSPITAL (UCH)

In accordance with 1991 State legislation, UCH was established as a separate and distinct entity. Requests for additional information should be addressed to UCH, Chief Financial Officer, Mail Stop F-417, P.O. Box 6510, Aurora, Colorado 80045.

CU Denver | Anschutz and CU Medicine have several types of financial transactions with UCH. On an annual basis, CU Denver | Anschutz or CU Medicine and UCH enter into agreements specifying the fees to be charged for services and the allocation of expenses between the two organizations. In certain circumstances, CU Denver | Anschutz may bear the entire cost of certain services in exchange for educational or other services provided by UCH. In some instances, the fee charged by CU Denver | Anschutz, CU Medicine, or UCH is a set amount for specific services to be provided. In other circumstances, the fee charged is based upon the amount or type of services requested by either CU Denver | Anschutz or UCH.

Examples of services provided by CU Denver | Anschutz to UCH include telecommunications services, rental of office space, and resident doctors. Examples of services provided by UCH to CU Denver | Anschutz and patient services for sponsored research projects. In general, amounts receivable from, or payable to, UCH are settled within the following calendar quarter.

Total payments issued by UCH to CU Denver | Anschutz approximated $59,638,000 and $57,868,000 for years ended June 30, 2017 and 2016, respectively. Total payments issued by CU Denver | Anschutz to UCH for the years ended June 30, 2017 and 2016 approximated $10,344,000 and $12,902,000, respectively.

For the years ended June 30, 2017 and 2016, UCH distributed approximately $26,672,000 and $35,206,000, respectively, reported as gift revenue by the University.

During the years ended June 30, 2017 and 2016, CU Medicine recognized approximately $65,798,000 and $39,772,000, respectively, in health services revenue from UCH in support of clinical and academic missions. CU Medicine also received approximately $42,373,000 and $42,640,000 during the years ended June 30, 2017 and 2016, respectively, from UCH for amounts earned for services performed by CU Medicine faculty members but required to be processed through UCH (such as the State medically indigent program, Ryan White, and other miscellaneous programs).

As of June 30, 2017 and 2016, the University recorded an accounts receivable from UCH of $4,233,000 and $7,401,000, respectively, for various services provided.

AURARIA HIGHER EDUCATION CENTER

AHEC, established by legislation in 1974, is jointly governed and utilized by CU Denver, the Community College of Denver, and Metropolitan State University of Denver. The institutions share the costs of operating common educational, library, and other auxiliary facilities. Costs of the common facilities are shared in accordance with an operating agreement between AHEC and the respective institutions. During the years ended June 30, 2017 and 2016, the University incurred expenses related to the common facilities approximating $11,035,000 and $10,651,000, respectively, for payments to AHEC.

As of June 30, 2017 and 2016, the University recorded an accounts payable to AHEC of $1,432,000 and $999,000, respectively, for services rendered but not yet paid, and for fees collected for the spring end of term but not yet paid. As of June 30, 2017 and 2016 the University had accounts receivable due from AHEC of $0 and $1,000, respectively.

In addition, the University leases space from AHEC. As of June 30, 2017 and 2016, the University has future operating lease payment obligations to AHEC of $2,244,000 and $2,653,000. For related party lease transactions, see Note 9.

Detailed financial information may be obtained directly from AHEC at 1201 5th Street Suite 370, Denver, Colorado 80217-336.

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST

The Trust was formed June 28, 2010. Trust members are the University, UCH, and CU Medicine. The purpose of the Trust is to provide healthcare benefits to the employees of the Trust members on a self-insured basis. The University does not have financial accountability over the Trust. Self-insured risks are transferred to the pool.

The Trust paid medical claims on behalf of the University of $197,066,000 and $176,226,000 during the years ended June 30, 2017 and 2016, respectively. The University's contributions to the Trust were $191,461,000 and $174,503,000 for the years ended June 30, 2017 and 2016, respectively, and the employees' contributions were $25,189,000 and $22,515,000, respectively. As of June 30, 2017 and 2016, the University had accounts receivable owed from the Trust of $830,000 and $8,000, respectively, and accounts payable due to the Trust of $6,987,000 and $272,000, respectively.

Detailed financial information may be obtained directly from the Trust at 1999 Broadway, Suite 820, Denver, Colorado 80202.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

The University leases various buildings and equipment under operating lease rental agreements. Operating leases do not give rise to property rights or meet other capital lease criteria and, therefore, the related assets and liabilities are not recorded in the accompanying financial statements. For the years ended June 30, 2017 and 2016, total rental expense under these agreements approximated $16,745,000 and $15,096,000 for the University, respectively. Future minimum payments for these operating leases are shown in Table 19.

Table 19. University Operating Leases Minimum Lease Obligations (in thousands)

Years Ending June 30	*University* Minimum Lease Obligation
2018	$ 11,172
2019	9,445
2020	8,071
2021	7,063
2022	6,676
2023-2027	17,474
2028-2032	7,497
Total Operating Lease Obligations	**$ 67,398**

Contracts have been entered into for the purpose of planning, acquiring, constructing, and equipping certain building additions and other projects with outstanding amounts totaling approximately $99,971,000 and $259,294,000, as of June 30, 2017 and 2016, respectively. These additions will be funded or financed by donor contributions, appropriations from the State, issuance of revenue bonds, and other financings. As of June 30, 2017 and 2016, the amount of capital construction appropriations authorized from the State for these projects approximated $35,106,000 and $46,279,000, respectively.

Substantial amounts are received and expended by the University under federal and state grants and contracts, and are subject to audit by cognizant governmental agencies. This funding relates to research, student aid, and other programs. University management believes that any liabilities arising from such audits will not have a material effect on the University’s financial position or operations.

CU Medicine, as a member of the healthcare industry, is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government healthcare program participation requirements; reimbursement for patient services; and Medicare and Medicaid fraud and abuse. Government activity has continued to increase with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. CU Medicine management believes that CU Medicine is in substantial compliance with fraud and abuse statutes as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The University is a defendant in a number of legal actions. While the final outcome of many of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability not covered by insurance, if any, for these legal actions will not have a material effect on the University’s financial position or operations.

NOTE 20 – SUBSEQUENT EVENTS

The University has evaluated all subsequent events through the auditors' report date, and noted the following material subsequent events that required disclosure in these financial statements.

CU MEDICINE

In September 2016, the Colorado Department of Health Care Policy & Financing (HCPF) filed a proposed state Medicaid plan amendment with the Centers for Medicare and Medicaid Services (CMS) on behalf of CU Medicine and the SOM. The purpose of the filing was to secure access to a federally funded program available to physicians employed by state-owned medical schools. The supplemental payment program is designed to expand patient access to specialty care by providing enhanced payments to physicians and other qualifying providers. In July 2017, HCPF's filing was approved by CMS and funds advanced for the matching component of the program were also initiated in July 2017. Under the terms of the approved program, CU Medicine expects to receive approximately $60 million in supplement payments from filings in the state fiscal year ending June 30, 2018. This new funding will be used to maintain and increase patient access to CU Medicine's services and for other programs defined in collaboration with HCPF.

In July 2017, CU Medicine increased its US Bank revolving line of credit to $20 million in support of the matching requirement of the CMS supplemental payment program approved that same month. The line of credit maturity date was extended to July 31, 2019. As of September 1, 2017, $10 million is outstanding on the line of credit.

NEW ACCOUNTING STANDARD

The GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement No. 75), which replaces the requirements of Statements No. 45 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. The University participates in two types of OPEB plans – a single employer plan and a cost-sharing plan administered by the Public Employees' Retirement Association of Colorado (PERA). Statement No. 75 requires the liability of employers for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past period of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position, based on actuarial valuations.

The University's single-employer plan is unfunded. Therefore, the total and net OPEB liabilities are the same. The PERA cost-sharing plan is partially funded. Currently, the University's basic financial statements include a total OPEB liability of $343,570,000 related solely to its single-employer plan. No liability is currently reported for the PERA cost-sharing plan. It is estimated the liability for the single-employer plan will increase to $820,000,000 after implementation of Statement No. 75 in Fiscal Year 2018. Information to determine the impact of PERA's cost-sharing plan is not available as PERA has not provided information necessary to estimate the amount.

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FUNDING STATUS OF OTHER POSTEMPLOYMENT BENEFITS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (AAL) (B)	UNFUNDED AAL (UAAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C)
JULY 1, 2016	-	$ 625,035,000	$ 625,035,000	0.00%	$ 1,607,969,000	38.87%
JULY 1, 2014	-	$ 523,409,000	$ 523,409,000	0.00%	$ 1,336,248,000	39.17%
JULY 1, 2012	-	$ 406,782,000	$ 406,782,000	0.00%	$ 1,141,100,000	35.65%
JULY 1, 2010	-	$ 343,144,000	$ 343,144,000	0.00%	$ 1,023,525,000	33.53%
JULY 1, 2008	-	$ 196,715,000	$ 196,715,000	0.00%	$ 898,899,000	21.88%

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF PERA PENSION LIABILITY

MEASUREMENT DATE	PROPORTION OF COLLECTIVE NET PENSION LIABILITY (A)	PROPORTIONATE SHARE OF COLLECTIVE NET PENSION LIABILITY (B)	COVERED PAYROLL (C)	PROPORTIONATE SHARE OF COLLECTIVE NPL AS A PERCENTAGE OF COVERED PAYROLL (B/C)	PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY
DECEMBER 31, 2016	11.1571798445%	$ 2,049,366,000	$ 300,390,000	682.24%	42.59%
DECEMBER 31, 2015	11.1631105031%	$ 1,175,591,000	$ 296,983,000	395.84%	56.11%
DECEMBER 31, 2014	11.2723667751%	$ 1,060,337,000	$ 292,225,000	362.85%	59.84%
DECEMBER 31, 2013	11.3970757002%	$ 1,015,248,000	$ 284,977,000	356.26%	61.08%

SCHEDULE OF UNIVERSITY'S CONTRIBUTIONS TO PERA PENSION

FISCAL YEAR-END	STATUTORILY REQUIRED CONTRIBUTION (A)	CONTRIBUTIONS IN RELATION TO STATUTORILY REQUIRED CONTRIBUTION (B)	CONTRIBUTION DEFICIENCY (EXCESS) (A-B)	COVERED PAYROLL (C)	CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL (B/C)
JUNE 30, 2017	$ 58,698,000	$ 58,698,000	$ -	$ 300,673,000	19.52%
JUNE 30, 2016	$ 54,561,000	$ 54,561,000	$ -	$ 299,112,000	18.24%
JUNE 30, 2015	$ 50,696,000	$ 50,696,000	$ -	$ 295,357,000	17.16%
JUNE 30, 2014	$ 46,824,000	$ 46,824,000	$ -	$ 288,904,000	16.21%
JUNE 30, 2013	$ 40,368,000	$ 40,368,000	$ -	$ 279,476,000	14.44%
JUNE 30, 2012	$ 30,527,000	$ 30,527,000	$ -	$ 279,810,000	10.91%
JUNE 30, 2011	$ 27,243,000	$ 27,243,000	$ -	$ 278,497,000	9.78%
JUNE 30, 2010	$ 34,551,000	$ 34,551,000	$ -	$ 279,135,000	12.38%
JUNE 30, 2009	$ 31,863,000	$ 31,863,000	$ -	$ 277,523,000	11.48%
JUNE 30, 2008	$ 26,970,000	$ 26,970,000	$ -	$ 254,932,000	10.58%

CHANGES IN ALTERNATE MEDICARE PLAN LIABILITY AND RELATED RATIOS

	Fiscal Year Ending June 30, 2017
Total AMP Liability	$ 3,194,000
Service cost	2,391,000
Changes in benefit terms	-
Differences between expected and actual experience	(101,000)
Changes of assumption	10,999,000
Benefit payments	(1,349,000)
Net change in total AMP liability	15,134,000
Total AMP liability (beginning)	59,589,000
Total AMP liailibity (ending)	$ 74,723,000
Plan Fiduciary Net Position	
Contributions	$ 1,349,000
Net investment income	-
Benefit payments	(1,349,000)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position (beginning)	-
Plan fiduciary net position (ending)	-
Net AMP liability (ending)	$ 74,723,000
Net position as a % of AMP liability	0.00%
Covered-employee payroll	$ 942,644,000
Net AMP liability as a % of payroll	7.93%

Principal Administrative Officers

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Officers and Staff as of September, 2017

Produced by the Office of University Controller and the Office of the President.

For further information about this report or to request additional copies, contact the Office of the University Controller at 303-837-2110 or controller@cu.edu. An electronic version can be obtained at https://content.cu.edu/controller/annualreport/2017.