

Public employees take care of Colorado.

We take care of public employees.

COLORADO PERA®

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

  

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Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

Colorado Public Employees' Retirement Association
1300 Logan Street
Denver, Colorado 80203
303-832-9550
www.copera.org

Prepared by the Colorado PERA Staff

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Serving our members

Colorado Public Employees' Retirement Association
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Office Locations: 1300 Logan Street, Denver, Colorado
1120 West 122nd Avenue, Westminster, Colorado
303-832-9550 • 1-800-759-7372 • www.copera.org

June 20, 2008

Dear Colorado PERA Members, Benefit Recipients, Employers, and Members of the Board of Trustees,

Meredith Williams
Executive Director

I am pleased to present Colorado PERA's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2007.

This year's *CAFR* is dedicated to the over 400,000 public employees that Colorado PERA serves. Public employees enhance the quality of life for all of Colorado's citizens by providing services that often go unrecognized and unappreciated. At Colorado PERA, we respect the work of all public employees and know the value they add to our State. The Colorado PERA Board and staff continue to work hard to serve our members in ways that meet their retirement needs—from creating programs and enhancements to meet long-term financial goals, to providing innovative ways for members to access, learn about, and maintain their retirement information. We invest for our members' futures realizing that they depend on us for a safe and secure retirement.

At Colorado PERA, we take care of public employees, just like public employees take care of Colorado—patrolling our highways, maintaining our wilderness, teaching our children, and providing other important services that make Colorado a great state in which to live.

REPORT CONTENTS AND STRUCTURE

This *CAFR* is designed to comply with the reporting requirements as stated under Title 24, Article 51, Section 204(8) of the Colorado Revised Statutes.

OVERVIEW OF COLORADO PERA

Established in 1931, Colorado PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51, of the Colorado Revised Statutes. Initially covering only State employees, Colorado PERA has expanded to include all Colorado school districts except Denver, the State's judicial system, numerous municipalities, and other local government entities.

For most members, Colorado PERA serves as a substitute for Social Security. Colorado PERA's purpose is to provide benefits to members at retirement or in the event of disability, or to their survivors upon the member's death. Colorado PERA also administers a cost-sharing multiple-employer defined benefit other postemployment benefit plan (Health Care Trust Fund), a private purpose trust fund (Life Insurance Reserve), and a multiple-employer Internal Revenue Code (IRC) Section 401(k) defined contribution plan (Voluntary Investment Program).

HIGHLIGHTS AND MAJOR INITIATIVES

Legislation

It was anticipated that 2007 would be a relatively quiet year for Colorado PERA at the legislature as the 2006 landmark legislation, Senate Bill 06-235, went into effect with new benefit provisions for new hires, increases in employer contribution rates, and a reconfigured Board of Trustees. Just as the mechanics of this legislation was being incorporated into the daily operations at Colorado PERA, new legislation emerged, which focused on the divestment of companies financially involved with the government of Sudan.

The Colorado PERA Board of Trustees condemned the genocide occurring in Sudan at their January 2007 meeting, and joined in voicing universal condemnation of the horrific acts occurring in Sudan and supported the Colorado General Assembly's laudable goal of prohibiting investment in Sudan.

The Board endorsed the following legislation on Sudan in 2007:

House Bill 07-1184: Sudan Divestment Public Pension Funds
Signed by Governor Ritter on April 19, 2007, this bill requires divestment of certain investments related to Sudan by certain Public Funds, including Colorado PERA.

The bill has the following provisions:

- Directs Public Funds to divest of investments in companies with publicly traded securities that have active business operations in Sudan.
- Each Public Fund must create a list of scrutinized companies within 90 days of the bill's enactment for determining companies that will require engagement. Engagement includes encouraging companies to refrain and cease business dealings with the Khartoum-based Sudanese government through written notification.

- If a company does not stop active business operations after 90 days, then the Public Fund has nine months from creating the list of scrutinized companies to divest 50 percent of the assets and 15 months to divest from 100 percent of the assets.
- Assets subject to divestiture include all publicly traded securities in direct accounts.
  - Passively managed indirect holdings may also be subject to divestiture by October 1, 2008, unless a similar Sudan-Free Fund is created by the outside manager before that date.
  - Officially sanctioned U.S. businesses by the U.S. government are excluded from divestiture.
- The Public Fund cannot acquire new direct holdings of any active scrutinized company and cannot undertake new investments in indirect passively managed funds containing active scrutinized companies after the passage of the bill.
- Each Public Fund is responsible for the costs incurred due to divestiture.
- Divestment is not required and re-investment in scrutinized companies is allowed, if it is shown that the value of the Public Fund's portfolio is reduced by 50 basis points due to divestment.
- The bill requires legislative staff to perform a post-enactment review of the implementation of the bill.

In July 2007, to comply with this legislation, the Board adopted a Scrutinized Company List comprised of companies that have been identified as having active business operations in Sudan.

In addition to the Sudan divestment legislation, there were a few other legislative items that were passed and signed into law during 2007, which affected Colorado PERA:

House Bill 07-1377: Higher Ed and State Retirement Plans
This bill was signed by Governor Ritter on June 1, 2007, and it repealed a portion of Senate Bill 06-235. Under Senate Bill 06-235, new employees of higher education institutions who were hired on or after January 1, 2008, were eligible to choose their retirement plan. They may have selected the Colorado PERA Defined Benefit (DB) Plan, Colorado PERA Defined Contribution (DC) Plan, or the State DC Plan, in addition to an existing Optional Retirement Plan (ORP) at institutions that had ORPs.

House Bill 07-1377 removes that choice for higher education and gives employees hired after January 1, 2008, the same retirement options as current employees. The bill makes an exception for new hires at community colleges. House Bill 07-1377 would give certain new employees hired on or after January 1, 2008, at a community college the ability to choose between participation in the Colorado PERA DB and PERA DC plans.

House Bill 07-1365: Challenger Learning Center as a Colorado PERA Employer
Signed by Governor Ritter on June 1, 2007, this bill adds the Colorado Consortium for Earth and Space Science Education (CCESSE) as a separate Colorado PERA-affiliated employer. The CCESSE is a group composed of former teachers who had previously been covered under Colorado PERA with the Pikes Peak Board of Cooperative Educational Services (BOCES).

Investments
Investment portfolio income is a significant source of revenue to Colorado PERA. The Investment Committee is responsible for assisting the Board in overseeing Colorado PERA's investment program.

In 2007, there was net investment income of $3,983,543,000 compared with total contributions by members and employers of $699,071,000 and $754,274,000, respectively.

For the year ended December 31, 2007, the total fund had a rate of return of 10.0 percent on a market value basis. Colorado PERA's annualized rate of return over the last three years was 11.7 percent, over the last five years it was 14.4 percent, and over the last 10 years it was 8.1 percent.

Proper funding and healthy investment returns are important to the financial soundness of Colorado PERA. Changes in the composition of the portfolio are reflected in the "Investment Summary" on page 71.

An integral part of the overall investment policy is the strategic asset allocation policy. The targeted strategic asset allocation is designed to provide appropriate diversification and balance expected total rate of return with the volatility of expected returns. Specifically, the fund is to be broadly diversified across and within asset classes to limit the volatility of the total fund investment returns and to limit the impact of large losses on individual investments. Both traditional and nontraditional assets are incorporated into the asset allocation mix.

In addition to asset class targets, the Board of Trustees sets ranges within which asset classes are maintained. The permissible ranges in effect during 2007 were adopted by the Board of Trustees in December 2005. The targeted asset allocation mix and the specified ranges for each asset class are presented on page 68. All of the asset classes were within their specified ranges at year end. In November 2007, the Board approved the creation of an Opportunity Fund and approved new asset allocation targets and permissible ranges that will be effective January 1, 2008. The new asset allocation targets and specified ranges are presented on page 68.

Also in November 2007, the Board approved a long duration portfolio mandate for fixed income, which went into effect January 1, 2008.

Voluntary Investment Program Activities
In 2007, Voluntary Investment Program net assets grew from $1,522,839,000 at the end of 2006 to $1,733,477,000 at the end of 2007, with 73,321 participant accounts by the close of the 2007 year. Assets continued to increase and the number of participant accounts increased by 389 in 2007, compared with the previous year.

401(k) Plan—Component of the Voluntary Investment Program
During 2007, 401(k) Plan participants transferred a total of $92,607,000 from their accounts. Of that total, 1,471 participants

used $13,728,000 to purchase Colorado PERA service credit. The number of members purchasing service credit using their 401(k) accounts represents a 47 percent decline from 2006.

Colorado PERA DC Plan—Component of the Voluntary Investment Program
On January 1, 2006, eligible new State employees were offered a new defined contribution choice option. Eligible new State employees may now select the Colorado PERA Defined Benefit Plan, the Colorado PERA Defined Contribution Plan, or the defined contribution plan offered by the State. At the end of 2007, the Colorado PERA DC Plan had 489 participant accounts and assets of $2,547,000. Withdrawals from the Colorado PERA DC Plan totaled $148,000 in 2007, with $97,000 representing participant terminations and $51,000 of plan forfeitures.

Corporate Governance
Colorado PERA continued to be active in the securities litigation arena, fulfilling the Board's commitment to support corporate governance reforms such as transparency, accountability, and enforcement of shareholder's rights. Colorado PERA also has been active in corporate governance reform through its participation in the Council of Institutional Investors. During 2007, Colorado PERA continued to demonstrate its commitment in the securities litigation arena by monitoring all securities litigation activities and pursuing all available claims. In addition, Colorado PERA continues to pursue recovery from the audit firms involved in the Royal Ahold securities class action. (Settlement was reached with the principal defendants in 2005 for $1.1 billion.)

Total Compensation Philosophy
To support the application of Colorado PERA's Total Compensation Philosophy, the Hay Group was again retained in 2007 to conduct the annual market analysis to support the setting of the 2008 Base Pay Ranges. Colorado PERA also participated in several annual compensation and benefits surveys, most notable being the Mountain States Employers' Council Front Range Survey and the McLagan Partners Pension Fund Data Exchange Compensation Survey. These surveys, in combination with the market analysis, provide solid comparable compensation data to assist in keeping Colorado PERA's compensation programs competitive, and to support Colorado PERA's ability to attract and retain critical talent.

In addition, a Web-based performance management system was used for the second consecutive year to support the establishment of performance objectives, to conduct performance reviews, and to award merit increases.

ACCOUNTING SYSTEMS AND REPORTS
This *CAFR* was prepared to conform with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB) in Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans;" Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans;" and Statement No. 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments" as well as other GASB statements as appropriate.

GASB Statement No. 25 establishes financial reporting standards for defined benefit plans and standards for the notes to the financial statements of defined contribution plans. GASB Statement No. 43 provides financial reporting standards for other postemployment benefit plans.

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it.

In May 2007, the GASB issued Statement No. 50, "Pension Disclosures (an amendment of GASB Statements No. 26 and No. 27)." Colorado PERA adopted the provisions of this standard for the year ended December 31, 2007.

In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

The accompanying financial statements are prepared using the accrual basis of accounting. Member and employer contributions are recognized as revenues in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay these contributions to the appropriate pension trust fund and the Health Care Trust Fund. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

State law requires that the State Auditor cause to be conducted an annual financial and performance audit of Colorado PERA. Pursuant to this requirement, the Broomfield, Colorado, office of Clifton Gunderson LLP audited Colorado PERA's 2007 financial statements under the control and oversight of the State Auditor. Colorado PERA continues to maintain appropriate controls in all operational areas.

RECOGNITION OF ACHIEVEMENTS
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Colorado PERA for its *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended December 31, 2006. The GFOA's Certificate of Achievement is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. To receive this award, a government unit must publish an easily readable and efficiently organized CAFR that meets or exceeds program standards, and satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. Colorado PERA has been awarded this distinction for the past 22 years. We believe this *CAFR* continues to meet GFOA requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The GFOA also awarded Colorado PERA an Award for Outstanding Achievement in Popular Annual Financial Reporting for its *Popular Annual Financial Report* for the fiscal year ended December 31, 2006. This is the fifth year that Colorado PERA has received this prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive this award, a government unit must publish a *Popular Annual Financial Report* whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

ECONOMIC CONDITION AND OUTLOOK

The U.S. economy grew at a modest pace in 2007. However, fourth quarter growth showed a significant slowdown. The slowdown was a result of the ripple effect that the decline in the residential housing market is having on much of the U.S. economy. The subprime mortgage meltdown has had a serious negative impact on the financial sector resulting in tens of billions of dollars of write-downs and the restriction of liquidity across financial markets. As the year ended, the unemployment rate was rising, energy prices were near record highs, and consumer confidence was falling. Consumer demand has continued to fuel economic growth, but there are several factors that indicate this may not continue. Inflation indicators spent much of 2007 near the upper end of the Federal Reserve's target range. Beginning in September, the Fed began lowering the Fed Funds rate in response to the distress in the financial markets. The Fed Funds rate ended the year at 4.25 percent, 100 basis points lower than at the beginning of the year.

The fundamental factors that have supported the domestic economy's performance are also showing signs of stress. Corporate earnings are beginning to reflect deteriorating economic conditions. On the positive side, interest rates are low on a historical basis, which may provide liquidity and stimulate growth.

The Colorado economy continues to grow; natural resources and mining are two of the strongest sectors of the State's economy. The Colorado labor market has continued to expand with the increasing demand for professional and business services sector jobs. The residential market experienced a slowdown in 2007 and foreclosures are currently at record levels.

FUNDING

The funding objective for Colorado PERA is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. Each year members and employers pay their share for retirement service earned in that year by Colorado PERA members. If the retirement system follows level contribution rate financing principles, the system will be able to pay all promised benefits when due.

On December 31, 2007, Colorado PERA's funded ratio equaled 75.1 percent with an unfunded liability of $13.0 billion. (Please see the Management's Discussion and Anaylsis on pages 18-29 for additional information on Colorado PERA's funding ratio.)

A significant source of revenue to Colorado PERA is income from the investment portfolio. It is the most powerful component of the ultimate funding of all promised benefits. Currently the investment rate of return assumption is 8.5 percent. To understand the importance of the investment rate of return, which is used to discount the actuarial liabilities of Colorado PERA, a one-half percent increase in this investment rate of return and discount rate would result in a decrease of $2.8 billion in our unfunded liabilities, and a one-half percent decrease in this investment rate of return and discount rate would result in an increase of $3.1 billion.

Given the importance of securing benefits for members, Colorado PERA has worked extensively to implement strategies designed to put Colorado PERA on solid financial footing in the decades to come. The Board of Trustees worked extensively in 2004 and 2006 with elected officials to pass Senate Bill 04-257 and Senate Bill 06-235, which were designed to move Colorado PERA toward full funding over the coming decades. Key features of these bills include increased funding through the Amortization Equalization Disbursement (AED) and Supplemental AED (SAED), as well as a new benefit structure for new hires that includes a Rule of 85 and a separate cost-of-living-adjustment (COLA) reserve fund.

With this legislation and its phased 3 percent increases in both the AED and SAED and the projected reductions in normal cost due to benefit adjustments for new hires, Colorado PERA expects to achieve a 30-year amortization period on unfunded liabilities in all trust funds by the end of a 30-year period and eventually achieve a minimum of 100 percent funding. Current actuarial projections have confirmed the validity of this plan.

Even with the implementation of the legislative provisions listed above, Colorado PERA's funding position remains a top concern and priority for the Colorado PERA Board and management.

BOARD COMPOSITION

Colorado PERA is governed by a Board of Trustees. In 2007, a phased restructuring of the then 16-member Board of Trustees began as a result of Senate Bill 06-235. The bill provided that the Board downsize to 15 members by statutory elimination of the ex-officio position held by the State Auditor effective January 1, 2007. In addition, on July 1, 2007, the number of member-elected Trustees was lowered to 11, by replacing three previously elected Trustees with three Governor-appointed Trustees approved by the Senate.

The Trustee seats held by F. Elizabeth Friot from the State Division (Higher Education), Patricia Kelly from the Local Government Division, and Marcus Pennell from the School Division expired on June 30, 2007, and they were replaced with the following Trustees appointed by the Governor and approved by the Senate: Howard M. Crane, Susan G. Murphy, and Lynn E. Turner.

In addition to the three Governor-appointed Trustees, the Board includes the State Treasurer as an ex-officio voting member; four members from the School Division and three members from the State Division; one member from the Local Government Division; one Judicial Division member; and two Colorado PERA retirees.

EMPLOYER AFFILIATIONS

In 2007, the following public employers affiliated with Colorado PERA: Central Colorado Water Conservancy District and the Wray Housing Authority. In addition, as a result of House Bill 07-1365, The Colorado Consortium for Earth and Space Science Education spun off from the Pikes Peak BOCES and became its own reporting employer to Colorado PERA.

MANAGEMENT CHANGES

Colorado PERA experienced several management changes during 2007.

In January 2007, Diane Ahonen was promoted to Director of Legal Services. The Legal Services Division provides the Colorado PERA Board and staff with legal support services, as well as coordinating the administration of the administrative review process, domestic relations orders and subpoena processing, proxy voting, docketing, and attorney fee review. Diane joined Colorado PERA in February 1990 as an Administrative Assistant and in March 2003 was named Legal Support Services Manager.

In February 2007, Tim Moore was promoted to the position of Director of Alternative Investments; Christopher Reilly left the position in late 2006. Tim joined Colorado PERA in 1996 as an Analyst in the Investment Operations Division and became a Senior Portfolio Manager in the Alternative Investments Division in 1999. The Alternative Investments Division manages the private equity portfolio, which includes venture capital, leveraged buyout, and special situation funds.

On March 1, 2007, Mike Miller retired as Colorado PERA Director of Information Systems after 32 years. Mike started his career at Colorado PERA as a Computer Operator and became the Director of Information Systems in November 1993. As Director, Mike supervised the daily operations of the Information Systems Division, which included software applications for the Benefits and Investments Departments, information technology operations, telecommunications activities for Colorado PERA, and the Webmaster functions.

The retirement of Mike Miller presented an opportunity to re-evaluate Colorado PERA's future needs in the area of Information Systems and it was determined that two separate divisions would better serve Colorado PERA in this capacity. Therefore, on April 1, 2007, Ron Baker was named Director of Application Development and Kevin Carpenter was named Director of Information Technology.

Ron was initially hired as a Programmer Analyst in 1994 and in 1999 he became the Application Development Manager. The Application Development Division develops and maintains internally written software applications at Colorado PERA as well as secure Web applications used by the Colorado PERA membership, employers, and vendors.

Kevin joined Colorado PERA in 1988 as a Programmer Analyst and was made the Manager of Systems and Information Technology Services in 1996. The Information Technology Division is responsible for information systems operations, business continuity, telecommunications, and Webmaster functions.

In May 2007, Bill Koski transferred to the Investment Administration Division as the new Senior Opportunities Manager. Bill joined Colorado PERA in 2002 as Director of Fixed Income. Previously, Bill was the Head of Fixed Income Research at Charles Schwab Investment Management. In this newly created position, Bill will research and manage new investment opportunities as well as Colorado PERA's timber investments.

The vacant Director of Fixed Income position was filled in July 2007, when Maruti Moré was named Director of Fixed Income. Prior to joining Colorado PERA, Maruti was with Smith Graham and Company as Senior Vice President and Director of Fixed Income. The Fixed Income Division oversees all bond investing as well as manages multiple fixed income portfolios.

Finally, Karl Greve was promoted to the position of Colorado PERA's Chief Financial Officer in recognition of his wide-ranging responsibilities and many contributions to Colorado PERA's financial well-being. Prior to this promotion, Karl had been the Director of Accounting/Controller and has worked at Colorado PERA for 22 years. In addition to his work at Colorado PERA, Karl is a professional member of the American Institute of Certified Public Accountants, the Colorado Society of Certified Public Accountants, and the Government Finance Officers Association, and currently is the President of the Public Pension Financial Forum.

ACKNOWLEDGEMENTS

The compilation of this *CAFR* reflects the combined efforts of Colorado PERA staff. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship of assets contributed by the members and their employers.

This *CAFR* is being mailed to all affiliated employers and other interested parties; a summary will be sent to members and benefit recipients. An electronic version is available on the Colorado PERA Web site at www.copera.org.

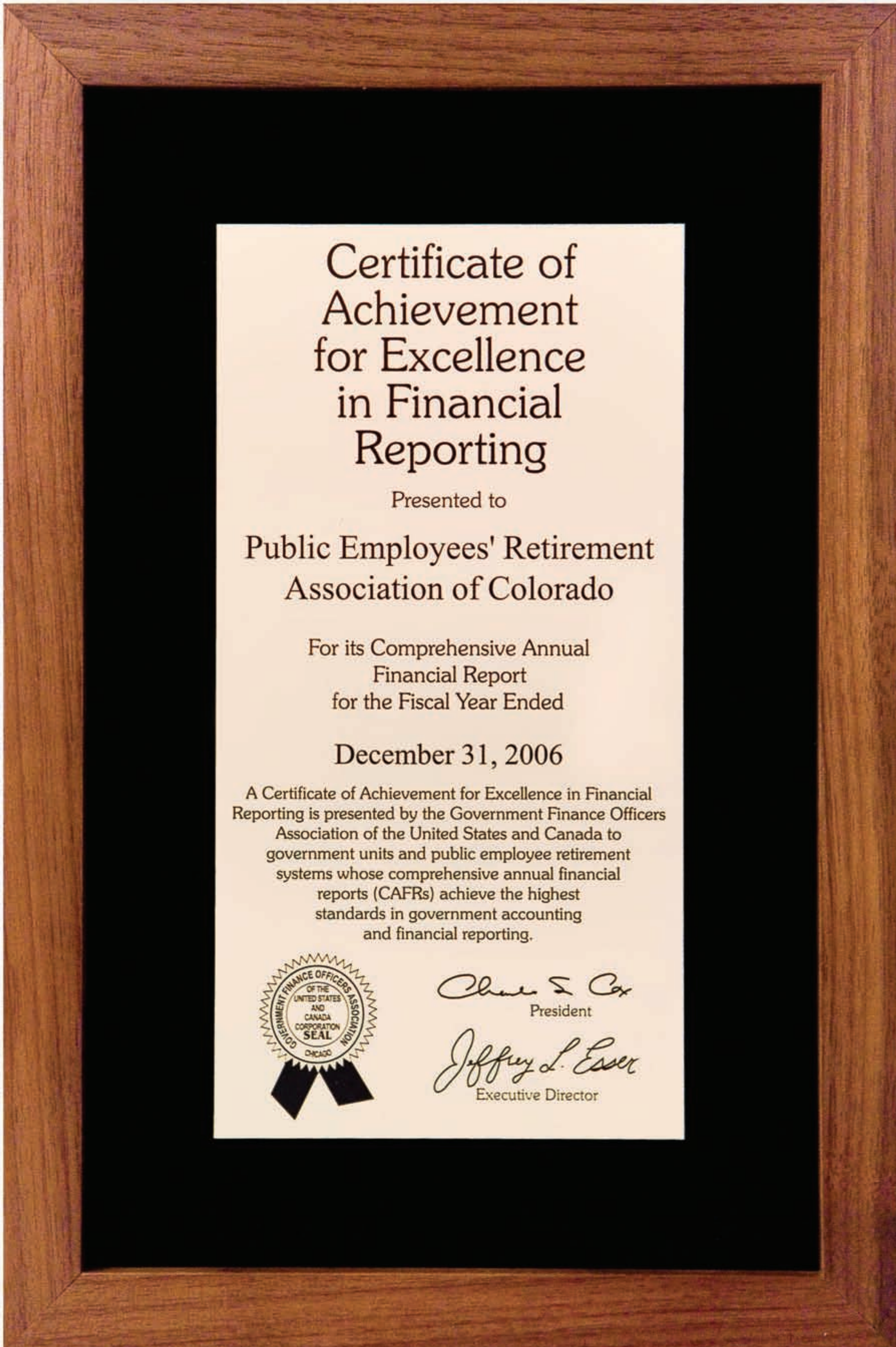
Colorado PERA thanks the staff and management of our affiliated employers for their continuing support. The cooperation of our affiliated employers is significant to the success of Colorado PERA.

Also, I would like to express my thanks for the dedication and tireless efforts of the Colorado PERA staff, Board of Trustees, and consultants who diligently ensured the successful operation of Colorado PERA during 2007.

Respectfully submitted,

Meredith Williams
Colorado PERA Executive Director

CERTIFICATE OF ACHIEVEMENT



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June 20, 2008

Mark J. Anderson
Board Chair

To All Colorado PERA Members, Benefit Recipients, and Employers:

As Chair of the Board of Trustees of the Colorado Public Employees' Retirement Association, I am pleased to present Colorado PERA's 2007 *Comprehensive Annual Financial Report (CAFR)*. This report offers a detailed view of the financial and actuarial status of your retirement system.

The U.S. economy grew at a modest pace in 2007, with fourth-quarter growth showing a significant slowdown. During 2007, the DJ Wilshire 5000 returned 5.6 percent and the Lehman Brothers Universal Index (fixed income benchmark) returned 6.5 percent. Colorado PERA's trust funds returned a solid 10.0 percent, which is above the actuarial assumed investment return of 8.5 percent.

One of the significant Board activities in 2007 was on Sudan divestment legislation. The Board adopted a statement on Sudan divestment early in the year and later agreed to support Sudan divestment legislation (House Bill 07-1184) after the bill was amended to allow for practical application by Colorado PERA's investment staff. Later in 2007, the Board adopted a Sudan Scrutinized Companies List in compliance with Colorado's Sudan divestment law. That list has been updated as required by State statute and the information has been posted on Colorado PERA's Web site for public review. Late in 2007, the Board also developed an Iran-Related Investment Statement that was adopted in early 2008. This policy avoided legislative mandates on Colorado PERA's investments and placed the responsibility for reviewing Iran-related investments with the Colorado PERA Board of Trustees and Colorado PERA staff.

I would like to express my gratitude to the Trustees for their dedication and efforts throughout 2007. The Board's guidance and support remain a crucial element in Colorado PERA's success. I also would like to thank Warren Malmquist and Richard Zillmann for their contributions as outside members of the Board Audit Committee. By serving in this capacity, they are independent of the Board, management, and the independent accountants.

On behalf of the Board, I want to express my appreciation to the current and former public employees of the State of Colorado. You take care of Colorado, and the Colorado PERA retirement plan was created to take care of you. I extend appreciation for your continued support and interest in Colorado PERA.

Sincerely,

Mark J. Anderson
Chair, Colorado PERA Board of Trustees

BOARD OF TRUSTEES

By State law, the management of the public employees' retirement fund is vested in the Board of Trustees of the Colorado Public Employees' Retirement Association. The Board is composed of 15 members, which includes the following:

- Eleven members elected by mail ballot by their respective Division members to serve on the Board for four–year terms; four members from the School Division, three from the State Division, one from the Local Government Division, one from the Judicial Division, and two retiree members elected by benefit recipients.
- Three members appointed by the Governor and approved by the State Senate.
- The State Treasurer serves as an ex-officio member.

If a Board member resigns, a new member is appointed from the respective Division for the remainder of the year until the next election.

Mark J. Anderson
Chair

Elected by Local Government Members
Risk Manager, City of Colorado Springs
Current term expires June 30, 2010

Sara R. Alt
Vice Chair

Elected by Retirees
Retired Legislative Liaison
Current term expires June 30, 2011

Susan Beeman

Elected by School Members
Teacher on special assignment for Exceptional Student Services, Pueblo School District 60
Current term expires June 30, 2009

James Casebolt

Elected by Judicial Members
Judge, Colorado Court of Appeals
Current term expires June 30, 2011

Howard M. Crane

Appointed by the Governor
Current term expires July 10, 2008

F. Elizabeth Friot

Elected by State Members
Professor of Secondary Education, Metropolitan State College of Denver
Term expired June 30, 2007

Carol Hoglund

Elected by State Members
Chief Business Officer, Aims Community College
Current term expires June 30, 2010

Patricia K. Kelly

Elected by Local Government Members
City Attorney, City of Colorado Springs
Term expired June 30, 2007

BOARD OF TRUSTEES

Cary Kennedy

Ex-officio member
State Treasurer
Continuous term

Tamela Long

Elected by State Members
Business Officer, Colorado State Patrol
Current term expires June 30, 2008

Maryann Motza

Elected by State Members
Social Security Administrator for the State
Current term expires June 30, 2009

Scott Murphy

Elected by School Members
Superintendent, Littleton Public Schools
Current term expires June 30, 2010

Susan G. Murphy

Appointed by the Governor
Current term expires July 10, 2009

Amy L. Nichols

Elected by School Members
Math Teacher, Aurora Public Schools
Current term expires June 30, 2008

Scott L. Noller

Elected by School Members
Assistant Principal, Colorado Springs School District #11
Current term expires June 30, 2009

Marcus Pennell

Elected by School Members
Science Teacher, Jefferson County School District R-1
Term expired June 30, 2007

Eric Rothaus

Deputy State Treasurer

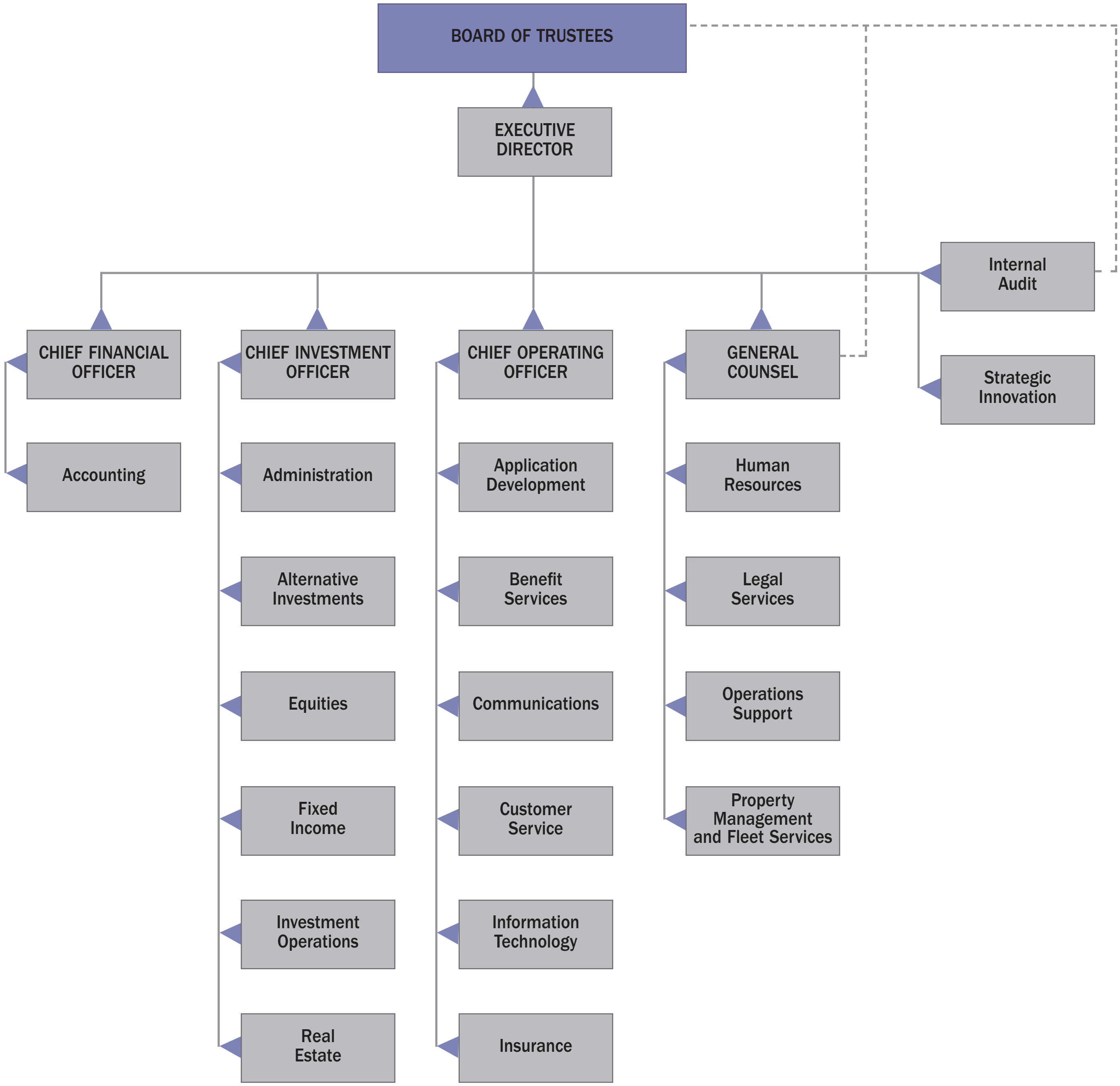
Lynn E. Turner

Appointed by the Governor
Current term expires July 10, 2010

Carole Wright

Elected by Retirees
Retired Teacher, Aurora Public Schools
Current term expires June 30, 2009

ADMINISTRATIVE ORGANIZATIONAL CHART
As of June 2, 2008



COLORADO PERA EXECUTIVES AND MANAGEMENT

(Left to right): David Maurek, Chief Operating Officer; Jennifer Paquette, Chief Investment Officer; Greg Smith, General Counsel; Karl Greve, Chief Financial Officer; Meredith Williams, Executive Director

(Left to right): Karl Paulson, Manager of Strategic Innovation; John Spielman, Director of Internal Audit

(Left to right): Tim Moore, Director of Alternative Investments; Martha Argo, Investment Director; Bill Koski, Senior Opportunities Manager; Maruti Moré, Director of Fixed Income; Tom Liddy, Director of Investment Operations; Jim Lavan, Director of Real Estate; Jim Liptak, Director of Equities

(Left to right): Anne Bandy, Director of Customer Service; Ron Baker, Director of Application Development; Katie Kaufmanis, Director of Communications; Kevin Carpenter, Director of Information Technology; Wendy Tenzyk, Director of Insurance; Rick Larson, Director of Benefit Services

(Left to right): Diane Ahonen, Director of Legal Services; Sharyl Harston, Director of Human Resources; Donna Trujillo, Director of Operations Support; Dennis Fischer, Director of Property Management and Fleet Services

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The Northern Trust Company
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Portland, OR 97205

401(k) AND COLORADO PERA DC PLAN SERVICE PROVIDER
CitiStreet LLC
One Heritage Drive
North Quincy, MA 02171

Protecting **our members**

REPORT OF THE INDEPENDENT AUDITORS

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Board of Trustees
Colorado Public Employees' Retirement Association
Denver, Colorado

We have audited the accompanying statements of fiduciary net assets and the related statement of changes in fiduciary net assets of the Colorado Public Employees' Retirement Association as of and for the year ended December 31, 2007 which collectively comprise Colorado Public Employees' Retirement Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Colorado Public Employees' Retirement Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the Colorado Public Employees' Retirement Association's December 31, 2006 financial statements, and in our report dated June 8, 2007, we expressed an unqualified opinion on the respective financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Colorado Public Employees' Retirement Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Colorado Public Employees' Retirement Association as of December 31, 2007, and related changes in fiduciary net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Offices in 14 states and Washington, DC

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2008, on our consideration of Colorado Public Employees' Retirement Association'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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis on pages 18 through 29, and the schedule of funding progress and schedule of employer contributions on pages 55 through 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Colorado Public Employees' Retirement Association's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section, investment section, actuarial section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Denver, Colorado
June 19, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands of Dollars)

Management is pleased to provide this overview and analysis of the financial activities of the Colorado Public Employees' Retirement Association (Colorado PERA) for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information in the Letter of Transmittal beginning on page 3 of this *CAFR*.

Colorado PERA administers seven fiduciary funds, including four defined benefit pension trust funds: the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, and the Judicial Division Trust Fund (the Division Trust Funds). Colorado PERA also administers one defined contribution pension trust fund, the Voluntary Investment Program, a cost-sharing multiple-employer defined benefit other postemployment benefit plan, the Health Care Trust Fund (HCTF), and one private purpose trust fund, the Life Insurance Reserve (LIR).

FINANCIAL HIGHLIGHTS

Net Assets—Net assets for all funds administered by Colorado PERA increased $2,755,864 during calendar year 2007.

	2007 CHANGE IN NET ASSETS	2007 ENDING NET ASSETS
State Division Trust Fund	$810,769	$14,852,029
School Division Trust Fund	1,407,229	23,043,186
Local Government Division Trust Fund	263,203	3,014,274
Judicial Division Trust Fund	19,210	240,873
Voluntary Investment Program	210,638	1,733,477
Health Care Trust Fund	42,582	269,432
Life Insurance Reserve	2,233	18,755
Total increase in net assets and total net assets	$2,755,864	$43,172,026

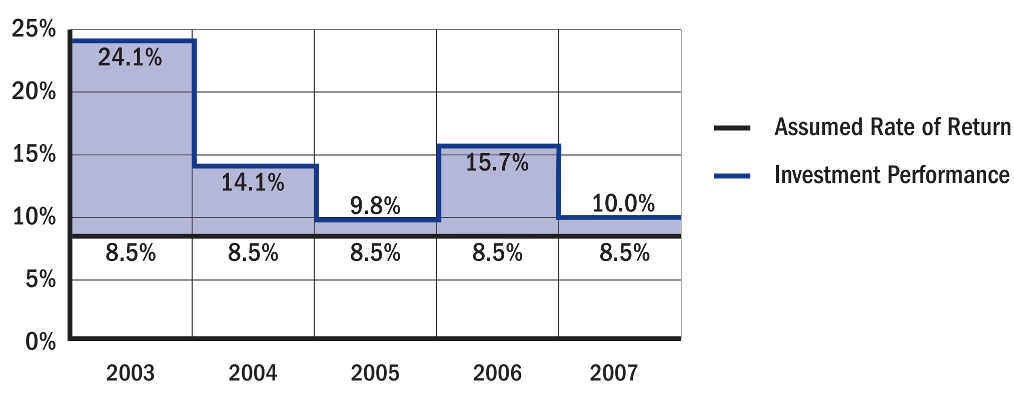
In the Voluntary Investment Program, the increase in net assets was primarily due to strong investment returns in domestic and international stocks. In all other funds, the increase in net assets was primarily due to strong investment returns in international stocks, alternative investments, and real estate.

INVESTMENT HIGHLIGHTS

The investment highlights in this section do not include the Voluntary Investment Program unless otherwise noted. This plan is a participant-directed defined contribution plan. Investments for all of the other plans are pooled (the four Division Trust Funds, the HCTF and the LIR).

Investment Performance Trend Information—For the year ended December 31, 2007, the rate of return on the pooled investment assets was 10.0 percent, which was less than the 15.7 percent for the year ended December 31, 2006, but continues to exceed the actuarial assumed rate of 8.5 percent. Market returns and volatility will vary from year to year for the total fund and across the various asset classes. The chart below compares the actual investment performance of the pooled investment assets versus the actuarial assumed rate of return for the last five years.

ACTUAL VS. ASSUMED RATE OF RETURN



(In Thousands of Dollars)

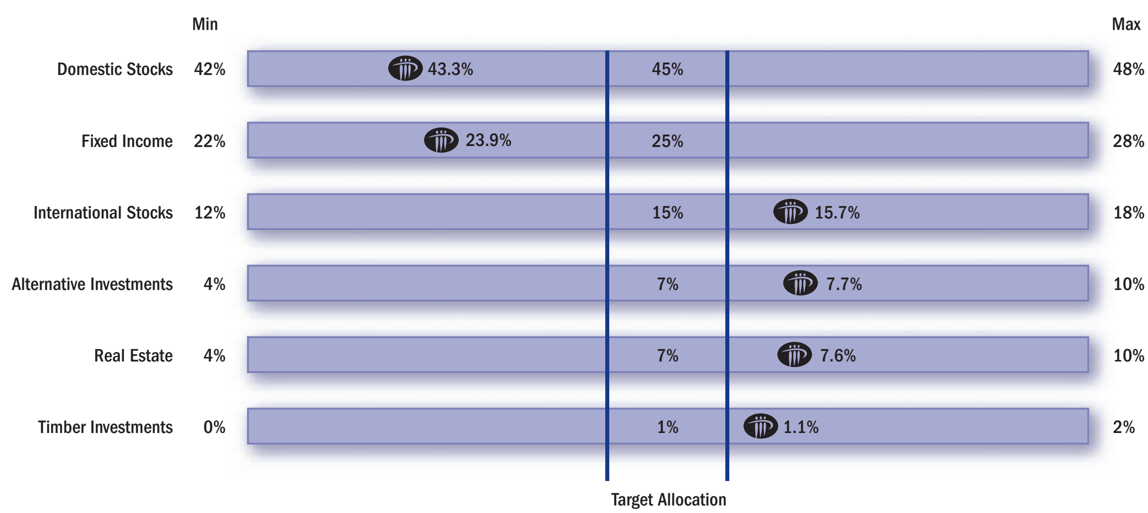
Asset Allocation—The Board of Trustees of Colorado PERA (the Board) has the responsibility for the investment of Colorado PERA's funds with the following statutory limitations: the aggregate amount of monies invested in corporate stocks and fixed income securities convertible into stock cannot exceed 65 percent of the book value of the fund, no investment in common and/or preferred stock of any single corporation can exceed 5 percent of the then book value of the fund, and the fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation. As fiduciaries of the funds, the Board is responsible to carry out their investment functions solely in the interest of the Colorado PERA members and benefit recipients and for the exclusive purpose of providing benefits.

The Board commissioned an Asset/Liability Study in 2005, which was prepared by Ennis Knupp & Associates. The objective of the study was to determine the optimal strategic asset allocation policy that would ultimately allow Colorado PERA to meet its benefit obligations while also ensuring that Colorado PERA incurs appropriate levels of risk. The Board's policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. As a result of the study, the Board approved the current asset allocation targets and ranges at its December 2005 Board meeting.

	12-31-2006 ACTUAL %	2006 TARGET %	12-31-2007 ACTUAL %	2007 TARGET %	2007 RANGES
Domestic Stocks	43.3%	45%	43.3%	45%	42%–48%
Fixed Income	23.5%	25%	23.9%	25%	22%–28%
International Stocks	16.2%	15%	15.7%	15%	12%–18%
Alternative Investments	8.3%	7%	7.7%	7%	4%–10%
Real Estate	6.9%	7%	7.6%	7%	4%–10%
Timber	1.1%	1%	1.1%	1%	0%–2%
Cash and Short-Term Investments	0.7%	0%	0.7%	0%	

Asset allocation decisions are made based on the total holdings of the portfolios within each asset class. Therefore, the investment receivables, payables, accruals, and cash and short-term investments are allocated back to the investment portfolios that hold them for purposes of the table (shown above) and graph (shown below).

2007 ASSET ALLOCATION PERMISSIBLE RANGES VS. DECEMBER 31, 2007, ACTUAL ALLOCATION



Sudan Divestment—During the 2007 legislative session, House Bill 07-1184: Sudan Divestment Public Pension Funds was passed and signed into law by Governor Ritter. Assets subject to divestiture include all publicly traded securities in direct accounts. Passively managed indirect holdings may also be subject to divestiture by October 1, 2008, unless a similar Sudan-Free Fund is created by the outside manager before that date.

The law calls for the Board to create a list of scrutinized companies every six months and to prohibit investments in these companies going forward. A copy of the Scrutinized Company List can be found on Colorado PERA's Web site at www.copera.org. The establishment of the list requires Colorado PERA to engage the companies on the list to warn them of potential divestment, and to encourage the companies to change their activities in Sudan. If a company does not stop active business operations after 90 days, then Colorado PERA has nine months to divest 50 percent of the assets and 15 months to divest from 100 percent of the assets. Colorado PERA must also engage the managers of indirect investments in companies on the list and request removal of scrutinized companies or ask the managers to create a similar fund that does not contain the identified companies. Colorado PERA contacts managers in its defined benefit plan as well as managers of funds within the Voluntary Investment Program regarding the Scrutinized Companies List.

(In Thousands of Dollars)

Cash and Short-Term Investments—As of December 31, 2007, Colorado PERA had cash and short-term investments of $564,752, a decrease of $426,163 from 2006. The decrease included a reduction of $226,627 in the short-term fixed income securities held in various portfolios. Also in 2006, an investment decision was made concerning the internally managed fixed income portfolio to increase the funds in the short-term investment fund because of favorable rates compared to shorter-term U.S. Treasury securities. This strategy was no longer appropriate for the year ended December 31, 2007.

Investment Settlements and Other Receivables and Payables—As of December 31, 2007, Colorado PERA had investment settlements and income receivables of $199,138, an increase of $73,621. This increase was primarily due to a large amount of pending investment sales at the end of the year. As of December 31, 2007, Colorado PERA had investment settlements and other liabilities of $167,419, an increase of $47,348. This increase was primarily due to a $36,305 increase in pending investment purchases and a $10,520 increase in other payables for the payment of insurance premiums in the Health Care Trust Fund at the end of the year.

Securities Lending Collateral and Obligations—As of December 31, 2007, Colorado PERA had securities lending collateral of $7,377,247, an increase of $1,323,899 from 2006. The main reasons for the increase in cash collateral were an overall increase in lendable assets as the portfolio grew and an increase in the percentage of assets on loan at the end of the year.

Securities Lending Net Income/(Loss)—Due to the turmoil and liquidity issues in the short-term credit markets in 2007, especially in August and November, the earnings on Colorado PERA's cash collateral pool were less than borrower rebates and created a loss in 2007. For the year ended December 31, 2007, Colorado PERA had a net loss from securities lending of $26,708 (including a loss of $114 in the Voluntary Investment Program) which compares to a net gain of $23,148 in 2006 (including a gain of $45 in the Voluntary Investment Program).

Commitments—As of December 31, 2007, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1,203,924, and real estate of $1,018,223.

ACTUARIAL SUMMARY

The December 31, 2007, actuarial valuation was prepared by Cavanaugh Macdonald Consulting, LLC.

Actuarial Statistics—As of December 31, 2007, the Funding Ratio, the Unfunded Actuarial Accrued Liabilities (UAAL), and the amortization periods with current funding for each trust fund are shown in the table below, which is based on GASB parameters and does not fully consider future contribution rate increases nor the impact of reduced benefits for those hired in the future as provided for in Colorado law.

TRUST FUND	FUNDING RATIO	UAAL	AMORTIZATION PERIOD WITH CURRENT FUNDING
State Division Trust Fund	73.3%	$5,169,615	Infinite
School Division Trust Fund	75.5%	7,170,659	Infinite
Local Government Division Trust Fund	81.2%	670,352	25 Years
Judicial Division Trust Fund	87.5%	32,982	94 Years
Total Defined Benefit Plans		**13,043,608**	
Health Care Trust Fund	19.9%	1,044,819	38 Years

See the Required Supplementary Information and the accompanying notes on pages 55-60 for additional information.

Title 24, Article 51, Section 211 of the Colorado Revised Statutes (C.R.S.) states that the amortization period of 30 years shall be deemed actuarially sound. At the end of 2007, given the current contribution rates, all funds except for the Local Government Division Trust Fund, exceeded the 30–year amortization period.

Although the current funding is sufficient to pay expected benefit payments for decades, the contribution rates on December 31, 2007, are not sufficient to support the current benefit structures of the State Division Trust Fund, the School Division Trust Fund, and the Judicial Division Trust Fund.

The Board has sought and secured legislation to help address this issue going forward. The table on the following page shows the amortization periods adjusted to include the additional contributions that are a result of the 2004 legislation which established the Amortization Equalization Disbursement (AED), and the 2006 legislation which established the Supplemental Amortization Equalization Disbursement (SAED). For more information on the future impact of the 2004 and 2006 legislation, refer to Note 11 of the Financial Statements on page 53.

Based on the December 31, 2007, valuation, the amortization periods for each fund are shown below and include all future estimated AED and SAED contributions:

	AMORTIZATION PERIOD WITH FUTURE AED INCREASES	AMORTIZATION PERIOD WITH FUTURE AED AND SAED INCREASES
State Division Trust Fund	Infinite	69 Years
School Division Trust Fund	Infinite	42 Years
Local Government Division Trust Fund	24 Years	14 Years
Judicial Division Trust Fund	78 Years	22 Years
Health Care Trust Fund	38 Years	38 Years

The amortization periods with AED and SAED do not include the full effect of the 2006 legislation. The legislation includes plan changes that will lower the normal cost for future new hires and will allow more of the employer's contribution to be used to amortize past service costs earned. The future AED and SAED have not been taken into consideration in the calculation of the Annual Required Contribution as defined in GASB Statement 25 or in the amortization period based on the current year funding.

As stated in the Report of the Independent Actuary on pages 82-84 by Cavanaugh Macdonald Consulting, LLC, "Colorado PERA has a funded ratio of 75% based on the Actuarial Value of Assets. The funded ratio on Market Value of Assets is higher, at 78%. It is our opinion that the current funding is sufficient to pay benefit payments through the projected actuarial period of 30 years. Current contribution levels are sufficient to finance the promised benefits for the Local Government Division under GASB Nos. 25 and 27. Recent contribution changes under SB 06-235 are expected to stabilize the funding levels of the Judicial Division by attaining a 30-year amortization period within the projected actuarial period of 30 years. In addition, the recent contribution changes combined with the benefit changes of SB 06-235 are expected to stabilize the State and School Division Trust Funds by attaining a 30-year amortization within the projected actuarial period based on previous actuarial projections."

Current Year Actuarial Gains/(Losses)—A summary of the activities that caused gains and losses in the actuarial liability for 2007 are shown below by fund and are in millions of dollars:

	STATE	SCHOOL	LOCAL GOVERNMENT	JUDICIAL	HCTF
From differences between assumed and actual experience on liabilities					
Service retirements[1]	($18.2)	($28.7)	($7.2)	($2.8)	($1.5)
Disability retirements[2]	14.0	7.9	4.3	0.4	0.7
Deaths[3]	(7.0)	17.1	(0.3)	(0.4)	0.3
Withdrawals[4]	(31.1)	(68.1)	(7.5)	(1.0)	(2.8)
New entrants[5]	(47.8)	(49.7)	(12.6)	(3.4)	(3.0)
Salary increases[6]	(86.1)	(141.6)	6.7	(0.3)	—
Other[7]	(65.1)	225.6	(8.9)	6.0	15.5
Subtotal	(241.3)	(37.5)	(25.5)	(1.5)	9.2
From differences between assumed and actual experience on assets	300.2	467.2	58.3	7.6	5.2
From change in plan assumptions[8]	—	—	—	—	(4.2)
Total actuarial gains/(losses) on year's activities	**$58.9**	**$429.7**	**$32.8**	**$6.1**	**$10.2**

[1] *Service retirements:* If members retire at younger ages than assumed, there is a loss.

[2] *Disability retirements:* If disability claims are lower than assumed, there is a gain.

[3] *Deaths:* If survivor claims are lower than assumed or if retirees die sooner than assumed, there is a gain.

[4] *Withdrawals:* If less actuarial liabilities are released by terminations than assumed, there is a loss.

[5] *New entrants:* If the number of new members entering the plan is lower than assumed, there is a loss.

[6] *Salary increases:* If there are less salary increases than assumed, there is a gain. If there are greater salary increases than assumed, there is a loss.

[7] *Other:* Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc.

[8] *Change in plan assumptions:* The HCTF assumptions were updated as described in the Notes to the Required Supplemental Information on page 58.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands of Dollars)

ACTUARIAL TREND INFORMATION

Funding Ratio—The funding ratio for the plan is determined by dividing the actuarial value of assets by the actuarial accrued liability. The actuarial value of assets is not the current market value but a market-related value which smoothes changes in the market value over four years. The funding ratio for each of the funds at December 31 for each of the last five years is shown below:

TRUST FUND	2003	2004	2005	2006	2007
State Division	—	—	71.5%	73.0%	**73.3%**
School Division	—	—	73.9%	74.1%	**75.5%**
State and School Division	75.2%	70.1%	—	—	**—**
Local Government Division	80.2%	77.2%	78.0%	79.5%	**81.2%**
Judicial Division	84.0%	81.0%	86.3%	85.1%	**87.5%**
Health Care	17.9%	15.1%	17.1%	17.2%	**19.9%**

Colorado PERA's funding objective is to meet long-term benefit promises through contributions and investment income. The funding ratios listed above give an indication of how well this objective has been met to date. A larger funding ratio indicates that a plan is better funded. As an example, for every dollar of the actuarially determined benefits earned for the State Division Trust Fund, approximately $0.73 of assets are available for payment. These benefits earned will be payable over the life span of members after their retirement.

Unfunded Actuarial Accrued Liabilities—The table below identifies the components that contributed to the growth in the underfunded status of the Defined Benefit Trust Funds for the period 2003 to 2007. There are many factors that contribute to this complex issue and this table is included to provide a better understanding.

DEFINED BENEFIT PENSION TRUST FUNDS CHANGES IN UNFUNDED ACTUARIAL ACCRUED LIABILITIES (AMOUNTS IN MILLIONS OF DOLLARS)

	2003	2004	2005	2006	2007	2003–2007
UAAL beginning of year	($4,041.6)	($9,895.4)	($12,814.9)	($12,479.1)	**($12,803.6)**	($4,041.6)
EXPERIENCE GAINS AND LOSSES						
Age and service retirements	(435.7)	(436.3)	(32.4)	(60.7)	**(56.9)**	(1,022.0)
Disability retirements	(19.7)	(0.7)	(5.8)	24.3	**26.6**	24.7
Deaths	(26.0)	(50.7)	130.7	0.3	**9.4**	63.7
Withdrawal from employment	18.1	13.0	104.1	(88.9)	**(107.7)**	(61.4)
New entrants	(110.7)	(66.3)	(129.1)	(136.2)	**(113.5)**	(555.8)
Pay increases	716.4	97.4	(332.1)	59.6	**(221.3)**	320.0
Investment income	(2,612.1)	(1,697.7)	89.4	682.7	**833.3**	(2,704.4)
Other	(753.1)	(23.0)	70.3	46.3	**157.6**	(501.9)
Purchase of noncovered service	(1,241.6)	(215.0)	(73.2)	—	**—**	(1,529.8)
Experience gain/(loss) during year	(4,464.4)	(2,379.3)	(178.1)	527.4	**527.5**	(5,966.9)
NON-RECURRING ITEMS						
Effect of changes in plan provisions	—	275.6	—	—	**—**	275.6
Actuarial assumption changes	(981.3)	—	(126.3)	—	**—**	(1,107.6)
Asset valuation method change	—	—	1,660.7	—	**—**	1,660.7
Non-recurring items	(981.3)	275.6	1,534.4	—	**—**	828.7
CONTRIBUTION DEFICIENCY FROM 30-YEAR AMORTIZATION*						
Contribution loss excluding gainsharing	(99.2)	(392.6)	(576.8)	(380.6)	**(461.2)**	(1,910.4)
Losses due to gainsharing						
Employer contribution reduction	(68.6)	(64.6)	—	—	**—**	(133.2)
MatchMaker contributions	(75.5)	(16.0)	—	—	**—**	(91.5)
Additional allocation to HCTF	(3.3)	—	—	—	**—**	(3.3)
Total gainsharing loss in year	(147.4)	(80.6)	—	—	**—**	(228.0)
30-year amortization contribution deficiency*	(246.6)	(473.2)	(576.8)	(380.6)	**(461.2)**	(2,138.4)
Expected change in UAAL with 30-year amortization or less*	(161.5)	(342.6)	(443.7)	(471.3)	**(306.3)**	(1,725.4)
Total gain/(loss) for year	(5,853.8)	(2,919.5)	335.8	(324.5)	**(240.0)**	(9,002.0)
UAAL end of year	**($9,895.4)**	**($12,814.9)**	**($12,479.1)**	**($12,803.6)**	**($13,043.6)**	**($13,043.6)**

* For years 2005 and prior the required amortization period was 40 years.

(In Thousands of Dollars)

The previous schedule shows where losses and gains occurred over the five-year period compared to what was expected or assumed. The largest loss of $2.1 billion came from contribution deficiencies from the required amortization period of 30 years (40 years for years 2005 and prior). Other large losses include $1.0 billion due to increased early retirements beyond those assumed, $1.1 billion due to moving to more conservative actuarial assumptions (2005—changes in mortality, withdrawal, retirement, disability and pay assumptions, 2003—decrease in the actuarial investment assumption from 8.75 percent to 8.5 percent), $1.5 billion due to purchase of noncovered service at a rate lower than the full actuarial cost prior to November 1, 2005, investment income losses of $1.0 billion ($2.7 billion investment loss net of the $1.7 billion asset valuation method gain in 2005) which is a result of the market downturn from 2000 to 2002 and the four-year smoothing methodology which extended losses beyond 2002, and $1.7 billion which is the difference between last year's UAAL and the expected UAAL using the normal cost earned, less the required employer contributions all of which is adjusted for interest.

Contribution Rate Sufficiency—With the passage of Senate Bill 04-257 an "Amortization Equalization Disbursement" (AED) was established and required each Colorado PERA employer to pay 0.5 percent of covered salary beginning January 1, 2006, and increasing to 1.0 percent of covered salary beginning January 1, 2007, to help improve funding. The AED is slated to gradually increase over several years, reaching a total of 3 percent. Employer contributions for the Division Trust Funds increased from $609,929 in 2006 to $681,410 in 2007 due to the AED increase and due to increases in members' covered salaries.

In 2007, the amount received from employers as contributions and the Amortization Equalization Disbursement, defined in statute, was not sufficient to meet the Annual Required Contribution (ARC) rate calculation as specified by Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43, which assumes a 30-year amortization period for all of the funds.

Employer Contribution Rates for 2007

TRUST FUND	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTION RATE	HEALTH CARE CONTRIBUTION RATE	AED	CONTRIBUTION RATE AVAILABLE FOR FUNDING
State Division	18.45%	10.15%	(1.02%)	1.00%	10.13%
State Troopers		12.85%	(1.02%)	1.00%	12.83%
School Division	17.18%	10.15%	(1.02%)	1.00%	10.13%
Local Government Division	11.95%	10.00%	(1.02%)	1.00%	9.98%
Judicial Division	17.66%	13.66%	(1.02%)	1.00%	13.64%
Health Care	1.10%	—	1.02%	—	1.02%

For more detail on the ARC, see the Required Supplementary Information—Schedule of Employer Contributions for the Division Trust Funds and the Schedule of Contributions by Employers and Other Entities for the Health Care Trust Fund on pages 56–57.

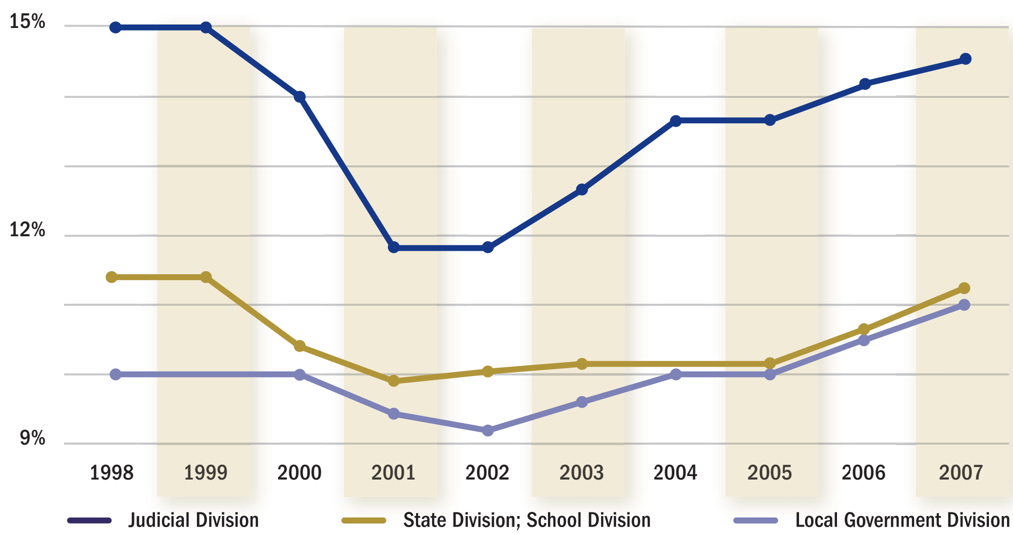
Using the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 43 as a guide, the 2008 annual required employer contributions would need to be as follows:

- State Division Trust Fund—17.91 percent
- School Division Trust Fund—16.56 percent
- Local Government Division Trust Fund—11.14 percent
- Judicial Division Trust Fund—17.08 percent
- Health Care Trust Fund—1.12 percent

The graph on the following page shows the history of contribution rates for the last 10 years to provide a perspective on the current rate levels compared to those of the past.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands of Dollars)

EMPLOYER CONTRIBUTION RATES PLUS AMORTIZATION EQUALIZATION DISBURSEMENT (AED) 1998-2007



Initiatives to Improve Funding—In 2003, the Board pursued legislation which would stabilize the contribution rates and allow for increases or decreases in the rates when certain funding thresholds were reached. This legislation was passed, but ultimately vetoed.

In 2004, the Board again pursued legislation to improve funding, revise benefits, and move the funds back toward achieving the 40–year amortization period goal. The Board proposed major legislation (Senate Bill 04-132 and Senate Bill 04-257) that would help to address Colorado PERA's funding needs in a cost-effective and equitable manner. Both pieces of legislation were enacted into law.

In 2005, Senate Bill 05-73 was enacted to provide for an employer contribution for Colorado PERA retirees who return to work after retirement.

In 2006, Senate Bill 06-235 improved funding, revised benefits, made changes to Board governance, and expanded retirement plan choice to institutions of higher education.

In 2007, House Bill 07-1377 repealed a provision of SB 06-235 that would have expanded retirement plan choice to eligible new employees of higher educational institutions. The legislation was amended in the House to allow new employees of community colleges the ability to choose between the Colorado PERA defined benefit program and the Colorado PERA defined contribution program.

The Board has also acted to address funding concerns by raising the cost to purchase service credit effective November 1, 2003, and raising it again effective November 1, 2005, to the full actuarial cost.

Service Purchases—In the Division Trust Funds, the level of service purchases decreased from $106,561 in 2006 to $25,117 in 2007 as members continued to reduce purchases after the increase in the price to buy service to the full actuarial cost in late 2005.

OTHER CHANGES

Voluntary Investment Program—For the Voluntary Investment Program, investment assets increased primarily due to investment returns in domestic and international stock. The S&P 500 Index showed a return of 15.8 percent in 2006 and 5.5 percent in 2007 while the Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE) stock market index showed a return of 26.9 percent in 2006 and 11.6 percent in 2007. Receivables increased from $52,228 in 2006 to $59,644 mainly due to a $2,035 receivable from AXA Equitable on the repayment of disallowed rollover distributions and a $4,897 increase in member loans outstanding. As of December 31, 2007, Investment Settlements and Other Liabilities had a balance of $1,394, a decrease of $1,771 from December 31, 2006. This drop was primarily due to a $846 drop in interfund payables and a $799 decline in pending investment purchases at the end of the year.

Total employer contributions to the fund increased from $3,053 in 2006 to $4,356 in 2007. Of the $1,303 increase, $775 was due to statutorily defined matching employer contributions in the Colorado PERA DC Plan with the remaining increase coming from additional discretionary employer contributions in the 401(k) Plan. The increase in other additions was mainly due to the $2,035 transfer in for the recovered rollover distributions from AXA Equitable. Refunds from the plan decreased from $108,485 in 2006 to $92,755 in 2007 primarily attributable to less money being transferred out of the plan to pay for purchased service credit in the Division Trust Funds. Administrative expenses increased from $4,706 in 2006 to $5,484 in 2007 mainly due to an increase of recordkeeping fees by $572.

Health Care Trust Fund—Retiree health care premium payment contributions increased $10,672 to $96,345 in 2007. These increases were a result of health care cost inflation, combined with plan changes that resulted in more people selecting Anthem Blue Cross Blue Shield (Anthem), an insurance option where the Fund bears some risk. If the Fund bears risk, all premiums collected are recorded as contributions and all claims or premiums paid are accounted for as benefit payments and direct administrative expenses are broken out separately. When there is no health coverage risk, premiums paid by the retiree are not shown as contributions and the only benefit payment or direct expense recorded is the subsidy benefit which is equal to the difference between the premiums collected from the enrollees and the full premium due to the insurance company. Administrative expenses increased $2,906 to $11,051 as plan changes were made that resulted in more people selecting Anthem rather than HMO options. Anthem charges a direct administration fee to the Fund.

Life Insurance Reserve Program—The increase in receivables in 2007 was primarily due to an $861 claims experience refund from Anthem, the program's previous carrier and administrator, which was received in 2008.

Unum Life Insurance Company of America (Unum) is the current carrier and administrator for Colorado PERA's life insurance program. Colorado PERA's payment to Unum is based on a flexible funding premium agreement which limits the payments to the lesser of (1) the actual cumulative premiums collected or (2) an administrative fee plus actual claims paid. Due to the limits built into the contract, in years when claims are lower, administrative expenses can increase. In 2007, as claims decreased for this plan, there was a rise in administrative expenses from $1,100 in 2006 to $1,732 in 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands of Dollars)

COMPARATIVE FINANCIAL STATEMENTS

Defined Benefit Pension Trust Funds. The four defined benefit funds provide retirement, survivor, and disability benefits to the employees of affiliated State, School, Local Government, and Judicial employers. Benefits are funded by member and employer contributions and by earnings on investments.

DEFINED BENEFIT PENSION TRUST FUNDS FIDUCIARY NET ASSETS

ASSETS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Cash and short-term investments	$560,570	$984,560	(43.1%)
Securities lending collateral	7,322,617	6,014,527	21.7%
Receivables	313,981	268,730	16.8%
Investments, at fair value	40,394,015	37,478,502	7.8%
Capital assets, net of accumulated depreciation	16,554	17,685	(6.4%)
Total assets	48,607,737	44,764,004	8.6%
LIABILITIES			
Security lending obligations	7,322,617	6,014,527	21.7%
Investment settlements and other liabilities	134,758	99,526	35.4%
Total liabilities	7,457,375	6,114,053	22.0%
Net assets available for benefits	$41,150,362	$38,649,951	6.5%

DEFINED BENEFIT PENSION TRUST FUNDS CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Employer contributions	$681,410	$609,929	11.7%
Member contributions	526,561	495,893	6.2%
Purchased service	25,117	106,561	(76.4%)
Investment income	3,831,179	5,275,827	(27.4%)
Other	31	28	10.7%
Total additions	5,064,298	6,488,238	(21.9%)
DEDUCTIONS			
Benefit payments	2,385,310	2,178,015	9.5%
Refunds	140,975	150,732	(6.5%)
Disability insurance premiums	5,402	5,154	4.8%
Administrative expenses	20,842	21,231	(1.8%)
Other	11,358	11,953	(5.0%)
Total deductions	2,563,887	2,367,085	8.3%
Changes in net assets available for benefits	2,500,411	4,121,153	(39.3%)
Net assets available for benefits			
Beginning of year	38,649,951	34,528,798	11.9%
End of year	$41,150,362	$38,649,951	6.5%

(In Thousands of Dollars)

Defined Contribution Pension Trust Fund. The Voluntary Investment Program provides retirement benefits to members of the Defined Benefit Pension Trust Funds who have voluntarily made contributions during their employment and to eligible State of Colorado choice members who have selected the Colorado PERA DC Plan as their retirement plan.

VOLUNTARY INVESTMENT PROGRAM FIDUCIARY NET ASSETS

ASSETS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Cash and short-term investments	$129,204	$119,449	8.2%
Receivables	59,644	52,228	14.2%
Investments, at fair value	1,546,023	1,354,327	14.2%
Total assets	1,734,871	1,526,004	13.7%
LIABILITIES			
Investment settlements and other liabilities	1,394	3,165	(56.0%)
Total liabilities	1,394	3,165	(56.0%)
Net assets available for benefits	$1,733,477	$1,522,839	13.8%

VOLUNTARY INVESTMENT PROGRAM CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Employer contributions	$4,356	$3,053	42.7%
Member contributions	172,510	165,901	4.0%
Investment income	125,645	166,682	(24.6%)
Other	6,366	3,396	87.5%
Total additions	308,877	339,032	(8.9%)
DEDUCTIONS			
Refunds	92,755	108,485	(14.5%)
Administrative expenses	5,484	4,706	16.5%
Total deductions	98,239	113,191	(13.2%)
Changes in net assets available for benefits	210,638	225,841	(6.7%)
Net assets available for benefits			
Beginning of year	1,522,839	1,296,998	17.4%
End of year	$1,733,477	$1,522,839	13.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(In Thousands of Dollars)

Other Postemployment Benefit Fund. The Health Care Trust Fund provides a health care premium subsidy to participating Colorado PERA benefit recipients and their eligible beneficiaries who choose to enroll in the Program. The Health Care Trust Fund is funded by amounts contributed by employers during an employee's working life based on a percentage of pay and by earnings on investments.

HEALTH CARE TRUST FUND FIDUCIARY NET ASSETS

ASSETS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Cash and short-term investments	$3,928	$5,913	(33.6%)
Securities lending collateral	51,306	36,121	42.0%
Receivables	14,359	16,876	(14.9%)
Investments, at fair value	283,018	225,081	25.7%
Total assets	352,611	283,991	24.2%
LIABILITIES			
Security lending obligations	51,306	36,121	42.0%
Investment settlements and other liabilities	31,873	21,020	51.6%
Total liabilities	83,179	57,141	45.6%
Net assets available for benefits	$269,432	$226,850	18.8%

HEALTH CARE TRUST FUND CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Employer contributions	$68,508	$64,547	6.1%
Retiree health care premium payments	96,345	85,673	12.5%
Medicare retiree drug subsidy	12,397	12,481	(0.7%)
Investment income	23,868	30,920	(22.8%)
Other	12,454	12,997	(4.2%)
Total additions	213,572	206,618	3.4%
DEDUCTIONS			
Benefit payments	159,939	164,755	(2.9%)
Administrative expenses	11,051	8,145	35.7%
Total deductions	170,990	172,900	(1.1%)
Changes in net assets available for benefits	42,582	33,718	26.3%
Net assets available for benefits			
Beginning of year	226,850	193,132	17.5%
End of year	$269,432	$226,850	18.8%

(In Thousands of Dollars)

Private Purpose Trust Fund. The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds received from LIR are used to pay the internal administrative costs of the plan.

LIFE INSURANCE RESERVE FIDUCIARY NET ASSETS

ASSETS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Cash and short-term investments	$254	$442	(42.5%)
Securities lending collateral	3,324	2,700	23.1%
Receivables	951	56	1598.2%
Investments, at fair value	18,338	16,828	9.0%
Total assets	22,867	20,026	14.2%
LIABILITIES			
Security lending obligations	3,324	2,700	23.1%
Investment settlements and other liabilities	788	804	(2.0%)
Total liabilities	4,112	3,504	17.4%
Net assets available for benefits	$18,755	$16,522	13.5%

LIFE INSURANCE RESERVE CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS	DECEMBER 31, 2007	DECEMBER 31, 2006	% CHANGE
Life insurance premium payments	$9,075	$8,950	1.4%
Investment income	2,851	2,625	8.6%
Total additions	11,926	11,575	3.0%
DEDUCTIONS			
Life insurance claims	7,961	8,653	(8.0%)
Administrative expenses	1,732	1,100	57.5%
Total deductions	9,693	9,753	(0.6%)
Changes in net assets available for benefits	2,233	1,822	22.6%
Net assets available for benefits			
Beginning of year	16,522	14,700	12.4%
End of year	$18,755	$16,522	13.5%

STATEMENT OF FIDUCIARY NET ASSETS

As of December 31, 2007, With Comparative Totals for 2006
(In Thousands of Dollars)

ASSETS	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
Cash and short-term investments					
Cash and short-term investments	$202,186	$314,084	$41,036	$3,264	$560,570
Securities lending collateral	2,641,123	4,102,820	536,041	42,633	7,322,617
Total cash and short-term investments	2,843,309	4,416,904	577,077	45,897	7,883,187
Receivables					
Benefit	52,033	52,091	10,199	1,971	116,294
Interfund	9	13	2	—	24
Investment settlements and income	71,293	110,749	14,470	1,151	197,663
Total receivables	123,335	162,853	24,671	3,122	313,981
Investments, at fair value:					
Fixed income	3,462,583	5,378,909	702,765	55,892	9,600,149
Domestic stocks	6,392,858	9,930,910	1,297,492	103,194	17,724,454
International stocks	2,309,889	3,588,269	468,814	37,287	6,404,259
Alternative investments	1,113,519	1,729,783	225,999	17,975	3,087,276
Real estate investments	1,122,287	1,743,403	227,779	18,116	3,111,585
Timber investments	168,182	261,261	34,134	2,715	466,292
Total investments, at fair value	14,569,318	22,632,535	2,956,983	235,179	40,394,015
Capital assets, at cost, net of accumulated depreciation of $23,452 and $21,673 at December 31, 2007, and 2006, respectively	5,256	9,719	1,564	15	16,554
Total assets	17,541,218	27,222,011	3,560,295	284,213	48,607,737
LIABILITIES					
Investment settlements and other liabilities	48,066	76,005	9,980	707	134,758
Securities lending obligations	2,641,123	4,102,820	536,041	42,633	7,322,617
Interfund	—	—	—	—	—
Total liabilities	2,689,189	4,178,825	546,021	43,340	7,457,375
Commitments and contingencies (Note 7)					
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants	**$14,852,029**	**$23,043,186**	**$3,014,274**	**$240,873**	**$41,150,362**
NET ASSETS HELD FOR:					
Defined benefit pension plan benefits[1]	$14,852,029	$23,043,186	$3,014,274	$240,873	$41,150,362
Defined contribution pension plan benefits	—	—	—	—	—
Other postemployment benefits[1]	—	—	—	—	—
Private purpose trust fund participants	—	—	—	—	—
Net assets held in trust for pension plan benefits, other postemployment benefits, and Life Insurance Reserve participants	**$14,852,029**	**$23,043,186**	**$3,014,274**	**$240,873**	**$41,150,362**

[1] A schedule of funding progress is presented for each plan on pages 55–56.

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

STATEMENT OF FIDUCIARY NET ASSETS
As of December 31, 2007, With Comparative Totals for 2006
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS 2007	COMBINED TOTALS 2006
$129,204	$689,774	$3,928	$254	**$693,956**	$1,110,364
—	7,322,617	51,306	3,324	**7,377,247**	6,053,348
129,204	8,012,391	55,234	3,578	**8,071,203**	7,163,712
58,565	174,859	12,974	861	**188,694**	209,198
—	24	—	—	**24**	2,149
1,079	198,742	1,385	90	**200,217**	126,543
59,644	373,625	14,359	951	**388,935**	337,890
241,164	9,841,313	67,264	4,358	**9,912,935**	8,667,208
1,090,791	18,815,245	124,185	8,047	**18,947,477**	17,735,553
214,068	6,618,327	44,870	2,907	**6,666,104**	6,389,987
—	3,087,276	21,631	1,402	**3,110,309**	3,181,509
—	3,111,585	21,801	1,412	**3,134,798**	2,686,352
—	466,292	3,267	212	**469,771**	414,129
1,546,023	41,940,038	283,018	18,338	**42,241,394**	39,074,738
—	16,554	—	—	**16,554**	17,685
1,734,871	50,342,608	352,611	22,867	**50,718,086**	46,594,025
1,370	136,128	31,873	788	**168,789**	122,366
—	7,322,617	51,306	3,324	**7,377,247**	6,053,348
24	24	—	—	**24**	2,149
1,394	7,458,769	83,179	4,112	**7,546,060**	6,177,863
$1,733,477	**$42,883,839**	**$269,432**	**$18,755**	**$43,172,026**	**$40,416,162**
$—	$41,150,362	$—	$—	**$41,150,362**	$38,649,951
1,733,477	1,733,477	—	—	**1,733,477**	1,522,839
—	—	269,432	—	**269,432**	226,850
—	—	—	18,755	**18,755**	16,522
$1,733,477	**$42,883,839**	**$269,432**	**$18,755**	**$43,172,026**	**$40,416,162**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended December 31, 2007, With Comparative Combined Totals for 2006
(In Thousands of Dollars)

ADDITIONS	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS
Contributions					
Employers	$232,997	$375,480	$68,711	$4,222	$681,410
Members	179,971	289,231	54,880	2,479	526,561
Purchased service	8,259	14,331	2,447	80	25,117
Retiree health care and life premiums	—	—	—	—	—
Medicare retiree drug subsidy	—	—	—	—	—
Total contributions	421,227	679,042	126,038	6,781	1,233,088
Investment income					
Net appreciation in fair value of investments	1,078,465	1,666,539	213,273	17,045	2,975,322
Interest	159,432	246,723	31,762	2,532	440,449
Dividends	144,945	224,304	28,875	2,302	400,426
Real estate, alternative investment, and timber net operating income	62,246	96,326	12,401	989	171,962
Less investment expense	(47,261)	(73,137)	(9,415)	(751)	(130,564)
Net income from investing activities	1,397,827	2,160,755	276,896	22,117	3,857,595
Securities lending income	124,107	192,056	24,724	1,971	342,858
Less securities lending borrower rebates	(134,667)	(208,398)	(26,828)	(2,139)	(372,032)
Securities lending agent rebates/(fees)	998	1,545	199	16	2,758
Net income (loss) from securities lending	(9,562)	(14,797)	(1,905)	(152)	(26,416)
Net investment income	1,388,265	2,145,958	274,991	21,965	3,831,179
Other additions	4	15	12	—	31
Total additions	1,809,496	2,825,015	401,041	28,746	5,064,298
DEDUCTIONS					
Benefits					
Benefits paid to retirees/cobeneficiaries	913,245	1,318,461	115,615	12,038	2,359,359
Benefits paid to survivors	12,516	11,342	1,735	358	25,951
Benefits paid to health care participants	—	—	—	—	—
Total benefits	925,761	1,329,803	117,350	12,396	2,385,310
Refunds of contribution accounts, including match and interest	56,578	67,710	16,683	4	140,975
Disability premiums and life insurance claims	1,833	2,983	561	25	5,402
Administrative expenses	6,963	11,942	1,918	19	20,842
Other deductions/(transfers)	7,592	5,348	1,326	(2,908)	11,358
Total deductions	998,727	1,417,786	137,838	9,536	2,563,887
Net increase in assets available	**810,769**	**1,407,229**	**263,203**	**19,210**	**2,500,411**
Net assets available for pension plan benefits, other postemployment benefits and Life Insurance Reserve participants					
Beginning of year	14,041,260	21,635,957	2,751,071	221,663	38,649,951
End of year	$14,852,029	$23,043,186	$3,014,274	$240,873	$41,150,362

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended December 31, 2007, With Comparative Combined Totals for 2006
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	COMBINED TOTALS 2007	2006
$4,356	$685,766	$68,508	$—	**$754,274**	$677,529
172,510	699,071	—	—	**699,071**	661,794
—	25,117	—	—	**25,117**	106,561
—	—	96,345	9,075	**105,420**	94,623
—	—	12,397	—	**12,397**	12,481
176,866	1,409,954	177,250	9,075	**1,596,279**	1,552,988
89,215	3,064,537	18,434	1,333	**3,084,304**	4,631,558
12,964	453,413	2,797	198	**456,408**	413,644
23,580	424,006	2,542	1,311	**427,859**	378,400
—	171,962	1,091	79	**173,132**	157,407
—	(130,564)	(829)	(59)	**(131,452)**	(128,103)
125,759	3,983,354	24,035	2,862	**4,010,251**	5,452,906
956	343,814	2,177	155	**346,146**	345,696
(1,082)	(373,114)	(2,362)	(167)	**(375,643)**	(318,611)
12	2,770	18	1	**2,789**	(3,937)
(114)	(26,530)	(167)	(11)	**(26,708)**	23,148
125,645	3,956,824	23,868	2,851	**3,983,543**	5,476,054
6,366	6,397	12,454	—	**18,851**	16,421
308,877	5,373,175	213,572	11,926	**5,598,673**	7,045,463
—	2,359,359	—	—	**2,359,359**	2,152,715
—	25,951	—	—	**25,951**	25,300
—	—	159,939	—	**159,939**	164,755
—	2,385,310	159,939	—	**2,545,249**	2,342,770
92,755	233,730	—	—	**233,730**	259,217
—	5,402	—	7,961	**13,363**	13,807
5,484	26,326	11,051	1,732	**39,109**	35,182
—	11,358	—	—	**11,358**	11,953
98,239	2,662,126	170,990	9,693	**2,842,809**	2,662,929
210,638	**2,711,049**	**42,582**	**2,233**	**2,755,864**	**4,382,534**
1,522,839	**40,172,790**	**226,850**	**16,522**	**40,416,162**	**36,033,628**
$1,733,477	**$42,883,839**	**$269,432**	**$18,755**	**$43,172,026**	**$40,416,162**

NOTES TO THE FINANCIAL STATEMENTS
(In Thousands of Dollars)

NOTE 1—PLAN DESCRIPTION

Organization

Colorado PERA was established in 1931; the statute relating to Colorado PERA is Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.). Colorado PERA administers cost-sharing multiple-employer defined benefit plans for the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, and Judicial Division Trust Fund (Division Trust Funds). Colorado PERA also administers a cost-sharing multiple-employer defined benefit other postemployment benefit plan (Health Care Trust Fund, see Note 9), a private purpose trust fund (Life Insurance Reserve), and a multiple-employer defined contribution plan (Voluntary Investment Program, see Note 8). The Voluntary Investment Program administers two defined contribution plans: the 401(k) Defined Contribution Plan (401(k) Plan) and the Colorado PERA Defined Contribution Plan (Colorado PERA DC Plan). The purpose of the Division Trust Funds is to provide benefits to members at retirement or disability, or to their beneficiaries in the event of death. Members of Colorado PERA are employed by public employers (most of whom do not participate under Social Security) located in the State of Colorado and affiliated with Colorado PERA.

Responsibility for the organization and administration of the Division Trust Funds, Health Care Trust Fund (HCTF), Voluntary Investment Program, and Life Insurance Reserve is placed with the Board of Trustees (the Board) of Colorado PERA. The State Division Trust Fund was established in 1931, the School and Local Government Division Trust Funds in 1944, and the Judicial Division Trust Fund in 1949. The State and School Division Trust Funds were combined in 1997 and separated in 2006.

The number of active affiliated employers for the four Divisions is as follows:

DIVISION	AS OF DECEMBER 31, 2007
State	69
School	197
Local Government	137
Judicial	6
Total employers	409

Membership—Division Trust Funds-Defined Benefit Pension Plans

Benefit recipients and members of Colorado PERA consisted of the following as of December 31, 2007, and with comparative combined totals for 2006:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	2007	2006
Retirees and beneficiaries (including deferred survivors)	29,789	44,064	4,112	279	**78,244**	75,024
Terminated employees entitled to benefits but not yet receiving benefits	4,528	9,191	1,049	11	**14,779**	13,907
Inactive members	48,266	71,520	13,674	5	**133,465**	122,826
Active members						
Vested general employees	28,625	59,371	7,288	220	**95,504**	94,094
Vested State Troopers	573	—	—	—	**573**	561
Non-vested general employees	23,897	56,874	9,689	76	**90,536**	87,540
Non-vested State Troopers	229	—	—	—	**229**	209
Total Actives	53,324	116,245	16,977	296	**186,842**	182,404
Grand Totals	**135,907**	**241,020**	**35,812**	**591**	**413,330**	**394,161**

Membership—Voluntary Investment Program

See Note 8.

Membership—Health Care Trust Fund

See Note 9.

Benefit Provisions—Division Trust Funds

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes 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.

Plan Eligibility

All employees of Colorado PERA-affiliated employers who work in a position eligible for Colorado PERA membership must be covered by Colorado PERA, except for those positions eligible for retirement plan choice as described below:

- Effective January 1, 2006, certain new employees of State Agencies and Departments are eligible to select a retirement plan in which to participate. Eligible state employees may choose between the State Division Trust Fund, the Colorado PERA DC Plan and the State of Colorado Defined Contribution Plan. If an eligible employee does not elect a plan within 60 days of the starting date of employment, the employee is automatically enrolled in the plan to which he last contributed or the State Division Trust Fund if there was no prior participation.
- Effective January 1, 2008, certain new employees of State Higher Education are also eligible for retirement plan choice. Eligible community college employees may choose between the State Division Trust Fund and the Colorado PERA DC Plan. If an eligible employee does not elect a plan within 60 days of the starting date of employment, the employee is automatically enrolled in the plan to which he last contributed or the State Division Trust Fund if there was no prior participation.

After one year of participation in their plan of choice, employees who elected to participate in the Colorado PERA DC Plan or the State Division Trust fund may make a one-time election to switch from their plan of choice to the other Colorado PERA Plan. However, the switch must be made before completing the fifth year of participation in the plan of choice. State Defined Contribution Plan participants do not have this option.

Some positions of Colorado PERA-affiliated employers are not eligible for Colorado PERA membership but may be covered by another separate retirement program.

Benefit Provisions

The Division Trust Funds have various benefit provisions depending upon the member's date of hire or upon the member's date of retirement. Where there are differences in plan benefit provisions, they are noted below.

Member Accounts

Members contribute 8 percent of their Colorado PERA-includable salary to their individual accounts; State Troopers and Colorado Bureau of Investigation agents contribute 10 percent. State law authorizes the Colorado PERA Board to annually determine the interest to be credited to member accounts. Beginning July 1, 2004, the Board set the interest rate at 5 percent compounded annually. The rate currently remains at 5 percent. In no event shall the Board specify a rate that exceeds 5 percent.

Service Credit

Members earn service credit for each month of work performed and salary earned for a Colorado PERA-affiliated employer. A full month of service credit is earned for each month of work and salary equal to 80 multiplied by the federal minimum hourly wage in effect for that month. Earned salary which is less than this amount results in a partial month of service credit.

Eligible members may purchase additional service credit based upon (1) other employment that is not covered by another retirement program or (2) the service credit forfeited as the result of a withdrawn account. Such service credit purchases are subject to limits in State and federal law. The amounts used to purchase service credit are credited to the member's account and are eligible for interest, but no match.

Highest Average Salary

The plan benefits described below are generally calculated as a percentage of the member's highest average salary (HAS).

For all members, except judges, who were hired before January 1, 2007, and who retire before January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12–month periods do not have to be consecutive nor do they have to be the last three years of employment.
- A 15 percent annual limit in actual salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement.

For all members, except judges, who were hired before January 1, 2007, and who retire on or after January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.

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- A 15 percent cumulative annual limit in salary increases applies to the salary used in the HAS calculation. In addition, a base year salary, the fourth highest year, is added to determine the starting point of the 15 percent limit. The four 12–month periods do not have to be consecutive nor do they have to include the last three years of employment.

For all members, except judges, who are hired on or after January 1, 2007, regardless of the date of retirement:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- An 8 percent cumulative annual limit in salary increases applies to the salary used in the HAS calculation. In addition, a base year salary, the fourth highest year, is added to determine the starting point of the 8 percent limit. The four 12–month periods do not have to be consecutive nor do they have to include the last three years of employment.

For Judicial Division members (judges) regardless of the date of hire or the date of retirement:

- HAS is one-twelfth of the highest annual salary associated with one period of 12 consecutive months of service credit.

Refund or Withdrawal Provisions
Upon termination of Colorado PERA-covered employment, members have the following options concerning their member contribution account:

- Leave the money invested in the Division Trust Funds for a future distribution or retirement benefit; however, a distribution must begin by April 1 following the year in which the member reaches age 70½.
- Request a distribution to be rolled over to another qualified plan, 403(b) plan, governmental 457 plan or an IRA. Such a distribution cancels a member's service credit and benefit entitlements.
- Request a distribution as cash with the resulting tax consequences. Such a distribution cancels a member's service credit and benefit entitlements.

Members who request a distribution before reaching retirement eligibility, as described below, receive a refund of their member account, plus interest plus a 50 percent match. Members who withdraw their accounts upon reaching retirement eligibility or age 65 receive their member account, plus interest plus a 100 percent match.

State law specifies the amounts credited to a member account upon which the match is determined.

Service Retirement Benefits
Upon termination of Colorado PERA-covered employment and reaching eligibility for service retirement benefits, a member may begin receipt of benefits as shown below:

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JULY 1, 2005

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
50	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	35
55	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

(In Thousands of Dollars)

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2007

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	35
55	30
55	Age and Service = 85 or more
60	25
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR STATE TROOPERS

AGE REQUIREMENT (IN YEARS)	SERVICE CREDIT REQUIREMENT (IN YEARS)
Any Age	30
50	25
55	20
65	5
65	Less than 5 but 60 payroll postings

A service retirement benefit is the higher of the defined benefit formula or the money purchase formula. The two benefit calculation formulas are shown below:

- *Defined Benefit Formula*
  HAS multiplied by 2.5% multiplied by Years of Service Credit
- *Money Purchase Formula*
  The retiring member's account balance is annuitized into a monthly benefit using the retiring member's life expectancy, expected rates of return and other actuarial factors. The retiring member's account balance is valued as of the member's retirement date and equals the amounts credited to the member contribution account, interest on those amounts, a 100 percent match on eligible amounts in the member contribution account plus interest on the match.

Other benefit calculations apply as described:

- Members with less than five years of service credit and less than 60 payroll postings are eligible at age 65 for the money purchase formula only.
- Members in the Judicial Division who were on the bench on or before July 1, 1973, will receive the higher of the benefit calculation above or the following:
  [(4% × Years of Service Credit 1-10) × (1.66% × Years of Service Credit Over 10-16) + (1.5% × Years of Service Credit Over 16-20) + (2.5% × Years of Service Credit over 20)]

In all cases, a service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit amount allowed by federal law.

Reduced Service Retirement
Upon termination of Colorado PERA-covered employment and reaching eligibility for reduced service retirement benefits, a member may begin receipt of benefits as shown below:

REDUCED SERVICE RETIREMENT ELIGIBILITY

AGE REQUIREMENT (IN YEARS)		SERVICE CREDIT REQUIREMENT (IN YEARS)
50		25
50	— (State Troopers only) —	20
55		20
60		5

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Reduced service retirement benefits are calculated in the same manner as a service retirement benefit with a reduction for each month prior to the member's first eligible date for a service retirement. The benefit calculation reduction factors are specified in C.R.S. §24-51-605.

Disability Program

Members with five or more years of earned service credit, with at least six months of this credit earned in the most recent period of membership, are covered by the Colorado PERA Disability Program. Medical determinations are made by a separate Disability Program Administrator, Standard Insurance Company.

- Short-Term Disability (STD): Disability applicants who are found to be mentally or physically incapacitated from performance of essential job duties after reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment are eligible for STD payments. These payments are an insurance product paid by Standard Insurance Company. The maximum income replacement is 60 percent of the member's pre-disability Colorado PERA salary for up to 22 months.

- Disability Retirement Benefits: Disability applicants who are found to be totally and permanently mentally or physically incapacitated from regular and substantial gainful employment are eligible for disability retirement benefits. These benefits are paid by Colorado PERA for as long as the disability retiree remains disabled. The benefit is calculated as a percentage of the disabled member's HAS using accrued, and in some cases projected, service credit.

Benefit Options

Service retirees and disability retirees may elect to receive their retirement or disability benefits in the form of a single-life benefit payable for the retiree's lifetime only or one of two joint-life benefits payable for the lifetime of the retiree with a continuing benefit paid upon the retiree's death to the retiree's cobeneficiary. Such option designations may only be changed under limited conditions specified in State law.

Survivor Benefits Program

Members who have at least one year of earned service credit are covered by the Colorado PERA Survivor Benefits Program. The one-year requirement is waived if the death is job related.

In the event of the covered member's death, monthly survivor benefits may be paid to the qualified survivors of the deceased. Qualified survivors generally include minor children, a surviving spouse, dependent parents, or a cobeneficiary (for deceased members who were eligible for retirement at the time of death).

Benefits are specified in statute and vary based upon the deceased's HAS, years of service credit, the qualified survivor to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of earned service credit or with no qualified survivors, the deceased's named beneficiary or the estate receives a lump-sum payment of the member's contribution account plus a matching amount equal to 100 percent of the member's contributions and interest.

Annual Benefit Increases

On an annual basis, retirement benefits, disability retirement benefits, and survivor benefits are increased. The amount and timing of the annual increase is determined by the date the retiree or deceased member was hired as a Colorado PERA member.

For service and disability retirees who were hired before June 30, 2005, and for survivor benefit recipients of deceased members who were hired before June 30, 2005, the annual increase is 3.5 percent, compounded annually. The first annual increase occurs in the March that immediately follows the calendar year in which the benefit recipient began receiving benefits. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after July 1, 2005, but before January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after July 1, 2005, but before January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. For service retirees, the annual increase does not begin until the retiree has been receiving benefits for one year and in addition has either reached age 60 or years of service plus age equal to 85 or more. For disability retirees or survivor benefit recipients, the annual increase does not begin until the benefit recipient has been receiving benefits for one year. Annual increases to all benefit recipients in this group are limited to 10 percent of the total funds available in the Annual Increase Reserve in the Division from which they retired or were a member before death.

Benefit Provisions—Voluntary Investment Program
See Note 8.

Benefit Provisions—Health Care Trust Fund
See Note 9.

Pension Plan Disclosure Statements for Colorado PERA Employees
All employees of Colorado PERA, an affiliated employer, are members of the State Division Trust Fund and earn and accrue benefits as would any other member as described above. Colorado PERA, as an affiliated employer, contributes to the State Division Trust Fund (see Note 4), Colorado PERA also contributes to the Health Care Trust Fund (see Note 9) and employees are able to voluntarily participate in the 401(k) component of the Voluntary Investment Program (see Note 8).

Colorado PERA's employer contributions to the State Division Trust Fund for the years ending December 31, 2007, 2006, and 2005, were $1,688, $1,518, and $1,474, respectively, equal to its required contributions for each year. Colorado PERA's member contributions to the State Division Trust Fund for the years ended December 31, 2007, 2006, and 2005, were $1,323, $1,254, and $1,283, respectively. Colorado PERA's contributions to the Health Care Trust Fund for the years ending December 31, 2007, 2006, and 2005, were $170, $161, and $164, respectively, equal to its required contributions for each year. The 401(k) Plan member contributions from Colorado PERA for the years ended December 31, 2007, 2006, and 2005, were $1,721, $1,513, and $1,526, respectively. Colorado PERA also provides its employees with an employer partial match to their contributions to the 401(k) Plan, and the totals for the years ended December 31, 2007, 2006, and 2005 were $280, $277, and $274, respectively.

Life Insurance Reserve
The Life Insurance Reserve (LIR) is an accumulation of dividends received from an insurance company as a return on the premiums paid by those members who have voluntarily enrolled in life insurance programs, adjusted for actual historical experience. The proceeds received from LIR are used to pay the internal administrative costs of the plan.

Termination of Colorado PERA
If Colorado PERA is partially or fully terminated for any reason, State law (C.R.S. § 24-51-217) provides that the rights of all members and benefit recipients to all benefits on the date of termination, to the extent then funded, will become nonforfeitable.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity
The Board oversees all funds included in the financial statements of Colorado PERA and has the ability to influence operations. The Board's responsibilities include designation of management, membership eligibility, investment of funds, and accountability for fiscal matters.

Colorado PERA is an Instrumentality of the State; it is not an Agency of State government. Also, it is not subject to administrative direction by any department, commission, board, bureau, or agency of the State. Accordingly, Colorado PERA's financial statements are not included in the financial statements of any other organization.

Basis of Presentation
The accompanying financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statements numbers 25, 28, 34, 37, and 43 as well as generally accepted accounting principles that apply to governmental accounting for fiduciary funds.

In May 2007, the GASB issued Statement No. 50, "Pension Disclosures (an amendment of GASB Statements No. 26 and No. 27)." Colorado PERA adopted the provisions of this standard for the year ended December 31, 2007.

In June 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." The Statement will be effective for periods beginning after June 15, 2009. Colorado PERA has chosen not to adopt this Statement early. Accordingly, the effect of implementing the Statement has not been determined for these financial statements and disclosures.

Basis of Accounting
The accompanying financial statements for the pension trust funds, the private purpose trust fund, and the other postemployment benefit plan are prepared using the economic resources measurement focus and the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Colorado PERA to use estimates and assumptions that affect the accompanying financial statements and disclosures. Actual results could differ from those estimates. Member and employer contributions are recognized as revenues in the period in which the compensation becomes payable to the member and the employer is statutorily committed to pay these contributions to the pension trust funds and the HCTF. Benefits and refunds are recognized when due and payable.

NOTES TO THE FINANCIAL STATEMENTS
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Fund Accounting

The financial activities of the State Division Trust Fund, the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the HCTF, the LIR, and the Voluntary Investment Program are recorded in separate Funds. The State, School, Local Government, and Judicial Divisions maintain separate accounts, and all actuarial determinations are made using separate Division-based information.

The Division Trust Funds, the HCTF, and the LIR pool their investments into a combined investment portfolio. Investment value and earnings of the investment pool are allocated among the Funds based on each Fund's percentage ownership. As of December 31, 2007, the ownership percentages of each Fund were as follows:

	OWNERSHIP PERCENTAGE AS OF DECEMBER 31, 2007
State	35.80%
School	55.61%
Local Government	7.27%
Judicial	0.58%
HCTF	0.70%
LIR	0.04%
Total	100.00%

The administrative activities and operating assets and liabilities are pooled and recorded in a Common Operating Fund. Expenses incurred and net operating assets are allocated from the Common Operating Fund to the Division Trust Funds based on the ratio of the number of members in each Division to the total for all the Division Trust Funds. Expenses are allocated to the HCTF, the LIR, and the Voluntary Investment Program based on transactional volumes and resources devoted to these Funds.

Fair Value of Investments

Plan investments are presented at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Fixed income securities not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. The fair value of directly-owned real estate investments and open-end commingled funds and timber are based on periodic independent appraisals. Closed-end commingled real estate equity and alternative investment funds are valued based on the capital account balances at the closest available reporting period, as communicated by the general partner, adjusted for subsequent contributions, distributions, management fees, and reserves, if applicable. The fair value could differ significantly if a ready market for these assets existed. Real estate debt is valued on the basis of future principal and interest payments and is discounted at prevailing interest rates for similar instruments. Short-term investments are carried at cost, which approximates fair value.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Costs of major additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method, with estimated lives ranging from three to 40 years in the following major classes: vehicles, five years; computer and office equipment, three years to five years; office furniture and leasehold improvements, 10 years; and building and building additions, 40 years.

Health Care Trust Fund Specific Policies

See Note 9.

(In Thousands of Dollars)

NOTE 3—INTERFUND TRANSFERS AND BALANCES

Interfund transfers of assets take place on a regular recurring basis between the Trust Funds. The transfers take place when a benefit is initiated where the member earned or purchased service in another Trust Fund in addition to the fund that is paying the benefit. The transfers for the year ended December 31, 2007, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	HEALTH CARE TRUST FUND
Transfers in from other Funds for retirements	$16,757	$15,087	$5,095	$2,508	$—
Transfers out to other Funds for retirements	19,210	15,094	5,143	—	—
Transfers in from other Funds for survivor benefits	57	7	1	501	—
Transfers out to other Funds for survivor benefits	502	57	7	—	—
Transfers out to Health Care Trust Fund	4,554	5,261	1,272	101	—
Transfer in from purchased service credit	—	—	—	—	11,188

As of December 31, 2007, interfund balances existed between Funds due to unreimbursed internal operating expenses. All December 31, 2007, interfund balances will be reimbursed in 2008. The interfund balances at December 31, 2007, consisted of the following amounts:

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	VOLUNTARY INVESTMENT PROGRAM
Interfund balances	$9	$13	$2	($24)

NOTE 4—CONTRIBUTIONS

Division Trust Funds—Defined Benefit Pension Plans

Members and employers are required to contribute to Colorado PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under C.R.S. §§ 24-51-401 *et seq.* Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

Members are required to contribute 8 percent of their Colorado PERA-includable salary, except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. These contributions are placed in individual member accounts. Member contributions are tax-deferred for federal and state income tax purposes, effective July 1, 1984, and January 1, 1987, respectively. Prior to those dates, contributions were made on an after-tax basis.

Colorado PERA-affiliated employers also contribute a percentage of active member payroll. Also, employers that rehire a Colorado PERA retiree as an employee or under any other work arrangement, are required to report and pay employer contributions on the amounts paid for the retiree. The contribution rates for the combined retirement benefits and health care benefits from January 1, 2007, through December 31, 2007, were as follows:

TOTAL EMPLOYER CONTRIBUTIONS AS A PERCENT OF MEMBERS' SALARIES

DIVISION	MEMBERSHIP	EMPLOYER CONTRIBUTION RATE	AMORTIZATION EQUALIZATION DISBURSEMENT	TOTAL EMPLOYER CONTRIBUTION RATE
State	All members (except State Troopers)	10.15%	1.00%	11.15%
State	State Troopers	12.85%	1.00%	13.85%
School	All members	10.15%	1.00%	11.15%
Local Government	All members	10.00%	1.00%	11.00%
Judicial	All members	13.66%	1.00%	14.66%

Beginning January 1, 2006, employers were required to pay an "Amortization Equalization Disbursement" (AED) on the Colorado PERA-includable salary for all employees working for the employer who are members of the Association, or who were eligible to elect to become members of the Association on or after January 1, 2006, including any amounts paid in connection with the employment of a retiree by an

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employer. This payment will be used to help amortize Colorado PERA's unfunded liability. At such time as a Division Trust Fund is determined in the annual actuarial valuation to have reached a 30-year or less amortization period of its unfunded liabilities, the Board shall commission an actuarial study to assess the AED and the Board may make appropriate recommendations to the General Assembly. The AED shall continue until the actuarial funded ratio of a particular Division Trust Fund is 100 percent as determined in the annual actuarial study of the Association. The actuary shall determine the amount by which the AED can be reduced and still maintain the actuarial funded ratio of 100 percent.

Colorado PERA-affiliated employers forward the contributions to Colorado PERA for deposit. A portion of these contributions (1.02 percent of the reported salary) is transferred to the HCTF for health care benefits, with the remainder of these contributions being transferred to a Trust Fund established for each Division for the purpose of creating actuarial reserves for future benefits.

Replacement Benefit Arrangements

IRC §415 limits the amount of the benefit payable to a retiree or survivor in a defined benefit plan. In some cases, the IRC limit is lower than the benefit that would normally be calculated under the plan provisions. IRC §415(m) allows a government plan to set up a "qualified governmental excess benefit arrangement" to pay the difference to those retirees. To accomplish this, Colorado PERA has entered into agreements with the employers who last employed the affected retirees. Under the agreement, a portion of current employer contributions are used by employers to pay the retiree to make up the benefit difference. In 2007, employers under these agreements used the following current employer contributions to pay retirees: $508 in the State Division; $160 in the School Division; $130 in the Local Government Division; and $0 in the Judicial Division.

Contributions—Voluntary Investment Program

See Note 8.

Contributions—Health Care Trust Fund

See Note 9.

NOTE 5—INVESTMENTS

Investment Authority

Under C.R.S. § 24-51-206, the Board has responsibility for the investment of Colorado PERA's funds, with the following investment limitations:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures that are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stocks or bonds of any single corporation.

Cash

Cash balances represent both operating cash accounts held by the banks and investment cash on deposit with the investment custodian. To maximize investment income, the float caused by outstanding checks is invested, thus causing a possible negative book balance. Negative book balances are reflected in the liabilities section of the Statement of Fiduciary Net Assets.

The carrying value of cash and short-term investments at December 31, 2007, on the Statement of Fiduciary Net Assets includes short-term fixed income securities of $107,995, international commercial paper of $4,997, and deposit and money market funds of $580,964 for a total of $693,956. Colorado PERA considers fixed income securities with a maturity of 12 months or less to be short-term investments.

The table below presents the Colorado PERA combined total deposits and money market funds as of December 31, 2007.

	CARRYING VALUE	BANK BALANCE
Deposits with banks (fully insured by federal depository insurance)	$721	$723
Deposits held at bank (fully collateralized by underlying securities, held by Colorado PERA's agent in Colorado PERA's name)	21,105	21,105
Short-term investment funds held at bank (shares in commingled funds, held by Colorado PERA's agent in Colorado PERA's name)	559,138	559,138
Total deposits and money market funds	**$580,964**	**$580,966**

(In Thousands of Dollars)

Securities Lending Transactions

C.R.S. § 24-51-206 and Board policies permit Colorado PERA to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Colorado PERA's custodian, The Northern Trust Company, lends securities of the type on loan at year-end for collateral in the form of U.S. and non-U.S. currencies, Organization for Economic Cooperation and Development (OECD) government securities, equities, and irrevocable letters of credit. When the loaned securities and the collateral are denominated in the same currency, the initial collateralization is not less than 102 percent. When the loaned securities and the collateral are in different currencies, the initial collateralization is not less than 105 percent. Collateral is marked to market daily if price movements exceed certain minimal thresholds. There are no restrictions on the amount of securities that can be lent at one time.

The following table represents the balances relating to the securities lending transactions at December 31, 2007. (Amounts are reported at fair value.)

SECURITIES LENT FOR CASH COLLATERAL	UNDERLYING SECURITIES	SECURITIES COLLATERAL VALUE	CASH COLLATERAL INVESTMENT VALUE
Fixed income	$4,611,572	$—	$4,708,232
Domestic stocks	2,393,736	—	2,456,836
International stocks	199,738	—	212,179
Subtotal	7,205,046	—	7,377,247
SECURITIES LENT FOR SECURITIES COLLATERAL			
Fixed income	116,479	118,856	—
Domestic stocks	27,529	28,322	—
International stocks	521,136	551,311	—
Subtotal	665,144	698,489	—
Grand Total	**$7,870,190**	**$698,489**	**$7,377,247**

As of December 31, 2007, Colorado PERA had no credit risk exposure to borrowers because the market value of the collateral held exceeds the market value of the securities amount borrowed. The contract with Colorado PERA's lending agent provides that the lending agent will indemnify Colorado PERA if loaned securities are not returned and Colorado PERA suffers direct losses due to a borrower's default or the lending agent's noncompliance with the contract. Colorado PERA had no losses on securities lending transactions resulting from the default of a borrower or the lending agent for the year ended December 31, 2007.

Colorado PERA or the borrower can terminate any security loan on demand. Though every loaned security can be sold and reclaimed at any time from the borrower, the weighted average loan life of overall loans was 172 days as of December 31, 2007. Cash collateral is invested in a custom collateral account made up of a combination of The Northern Trust Company's Collective Short-Term Extendible Portfolio (24.7 percent) and The Northern Trust Company's Global Core Collateral Section (75.3 percent). The weighted average maturities of these funds as of December 31, 2007, were 55 and 26 days, respectively. The Northern Trust Company manages withdrawals daily. Cash collateral may also be invested separately in term loans, in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. Colorado PERA cannot pledge or sell non-cash collateral unless the borrower defaults.

The following table represents the balances relating to the securities lending transactions as of December 31, 2007, and December 31, 2006.

	CARRYING AMOUNT (FAIR VALUE) OF UNDERLYING SECURITIES DECEMBER 31, 2007	CARRYING AMOUNT (FAIR VALUE) OF UNDERLYING SECURITIES DECEMBER 31, 2006
Fixed income	**$4,728,051**	$3,262,747
Domestic stocks	**2,421,265**	2,361,484
International stocks	**720,874**	912,920
Total	**$7,870,190**	$6,537,151

As of December 31, 2007, the fair value of lent securities was $7,870,190. The fair value of associated collateral was $8,075,736. Of this amount, $7,377,247 represents the fair value of cash collateral and $698,489 represents the fair value of the non-cash collateral. Non-cash collateral, which Colorado PERA does not have the ability to pledge or sell unless the borrower defaults, is not reported in the balance sheet. Colorado PERA's loss net of expenses from securities lending was ($26,708) for the year ended December 31, 2007. Colorado PERA's 2007 net securities lending income was a loss due to borrower rebates exceeding income earned in the cash collateral pool. Included in net securities lending income is $818 from commingled funds. As of December 31, 2006, the fair value of lent securities was $6,537,151. The fair value of associated collateral was $6,731,367. Of this amount, $6,053,348 represents the fair value of cash collateral and $678,019 represents the fair value of the non-cash collateral. Colorado PERA's income net of expenses from securities lending was $23,148 for the year ended December 31, 2006. Included in net securities lending income is $827 from commingled funds.

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In accordance with GASB 40, Colorado PERA discloses investments that are subject to custodial credit risk, concentration of credit risk, credit risk, interest rate risk and foreign currency risk.

Custodial Credit Risk

Colorado PERA has no formal policy for custodial credit risk for investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Colorado PERA would not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in Colorado PERA's name and are held by either a counter party or the counter party's trust department or agent but not in Colorado PERA's name. The Northern Trust Company is the master custodian for the majority of Colorado PERA's securities. At December 31, 2007, there were no investments or collateral securities subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of Colorado PERA's investment in a single issuer. C.R.S. § 24-51-206 (3) requires that no investment of the fund in common or preferred stock, or both, of any single corporation shall be of an amount which exceeds 5 percent of the then book value of the fund, nor shall the fund acquire more than 12 percent of the outstanding stock or bonds of any single corporation. The 12 percent requirement does not apply to governmental securities (U.S. Treasuries, sovereigns, etc.), GSE securities (agencies including FNMA, FHLMC, etc.), mortgage-backed securities (agency or non-agency), commercial mortgage-backed securities (CMBS), asset-backed securities, or municipal securities. There is no single issuer exposure that comprises 5 percent of the then book value of the fund and no holdings greater than 12 percent of the outstanding stock or bonds of any single corporation at December 31, 2007.

(In Thousands of Dollars)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Colorado PERA's credit risk policy is as follows: Colorado PERA has established policies and guidelines for each fixed income portfolio specifying (1) the types of securities that can be acquired and (2) the appropriate ratings for securities that are acquired. In addition, portfolios have limits on the amount of securities that can be held below certain specified ratings. The following table provides Colorado PERA's Standard & Poor's (S&P) credit quality ratings at December 31, 2007:

CREDIT QUALITY RATING DISPERSION SCHEDULE

QUALITY RATING S & P	GRAND TOTAL	U.S. GOVT MORTGAGE-BACKED SECURITIES (MBS)	U.S. CORPORATE BONDS	NON-U.S. CORPORATE BONDS	IMPLICIT U.S. GOVT AGENCIES	NON-U.S. GOVT AGENCIES	NON-U.S. GOVT BONDS	NON-AGENCY MBS	U.S. MUNICIPAL BONDS	REAL ESTATE DEBT
Agency[1,2]	$2,496,193	$2,462,881	$—	$—	$33,312	$—	$—	$—	$—	$—
AAA	668,180	—	75,063	30,719	240,656	196,889	6,573	118,280	—	—
AA+	88,703	—	13,006	75,697	—	—	—	—	—	—
AA	84,189	—	30,714	2,997	—	50,478	—	—	—	—
AA-	179,130	—	126,253	42,494	—	10,383	—	—	—	—
A+	289,614	—	246,701	—	—	—	42,913	—	—	—
A	234,385	—	213,785	10,232	—	10,368	—	—	—	—
A-	152,664	—	114,245	28,071	—	—	10,348	—	—	—
BBB+	298,675	—	199,635	44,917	—	—	54,123	—	—	—
BBB	184,492	—	130,473	54,019	—	—	—	—	—	—
BBB-	159,262	—	117,444	36,135	—	—	5,683	—	—	—
BB+	137,415	—	50,789	17,509	—	—	69,117	—	—	—
BB	89,576	—	72,398	15,648	—	—	1,530	—	—	—
BB-	178,661	—	100,518	9,782	—	—	68,361	—	—	—
B+	84,812	—	74,905	6,616	—	—	3,291	—	—	—
B	107,266	—	93,344	13,922	—	—	—	—	—	—
B-	46,614	—	38,327	8,287	—	—	—	—	—	—
CCC+	11,283	—	10,268	—	—	—	1,015	—	—	—
CCC	151	—	151	—	—	—	—	—	—	—
CC	901	—	—	901	—	—	—	—	—	—
Not Rated[1]	192,228	—	48,143	19,622	45,270	3,665	500	21,590	39,379	14,059
Subtotal	$5,684,394	$2,462,881	$1,756,162	$417,568	$319,238	$271,783	$263,454	$139,870	$39,379	$14,059
U.S. Govts	1,906,435									
Explicit U.S. Govt Agencies	241,043									
U.S. Lehman Aggregate Pooled Investment[1]	1,961,953									
Total	**$9,793,825**									

[1] Not rated by S&P.

[2] Bonds issued by government-sponsored agencies.

NOTES TO THE FINANCIAL STATEMENTS
(In Thousands of Dollars)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Colorado PERA utilizes effective duration as the primary measure of interest rate risk within its fixed income investments. Duration estimates the sensitivity of a bond's price to interest rate changes. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, mortgage-backed securities and variable-rate debt. Colorado PERA, as specified in its investment policies, manages its exposure to fair value losses arising from changes in interest rates by requiring that the duration of individual portfolios stay within defined bands of the duration of each portfolio's benchmark.

Effective duration for Colorado PERA fixed income holdings as of December 31, 2007, is disclosed in the following table:

INTEREST RATE RISK—EFFECTIVE DURATION

	FAIR VALUE TOTAL	DURATION NOT AVAILABLE	FAIR VALUE NET	EFFECTIVE WEIGHTED DURATION (IN YEARS)
U.S. government mortgage-backed securities	$2,703,924	$—	$2,703,924	3.8
U.S. Lehman aggregate pooled investment	1,961,953	—	1,961,953	4.5
U.S. governments	1,906,435	—	1,906,435	5.3
U.S. corporate bonds	1,756,162	59,990	1,696,172	4.7
Non-U.S. corporate bonds	417,568	—	417,568	4.4
U.S. government agencies	319,238	—	319,238	2.7
Non-U.S. government agencies	271,783	—	271,783	4.5
Non-U.S. government bonds	263,454	—	263,454	4.1
Non-agency mortgage-backed securities	139,870	4,955	134,915	3.1
U.S. municipal bonds	39,379	39,379	—	N/A
Real estate debt	14,059	14,059	—	N/A
Total	**$9,793,825**	**$118,383**	**$9,675,442**	**4.3**

RECONCILIATION OF CREDIT AND INTEREST RATE RISK DISCLOSURES TO FINANCIAL STATEMENTS

	AS OF DECEMBER 31, 2007
Fixed income	$9,912,935
Real estate debt	14,059
Fixed-income securities classified as short-term	107,995
Less 401(k) domestic corporate bonds	(241,164)
Total fixed income securities	**$9,793,825**

Note: All 401(k) domestic corporate bonds are held in commingled mutual fund investment vehicles.

(In Thousands of Dollars)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment or a deposit. Colorado PERA's currency risk exposures reside primarily within the externally managed international equity holdings. Colorado PERA has no formal policy regarding foreign currency risk, but has set the following guidelines. Currency exposure is managed actively in the international equity portfolios. Colorado PERA's external managers may buy and sell futures, forwards and options contracts and enter into swap transactions and non-deliverable forwards to hedge Colorado PERA's investments against currency fluctuations. In addition, there is currency risk exposure in the alternative and real estate investments that are non-U.S. dollar denominated.

Colorado PERA's exposure to foreign currency risk in U.S. dollars as of December 31, 2007, is disclosed in the following table:

FOREIGN CURRENCY RISK

CURRENCY	TOTAL	INTERNATIONAL STOCKS	CASH AND SHORT-TERM INVESTMENTS	ALTERNATIVE INVESTMENTS	REAL ESTATE EQUITY	INCOME RECEIVABLE	INTERNATIONAL STOCK PENDING TRADES
Euro	$1,053,515	$1,005,456	$1,243	$135,546	$6,901	$290	($95,921)
British pound sterling	531,968	608,549	1,580	16,281	—	1,353	(95,795)
Japanese yen	472,244	390,154	2,335	—	25,326	429	54,000
Swiss franc	239,938	211,901	744	—	—	2,043	25,250
Hong Kong dollar	174,717	169,848	689	—	—	1	4,179
Australian dollar	145,420	154,217	277	—	—	9	(9,083)
South Korean won	87,910	91,071	—	—	—	25	(3,186)
New Taiwan dollar	75,048	45,137	8,265	—	—	—	21,646
Swedish krona	44,413	15,400	207	—	—	—	28,806
South African rand	39,551	31,892	30	—	—	19	7,610
Mexican peso	25,348	12,783	—	—	6,656	—	5,909
Singapore dollar	20,316	8,966	458	—	—	12	10,880
Turkish lira	17,254	17,253	1	—	—	—	—
Canadian dollar	16,557	12,234	63	9,051	—	25	(4,816)
Indonesian rupiah	16,078	16,078	4,310	—	—	—	(4,310)
Indian rupee	15,305	15,303	—	—	—	2	—
Malaysian ringgit	15,186	14,975	211	—	—	—	—
Thai baht	12,596	12,682	(86)	—	—	—	—
Czech koruna	8,415	8,415	—	—	—	—	—
Brazilian real	7,783	30,569	382	—	—	63	(23,231)
New Zealand dollar	6,570	6,568	2	—	—	—	—
Norwegian krone	4,474	4,388	81	—	—	5	—
Hungarian forint	3,746	3,716	11	—	—	19	—
New Israeli shekel	3,541	3,541	—	—	—	—	—
Danish krone	2,830	—	1	—	—	—	2,829
Polish zloty	1,843	1,784	6	—	—	53	—
Egyptian pound	975	946	—	—	—	29	—
Grand Total	**$3,043,541**	**$2,893,826**	**$20,810**	**$160,878**	**$38,883**	**$4,377**	**($75,233)**

(In Thousands of Dollars)

NOTE 6—FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

Forward Foreign Exchange Contracts

A currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote. No losses occurred in 2007. Forwards are usually traded over-the-counter. These transactions are entered into in order to hedge risks from exposure to foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry market risk resulting from adverse fluctuations in foreign exchange rates. Recognition of realized gain or loss depends on whether the currency exchange rate has moved favorably or unfavorably to the contract holder upon termination of the contract. Prior to termination of the contract, Colorado PERA records the unrealized currency translation gain or loss based on the applicable forward exchange rates.

At December 31, 2007, Colorado PERA had outstanding forward foreign exchange contracts to purchase foreign currencies with a fair value of $500,142 and outstanding contracts to sell foreign currencies with a fair value of ($499,865).

Total Return Swaps

Total return swaps represent an agreement between counterparties to exchange cash flows by reference to specified indexes on a notional principal amount for a specified period. Colorado PERA had one CMBS total return swap contract with a six-month term open at year-end. This contract was held within the fixed income holdings. Pursuant to the swap agreement, Colorado PERA agreed to pay a floating rate of interest based on the United States Dollar-LIBOR-BBA which resets monthly and Colorado PERA receives the total return of the Lehman Brothers CMBS Eligible for U.S. Aggregate Index. Colorado PERA entered into this contract because it is an efficient way to gain exposure to the CMBS asset class.

Colorado PERA is exposed to credit risk in the event of nonperformance by the counterparty to the financial instrument. The risk that the counterparty will fail to meet its obligation is low. Total return swaps carry market risk, which results from adverse market changes and changes in interest rates. The fair value of this contract was $797 as of December 31, 2007.

The financial instruments discussed above involve, to varying degrees, elements of market risk to the extent of future market movements in excess of the amounts recognized in the Statement of Fiduciary Net Assets. Market risk arises from the potential unfavorable change in the value of the underlying instruments. The following contract or notional amounts of these instruments reflect the extent of Colorado PERA's involvement in each class of financial instrument as of December 31, 2007. The contract or notional amounts do not represent the exposure to market loss.

CONTRACTS	DESCRIPTION	CONTRACT OR NOTIONAL VALUE
38	Long forward foreign exchange contracts	$504,133
38	Short forward foreign exchange contracts	(504,133)
1	Total return swap	100,000

Mortgage-Backed Securities

A mortgage-backed security depends on the underlying pool of mortgage loans to provide the cash flow to make principal and interest payments on the security. A decline in interest rates can result in prepayments, which reduces the fair value of the security. Alternatively, an increase in interest rates results in decreased prepayments which may cause the return on a mortgage investment to be higher than anticipated. A collateralized mortgage obligation (CMO) is a mortgage-backed security that is comprised of classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk and/or credit risk among the various bond classes in the CMO structure.

Colorado PERA invests in mortgage-backed securities for diversification and to enhance fixed income returns. Mortgage-backed securities are subject to credit risk, the risk that the borrower will be unable to meet its obligations. These securities are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is comprised of two risks: call risk, the risk that prepayments will occur when interest rates have declined, and extension risk, the risk that prepayments will not be made when interest rates have increased.

As of December 31, 2007, the fair value of mortgage-backed securities was $2,843,794. This does not include the fair value of mortgage-backed securities held in commingled funds.

NOTE 7—COMMITMENTS AND CONTINGENCIES

As of December 31, 2007, Colorado PERA had commitments for the future purchase of investments in alternative investments of $1,203,924, and real estate of $1,018,223.

NOTE 8—VOLUNTARY INVESTMENT PROGRAM—COLORADO PERA'S DEFINED CONTRIBUTION PENSION TRUST FUND

Colorado PERA, through the Voluntary Investment Program, administers two defined contribution plans: the 401(k) Defined Contribution Plan and the Colorado PERA Defined Contribution Plan (collectively, "the Plans"). The Board has the authority to establish and amend the Plans pursuant to C.R.S. §24-51-1401 and C.R.S. §24-51-1501. The complete provisions of both Plans are incorporated into Colorado PERA's *401(k) Plan Document*. The two Plans vary significantly in their purpose, contribution provisions, and participation.

401(k) Plan

The 401(k) Defined Contribution Pension Plan was established January 1, 1985, and is an Internal Revenue Code §401(k) plan that allows for voluntary participation to provide additional benefits at retirement for Colorado PERA members. All Colorado PERA members and retirees working for a Colorado PERA-affiliated employer may contribute to the Colorado PERA 401(k) Plan. In 2007, participants could contribute the lesser of $15,500 (actual dollars) or 100 percent of compensation less Colorado PERA contributions and employer contributions. Catch-up contributions up to $5,000 (actual dollars) in 2007 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). Employer matching and discretionary contributions are allowable with total participant and employer contributions limited to $45,000 (actual dollars) per participant in 2007.

In-service withdrawals are allowed by 401(k) Plan participants while employed with a Colorado PERA affiliated employer through loans, hardship withdrawals or by a trustee-to-trustee transfer to Colorado PERA's defined benefit plan to purchase service. As of December 31, 2007, the 401(k) Plan had 72,832 participants with balances. Of those with balances, 39,242 were active participants with contributions in the last three months of the year; 11,765 were active participants with no contributions in the last three months of the year; 68 were active participants suspended from making contributions due to a hardship withdrawal; 95 were accounts for deceased participants; 10,271 were terminated participants with balances; and there were 11,391 retirees with balances. During 2007, the 401(k) Plan had a total of 3,108 terminated participants take full distributions.

Colorado PERA DC Plan

The Colorado PERA Defined Contribution (DC) Plan was established January 1, 2006, and is an Internal Revenue Code §401(a) governmental profit-sharing plan. Its purpose is to offer a defined contribution alternative to Colorado PERA's defined benefit plan. Participation is available to eligible new State employees hired on or after January 1, 2006 (except for certain employees of state colleges and universities). The eligible employees have the option to choose Colorado PERA's defined benefit plan, Colorado PERA's DC Plan, or a defined contribution plan administered by the State of Colorado.

During the second to fifth year of participation in Colorado PERA's DC Plan, a participant may elect to terminate membership in the plan and become a member of Colorado PERA's defined benefit plan. Similarly, an eligible employee of the Colorado PERA defined benefit plan may elect, during the second to fifth year of membership, to terminate membership in Colorado PERA's defined benefit plan and become a participant of Colorado PERA's DC Plan. Either election is irrevocable.

Participants in the Colorado PERA DC Plan are required to contribute 8 percent and employers are required to contribute 10.15 percent of includable salary. (For State Troopers, the rates are 10 percent and 12.85 percent.) Employers also contribute the 1.0 percent Amortization Equalization Disbursement (see Note 4) to the Division Trust Fund where the employer is affiliated. DC Plan participants are immediately vested in 50 percent of their employer contributions, together with accumulated investment earnings on the vested portion. For each full year of participation vesting increases by 10 percent. Contribution requirements are established under C.R.S. § 24-51-1505.

In-service withdrawals are prohibited from Colorado PERA's DC Plan, although the election to purchase service is available to those who have made the one-time irrevocable election to transfer to Colorado PERA's defined benefit plan. As of December 31, 2007, the Colorado PERA DC Plan had 489 participants with balances. Of those with balances, 308 were active participants with contributions in the last three months of the year; 22 were active participants with no contributions in the last three months of the year; 158 were terminated participants with balances; and there was one retiree with a balance. During 2007, the Colorado PERA DC Plan had a total of 44 terminated participants take full distributions.

Both Plans

The following investment, distribution, and fee provisions are the same under both Plans.

The Board has authorized an Investment Advisory Committee comprised of Colorado PERA staff to review, monitor, and recommend the investments available to the Plans. Participants have the choice of contributing to 17 different investment funds. Participants may also make transfers among the investment funds at any time. The investment funds are: Northern Trust Short Term Fund, PIMCO Low Duration Fund,

NOTES TO THE FINANCIAL STATEMENTS
(In Thousands of Dollars)

PIMCO Total Return Fund, Dodge & Cox Balanced Fund, Vanguard Institutional Index Fund, Dodge & Cox Stock Fund, Colorado PERA Growth & Income Stock Fund, GMO US Growth Fund, Fidelity Contrafund, American Funds EuroPacific Growth Fund, Vanguard Small Cap Index Fund, Fidelity Freedom Income Fund, Fidelity Freedom 2000 Fund, Fidelity Freedom 2010 Fund, Fidelity Freedom 2020 Fund, Fidelity Freedom 2030 Fund, and Fidelity Freedom 2040 Fund.

The participant's entire account balance in either Plan becomes available for distribution upon termination from a Colorado PERA-affiliated employer. All distribution requirements are made in accordance with Colorado PERA's 401(k) Plan Document and Internal Revenue Code requirements.

The recordkeeping for all participant transactions is administered by CitiStreet. The custodian is Northern Trust. The custodial agent of the investments carries no custodial credit risk as all deposits are insured and/or collateralized by the securities held by Northern Trust in Colorado PERA's name. All investments are presented at fair value. Cash balances represent both operating cash accounts and investment cash on deposit held by the custodian. Plan administration expenses are paid through monthly administrative fees charged to participant accounts. In addition, each investment fund charges an investment management fee, which is paid directly from each investment's earnings.

NOTE 9—HEALTH CARE TRUST FUND—COLORADO PERA'S COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT HEALTHCARE PLAN

Plan Description and Benefit Provisions

The Health Care Trust Fund (HCTF) is a cost-sharing multiple-employer defined benefit other postemployment benefit plan that provides a health care premium subsidy to participating Colorado PERA benefit recipients who choose to enroll in one of Colorado PERA's health care plans. As of December 31, 2007, there were 186,842 Colorado PERA members in active service who were earning a potential future subsidy benefit if they retire from Colorado PERA and enroll in the plan. There were 14,108 inactive members who had accumulated a potential subsidy benefit, but were not yet receiving benefits. There were 35,125 retired members who had accumulated a potential subsidy benefit, but had not elected to enroll in the plan, and there were 44,214 retirees and beneficiaries enrolled in the plan of whom 15,580 were under age 65 and 28,634 were age 65 or older.

C.R.S. §§ 24-51-1201 *et seq.* specifies the eligibility for enrollment and the amount of the premium subsidy. The maximum monthly subsidy is $230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the subsidy is $115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is for benefit recipients whose retirement benefits are based on 20 years or more of service credit. For those with less service credit, the subsidy is reduced by 5 percent for each year less than 20 years. The benefit recipient pays the remaining portion of the premium if the subsidy does not cover the entire amount. An additional subsidy exists for retirees who have not participated in Social Security and are not otherwise eligible for Medicare Part A for hospital-related services. C.R.S. § 24-51-1206(4) states that the HCTF cannot charge premiums to retirees without Part A that are greater than premiums charged to retirees with Part A for the same plan option, coverage level, and service credit. Currently for each individual retiree, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Parts A and B. Implicit in this process, an additional subsidy is paid by the HCTF on behalf of retirees who are not covered by Medicare Part A.

The HCTF offers two general types of health plans—fully insured plans offered through healthcare organizations and self-insured plans administered by third party vendors. The plan designs offered include HMO, PPO, Medicare Supplement, Medicare Advantage, and Medicare Cost plans.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries under Medicare Part D. One of the provisions of Medicare Part D provides sponsors of postemployment healthcare plans the opportunity to receive a payment—referred to as a retiree drug subsidy (RDS)—if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28 percent of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor's plan. The provisions of Medicare Part D became effective on January 1, 2006. The HCTF receives the Medicare RDS payment for the self-insured plans administered by Anthem Blue Cross Blue Shield (Anthem) and the insured plan offered by Rocky Mountain Health Plans. The HCTF uses the anticipated RDS payments to reduce the required premiums collected from the enrollees. The HCTF then pays for the full premiums or claims during the year, and recoups the additional cost when the RDS payment is received from the federal government. For the year ended December 31, 2007, the HCTF received $12,397 in Medicare RDS payments.

In addition, all of the fully insured pre-Medicare health plans are available to any Colorado PERA-affiliated employer who voluntarily elects to provide health care coverage through the Health Care Program for its employees who are Colorado PERA members. The program acts as a purchaser of private insurance to obtain economies of scale for the employers that elect to join in the joint purchasing arrangement. The insurance companies who provide coverage through the program set custom rates for each employer group. There is no transfer of risk to the

HCTF, to Colorado PERA, or between the participating employers. The insurance companies providing the benefits bear the risk for the plan. The employers and/or participants pay the full premiums for the coverage and no subsidy is provided by the HCTF. Colorado PERA collects the premiums and deposits them into the HCTF and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2007, there were 22 employers in the program with 383 active members enrolled.

Dental and vision plans are also available to participants. These plans are all fully insured and no subsidy is provided by the HCTF; the risk is borne by the insurance companies that are contracted to provide the coverage. The participants and/or employers pay the premiums for the coverage. Colorado PERA collects the premiums and deposits them into the HCTF and then pays these premiums to the insurance companies who provide the coverage. As of December 31, 2007, there were 26,250 participants enrolled in the dental plans and 21,361 participants enrolled in the vision plans.

The Board has the authority to contract, self-insure, and make disbursements necessary to carry out the purposes of the Program. Colorado PERA contracts with a major national insurance carrier to administer claims for the self-insured plans, with a national prescription benefit manager to administer a pharmacy benefit for the self-insured plans, and with health insurance companies to provide fully insured health plans providing services within Colorado.

Membership

Enrollment in the Health Care Program is voluntary and available to the following eligible individuals. Only those enrollees who are also PERA Division Trust Fund retiree or survivor benefit recipients receive the subsidy.

- Benefit recipients and their dependents.
- Guardians of children receiving Colorado PERA survivor benefits if the children are enrolled in the Program.
- Surviving spouses of deceased retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when death occurred.
- Divorced spouses of retirees who are not receiving Colorado PERA benefits, but were enrolled in the Program when the divorce occurred.
- Members while receiving short-term disability program payments.
- Members whose employers have elected to provide coverage through the Health Care Program and such members' dependents.

Summary of HCTF Specific Significant Accounting Policies

Following the applicable recognition requirements of GASB Statement 33, the HCTF recognizes an asset and contribution for the RDS payment. The HCTF applies the measurement requirements of GASB Statement 43 to determine the actuarial accrued liabilities, the annual required contribution of the employer (ARC), and the annual other postemployment benefits (OPEB) cost without reduction for RDS payments.

Premiums collected and payments made are handled in two ways, depending on whether or not the plan bears any level of risk with regard to the health coverage. Where the plan bears risk, all premiums collected are recorded as contributions and all claims or premiums paid are accounted for as benefit payments. Where there is no risk transfer to the plan, the premiums collected are held by the plan as a liability and the liability is relieved when the premiums are transferred to the health insurance company that provides the fully insured health plan. When there is no health coverage risk, the only benefit payment recorded is the subsidy benefit which is equal to the difference between the premiums collected from the enrollees and the full premium due to the insurance company.

The first health plan that involves risk to the HCTF is the self-insured plan which is administered by Anthem. Colorado PERA uses an outside consultant to determine the premiums required to cover anticipated health claims less the anticipated Medicare Part D retiree drug subsidy. The cost to the enrollee is further reduced by the amount of the enrollee's calculated subsidy, if applicable. Implicit in this process is the risk that actual claims experience and the Medicare RDS could be different from the estimates resulting in either a gain or a loss to the HCTF.

The second health plan that involves risk to the HCTF is Rocky Mountain Health Plans' (RMHP) Medicare plan where the HCTF directly receives the Medicare RDS payment from the federal government. Using an outside consultant, Colorado PERA estimates in advance the amount of the Medicare RDS payment that the HCTF will receive based on an estimate of the amount of claims that will be paid by RMHP. The anticipated savings is passed on to the enrollees through a premium reduction. The HCTF pays RMHP the full premium payment, which includes the amounts collected from enrollees, the HCTF subsidy, as well as an additional amount for the anticipated Medicare RDS payment which reduced the enrollees' premiums. The inherent risk is that the actual Medicare RDS could be different from the estimate resulting in either a gain or a loss to the HCTF.

Contributions

Contribution requirements are established by statute under C.R.S. § 24-51-208. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Affiliated employers must submit contributions for all Colorado PERA members equal to 1.02 percent of covered salaries.

(In Thousands of Dollars)

NOTE 10—FUNDED STATUS AND ACTUARIAL INFORMATION

Funding Status and Funding Progress

The funded status of each plan as of December 31, 2007, the most recent actuarial valuation date, is as follows:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	HEALTH CARE TRUST FUND
Actuarial value of assets (a)	$14,220,681	$22,070,769	$2,892,847	$231,228	$258,775
Actuarial accrued liability (b)	19,390,296	29,241,428	3,563,199	264,210	1,303,594
Total unfunded actuarial accrued liability (UAAL) (b-a)	5,169,615	7,170,659	670,352	32,982	1,044,819
Funded ratio (a/b)	73.3%	75.5%	81.2%	87.5%	19.9%
Covered payroll	2,236,518	3,618,258	680,442	31,150	6,566,368
UAAL as a percentage of covered payroll	231.1%	198.2%	98.5%	105.9%	15.9%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. A schedule of funding progress immediately follows the notes to the financial statements. It presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between each Fund and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Additional information as of the latest actuarial valuation follows:

	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	HEALTH CARE TRUST FUND
Valuation date	12/31/2007	12/31/2007	12/31/2007	12/31/2007	12/31/2007
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open
Remaining amortization period used in ARC calculation	30 years	30 years	30 years	30 years	30 years
Asset valuation method[1]	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions:					
Investment rate of return[2] and discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
Projected salary increases[2]	4.50 – 10.17%	4.50 – 10.70%	4.50 – 11.47%	5.00 – 6.00%	4.50% in aggregate
Post-retirement benefit increases:					
Members hired prior to 7/1/05	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	None
Members hired on or after 7/1/05 but before 1/1/07	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	None
Members hired on or after 1/1/07	None[3]	None[3]	None[3]	None[3]	None
Health Care Inflation Factor	Not applicable	Not applicable	Not applicable	Not applicable	4.50% applicable to Medicare Part A costs

[1] Asset values were re-initialized at the market value effective December 31, 2004, with phase-in of the four-year smoothing.

[2] Includes inflation at 3.75 percent and productivity at 0.75 percent.

[3] Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

Beginning in 2007, a new reserve was created within each Divisional Trust Fund ("Annual Increase Reserve") for the purpose of funding future benefit increases for members hired on or after January 1, 2007. Funding for this reserve comes from the employer contributions and is calculated at 1 percent of the salary reported for members hired after January 1, 2007. Post-retirement benefit increases for these members are limited to a maximum of 3 percent compounded annually subject to the availability of assets in the Annual Increase Reserve for each Division. As of December 31, 2007, the value of the Annual Increase Reserve was $1,110 in the State Division $1,108 in the School Division, $467 in the Local Government Division, and $11 in the Judicial Division. Since these assets are earmarked for the specific purpose of providing future benefit increases for members hired after January 1, 2007, they are not included in the Actuarial Value of Assets used in the calculation of the ARC or the funded status and funding progress of the plans shown above.

NOTE 11—SUBSEQUENT EVENTS

Legislation Impacting Future Years

During the 2008 legislative session, House Bill 08-1403: Concerning the Merger of a School District Retirement System, was passed by the Legislature and signed into law by Governor Ritter on May 28, 2008. This bill modifies the existing law that authorizes the Denver Public Schools Retirement System (DPSRS) and Denver Public Schools (DPS) to enter into an agreement to merge into Colorado PERA. Major provisions in the bill include the following:

- The effective date of the merger is January 1, 2009, or a later date as agreed to by the parties.
- Any of the three parties (Colorado PERA, Denver Public Schools, and the Denver Public Schools Retirement System) are allowed to end negotiations if a mutually acceptable agreement is not negotiated.
- DPS and its related employers will become affiliated employers with Colorado PERA subject to Colorado PERA laws and rules and all on-going contributions will be governed by Colorado PERA laws and rules.
- As of the effective date of the merger, current DPSRS retirees, beneficiaries, survivors, and disability retirees will not have a reduction in their benefits because of the merger.
- The parties will negotiate a separate agreement to address health care coverage for retirees, beneficiaries, and members of DPSRS.
- The parties will negotiate portability rules.
- The merger will not result in the involuntary reduction of anyone's benefits.
- Two valuations, completed by Colorado PERA's actuary, will occur:
  - The initial valuation completed within 60 days of the signing of the agreement will be based on December 31, 2007, audited financial reports, with consideration of the proceeds to DPSRS for the pension certificates of participation.
  - The final valuation based on December 31, 2008, audited financial reports or such later reports as are agreed upon by the parties.
- The valuations will establish a single up-front payment that must be transferred from DPSRS to Colorado PERA in order to avoid any subsidy between the parties and equalize the funding status of the systems.
- An Asset Surplus Account (ASA) will be calculated and will consist of the total value of the assets transferred on the date of the merger minus the single up-front payment.
- The ASA monies may be used by DPS as a credit toward their employer contributions, the Amortization Equalization Disbursement (AED), and the Supplemental AED (SAED).
- Colorado PERA will hire the DPSRS staff as of the effective date of the merger as at-will employees, but they will continue to accrue DPSRS benefits.

During the 2007 legislative session, a bill that impacted Colorado PERA was passed by the Legislature and signed into law by Governor Ritter on June 1, 2007. The features of the bill that will be implemented in future years that could potentially impact the financial statements to the greatest extent are listed below:

House Bill 07-1377: Higher Ed and State Retirement Plans

This bill would repeal a portion of Senate Bill 06-235. Under SB 06-235, new employees of higher education institutions who are hired as of January 1, 2008, are eligible to choose their retirement plan.

HB 07-1377 removes that choice for higher education and gives employees hired after January 1, 2008, the same retirement options as current employees. The bill makes an exception for new hires at community colleges. HB 07-1377 would give certain new employees hired at a community college on or after January 1, 2008, the ability to choose between participation in the State Division Trust Fund and the Colorado PERA DC Plan within the Voluntary Investment Program.

During the 2006 legislative session, a bill that impacted Colorado PERA was passed by the Legislature and signed into law by Governor Owens on May 25, 2006. The features of the bill that will be implemented in future years that could potentially impact the financial statements to the greatest extent are listed below:

Senate Bill 06-235: Concerning Public Employees' Retirement Benefit Plans

- The addition of a Supplemental Amortization Equalization Disbursement (SAED) that will begin January 1, 2008, at 0.5 percent of covered salary and will increase by 0.5 percent per year until an additional 3 percent is implemented. The SAED will be discontinued when each Division Trust Fund reaches 100 percent funding. The SAED is noted in the statute as foregone compensation increases from employees.
- The General Assembly must contract for an independent actuarial study before any future benefit enhancements can occur.
- The expansion of Defined Contribution Choice to institutions of higher education effective January 1, 2008. New employees in higher education would be eligible to select the Colorado PERA DB Plan, the Colorado PERA DC Plan, or the State DC Plan, in addition to existing Optional Retirement Plans (ORPs) at institutions that have ORPs. This includes faculty and administrators who have not previously had access to the Colorado PERA DB, Colorado PERA DC, or the State DC Plan. It also includes classified staff who have not been eligible for DC Choice. Current members of ORPs could not elect to participate in Colorado PERA DB, Colorado PERA DC, or the State DC Plan. (This provision was repealed as provided in HB 07-1377.)

During the 2004 legislative session, a bill that impacted Colorado PERA was passed by the Legislature and signed into law by Governor Owens on June 4, 2004. The features of the bill that will be implemented in future years that could potentially impact the financial statements to the greatest extent are listed below:

Senate Bill 04-257: Public Employee Retirement Plans

This bill will provide additional employer funding for Colorado PERA and will expand the defined contribution plan option beyond elected officials to new hire State government employees. Major provisions of this bill that will be implemented after the year ended December 31, 2005, include the following:

- An "Amortization Equalization Disbursement" (AED) will be established and will require each Colorado PERA employer to pay 0.5 percent of salary to Colorado PERA, beginning January 1, 2006, increasing by 0.5 percent of salary in 2007 and by 0.4 percent of salary each subsequent year, reaching a maximum of 3 percent of salary in 2012 and thereafter. This payment will be used to help amortize Colorado PERA's unfunded liability. If Colorado PERA reaches 100 percent funded status, the AED will be repealed.
- The School employer contribution rate to Colorado PERA will increase by 0.4 percent of salary, beginning January 1, 2013.

Iran-Related Investment Policy

In January 2008, the Board adopted an Iran Related Investment Policy. The policy requires Colorado PERA to initiate a phased strategy to address Colorado PERA's direct public investments in foreign companies doing business in the Islamic Republic of Iran. The policy includes phases for identifying a list of public companies doing business in Iran, criteria that will be used, periods of time for engagement with companies identified, investment moratorium requirements, and other possible actions including potential divestment. A copy of the Policy on Iran-Related Investments is available online at www.copera.org/pdf/Policy/IranPolicy.pdf.

Life Insurance Reserve

Effective April 1, 2008, the contract with Unum Life Insurance Company of America, the carrier and administrator for Colorado PERA's life insurance program, changed from a flex-funding premium agreement to a fully pooled premium contract. The new contract will increase the expenses to the Life Insurance Reserve by 31 cents per unit per month and the program currently has approximately 112,000 units of insurance. This contract is for a two-year period, and the rates are in effect until April 1, 2010.

REQUIRED SUPPLEMENTARY INFORMATION—
SCHEDULE OF FUNDING PROGRESS
For the Years Ended December 31
(In Thousands of Dollars)

STATE DIVISION[1]	2007	2006	2005
Actuarial valuation date	**12/31/2007**	12/31/2006	12/31/2005
Actuarial value of assets (a)	**$14,220,681**	$13,327,290	$12,536,916
Actuarial accrued liability (b)	**19,390,296**	18,246,010	17,541,744
Total unfunded actuarial accrued liability (UAAL) (b-a)	**5,169,615**	4,918,720	5,004,828
Funded ratio (a/b)	**73.3%**	73.0%	71.5%
Covered payroll	**2,236,518**	2,099,325	2,064,764
UAAL as a percentage of covered payroll	**231.1%**	234.3%	242.4%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

SCHOOL DIVISION[1]	2007	2006	2005
Actuarial valuation date	**12/31/2007**	12/31/2006	12/31/2005
Actuarial value of assets (a)	**$22,070,769**	$20,535,733	$19,184,225
Actuarial accrued liability (b)	**29,241,428**	27,708,682	25,963,972
Total unfunded actuarial accrued liability (UAAL) (b-a)	**7,170,659**	7,172,949	6,779,747
Funded ratio (a/b)	**75.5%**	74.1%	73.9%
Covered payroll	**3,618,258**	3,371,186	3,241,214
UAAL as a percentage of covered payroll	**198.2%**	212.8%	209.2%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

STATE AND SCHOOL DIVISION[1]	2004	2003	2002
Actuarial valuation date	12/31/2004	12/31/2003	12/31/2002
Actuarial value of assets (a)	$28,594,699	$28,522,222	$28,551,607
Actuarial accrued liability (b)	40,783,531	37,914,502	32,463,918
Total unfunded actuarial accrued liability (UAAL) (b-a)	12,188,832	9,392,280	3,912,311
Funded ratio (a/b)	70.1%	75.2%	87.9%
Covered payroll	5,303,439	5,140,918	5,278,586
UAAL as a percentage of covered payroll	229.8%	182.7%	74.1%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

The accompanying notes are an integral part of the Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION—
SCHEDULE OF FUNDING PROGRESS
For the Years Ended December 31
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION[1]	2007	2006	2005	2004	2003	2002
Actuarial valuation date	**12/31/2007**	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002
Actuarial value of assets (a)	**$2,892,847**	$2,613,386	$2,358,719	$1,990,652	$1,907,786	$1,839,632
Actuarial accrued liability (b)	**3,563,199**	3,288,421	3,022,624	2,576,988	2,379,229	1,966,143
Total unfunded actuarial accrued liability (UAAL) (b-a)	**670,352**	675,035	663,905	586,336	471,443	126,511
Funded ratio (a/b)	**81.2%**	79.5%	78.0%	77.2%	80.2%	93.6%
Covered payroll	**680,442**	636,300	607,217	549,607	479,098	474,760
UAAL as a percentage of covered payroll	**98.5%**	106.1%	109.3%	106.7%	98.4%	26.6%

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

JUDICIAL DIVISION	2007	2006	2005	2004	2003	2002
Actuarial valuation date	**12/31/2007**	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002
Actuarial value of assets (a)	**$231,228**	$210,633	$193,305	$170,111	$166,654	$162,901
Actuarial accrued liability (b)	**264,210**	247,491	223,955	209,954	198,377	165,672
Total unfunded actuarial accrued liability (UAAL) (b-a)	**32,982**	36,858	30,650	39,843	31,723	2,771
Funded ratio (a/b)	**87.5%**	85.1%	86.3%	81.0%	84.0%	98.3%
Covered payroll	**31,150**	29,151	26,937	26,309	25,452	26,357
UAAL as a percentage of covered payroll	**105.9%**	126.4%	113.8%	151.4%	124.6%	10.5%

HEALTH CARE TRUST FUND	2007	2006	2005	2004	2003	2002
Actuarial valuation date	**12/31/2007**	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002
Actuarial value of assets (a)	**$258,775**	$214,816	$191,264	$166,619	$160,416	$161,700
Actuarial accrued liability (b)	**1,303,594**	1,247,950	1,116,627	1,102,597	897,461	813,211
Total unfunded actuarial accrued liability (UAAL) (b-a)	**1,044,819**	1,033,134	925,363	935,978	737,045	651,511
Funded ratio (a/b)	**19.9%**	17.2%	17.1%	15.1%	17.9%	19.9%
Covered payroll	**6,566,368**	6,617,218	5,940,132	5,879,355	5,645,468	5,779,703
UAAL as a percentage of covered payroll	**15.9%**	15.6%	15.6%	15.9%	13.1%	11.3%

The accompanying notes are an integral part of the Required Supplementary Information.

REQUIRED SUPPLEMENTARY INFORMATION—
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Years Ended December 31
(In Thousands of Dollars)

STATE DIVISION[1]	2007	2006	2005
Dollar amount of annual required contribution (ARC)	**$412,638**	$361,714	$398,919
ARC[2]	**18.45%**	17.23%	19.33%
% ARC contributed	**56%**	58%	48%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Years Ended December 31
(In Thousands of Dollars)

SCHOOL DIVISION[1]	2007	2006	2005
Dollar amount of annual required contribution (ARC)	**$621,617**	$541,412	$627,082
ARC[2]	**17.18%**	16.06%	19.33%
% ARC contributed	**60%**	62%	48%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

STATE AND SCHOOL DIVISION[1]	2004	2003	2002
Dollar amount of annual required contribution (ARC)	$918,025	$571,156	$315,825
ARC[2]	17.31%	11.11%	6.37%
% ARC contributed	51%	69%	100%

[1] The State and School Divisions were merged on July 1, 1997, and separated on January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

LOCAL GOVERNMENT DIVISION[1]	2007	2006	2005	2004	2003	2002
Dollar amount of annual required contribution (ARC)	**$81,313**	$71,329	$85,372	$76,835	$45,658	$21,972
ARC[2]	**11.95%**	11.21%	14.11%	13.98%	9.53%	5.02%
% ARC contributed	**84%**	85%	64%	62%	69%	100%

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

[2] As a percent of covered payroll. ARC based on prior year-end actuarial study.

JUDICIAL DIVISION	2007	2006	2005	2004	2003	2002
Dollar amount of annual required contribution (ARC)	**$5,501**	$4,469	$4,634	$4,267	$1,013	$383
ARC[1]	**17.66%**	15.33%	17.21%	16.22%	3.98%	1.55%
% ARC contributed	**77%**	84%	74%	64%	100%	100%

[1] As a percent of covered payroll. ARC based on prior year-end actuarial study.

REQUIRED SUPPLEMENTARY INFORMATION—SCHEDULE OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

For the Years Ended December 31
(In Thousands of Dollars)

HEALTH CARE TRUST FUND	2007	2006	2005	2004	2003	2002
Dollar amount of annual required contribution (ARC)	**$73,346**	$70,688	$67,793	$59,969	$65,487	$92,562
ARC[1]	**1.10%**	1.09%	1.13%	1.02%	1.16%	1.71%
% ARC contributed by Employer	**93%**	91%	90%	100%	100%	100%
% ARC contributed by Medicare	**17%**	18%	—	—	—	—

[1] As a percent of covered payroll. ARC based on prior year-end actuarial study.

The accompanying notes are an integral part of the Required Supplementary Information.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1—DESCRIPTION

The historical trend information about the State Division Trust Fund, School Division Trust Fund, Local Government Division Trust Fund, Judicial Division Trust Fund, and the Health Care Trust Fund is presented as required supplementary information. This information is intended to help users assess the funding status on a going-concern basis and to assess progress made in accumulating assets to pay benefits when due.

NOTE 2—ACTUARIAL ASSUMPTIONS AND METHODS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT DIVISION TRUST FUND	JUDICIAL DIVISION TRUST FUND	HEALTH CARE TRUST FUND
Valuation date	12/31/2007	12/31/2007	12/31/2007	12/31/2007	12/31/2007
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open	Level percent, Open
Remaining amortization period used in ARC calculation	30 years	30 years	30 years	30 years	30 years
Remaining amortization period with current funding	Infinite[1]	Infinite[1]	25 years[1]	94 years[1]	38 years
Asset valuation method [2]	4–year smoothed market	4–year smoothed market	4–year smoothed market	4–year smoothed market	4–year smoothed market
Actuarial assumptions:					
Investment rate of return[3] and discount rate	8.50%	8.50%	8.50%	8.50%	8.50%
Projected salary increases[3]	4.50–10.17%	4.50–10.70%	4.50–11.47%	5.00–6.00%	4.50% in aggregate
Post-retirement benefit increases:					
Members hired prior to 7/1/05	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	3.50% compounded annually	None
Members hired on or after 7/1/05 but before 1/1/07	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	3.00% compounded annually	None
Members hired on or after 1/1/07	None[4]	None[4]	None[4]	None[4]	None
Health care inflation factor	Not applicable	Not applicable	Not applicable	Not applicable	4.50% applicable to Medicare Part A costs

[1] See Management's Discussion and Analysis on unfunded actuarial accrued liabilities on page 22.

[2] Asset values were re-initialized at the market value effective December 31, 2004, with phase-in of the four-year smoothing.

[3] Includes inflation at 3.75 percent and productivity at 0.75 percent.

[4] Post-retirement benefit increases are provided by a separate reserve within the Fund, called the Annual Increase Reserve, subject to monies being available.

NOTE 3—SIGNIFICANT FACTORS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Pension Plans—State, School, Local Government[1], and Judicial Division Trust Funds

2007 Changes in Plan Provisions Since Prior Year:

- No material changes.

2006 Changes in Plan Provisions Since Prior Year:

- No material changes.

2005 Changes in Plan Provisions Since Prior Year:

- Senate Bill 04-257 provides that the State and School Divisions will be split beginning January 1, 2006, and the 2005 actuarial information has been shown separately.
- Fully recognized the transitional amount of unrealized gains from the 1992 actuarial change from cost value to smoothed market value.
- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and salary increase assumptions were changed based on the actuarial experience study performed in 2005.

2004 Changes in Plan Provisions Since Prior Year:

- Suspension of MatchMaker contributions on June 1, 2004.
- Reduction in the interest rate credited to member contribution accounts from 80 percent of the actuarial valuation interest rate to a rate determined by the Colorado PERA Board, such rate not to exceed 5 percent per annum beginning July 1, 2004.
- A reduction in the allocation of the employer contribution rate to the Health Care Trust Fund from 1.10 percent to 1.02 percent of salary on or after July 1, 2004, with the difference increasing pension funding.
- Gradual increases in payments toward Colorado PERA's unfunded liability starting January 1, 2006, at 0.5 percent of salary, increasing 0.5 percent in 2007 and by 0.4 percent of salary each subsequent year, reaching a maximum of 3 percent of salary by 2012 and thereafter known as the Amortization Equalization Disbursement (AED). If Colorado PERA reaches 100 percent of funded status, the AED will be repealed.
- School Division employer contribution rate is increased from 10.15 percent to 10.55 percent in 2013.

2003 Changes in Plan Provisions Since Prior Year:

- The actuarial investment assumption rate was changed from 8.75 percent to 8.50 percent, the rate of inflation assumption was changed from 4.50 percent to 3.75 percent, the real rate of return assumption was changed from 4.25 percent to 4.75 percent, and the payroll growth rate assumption was changed from 5.50 percent to 4.50 percent.

2002 Changes in Plan Provisions Since Prior Year:

- No material changes.

Health Care Trust Fund

2007 Changes in Plan Provisions Since Prior Actuarial Valuation:

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns, incorporating the addition of the Secure Horizons (HMO) option.
  - Expected inpatient hospital claims cost for retirees age 65 and older who do not have Part A have been updated to better reflect anticipated changes in the various coverage categories, based on the most recent "no Part A" report presented to the Board of Trustees in March 2008.

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2006 Changes in Plan Provisions Since Prior Actuarial Valuation:

- The following changes have been made to certain health care assumptions since the previous valuation:
  - Based on the results of surveys conducted by Colorado PERA staff, the percentage of actives hired before April 1, 1986, and pre-Medicare retirees assumed to not have Part A Medicare coverage was changed to 20 percent.
  - Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns.
  - Expected inpatient hospital claims costs for retirees age 65 and older who do not have Part A have been updated and associated trend assumptions for future increases in medical costs were amended to better reflect anticipated changes in the various coverage categories.
- The following methodology change has been implemented since the previous valuation:
  - Members electing coverage in a qualified plan option produce a Retiree Drug Subsidy (RDS) which is payable to the HCTF under Part D of the Medicare Modernization Act of 2003. The HCTF has reduced the full cost of coverage by the estimated RDS. GASB Statement 43, GASB Technical Bulletin 2006-1, and GASB Statement 45 do not allow for future assumed RDS payments to be used as a direct offset for future liabilities. Therefore, the total HCTF actuarially accrued liability has been increased for future RDS premium offsets to members.

2005 Changes in Plan Provisions Since Prior Actuarial Valuation:

- Changed the method of calculating the actuarial value of assets such that the expected rate of investment return going forward will be based on the beginning of year market value, with annual differences between the actual and expected market value of assets smoothed over a four-year period.
- Reset the actuarial value of assets to be equal to the market value of assets as of December 31, 2004.
- Mortality, withdrawal, retirement, disability, and expected rates of participation in the Health Care Trust Fund programs were changed based on the actuarial experience study performed in 2005.

2004 Changes in Plan Provisions Since Prior Actuarial Valuation:

- A reduction in the allocation of the employer contribution rate to the Health Care Trust Fund from 1.10 percent to 1.02 percent of salary on or after July 1, 2004, with the difference increasing pension funding.
- The valuation considers the implicit subsidy provided to retired members over age 65 who are not fully covered by Medicare Part A.

2003 Changes in Plan Provisions Since Prior Actuarial Valuation:

- The actuarial investment assumption rate was changed from 8.75 percent to 8.50 percent, the rate of inflation assumption was changed from 4.50 percent to 3.75 percent, the real rate of return assumption was changed from 4.25 percent to 4.75 percent, and the payroll growth rate assumption was changed from 5.50 percent to 4.50 percent.

2002 Changes in Plan Provisions Since Prior Actuarial Valuation:

- No material changes.

SUPPLEMENTARY SCHEDULES—SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Years Ended December 31
(In Thousands of Dollars)

PERSONNEL SERVICES	2007	2006
Salaries	$16,603	$16,236
Employee benefits	4,914	4,739
Total personnel services	21,517	20,975
PROFESSIONAL CONTRACTS		
Actuarial contracts	260	493
Audits	160	115
Investment counsel	1,153	1,230
Legal and legislative counsel	1,023	1,429
Computer services and consulting	494	810
Management consulting	1,033	957
Health care consultants	110	262
Other	385	285
Total professional contracts	4,618	5,581
MISCELLANEOUS		
Equipment rental and services	795	911
Memberships	157	145
Publications and subscriptions	70	63
Travel and local expense	572	527
Auto expense	18	20
Telephone	298	260
Postage	1,007	1,082
Insurance	262	266
Printing	542	536
Office supplies	434	392
Building rent, supplies, and utilities	806	755
Total miscellaneous	4,961	4,957
Total budgeted expense	31,096	31,513
Depreciation expense	910	1,224
Life Insurance Reserve direct expenses	1,585	887
Health Care Trust Fund direct expenses	7,349	4,175
Voluntary Investment Program direct expenses	5,122	4,301
Total expense	46,062	42,100
Interfund–tenant and other expense	1,018	979
Interfund–internal investment manager expenses	(7,971)	(7,897)
Total administrative expense	$39,109	$35,182
ALLOCATION OF ADMINISTRATIVE EXPENSE		
State Division Trust Fund	$6,963	$7,889
School Division Trust Fund	11,942	11,523
Local Government Division Trust Fund	1,918	1,800
Judicial Division Trust Fund	19	19
Voluntary Investment Program	5,484	4,706
Health Care Trust Fund	11,051	8,145
Life Insurance Reserve	1,732	1,100
Total allocation	$39,109	$35,182

SUPPLEMENTARY SCHEDULES—SCHEDULE OF INVESTMENT EXPENSES
For the Years Ended December 31
(In Thousands of Dollars)

	2007	2006
External manager expenses		
Fixed income	$3,963	$3,190
Domestic stocks	3,171	2,804
International stocks	17,396	16,364
Alternative investments	48,195	51,239
Real estate investments	39,028	42,079
Timber investments	11,025	3,443
Total external manager expenses	122,778	119,119
Internal manager expenses	7,971	7,897
Other investment expenses and custody fees	703	1,087
Total investment expenses	$131,452	$128,103

SUPPLEMENTARY SCHEDULES—SCHEDULE OF PAYMENTS TO CONSULTANTS
For the Years Ended December 31
(In Thousands of Dollars)

	2007	2006
Professional contracts		
Actuarial contracts	$260	$493
Audits	160	115
Legal and legislative counsel	1,023	1,429
Computer services and consulting	494	810
Management consulting	1,033	957
Healthcare consulting	110	262
Other	385	285
Total payments to consultants[1]	$3,465	$4,351

[1] Excludes investment advisers.

SUPPLEMENTARY SCHEDULES—SCHEDULE OF OTHER ADDITIONS

For the Years Ended December 31
(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS	VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2007	TOTAL 2006
Administrative fee income	$—	$—	$—	$—	$—	$—	$—	$1,266	$—	**$1,266**	$1,224
Alliance fees	—	—	—	—	—	1,434	1,434	—	—	**1,434**	1,211
401(k) participant loan interest	—	—	—	—	—	2,825	2,825	—	—	**2,825**	2,179
Purchase service transfer to HCTF	—	—	—	—	—	—	—	11,188	—	**11,188**	11,773
Transfer in of recovered distributions	—	—	—	—	—	2,035	2,035	—	—	**2,035**	—
Miscellaneous	4	15	12	—	31	72	103	—	—	**103**	34
Total other additions	$4	$15	$12	$—	$31	$6,366	$6,397	$12,454	$—	**$18,851**	$16,421

SUPPLEMENTARY SCHEDULES—SCHEDULE OF OTHER DEDUCTIONS/(TRANSFERS)

For the Years Ended December 31
(In Thousands of Dollars)

	STATE DIVISION TRUST FUND	SCHOOL DIVISION TRUST FUND	LOCAL GOVERNMENT TRUST FUND	JUDICIAL DIVISION TRUST FUND	TOTAL DEFINED BENEFIT PLANS	VOLUNTARY INVESTMENT PROGRAM	TOTAL PENSION TRUST FUNDS	HEALTH CARE TRUST FUND	LIFE INSURANCE RESERVE	TOTAL 2007	TOTAL 2006
Interfund transfers at retirement	$2,898	$57	$54	($3,009)	$—	$—	$—	$—	$—	**$—**	$—
Purchase service transfer to HCTF	4,554	5,261	1,272	101	11,188	—	11,188	—	—	**11,188**	11,773
Miscellaneous	140	30	—	—	170	—	170	—	—	**170**	180
Total other deductions	$7,592	$5,348	$1,326	($2,908)	$11,358	$—	$11,358	$—	$—	**$11,358**	$11,953

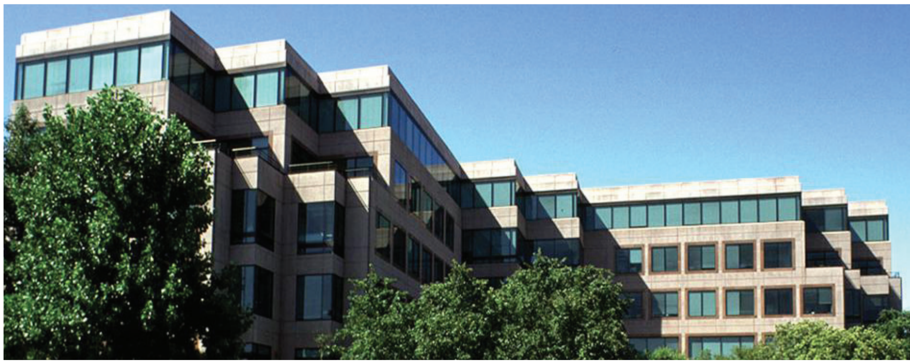
SUPPLEMENTARY SCHEDULES—VOLUNTARY INVESTMENT PROGRAM
STATEMENT OF FIDUCIARY NET ASSETS BY COMPONENT PLAN
For the Year Ended December 31, 2007
(In Thousands of Dollars)

ASSETS	401(k) PLAN	COLORADO PERA DC PLAN	VOLUNTARY INVESTMENT PROGRAM
Cash and short-term investments	$127,840	$1,364	$129,204
Receivables			
Benefit	58,336	229	58,565
Investment settlements and income	1,078	1	1,079
Total receivables	59,414	230	59,644
Investments, at fair value			
Fixed income	241,022	142	241,164
Domestic stocks	1,090,160	631	1,090,791
International stocks	213,837	231	214,068
Total investments, at fair value	1,545,019	1,004	1,546,023
Total assets	1,732,273	2,598	1,734,871
LIABILITIES			
Investment settlements and other liabilities	1,319	51	1,370
Interfund	24	—	24
Total liabilities	1,343	51	1,394
Net assets held in trust for pension plan benefits	**$1,730,930**	**$2,547**	**$1,733,477**

SUPPLEMENTARY SCHEDULES—VOLUNTARY INVESTMENT PROGRAM
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS BY COMPONENT PLAN
For the Year Ended December 31, 2007
(In Thousands of Dollars)

ADDITIONS	401(k) PLAN	COLORADO PERA DC PLAN	VOLUNTARY INVESTMENT PROGRAM
Contributions			
Employers	$3,252	$1,104	$4,356
Members	171,630	880	172,510
Total contributions	174,882	1,984	176,866
Investment income			
Net appreciation in fair value of investments	89,202	13	89,215
Interest	12,921	43	12,964
Dividends	23,567	13	23,580
Net income from investing activities	125,690	69	125,759
Securities lending income	956	—	956
Less securities lending borrower rebates	(1,082)	—	(1,082)
Less securities lending agent fees	12	—	12
Net loss from securities lending	(114)	—	(114)
Net investment income	125,576	69	125,645
Other additions	6,317	49	6,366
Total additions	**306,775**	**2,102**	**308,877**
DEDUCTIONS			
Refunds of contribution accounts, including match and interest	92,607	148	92,755
Administrative expenses	5,482	2	5,484
Total deductions	98,089	150	98,239
Net increase in assets available	**208,686**	**1,952**	**210,638**
Net assets held in trust for pension plan benefits			
Beginning of year	**1,522,244**	**595**	**1,522,839**
End of year	**$1,730,930**	**$2,547**	**$1,733,477**

Investing for our members



COLORADO PERA REPORT ON INVESTMENT ACTIVITY
Does not include the Voluntary Investment Program

STATE LAW

State law gives complete responsibility for the investment of Colorado PERA's funds to the Board of Trustees, with some stipulations including:

- The aggregate amount of monies invested in corporate stocks or corporate bonds, notes, or debentures, which are convertible into stock or in investment trust shares cannot exceed 65 percent of the then book value of the fund.
- No investment of the fund in common or preferred stock (or both) of any single corporation can exceed 5 percent of the then book value of the fund.
- The fund cannot acquire more than 12 percent of the outstanding stock or bonds of any single corporation.

Board of Trustees' Statutory Fiduciary Responsibility

By State law, the management of Colorado PERA's retirement fund is vested in the Colorado PERA Board of Trustees who are held to the standard of conduct of fiduciaries in discharging their responsibilities. According to C.R.S. § 24-51-207(2), Colorado PERA's Trustees, as fiduciaries, must carry out their functions solely in the interest of Colorado PERA members and benefit recipients and for the exclusive purpose of providing benefits.

Goal

The function of Colorado PERA is to provide present and future retirement or survivor benefits for its members. The investment function is managed in a manner to promote long-term financial security for our membership while maintaining the stability of the fund.

OUTLINE OF INVESTMENT POLICY

Colorado PERA's investment policy outlines the investment philosophy and guidelines within which the fund's investments will be managed.

The investment philosophy of Colorado PERA includes the following:

- Strategic asset allocation is the most significant factor influencing long-term investment performance and asset volatility.
- The fund's liabilities are long-term and the investment strategy will therefore be long-term in nature.
- The asset allocation policy will be periodically re-examined to ensure its appropriateness to the then-prevailing liability considerations.
- As a long-term investor, Colorado PERA will invest across a wide spectrum of investments in a prudent manner.
- Active management may be expected to add value over passive investment alternatives under appropriate conditions.

The Board of Trustees determines the strategic asset allocation policy for the fund. The Board's policy specifies the desired target allocation for each asset class as well as the ranges within which each asset class may operate. The targeted asset allocation mix in effect during 2007 and the specified ranges for each asset class are as follows:

ASSET CLASS	TARGET ALLOCATION	PERMISSIBLE RANGE
Domestic Equity	45%	42%—48%
International Equity	15%	12%—18%
Fixed Income	25%	22%—28%
Alternative Investments	7%	4%—10%
Real Estate	7%	4%—10%
Timber	1%	0%—2%
Total	100%	

The asset allocation policy is determined by an intensive asset/liability analysis. Expected investment returns, risks, and correlations of returns are considered. The characteristics of the fund's liabilities are analyzed in conjunction with expected investment risks and returns. The targeted strategic asset allocation is designed to provide appropriate diversification and balance expected total rate of return with the volatility of expected returns. The asset allocation targets are adhered to through the implementation of a rebalancing policy.

In November 2007, the Board approved the creation of an Opportunity Fund and approved new asset allocation targets and permissible ranges that will be effective January 1, 2008. The new allocation targets and the specified ranges are as follows:

ASSET CLASS	TARGET ALLOCATION	PERMISSIBLE RANGE
Domestic Equity	43%	40%—46%
International Equity	15%	12%—18%
Fixed Income	25%	22%—28%
Alternative Investments	7%	4%—10%
Real Estate	7%	4%—10%
Opportunity Fund	3%	0%—6%
Total	100%	

Investments are managed and monitored in a manner which seeks to balance return and risk within the asset/liability framework. The Chief Investment Officer is authorized to execute investment transactions on behalf of the Board. Assets are managed both internally and externally. In making investment decisions, the Board and staff utilize external experts in various fields including risk and performance analysis, portfolio construction, rebalancing techniques, and other important investment functions and issues.

CORPORATE GOVERNANCE

General Policy

Although Colorado PERA is not subject to the Employee Retirement Income Security Act of 1974 (ERISA), the Colorado PERA Board complies with the position taken by the U.S. Department of Labor (DOL) in February 1988. The DOL has stated that the right to vote shares of stock owned by a pension plan is, in itself, an asset of the plan, and therefore the fiduciary's responsibility to manage the assets includes proxy voting.

Board of Trustees Shareholder Responsibility Committee

To assist the Board of Trustees in carrying out its fiduciary responsibilities in voting proxies, the Board established a Shareholder Responsibility Committee. The Colorado PERA General Counsel serves as an adviser to the Committee. The Board and the Shareholder Responsibility Committee have delegated to the Legal Department the authority to execute and vote all domestic proxies according to the Board Proxy Voting Policy. All proxy issues are reviewed by staff on a case-by-case basis and then voted according to guidelines established by the Policy. Colorado PERA retains proxy voting analysts to assist in the proxy voting process.

Proxy Voting Policy

The Board's Proxy Voting Policy sets forth directives on the following nine issues: Board of Directors, Proxy Contests and Corporate Defenses, Tender Offers and Corporate Defenses, Corporate Restructurings, State of Incorporation, Proxy System, Executive Compensation, Corporate Governance, and Social Issues. The Proxy Voting Policy on Social Issues states that "Colorado PERA will abstain on all social issues, and will only vote on financial issues." The voting of proxy ballots for international stocks is delegated to Colorado PERA's external international equity managers consistent with certain requirements established by the Board.

(Colorado PERA's Report on Investment Activity was prepared by internal staff.)

INVESTMENT BROKERS/ADVISERS

A.G. Edwards
Alignment Capital Group, LLC
Banc of America Securities LLC
Bank of New York
Barclays Capital Inc.
BB&T Capital Services
Bear Stearns & Co. Inc.
BNP Paribas Securities Services
B-Trade Services LLC
Cantor, Fitzgerald & Co.
Capital Institutional Services, Inc.
CIBC Capital Markets
Citigroup Global
Credit Suisse First Boston Corporation
D.A. Davidson & Co.
Descap Securities Inc.
Deutsche Bank Alex Brown Inc.
Ennis Knupp & Associates
Friedman Billings & Ramsey
Goldman, Sachs & Co.
Heitman Capital Management Corp.
HSBC Securities
INVESCO Realty Advisors
Investment Technology Group
J.P. Morgan Chase
Jefferies & Co.
Jones Lang LaSalle
La Branche & Co. Inc.
Lehman Brothers Inc.
Liquidnet, Inc.
Merrill Lynch, Pierce, Fenner & Smith Inc.
Morgan Stanley & Co. Incorporated
Piper Jaffray Companies, Inc.
Prudential Securities
Putnam Lovell NBF Securities
RBC Capital Markets
RBS Greenwich Capital Markets
Robert W. Baird & Co. Inc.
RREEF Real Estate Investment Managers
Sanford Bernstein & Co. LLC
SG Cowen Securities Corporation
Stifel Nicolaus & Company, Inc.
Suntrust Capital Markets
UBS Warburg LLC
Wachovia Securities

Certain broker agreements include provisions for commission recapture.

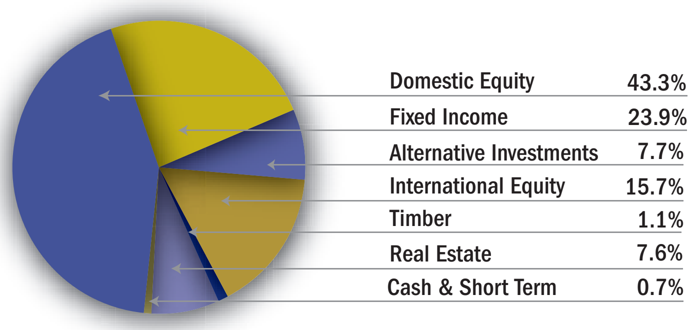
INVESTMENT SUMMARY
Does not include the Voluntary Investment Program
(In Thousands of Dollars)

	MARKET VALUE PER FINANCIAL STATEMENT DECEMBER 31, 2007	REALLOCATION[1]	MARKET VALUE PER INVESTMENT PORTFOLIO DECEMBER 31, 2007	TARGET[2]	PERCENT OF TOTAL MARKET VALUE 2007	2006	2005
Domestic Equity	**$17,856,686**	$38,290	$17,894,976	45.0%	**43.3%**	43.3%	43.1%
Fixed Income	**9,671,771**	231,583	9,903,354	25.0%	**23.9%**	23.5%	23.4%
International Equity	**6,452,036**	49,531	6,501,567	15.0%	**15.7%**	16.2%	17.1%
Alternative Investments	**3,110,309**	94,150	3,204,459	7.0%	**7.7%**	8.3%	8.6%
Real Estate Investments	**3,134,798**	(14,436)	3,120,362	7.0%	**7.6%**	6.9%	6.1%
Timber Investments	**469,771**	(7,516)	462,255	1.0%	**1.1%**	1.1%	1.1%
Cash and Short-Term Investments							
Operating Cash	**94**	(94)	—				
Investment Cash and Short-Term	**564,658**	(278,227)	286,431	0.0%	**0.7%**	0.7%	0.6%
Net Investment Receivables and Payables	**113,375**	(113,375)	—				
Total Investments	**$41,373,498**	**($94)**	**$41,373,404**	100.0%	100.0%	100.0%	100.0%

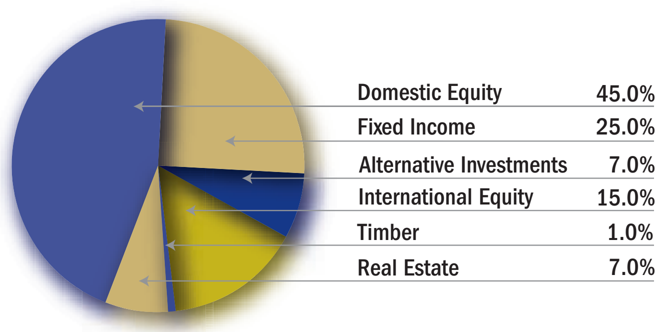
[1] Investment receivables, payables, accruals, and cash and short-term have been reallocated back to the investment portfolios that hold them.
[2] An Asset/Liability Study was undertaken in 2002 and in 2005 with the objective of determining the optimal strategic asset allocation policy. In 2002 the Board approved a multi-year implementation plan to progress to the new targets and ranges. The 2005 Study refined these targets and ranges; at December 31, 2007, all asset classes were within their specified ranges.

ASSET ALLOCATION AT MARKET VALUE
Does not include the Voluntary Investment Program
Year End December 31, 2007

ASSET ALLOCATION AT MARKET VALUE



TARGET ALLOCATIONS



FUND PERFORMANCE EVALUATION
Does not include the Voluntary Investment Program

EVALUATION

Ennis Knupp & Associates and The Northern Trust Company are retained by Colorado PERA to evaluate fund performance. Ennis Knupp & Associates is also used for the real estate portfolio performance evaluation and industry comparisons. In their analysis, Ennis Knupp and The Northern Trust include all investments within the portfolio, including cash and accrued income. They also compute the annual rates of return. In order to provide fund returns inclusive of all asset classes, performance calculations were prepared using time-weighted rates of return.

ASSET ALLOCATION

Colorado PERA's long-term strategic asset allocation policy sets forth specific portfolio targets. Asset allocation targets effective during 2007, approved by the Colorado PERA Board of Trustees in 2005, are as follows: domestic equity 45 percent, international equity 15 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and timber investments 1 percent. The Colorado PERA Board has approved new asset allocation targets effective January 1, 2008, as follows: domestic equity 43 percent, international equity 15 percent, fixed income 25 percent, alternative investments 7 percent, real estate investments 7 percent, and opportunity fund 3 percent.

TOTAL PORTFOLIO RESULTS

For the year ended December 31, 2007, Colorado PERA's total fund returned 10.0 percent, compared to the Russell/Mellon Median Public Fund return of 8.0 percent. The Russell/Mellon Median Public Fund measure is comprised of 67 public pension funds with assets of approximately $1 trillion. Colorado PERA's total fund returned 11.7 percent and 14.4 percent on a three- and five-year annualized basis, respectively. In comparison, the Russell/Mellon Median Public Fund returned 9.6 percent and 13.0 percent, respectively, for these periods. Colorado PERA's 10-year annualized rate of return was 8.1 percent compared to the Russell/Mellon Median Public Fund return of 7.7 percent.

Colorado PERA adopted a policy benchmark, which is a passive representation of the asset allocation policy, as of April 1, 2004. For the year ended December 31, 2007, the total fund returned 10.0 percent compared to the policy benchmark return of 8.7 percent.

DOMESTIC EQUITY

The U.S. stock market ended 2007 in positive territory as most major U.S. indexes posted low single digit investment returns. This was the fifth straight year that the U.S. equity markets provided positive investment returns. The equity markets took investors on a roller coaster ride during 2007. They rallied significantly during the end of the first quarter and most of the second quarter despite increased levels of price volatility and a sharp rise in interest rates in June. At that time, equities continued to be supported by factors such as record setting merger and acquisition and leveraged buyout activity, as well as strong corporate earnings and significant share buybacks. However, equity markets experienced a difficult second half of the year in the face of economic growth concerns, weakening corporate earnings growth, high oil prices, credit related concerns, and some emerging inflationary pressures. While credit fears over the summer were sparked by uncertainty surrounding which investments might have exposure to subprime mortgages, the fourth quarter was dominated by a realization that many of these fears may have been justified.

Eight of the 10 U.S. stock index sectors recorded positive returns in 2007, while the consumer discretionary and financials sectors had double digit negative returns. The consumer discretionary sector struggled as slowing economic growth and higher energy prices weighed negatively on consumer spending. Financials performed poorly as a number of banks reported large write-offs following the severe stress in structured product markets. Given the fact that the financials sector is the U.S. equity market's largest in terms of market capitalization, this sector's poor performance significantly dragged down equity market returns as a whole. The energy sector was the top performing sector as it was driven by higher oil prices and positive earnings revisions. On a style basis, growth stocks finally outperformed value stocks, breaking a seven year run of value style dominance. U.S. large cap stocks noticeably outperformed smaller cap stocks in 2007, primarily on the belief that larger cap stocks are better positioned to weather the anticipated environment of slower economic growth.

In 2007, Colorado PERA's total domestic equity portfolio returned 6.6 percent, compared to its benchmark's total return of 5.6 percent. Colorado PERA's three-year annualized domestic equity portfolio total return was 9.4 percent, beating the benchmark's return of 9.1 percent. The five-year annualized total return for Colorado PERA's domestic portfolio was 13.6 percent, compared to the benchmark's total return of 13.6 percent.

INTERNATIONAL EQUITY

Foreign stock markets rose sharply in 2007 as non-U.S. stock markets outperformed their U.S. counterparts. The continued weakness of the U.S. dollar was a key feature of the strong performance in international equities. The value of the U.S. dollar fell throughout 2007, a trend that accelerated sharply in the fourth quarter as the U.S. economy slowed relative to the rest of the world and as the U.S. Federal Reserve cut interest rates more quickly than other central banks. By November, the dollar reached a new record low against the Euro and had posted multi-year lows against many other currencies. Many global markets reached record or multi-year highs in October before trending downward amid a renewed flight-to-quality in November. Despite a modest year-end rally, the fourth quarter was still a negative for most international markets.

In 2007, emerging market stocks continued to outperform developed market stocks due to stronger earnings growth coupled with a relatively more optimistic economic growth outlook. The growth in emerging economies has persisted, particularly in China and India. In addition, most emerging markets were less affected by the problems in the global credit markets. Among the major developed markets, a noticeable laggard was Japan as earnings growth in Japan was close to 0 percent in 2007 and valuations remained high relative to other developed markets. On a style basis, growth stocks outperformed value stocks for the first time in seven years.

Colorado PERA's international equity return in 2007 was 17.1 percent, outperforming the 16.7 percent return for its benchmark. Colorado PERA's three-year annualized international equity portfolio total return figure was 20.0 percent, ahead of the benchmark's return of 19.9 percent. The five-year annualized total return for Colorado PERA's international portfolio was 23.9 percent, compared to the benchmark's total return of 23.6 percent.

FIXED INCOME

The year 2007 will be remembered for two critical events in fixed income: the subprime mortgage crisis that impaired U.S. economic growth and for the poor risk-adjusted return performance from fixed income sectors other than U.S. Treasuries.

The credit crunch started in the summer of 2007 when default rates on subprime mortgages began to surge and rating agencies took unprecedented actions to downgrade thousands of subprime linked securities. As investors fled from investing in riskier securities and liquidity quickly dried up, commercial banks, finance companies, and brokerage firms were left with subprime mortgages and leveraged loan commitments on ballooning balance sheets supported by eroding capital ratios. In order to shore up capital, banks began to tighten lending standards. These actions had an adverse impact on many financial markets.

Recognizing the downward risks to financial markets and economic growth, the Federal Reserve, along with other major central banks around the world, began to aggressively inject liquidity into the banking system in the fall of 2007. During the last four months of the year, the Federal Reserve lowered the Fed Funds rate 1.0 percent to 4.25 percent. Consumer and investor confidence fell at the end of 2007, increasing the odds of economic recession in the face of falling home prices, record high oil prices, a falling U.S. dollar, and rising default rates in high yield, home mortgage, credit, and auto markets.

The year was marked by a bifurcation of generally rising yields during the first half of the year before a dramatic risk aversion led to sharply lower interest rates in the second half of the year. Despite the turmoil in the second half of the year, total returns were positive across all fixed income sectors due to falling yields. Due to the flight-to-quality in the second half of the year, the U.S. Treasury sector was the strongest performing fixed income sector. The worst performing sectors during the year were asset-backed securities and corporate high-yield bonds.

Colorado PERA's fixed income portfolio returned 6.5 percent during 2007, which equaled the benchmark's return of 6.5 percent. Colorado PERA's three-year and five-year returns for the fixed income portfolio were 4.7 percent and 5.2 percent compared to the benchmark's returns of 4.7 percent and 4.6 percent, respectively.

ALTERNATIVES

The private equity market continued its strong multi-year performance during the first half of 2007. Capital needed to finance acquisitions proved to be relatively easy to acquire and the result was what many in the industry termed the "Golden Age of Buyouts." Many public companies looked to private equity sponsors to provide capital for growth and, in several instances, as financing sources for going private transactions. The largest deal ever announced, the acquisition of Bell Canada, occurred in June 2007. Other large private equity transactions that were announced in 2007 included the acquisitions of TXU, First Data, Clear Channel, Chrysler, EMI, Bausch & Lomb and others. As many sponsors were focused on taking their portfolio companies private, a select few private equity firms took advantage of the favorable market conditions and took their management companies public. Other sponsors looked to the large pools of sovereign wealth to create liquidity by selling ownership interests in their respective private equity firms.

The second half of 2007 showed a marked change from the robust investment environment during the first six months of the year. Subprime-related issues created uncertainty in the credit markets and the result was a dramatic slowdown in the size and number of deals announced in the private equity arena. Many sponsors and lenders opted to halt new activity until the more than $300 billion of transaction value looking for permanent financing worked its way through the deal pipeline. Given the turn in market conditions, private equity sponsors focusing on distressed investing took the opportunity to raise additional capital.

As a result of the recovering initial public offering market, a lively mergers and acquisition environment and healthy fundraising, the venture capital market had a promising 2007. Venture capitalists continued to show interest in cleantech, digital media, and startup companies in India and China.

Overall, valuations remain quite strong and cash flow was again positive for the year. The portfolio funded $765 million in capital calls and received cash distributions of $1.1 billion during the year. In 2007, Colorado PERA approved 12 commitments in alternative investments—five in venture capital, four in leveraged buyouts, and three in special situations—totaling $700 million. In addition, Colorado PERA was able to complete dispositions of 20 funds during the year, slightly reducing the number of private equity managers in the portfolio.

Colorado PERA's alternative investment portfolio returned 19.3 percent in 2007 compared with the custom alternatives benchmark return of 8.6 percent. Colorado PERA's alternative investment portfolio returned 20.8 percent and 22.5 percent, respectively, for the three- and five-year annualized periods compared with the annualized custom benchmark returns of 12.1 percent and 17.0 percent, respectively, for the same periods. The alternative investment program's net, since inception internal rate of return as of December 31, 2007, is 11.9 percent compared to the custom benchmark's since inception internal rate of return of 10.7 percent.

FUND PERFORMANCE EVALUATION
Does not include the Voluntary Investment Program

REAL ESTATE

The U.S. commercial real estate market and related property fundamentals hit their peak in mid-2007. Deceleration of U.S. economic growth coupled with a tightening of the debt market dampened real estate performance in the latter half of 2007. The property market fundamentals across the primary property types are in relatively good position, and have provided stability in the portfolio's overall annual performance.

The commercial capital markets have been seriously impacted by the subprime residential mortgage losses, and this has slowed the acquisition and sales activity in the commercial property markets in the second half of the year. The second tiered property markets have seen valuations decrease, but the demand in prime property markets has solidified their property values.

The European markets have performed in a similar fashion to the U.S. The U.K. markets actually experienced a decline in market value during 2007. In Asia, the credit market dislocation has had less of an impact, hence, transaction volumes and real estate values are steady.

In 2007, the real estate portfolio had a total return of 18.1 percent, compared to its custom benchmark return of 15.8 percent. The real estate portfolio returned 22.6 percent and 20.7 percent for the three- and five-year annualized periods, which compared favorably to the custom benchmark returns of 15.2 percent and 16.3 percent, respectively. At December 31, 2007, real estate was principally comprised of U.S. private equity and international private equity investments.

TIMBER

In 2007, no acquisitions were made by the timberland manager on behalf of Colorado PERA and sales totaled $7.1 million. Colorado PERA's timber portfolio produced one-, three-, and five-year annualized returns of 16.4 percent, 14.5 percent, and 16.1 percent, respectively, compared with the NCREIF Timberland Index returns of 18.4 percent, 17.1 percent and 14.0 percent, respectively, for these periods.

SCHEDULE OF INVESTMENT RESULTS
Does not include the Voluntary Investment Program
As of December 31, 2007

Ennis Knupp & Associates, the Board's Investment Performance consultant, provides the investment returns for the fund based on data made available by the fund's custodian, The Northern Trust Company. Listed below are the one–, three–, five–, and ten–year net-of-fee time-weighted rates of return for each asset class and their respective benchmarks.

	2007	3–YEAR	5–YEAR	10–YEAR
Colorado PERA Total Portfolio	10.0%	11.7%	14.4%	8.1%
Total Fund Policy Benchmark	8.7%	10.4%	—	—
Median Plan (Russell/Mellon's Median Public Fund Universe)	8.0%	9.6%	13.0%	7.7%
Domestic Stocks	6.6%	9.4%	13.6%	6.6%
DJ Wilshire 5000[1]	5.6%	9.1%	13.6%	6.5%
International Stocks	17.1%	20.0%	23.9%	10.7%
MSCI ACWI Ex-U.S.[1]	16.7%	19.9%	23.6%	9.8%
Fixed Income	6.5%	4.7%	5.2%	5.4%
Lehman Brothers Universal[1]	6.5%	4.7%	4.6%	6.1%
Lehman Brothers Aggregate	7.0%	4.6%	4.4%	6.0%
Alternative Investments	19.3%	20.8%	22.5%	13.2%
Custom Alternative Benchmark[2]	8.6%	12.1%	17.0%	9.3%
Real Estate	18.1%	22.6%	20.7%	14.7%
Custom Real Estate Benchmark[3]	15.8%	15.2%	16.3%	11.7%
Colorado PERA Timber Investments	16.4%	14.5%	16.1%	10.4%
NCREIF Timberland Property Index	18.4%	17.1%	14.0%	8.6%

Note: Performance calculations were prepared using net-of-fee time-weighted rates of return.

[1] The Colorado PERA Board of Trustees adopted new benchmarks for domestic stock, international stock, and fixed income as of April 1, 2004. Accordingly, the benchmark returns presented represent a blend, as follows:

- The Total Fund benchmark is a combination of 45 percent of the DJ Wilshire 5000 Stock Index; 15 percent of the Morgan Stanley Capital International All Country World Ex-U.S. Index; 25 percent of the Lehman Brothers Universal Bond Index; 7 percent of the Colorado PERA Real Estate Index; 7 percent of the Colorado PERA Alternatives Index; and 1 percent of the NCREIF Timber Index. Prior to January 1, 2006, the weight for the MSCI ACWI Ex-U.S. Index was 14 percent and the Custom Alternative Benchmark was 8 percent.
- Domestic Stocks—S&P 1500 prior to April 1, 2004; DJ Wilshire 5000 beginning April 1, 2004.
- International Stocks—EAFE Custom Index (75 percent MSCI EAFE Index and 25 percent MSCI EAFE excluding Japan) prior to April 1, 2004; MSCI ACWI excluding U.S. beginning April 1, 2004.
- Fixed Income—Lehman Aggregate prior to April 1, 2004; Lehman Universal beginning April 1, 2004.

[2] DJ Wilshire 5000 plus 300 basis points.

[3] Beginning January 1, 2006: NFI (NCREIF Open-end Core Fund Index) plus 100 basis points; prior to January 1, 2006: 15 percent NAREIT, 45 percent NCREIF Property, 20 percent CITI Mortgage, and 20 percent Global Property Research.

PROFILE OF INVESTMENTS IN COLORADO
Does not include the Voluntary Investment Program
As of December 31, 2007
(In Thousands of Dollars)

	MARKET VALUE
Common stock of companies headquartered in Colorado	$208,915
Funds under management of Colorado companies[1]	124,137
Real Estate equity	84,715
Committed to future funding	21,235
Colorado PERA portion of general partnerships investing in Colorado companies[2]	71,534
Bonds and notes of companies headquartered in Colorado	47,073
Total	**$557,609**

[1] Venture capital partnerships and private placements domiciled in Colorado.
[2] General Partners based outside of Colorado.

LARGEST STOCK HOLDINGS BY MARKET VALUE
Does not include the Voluntary Investment Program
As of December 31, 2007
(In Thousands of Dollars)

	SHARES	MARKET VALUE
Exxon Mobil Corp.	5,627,100	$527,203
Microsoft Corp.	9,051,600	322,237
General Electric Co.	7,739,800	286,914
Chevron Corp.	2,570,760	239,929
AT&T Inc.	5,446,132	226,341
Apple Inc.	1,071,510	212,245
Google Inc.	305,250	211,074
Cisco Systems Inc.	7,442,800	201,477
Altria Group Inc.	2,516,000	190,159
Procter & Gamble Co.	2,501,447	183,656

The top ten holdings do not include commingled funds.
A complete list of holdings is available upon request.

LARGEST BOND HOLDINGS BY MARKET VALUE
Does not include the Voluntary Investment Program
As of December 31, 2007
(In Thousands of Dollars)

	PAR VALUE	INCOME RATE	MATURITY DATE	MARKET VALUE
US Treasury Notes	$215,000	4.625%	10/31/2011	$225,313
US Treasury Notes	199,000	4.250%	11/15/2013	206,323
US Treasury Notes	191,000	4.125%	8/15/2010	196,088
US Treasury Notes	180,000	3.500%	2/15/2010	181,561
US Treasury Notes	125,000	4.500%	5/15/2017	129,561
US Treasury Notes	120,000	4.750%	5/15/2014	127,603
US Treasury Notes	115,000	4.250%	11/15/2014	118,639
US Treasury Notes	100,000	4.875%	8/15/2016	106,484
US Treasury Notes	103,000	4.750%	2/28/2009	104,899
US Treasury Bonds	70,000	6.250%	8/15/2023	83,809

The top ten holdings do not include commingled funds.
A complete list of holdings is available upon request.

VOLUNTARY INVESTMENT PROGRAM REPORT ON INVESTMENT ACTIVITY
(In Thousands of Dollars)

OVERVIEW

The Colorado PERA Voluntary Investment Program was established on January 1, 1985, under Section 401(k) of the Internal Revenue Code. This section includes information about the Voluntary Investment Program; however, a separate *Annual Report for Colorado PERA's 401(k) and DC Plans* is published and mailed to all plan participants.

The Voluntary Investment Program has two components. The first component includes voluntary contributions made by Colorado PERA members in the State, School, Local Government, and Judicial Division Trust Funds. These contributions are entirely separate from those that members make to the defined benefit plan each month. The second component was added January 1, 2006, and is made up of contributions from participants in the Colorado PERA Defined Contribution Plan (Colorado PERA DC).

On December 31, 2007, the 401(k) Plan had net assets of $1,730,930 and 72,832 accounts, a net increase of 13.7 percent in the total plan value in one year, with membership remaining static.

On December 31, 2007, the Colorado PERA DC Plan had net assets of $2,547 and 489 accounts, a net increase of 328.1 percent in the total plan value in the year, and 117.3 percent increase in the number of participants with an account.

401(k) Plan Year-End Statistics

YEAR	ASSETS	NUMBER OF ACCOUNTS
1998	$362,874	20,112
1999	514,115	24,224
2000	557,670	35,162
2001	674,618	64,632
2002	737,849	70,664
2003	914,015	72,185
2004	1,204,725	73,634
2005	1,296,998	72,867
2006	1,522,244	72,707
2007	**1,730,930**	**72,832**

Colorado PERA DC Plan Year-End Statistics

YEAR	ASSETS	NUMBER OF ACCOUNTS
2006	$595	225
2007	**2,547**	**489**

OUTLINE OF INVESTMENT POLICIES

Objectives

The Board of Trustees is responsible for approving an appropriate range of investments that address the risk/return spectrum available to the Voluntary Investment Program's participants. It is the objective of the plan to:

- Provide sufficient variety among the investment categories so that participants may choose from a range of investment opportunities having different expected risks and different expected returns within a reasonably limited number of choices.
- Provide investment funds that have investment returns comparable to returns for funds having similar objectives and risk within the particular investment categories.
- Control management costs within reasonable and prudent levels.

Responsibilities

The Board of Trustees is responsible for:

- The oversight of the Voluntary Investment Program and portfolio composition.
- Approving changes to the plan document.
- Approving the investment policy and amendments thereto.
- Accepting or rejecting the Investment Advisory Committee's recommendations with regards to policy, objectives and specific investment categories and funds.

The Investment Advisory Committee (IAC), a committee of internal management staff, monitors and evaluates the plan's investment asset mix and funds, and the performance of fund managers.

Recommendations of the IAC are presented to the Chief Investment Officer and the Chief Operating Officer of Colorado PERA. Upon concurrence of the Chief Investment Officer and the Chief Operating Officer, the recommendations are presented to the Benefits Committee of the Board for its consideration.

Investment Options

Voluntary Investment Program's assets can be invested in one or more of the following investments:

- **Northern Trust Short Term Fund:** Primarily invests in high-grade money market instruments with short maturities such as U.S. government obligations, commercial paper, and certificates of deposit. Managed by The Northern Trust Company.
- **PIMCO Low Duration Fund:** Primarily invests in domestic corporate and government fixed income securities of varying maturities with a portfolio duration ranging between one and three years, and some foreign securities. Managed by PIMCO.
- **PIMCO Total Return Fund:** Primarily invests in U.S. government and corporate securities based on an analysis of major changes in the direction of long-term interest rates. Managed by PIMCO.
- **Dodge & Cox Balanced Fund:** The fund is a combination of common stocks and fixed income securities (primarily high quality bonds), with no more than 75 percent of the assets in stocks. Managed by Dodge & Cox.

VOLUNTARY INVESTMENT PROGRAM REPORT ON INVESTMENT ACTIVITY
(In Thousands of Dollars)

- **Vanguard Institutional Index Fund:** The fund employs a passive management strategy designed to track the performance of the Standard & Poor's 500 Index, which is dominated by the stocks of large U.S. companies. The fund attempts to replicate the target index by investing all or substantially all of its assets in the stocks that make up the index. Managed by Vanguard.
- **Dodge & Cox Stock Fund:** The fund seeks long-term growth of principal and income. A secondary objective is to achieve a reasonable current income. Managed by Dodge & Cox.
- **Colorado PERA Growth & Income Stock Fund:** Primarily invests in common stocks of high-quality companies with a broad range of capitalization. Managed by Colorado PERA investment staff.
- **GMO U.S. Growth Fund:** Seeks long-term growth of capital by investing in a diversified portfolio of stocks from the 1,000 largest U.S. companies. Managed by Grantham, Mayo, Van Otterloo & Co.
- **Fidelity Contrafund:** Primarily invests in common stocks and securities convertible into common stocks of companies with high growth potential. Managed by Fidelity Investments.
- **American Funds EuroPacific Growth Fund:** Primarily invests in equity securities of issuers domiciled in Europe or the Pacific Basin. This fund may also invest in securities through depository receipts, securities convertible into common stocks, straight debt securities, government securities, or non-convertible preferred stocks. Managed by The American Funds Group.
- **Vanguard Small-Cap Index Fund:** The fund seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. It holds all 1,750 stocks that make up the MSCI U.S. Small Cap 1,750 Index in proportion to their weighting in the index. Managed by Vanguard.
- **Fidelity Freedom Funds:** Six funds with varying asset mixes and risk levels based on the retirement dates of participants that are designed for those who do not wish to actively manage their portfolios. Managed by Fidelity Investments.

2007 CHANGES

In late November 2007, the Board of Trustees approved the addition of a Socially Responsible Investment (SRI) option to the Voluntary Investment Program. The Pax World Balanced Institutional Fund (ticker symbol: PAXIX) became available for investments in January 2008. In December 2007, the Board changed the default investment option for the plans. The new default for contributions made to the Voluntary Investment Program after December 23, 2007, became the Dodge & Cox Balanced Fund. Prior to this time, the default fund had been the Northern Trust Short Term Fund.

LOANS

Participants in the 401(k) Plan may access their funds through loans as allowed under plan policy and the Internal Revenue Service.

ADMINISTRATIVE FEES

An administrative fee pays for recordkeeping, communications, education, consulting, staff, and other overhead expenses. In 2007, the fees (in actual dollars) were as follows:

ACCOUNT BALANCE	MONTHLY FEE	TOTAL FEE PER YEAR
$0–$25,000	$2.00	$24.00
$25,000.01–$50,000	$2.25	$27.00
$50,000.01–$75,000	$2.50	$30.00
$75,000.01–$100,000	$2.75	$33.00
$100,000.01–$125,000	$3.00	$36.00
$125,000.01 or greater	$3.25	$39.00

Expenses are offset by a partial return of investment fees by some funds.

VOLUNTARY INVESTMENT PROGRAM SCHEDULE OF INVESTMENT RESULTS

FUND/BENCHMARK	2007	3-YEAR	5-YEAR
Northern Trust Short Term Fund	5.3%	4.5%	3.2%
Merrill Lynch 90 Day T-Bills	5.0%	4.3%	3.1%
PIMCO Low Duration Fund	7.9%	4.4%	3.7%
Merrill Lynch Treasury 1-3 Year	7.3%	4.3%	3.1%
PIMCO Total Return Fund	9.1%	5.3%	5.3%
Lehman Aggregate	7.0%	4.6%	4.4%
Dodge & Cox Balanced Fund	1.7%	7.3%	11.7%
60% S&P 500/40% Lehman Aggregate	6.2%	7.1%	9.5%
Vanguard Institutional Index Fund	5.5%	8.6%	12.8%
S&P 500	5.5%	8.6%	12.8%
Dodge & Cox Stock Fund	0.1%	9.1%	15.4%
Russell 1000 Value	(0.2%)	9.3%	14.6%
Colorado PERA Growth & Income Fund	8.8%	11.0%	14.7%
S&P 500	5.5%	8.6%	12.8%
GMO U.S.Growth Fund[1]	5.5%	3.9%	8.7%
Russell 1000 Growth	11.8%	8.7%	12.1%
Fidelity Contrafund	19.8%	15.8%	18.0%
S&P 500	5.5%	8.6%	12.8%
American Funds EuroPacific Growth Fund	19.2%	20.9%	23.1%
MSCI ACWI Ex-US (Gross)	17.1%	20.4%	24.5%
Vanguard Small Cap Index Fund[2]	1.3%	8.1%	17.2%
Spliced Small Cap Index[3]	1.2%	8.0%	17.1%
Fidelity Freedom Income Fund	4.8%	5.0%	5.2%
FID Freedom Income Custom Index	5.8%	5.4%	5.8%
Fidelity Freedom 2000 Fund	5.3%	5.4%	6.0%
FID Freedom 2000 Custom Index	5.8%	5.7%	6.3%
Fidelity Freedom 2010 Fund	7.4%	7.6%	9.4%
FID Freedom 2010 Custom Index	6.7%	7.5%	9.6%
Fidelity Freedom 2020 Fund	8.5%	9.3%	12.3%
FID Freedom 2020 Custom Index	6.6%	8.8%	12.5%
Fidelity Freedom 2030 Fund	9.3%	10.3%	13.8%
FID Freedom 2030 Custom Index	6.5%	9.6%	13.9%
Fidelity Freedom 2040 Fund	9.3%	10.6%	14.6%
FID Freedom 2040 Custom Index	6.4%	9.8%	14.8%

Performance is net of management fees using time-weighted rates of returns and is calculated by R.V. Kuhns & Associates.

[1] This fund joined the Voluntary Investment Program in March 2004.

[2] This fund joined the Voluntary Investment Program in July 2005.

[3] Spliced Small Cap Index consists of Russell 2000 Index through May 16, 2003, MSCI Small Cap 1750 Index thereafter.

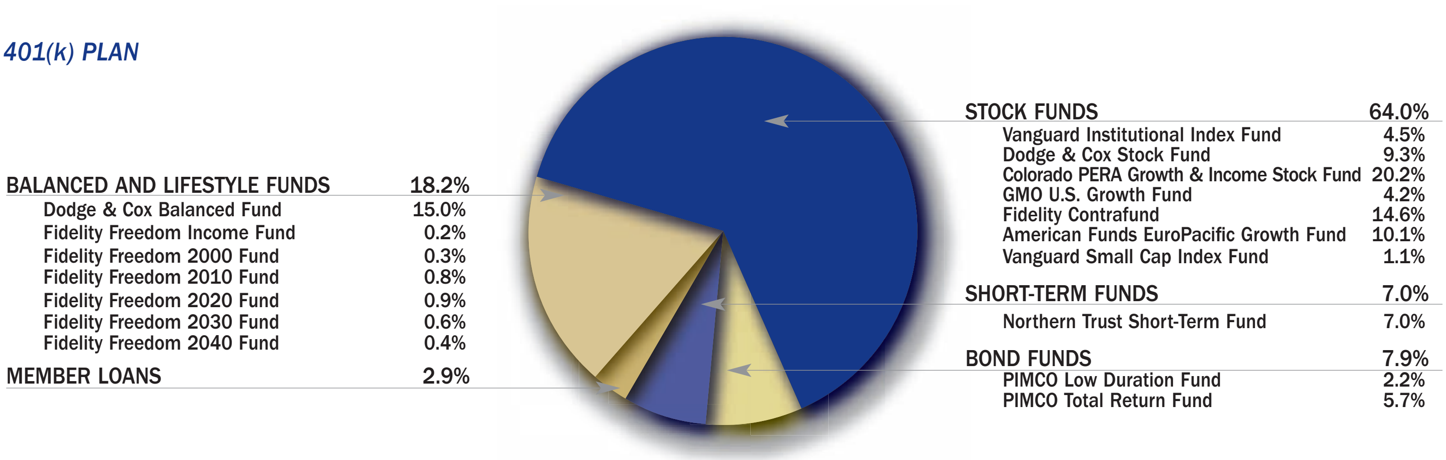
VOLUNTARY INVESTMENT PROGRAM SUMMARY
(In Thousands of Dollars)

	MARKET VALUE DECEMBER 31, 2007	PERCENT OF TOTAL MARKET VALUE 2007	2006	2005
Northern Trust Short Term Fund	$122,005	7.1%	6.6%	6.7%
PIMCO Low Duration Fund	37,398	2.2%	2.2%	2.6%
PIMCO Total Return Fund	98,087	5.7%	5.7%	6.8%
Dodge & Cox Balanced Fund	257,748	14.9%	16.6%	16.4%
Vanguard Institutional Index Fund	76,765	4.5%	4.5%	4.5%
Dodge & Cox Stock Fund	159,266	9.3%	10.4%	9.2%
Colorado PERA Growth & Income Fund	348,009	20.2%	21.1%	21.9%
GMO U.S. Growth Fund	72,541	4.2%	4.5%	5.3%
Fidelity Contrafund	251,587	14.6%	13.4%	14.0%
American Funds EuroPacific Growth Fund	174,763	10.2%	8.4%	6.8%
Vanguard Small Cap Index Fund[1]	18,636	1.1%	1.0%	0.3%
Fidelity Freedom Income Fund	3,732	0.2%	0.2%	0.2%
Fidelity Freedom 2000 Fund	5,675	0.3%	0.3%	0.4%
Fidelity Freedom 2010 Fund	14,423	0.8%	0.7%	0.6%
Fidelity Freedom 2020 Fund	16,091	0.9%	0.7%	0.6%
Fidelity Freedom 2030 Fund	10,763	0.6%	0.5%	0.4%
Fidelity Freedom 2040 Fund	7,589	0.4%	0.3%	0.2%
Member Loans	49,090	2.8%	2.9%	3.1%

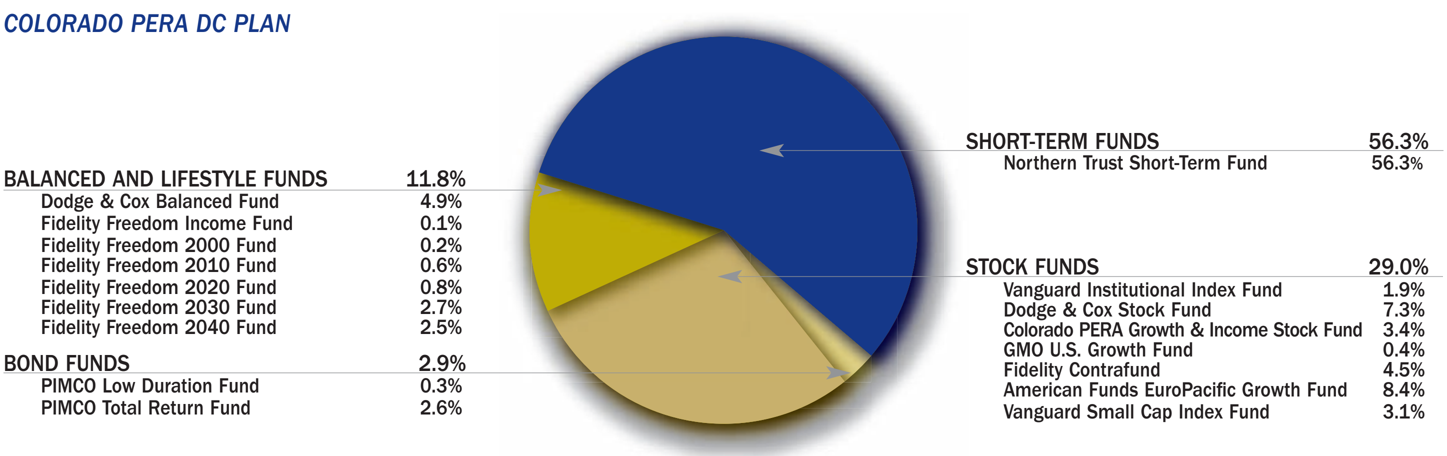
[1] This fund joined the Voluntary Investment Program in July 2005.

ASSET ALLOCATION BY VOLUNTARY INVESTMENT PROGRAM COMPONENT PLANS
As of December 31, 2007

401(k) PLAN



COLORADO PERA DC PLAN



Providing technology for our members

REPORT OF THE INDEPENDENT ACTUARY

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

May 29, 2008

Board of Trustees
Public Employees' Retirement Association of Colorado
1300 Logan Street
Denver, CO 80203

RE: ACTUARIAL CERTIFICATION OF DEFINED BENEFIT PLANS

Dear Members of the Board:

Colorado PERA's basic financial goal is to establish contributions which, as a percentage of payroll, remain level for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

The most recent valuations are based on the plan provisions and assumptions in effect on December 31, 2007. In completing the valuation of these systems, Cavanaugh Macdonald Consulting, LLC (CMC) relied on membership and financial data provided by Colorado PERA. We have reviewed this data for reasonableness, and made some general edit checks to impute certain information that may not have been provided with the original employee data. We have not audited this data, but we have reconciled the data used in the prior year's valuation with this current valuation data.

There were no changes in the plan provisions or economic or demographic actuarial assumptions used in the pension valuations since the prior valuation. The assumptions are based on an experience investigation performed over the four-year period ending December 31, 2004. The new assumptions were adopted by the Board in July 2005. The following changes have been made to certain health care assumptions since the previous valuation:

- Future plan election rates for retirees age 65 and older have been adjusted to reflect recent election patterns, incorporating the addition of the Secure Horizons (HMO) plan option.
- Expected inpatient hospital claims costs for retirees age 65 and older that do not have Part A have been updated to better reflect anticipated changes in the various coverage categories, based on the most recent "no Part A" report.

In our opinion, the assumptions are internally consistent and produce results which are reasonable in the aggregate. We also believe the assumptions and actuarial methods meet the requirements of Governmental Accounting Standards Board Statements No. 25 and No. 43.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com

Board of Trustees
Public Employees' Retirement Association of Colorado
May 29, 2008
Page 2

CMC updated the following schedules for the December 31, 2007 CAFR:

Financial Section

- Actuarial Statistics
- Current Year Actuarial Gains / (Losses)
- Funding Ratios
- Defined Benefit Pension Trust Funds Changes in Overfunded/(Unfunded) Actuarial Accrued Liabilities
- Required Supplementary Information - Schedule of Funding Progress
- Required Supplementary Information - Schedule of Employer Contributions
- Notes to Required Supplementary Information

Actuarial Section

- Schedule of Retirees and Beneficiaries Added to and Removed from Benefit Payroll
- Member – Retiree Comparison
- Schedule of Members in Valuation
- Total Actuarial Liabilities
- Unfunded / (Overfunded) Actuarial Accrued Liabilities
- Schedule of Gains and Losses in Accrued Liabilities
- Schedule of Computed Employer Contribution Rates for Fiscal Years Beginning in 2009
- Schedule of Contribution Rate History
- Schedule of Active Member Valuation Data

Statistical Section

- Member and Benefit Recipient Statistics
- Schedule of Average Retirement Benefits Payable
- Current Average Monthly Benefit by Year of Retirement
- Schedule of Retirees and Survivors by Type of Benefit
- Schedule of Average Benefit Payments

We certify that this valuation was performed in accordance with standards of practice and by qualified actuaries as prescribed by the Actuarial Standards Board. Both of the consultants listed below have experience in performing valuations for large statewide public retirement systems.

REPORT OF THE INDEPENDENT ACTUARY

Board of Trustees
Public Employees' Retirement Association of Colorado
May 29, 2008
Page 3

Colorado PERA has a funded ratio of 75% based on the Actuarial Value of Assets. The funded ratio on Market Value of Assets is higher, at 78%. It is our opinion that the current funding is sufficient to pay benefit payments through the projected actuarial period of 30 years. Current contribution levels are sufficient to finance the promised benefits for the Local Government Division under GASB Nos. 25 and 27. Recent contribution changes under SB 06-235 are expected to stabilize the funding levels of the Judicial Division by attaining a 30-year amortization period within the projected actuarial period of 30 years. In addition, the recent contribution changes combined with the benefit changes of SB 06-235 are expected to stabilize the State and School Division Trust Funds by attaining a 30-year amortization within the projected actuarial period based on previous actuarial projections.

Sincerely,

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA
Chief Executive Officer

Edward J. Koebel, EA, FCA, MAAA
Senior Actuary

TJC/EJK:kc

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The Colorado Public Employees' Retirement Association was established in 1931 by the Colorado General Assembly as an Instrumentality of the State. It initially covered only State employees, but membership has expanded to include all school districts except Denver, numerous municipalities, special districts, public health departments and other local government entities, as well as the State's judicial system.

The plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan is funded on an actuarial reserve basis, with money being set aside for benefits while the benefits are being earned and before they are paid.

ADMINISTRATION OF THE PLAN

The plan operates by the authority of the Colorado General Assembly, with benefits and administration defined under Title 24, Article 51, of the Colorado Revised Statutes. Colorado PERA is governed by a Board of Trustees.

The Board appoints an Executive Director who is responsible for the daily administration of Colorado PERA. The Board retains an actuary to make annual valuations of the funding adequacy of the liabilities accrued under the plan. The Board also retains other consultants as necessary.

MEMBER CONTRIBUTIONS

All members except State Troopers and Colorado Bureau of Investigation agents contribute 8 percent of their gross salary to a member contribution account. State Troopers and Colorado Bureau of Investigation agents contribute 10 percent of salary. Generally, salary is compensation for services rendered and is specifically defined in State law.

Member contributions have been tax-deferred for federal income tax purposes since July 1, 1984, and for state income tax purposes since January 1, 1987. Therefore, contributions are not considered as income for federal or state income tax purposes until they are withdrawn through a refund or a benefit.

EMPLOYER CONTRIBUTIONS

Colorado PERA-affiliated employers contribute a percentage of their total payroll to the fund. Respective employer contribution rates are shown on the Schedule of Contribution Rate History on pages 124-128.

The Schedule of Computed Employer Contribution Rates on page 101 shows a detailed explanation of how the employer contributions are determined. These contributions are credited to the respective Division for the purpose of creating actuarial reserves, so each member's benefits are fully provided for at retirement. Colorado PERA is exempt from federal income taxes under the Internal Revenue Code.

TERMINATION

A member who terminates Colorado PERA-covered employment may request a member contribution account refund or leave the account with Colorado PERA; a refund cancels a former Colorado PERA member's rights to future Colorado PERA benefits.

A member who has not attained age 65 or is not eligible to retire and who wishes to refund his or her account will receive his or her Colorado PERA contributions, a matching amount equal to 50 percent of the member contributions and interest, and any payments made to purchase service. A member who withdraws his or her account upon or after reaching age 65 or retirement eligibility receives a 100 percent matching amount.

State law authorizes the Colorado PERA Board to determine the interest to be credited to member accounts. The current interest rate is 5 percent compounded annually. In no event shall the Board specify a rate that exceeds 5 percent.

Any member who leaves a member account with Colorado PERA until reaching age 65 or meeting Colorado PERA's age and service requirements may apply for lifetime monthly benefits instead of withdrawing their account.

RETIREMENT BENEFITS

Service Retirement Benefits

Members are eligible to receive monthly retirement benefits when they reach age and service retirement requirements as noted below:

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED BEFORE JULY 1, 2005

Age Requirement (in years)	*Service Credit Requirement (in years)*
50	30
55	Age and Service = 80 or more
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JULY 1, 2005, BUT BEFORE JANUARY 1, 2007

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
55	30
60	20
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR MEMBERS (OTHER THAN STATE TROOPERS) HIRED ON OR AFTER JANUARY 1, 2007

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	35
55	30
55	Age and Service = 85 or more
60	25
65	5
65	Less than 5 but 60 payroll postings

SERVICE RETIREMENT ELIGIBILITY FOR STATE TROOPERS

Age Requirement (in years)	*Service Credit Requirement (in years)*
Any Age	30
50	25
55	20
65	5
65	Less than 5 but 60 payroll postings

A service retirement benefit is the higher of either the defined service benefit formula or a money purchase retirement benefit. However, members who apply for a monthly retirement benefit at age 65 with less than five years of service or 60 months on the payroll are eligible for a money purchase retirement benefit only.

DEFINED RETIREMENT BENEFITS

Defined service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS).

For all members, except judges, who retire before January 1, 2009:

- HAS is one-twelfth of the average of highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit. The three 12-month periods do not have to be consecutive nor do they have to be the last three years of employment.
- A 15 percent annual limit in salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement.

For all members, except judges, who retire on or after January 1, 2009:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- A 15 percent cumulative annual limit in salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement. In addition, a base year salary, the fourth highest year, is added to determine the starting point of the 15 percent limit. The four 12-month periods do not have to be consecutive nor do they have to include the last three years of employment.

For all members, except judges, who are hired on or after January 1, 2007:

- HAS is one-twelfth of the average of the highest annual salaries on which Colorado PERA contributions were paid that are associated with three periods of 12 consecutive months of service credit.
- An 8 percent cumulative limit on annual salary increases applies if any salary used in the HAS calculation is from the three years prior to retirement. In addition, a base year salary, the fourth highest year, is added to determine the starting point of the 8 percent limit. The four 12-month periods do not have to be consecutive nor do they have to include the last three years of employment.

For Judicial Division members (judges):

- HAS is the highest salary associated with one period of 12 consecutive months of service credit.

Defined retirement benefits equal 2.5 percent of HAS for each year of service credit up to a maximum of 100 percent of HAS. In all cases, a service retirement benefit is limited to 100 percent of HAS and also cannot exceed the maximum benefit amount allowed by federal law.

Reduced Service Retirement Benefits

The age and service requirements to be eligible for a reduced service retirement benefit are listed below:

Age Requirement (in years)		*Service Credit Requirement (in years)*
50		25
50	— (State Troopers only) —	20
55		20
60		5

Reduced service retirement benefits are based on the member's years of service, age, and Highest Average Salary (HAS).

Reduced defined service retirement benefits available to members at age 60 with five years of service are reduced 4 percent per year (0.333 percent per month) before the eligible date for service retirement. Members who retire at age 55 with 20 years of service receive reduced defined service retirement benefits; the reduction factor equals 3 percent per year (0.25 percent per month).

Members also are eligible for reduced service retirement benefits at age 50 with 25 years of service. Benefits for these members are reduced 6 percent for each year that members retire before they would have become eligible for service retirement benefits.

Retirement benefits for State Troopers and members of the Judicial Division differ slightly.

Money Purchase Retirement Benefit

A money purchase retirement benefit is also calculated and paid to the retiree if it is higher than the defined service retirement benefit. This benefit is determined by the member's life expectancy and the value of the member's contribution account, plus a matching amount equal to 100 percent of the member's contributions and interest.

SURVIVOR BENEFITS

The benefit amount that qualified survivors receive is specified in State statute and varies based upon the deceased member's HAS, years of service, the qualified survivors to whom benefits are to be paid, and the number of qualified survivors receiving benefits.

If a member dies with less than one year of Colorado PERA service credit, or with no survivors qualified to receive a monthly benefit, the named beneficiary or the estate will receive a lump-sum payment of the member's contribution account plus a matching amount equal to 100 percent of the member's contributions and earned interest.

If a member had more than one year of service and qualified survivors at the time of death, a monthly benefit may be payable to qualified survivors. If the member is not eligible for retirement, children receive a benefit first, but if the member is eligible for retirement, the cobeneficiary receives the benefit first.

Children are eligible to receive survivor benefits if under age 18, or if enrolled full-time in an accredited school within six months of the member's death, until they reach age 23. If there are no eligible children, or after benefits to children have ceased, the member's surviving spouse receives a monthly benefit at age 60 if the member had less than 10 years of service credit or immediately if the member had more than 10 years of service at the time of death. If there is no eligible spouse, financially dependent parents will receive a survivor benefit.

DISABILITY BENEFITS

Colorado PERA provides a two-tiered disability program. Short-term disability payments are provided to members who are mentally or physically incapacitated from performance of essential job duties with reasonable accommodation, but who are not totally and permanently incapacitated from regular and substantial gainful employment. Colorado PERA provides reasonable income replacement, or rehabilitation or retraining services. Disability retirement benefits are provided to members who are totally and permanently mentally or physically incapacitated from regular and substantial gainful employment.

ANNUAL BENEFIT INCREASES

Colorado PERA benefits are increased annually each March. The amount and timing of the annual increase is determined by the Colorado PERA membership date of the retiree or deceased Colorado PERA member.

For service and disability retirees who were hired before June 30, 2005, and for survivor benefit recipients of deceased members who were hired before June 30, 2005, the annual increase is 3.5 percent, compounded annually. The first annual increase occurs in the March that immediately follows the calendar year in which the benefit recipient began receiving benefits. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after July 1, 2005, but before January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after July 1, 2005, but before January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. If benefits have been payable for less than a full year, but at least three months, a prorated annual increase is made.

For service and disability retirees who were hired on or after January 1, 2007, and for survivor benefit recipients of deceased members who were hired on or after January 1, 2007, the annual increase is the lower of 3 percent or the actual change in the Consumer Price Index, compounded annually. For service retirees, the annual increase does not begin until the retiree has been receiving benefits for one year and in addition has either reached age 60 or years of service plus age equal to 85 or more. For disability retirees or survivor benefit recipients, the annual increase does not begin until the benefit recipient has been receiving benefits for one year. Annual increases to all benefit recipients in this group are limited to 10 percent of the total funds available in the annual increase reserve in the Division from which they retired or were a member before death.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL METHODS

The cost that a retirement plan such as Colorado PERA incurs equals benefits paid plus administration and financing expenses. These costs are paid through contributions to the plan and investment earnings on the plan's assets.

Using the plan's schedule of benefits, the member data, and a carefully selected set of actuarial assumptions, the plan's actuary estimates the cost of the benefits that will be paid. Then, using a particular actuarial funding method, the actuary allocates these costs and determines a systematic manner to fund for future plan benefits. For Colorado PERA (as well as most public sector plans), the objective is to fund in a manner that keeps contribution rates approximately level from generation to generation. The funding method best designed to keep annual costs level as a percent of pay is the "Entry Age Actuarial Cost Method." This method is described below.

Entry Age Actuarial Cost Method

Under the Entry Age Actuarial Cost Method, projected service retirement, termination, disability, and death benefits are determined for all active members. Cost factors, which are developed to produce level annual costs in each year from the age at hire (entry age) to the assumed retirement age, are applied to the projected benefits to determine the "normal cost." The normal cost is the portion of the total cost of the plan allocated to the current year. The normal cost for contribution refunds is assumed to end in the last year of assumed eligibility, and is spread over all years of service.

The "actuarial accrued liability" for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to future benefits, is equal to the present value of the benefits expected to be paid. No normal costs are now payable for these participants.

The excess of the total actuarial accrued liability over the value of the plan assets is called the "unfunded actuarial accrued liability." Funding requirements under the Entry Age Actuarial Cost Method are determined by adding the normal cost and the cost to amortize the unfunded liability.

The actuarial assumptions are used to determine the projected benefits and cost factors. The effect of differences between these assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences produce either actuarial gains or losses that result in an adjustment of the unfunded liability.

Asset Valuation Method

In 1992, the Colorado PERA Board of Trustees adopted a method for valuing assets that recognizes a "smoothed" market value of those assets. The smoothed value of assets recognizes the difference between actual and expected asset performance for each year in equal amounts over a four–year period. The actuarial value of assets was reinitialized at market value as of December 31, 2004. There will be three years of smoothing in the December 31, 2007, valuation as the method is phased in.

ACTUARIAL ASSUMPTIONS

Colorado PERA's actuarial assumptions are used to project the plan's future experience. At least every five years, the actuarial assumptions are studied and an actuarial audit is performed by an external actuarial consulting firm to verify the following:

- Accuracy of membership data, financial data, actuarial and benefit calculations, and employer contributions.
- Consistency of calculations with respect to statutory requirements.
- Consistency and reasonableness of assumptions and methods.
- Valuation of all significant benefits.
- A review of the valuation report content.

In January 2005, the Board voted to have an actuarial audit performed in 2005, rather than in 2006, to confirm that Colorado PERA's funding status was being evaluated appropriately. Mercer Human Resource Consulting conducted the actuarial audit of Colorado PERA's actuarial valuation and processes; the actuarial audit completed the following:

- Conducted a valuation of liabilities for the pension trust funds and the Health Care Trust Fund based on the same year-end 2004 data, funding method, and assumptions used by the retained actuary.
- Examined and commented on the 2001–2004 experience study conducted by the retained actuary.
- Provided an opinion on specific issues, including the Colorado PERA trust funds' current and projected funded status, and what steps are needed to maintain actuarial soundness over the long term.

Based upon Mercer's review of the December 31, 2004, actuarial valuation, they believed that the results as presented in the valuation report were reasonable and performed by fully qualified actuaries in accordance with generally accepted actuarial principles and practices.

Economic Assumptions

In 2007, based on the actuary's recommendation, the Board continued to use an assumed investment rate of return of 8.5 percent per year, compounded annually, net after administrative expenses.

The inflation assumption is 3.75 percent per year. The real rate of return is the portion of the total investment return in excess of the inflation rate. Considering other financial assumptions, the 8.5 percent investment return translates into an assumed real rate of return of 4.75 percent.

The overall member payroll was assumed to increase 4.5 percent annually in 2007. Pay increase assumptions for individual members in 2007 are shown for sample ages in Exhibits A, B, and C. Judicial Division pay increases (Exhibit D) are determined by the State Legislature. Benefits are assumed to increase at a rate of 3.5 percent after payments begin.

Non-Economic Assumptions

The mortality table, last updated in 2005, is based on Colorado PERA experience and is used to estimate the value of benefits expected to be paid. Related values are shown in Exhibit F. For disability retirement, impaired longevity is recognized by basing benefit values on an adjusted age midway between attained age and normal retirement age.

The probabilities of age and service retirement are shown in Exhibits G and H. The probabilities of withdrawal from service, disability, and death-in-service are shown for sample ages in Exhibits A, B, C, and D. It is assumed that 35 percent of the vested members who terminate will elect to withdraw their accounts while the remaining 65 percent will elect to leave their accounts in the plan to be eligible for a benefit at their retirement date.

SEPARATIONS FROM EMPLOYMENT BEFORE RETIREMENT AND INDIVIDUAL PAY INCREASE ASSUMPTIONS

EXHIBIT A—STATE DIVISION

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
State Members (Other Than State Troopers)									
20	21.00%	18.00%	0.025%	0.015%	0.01%	0.01%	5.67%	4.50%	10.17%
25	7.20%	7.60%	0.030%	0.015%	0.04%	0.03%	3.75%	4.50%	8.25%
30	6.30%	6.90%	0.040%	0.025%	0.05%	0.05%	2.80%	4.50%	7.30%
35	5.40%	6.20%	0.055%	0.035%	0.18%	0.16%	2.05%	4.50%	6.55%
40	4.40%	5.60%	0.095%	0.058%	0.24%	0.22%	1.50%	4.50%	6.00%
45	4.30%	5.00%	0.200%	0.097%	0.39%	0.34%	0.85%	4.50%	5.35%
50	4.20%	5.00%	0.383%	0.158%	0.55%	0.50%	0.50%	4.50%	5.00%
55	4.20%	5.00%	0.538%	0.227%	0.90%	0.84%	0.10%	4.50%	4.60%
60	4.20%	5.00%	0.680%	0.345%	1.06%	0.94%	0.00%	4.50%	4.50%
65	4.20%	5.00%	1.061%	0.603%	1.08%	0.96%	0.00%	4.50%	4.50%
State Troopers									
20	5.00%	5.00%	0.025%	0.015%	0.02%	0.02%	5.50%	4.50%	10.00%
25	5.00%	5.00%	0.030%	0.015%	0.08%	0.08%	3.75%	4.50%	8.25%
30	3.80%	3.80%	0.040%	0.025%	0.12%	0.12%	2.80%	4.50%	7.30%
35	2.50%	2.50%	0.055%	0.035%	0.40%	0.40%	2.05%	4.50%	6.55%
40	1.60%	1.60%	0.095%	0.058%	0.54%	0.54%	1.50%	4.50%	6.00%
45	1.10%	1.10%	0.200%	0.097%	0.86%	0.86%	1.20%	4.50%	5.70%
50	1.00%	1.00%	0.383%	0.158%	1.28%	1.28%	0.80%	4.50%	5.30%
55	1.00%	1.00%	0.538%	0.227%	1.85%	1.85%	0.40%	4.50%	4.90%
60	1.00%	1.00%	0.680%	0.345%	2.00%	2.00%	0.00%	4.50%	4.50%
65	1.00%	1.00%	1.061%	0.603%	2.00%	2.00%	0.00%	4.50%	4.50%

[1] There are no select withdrawal assumptions for State Troopers.
[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

EXHIBIT B—SCHOOL DIVISION

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
20	21.00%	18.00%	0.025%	0.015%	0.01%	0.01%	6.20%	4.50%	10.70%
25	7.63%	8.99%	0.030%	0.015%	0.01%	0.02%	4.10%	4.50%	8.60%
30	5.24%	7.79%	0.040%	0.025%	0.01%	0.03%	2.95%	4.50%	7.45%
35	4.36%	6.80%	0.055%	0.035%	0.04%	0.05%	2.50%	4.50%	7.00%
40	3.59%	5.40%	0.095%	0.058%	0.11%	0.08%	1.95%	4.50%	6.45%
45	3.27%	5.00%	0.200%	0.097%	0.18%	0.11%	1.35%	4.50%	5.85%
50	3.90%	4.60%	0.383%	0.158%	0.30%	0.20%	0.80%	4.50%	5.30%
55	3.90%	4.60%	0.538%	0.227%	0.55%	0.36%	0.35%	4.50%	4.85%
60	3.90%	4.60%	0.680%	0.345%	0.70%	0.40%	0.00%	4.50%	4.50%
65	3.90%	4.60%	1.061%	0.603%	0.70%	0.40%	0.00%	4.50%	4.50%

[1] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

SEPARATIONS FROM EMPLOYMENT BEFORE RETIREMENT AND INDIVIDUAL PAY INCREASE ASSUMPTIONS

EXHIBIT C—LOCAL GOVERNMENT DIVISION

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL		DEATH[1]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY	PRODUCTIVITY	(NEXT YEAR)
20	12.00%	15.00%	0.025%	0.015%	0.01%	0.01%	6.97%	4.50%	11.47%
25	9.50%	12.35%	0.030%	0.015%	0.04%	0.04%	4.31%	4.50%	8.81%
30	7.20%	9.58%	0.040%	0.025%	0.07%	0.07%	2.65%	4.50%	7.15%
35	4.40%	8.00%	0.055%	0.035%	0.18%	0.18%	1.72%	4.50%	6.22%
40	3.90%	7.10%	0.095%	0.058%	0.27%	0.24%	1.23%	4.50%	5.73%
45	3.40%	6.30%	0.200%	0.097%	0.41%	0.39%	0.99%	4.50%	5.49%
50	3.40%	6.30%	0.383%	0.158%	0.61%	0.65%	0.79%	4.50%	5.29%
55	3.40%	6.30%	0.538%	0.227%	1.02%	0.90%	0.60%	4.50%	5.10%
60	3.40%	6.30%	0.680%	0.345%	1.10%	1.03%	0.25%	4.50%	4.75%
65	3.40%	6.30%	1.061%	0.603%	1.10%	1.03%	0.00%	4.50%	4.50%

[1] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.

EXHIBIT D—JUDICIAL DIVISION

	PERCENT OF MEMBERS SEPARATING WITHIN THE NEXT YEAR						PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER		
	ULTIMATE WITHDRAWAL[1]		DEATH[2]		DISABILITY		MERIT AND	INFLATION AND	TOTAL INCREASE
SAMPLE AGES	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	SENIORITY[3]	PRODUCTIVITY	(NEXT YEAR)
30	2.70%	2.70%	0.040%	0.025%	0.06%	0.06%	1.50%	4.50%	6.00%
35	2.70%	2.70%	0.055%	0.035%	0.07%	0.07%	1.50%	4.50%	6.00%
40	2.70%	2.70%	0.095%	0.058%	0.10%	0.10%	0.67%	4.50%	5.17%
45	2.70%	2.70%	0.200%	0.097%	0.17%	0.17%	0.50%	4.50%	5.00%
50	2.70%	2.70%	0.383%	0.158%	0.31%	0.31%	0.50%	4.50%	5.00%
55	2.70%	2.70%	0.538%	0.227%	0.63%	0.63%	0.50%	4.50%	5.00%
60	2.70%	2.70%	0.680%	0.345%	1.22%	1.22%	0.50%	4.50%	5.00%
65	2.70%	2.70%	1.061%	0.603%	1.48%	1.48%	0.50%	4.50%	5.00%

[1] There are no select withdrawal assumptions for the Judicial Division.
[2] Rates are shown for healthy members. Separate disability mortality tables are used for disabled retirees.
[3] Pay raises are subject to legislative approval. Percentages shown are based on prior experience.

EXHIBIT E

PERCENT OF MEMBERS WITH LESS THAN FIVE YEARS OF SERVICE WITHDRAWING FROM EMPLOYMENT NEXT YEAR[1]

	STATE DIVISION		SCHOOL DIVISION		LOCAL GOVERNMENT DIVISION	
COMPLETED YEARS OF SERVICE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
0	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
1	18.0%	20.0%	16.0%	16.5%	16.0%	18.0%
2	12.0%	14.0%	12.0%	12.5%	12.0%	12.0%
3	9.0%	11.0%	9.0%	10.5%	9.0%	9.0%
4	8.0%	10.0%	8.0%	10.0%	7.0%	7.0%

[1] There are no select withdrawal assumptions for State Troopers or Judicial Division members.

SINGLE LIFE RETIREMENT VALUE ASSUMPTIONS

EXHIBIT F—STATE, SCHOOL, LOCAL GOVERNMENT, AND JUDICIAL DIVISIONS
(In Actual Dollars)

SAMPLE ATTAINED AGES	PRESENT VALUE OF $1 MONTHLY FOR LIFE MALE	FEMALE	PRESENT VALUE OF $1 MONTHLY INCREASING 3.5% ANNUALLY MALE	FEMALE	FUTURE LIFE EXPECTANCY IN YEARS MALE	FEMALE
40	$138.39	$141.51	$206.81	$214.96	41.93	45.71
45	134.80	139.02	197.32	207.10	37.19	40.86
50	130.42	135.64	186.57	197.55	32.65	36.09
55	125.29	131.12	174.65	186.07	28.35	31.41
60	118.37	124.79	160.31	171.98	24.11	26.78
65	109.07	116.45	143.22	155.38	19.98	22.32
70	98.28	105.86	125.02	136.43	16.22	18.08
75	86.47	93.08	106.56	115.73	12.91	14.19
80	74.16	79.29	88.65	95.06	10.08	10.82
85	62.15	63.82	72.23	73.84	7.76	7.84

PERCENT OF MEMBERS ELIGIBLE FOR REDUCED RETIREMENT

EXHIBIT G

RETIREMENT AGES	STATE DIVISION MALE	STATE DIVISION FEMALE	STATE TROOPERS	SCHOOL DIVISION MALE	SCHOOL DIVISION FEMALE	LOCAL GOVERNMENT DIVISION MALE	LOCAL GOVERNMENT DIVISION FEMALE	JUDICIAL DIVISION
50	10%	10%	20%	10%	12%	12%	15%	10%
51	10%	10%	20%	10%	12%	12%	15%	10%
52	10%	10%	20%	10%	12%	12%	15%	10%
53	10%	10%	20%	10%	12%	12%	15%	10%
54	15%	15%	20%	18%	20%	12%	15%	10%
55	15%	15%	10%	18%	20%	12%	15%	10%
56	15%	15%	10%	18%	20%	15%	15%	10%
57	15%	15%	10%	18%	20%	15%	15%	10%
58	15%	15%	10%	18%	20%	15%	15%	10%
59	15%	15%	10%	18%	20%	15%	15%	10%
60	12%	15%	25%	14%	15%	15%	10%	10%
61	12%	12%	25%	14%	15%	15%	10%	10%
62	15%	18%	25%	14%	15%	15%	12%	10%
63	25%	12%	25%	14%	15%	15%	12%	10%
64	25%	12%	25%	14%	15%	15%	12%	10%
65	0%	0%	0%	0%	0%	0%	0%	10%
66	0%	0%	0%	0%	0%	0%	0%	10%
67	0%	0%	0%	0%	0%	0%	0%	10%
68	0%	0%	0%	0%	0%	0%	0%	15%
69	0%	0%	0%	0%	0%	0%	0%	20%
70	0%	0%	0%	0%	0%	0%	0%	40%
71	0%	0%	0%	0%	0%	0%	0%	40%
72 and over	0%	0%	0%	0%	0%	0%	0%	100%

PERCENT OF MEMBERS ELIGIBLE FOR UNREDUCED BENEFITS RETIRING NEXT YEAR

EXHIBIT H

RETIREMENT AGES	STATE DIVISION MALE	STATE DIVISION FEMALE	STATE TROOPERS	SCHOOL DIVISION MALE	SCHOOL DIVISION FEMALE	LOCAL GOVERNMENT DIVISION MALE	LOCAL GOVERNMENT DIVISION FEMALE	JUDICIAL DIVISION
50	40%	40%	30%	40%	40%	15%	15%	10%
51	35%	35%	30%	40%	40%	15%	15%	10%
52	30%	30%	30%	35%	35%	15%	15%	10%
53	30%	25%	30%	35%	35%	15%	15%	10%
54	30%	25%	25%	35%	35%	15%	25%	10%
55	20%	25%	25%	25%	25%	15%	25%	10%
56	20%	20%	15%	25%	25%	25%	25%	10%
57	20%	20%	15%	25%	22%	25%	25%	10%
58	20%	20%	35%	25%	22%	25%	25%	10%
59	20%	20%	35%	25%	22%	25%	25%	10%
60	20%	20%	35%	25%	22%	20%	12%	10%
61	18%	16%	35%	22%	17%	20%	12%	10%
62	20%	20%	50%	22%	17%	20%	15%	10%
63	17%	16%	50%	22%	17%	20%	15%	10%
64	17%	16%	50%	22%	17%	20%	15%	10%
65	30%	25%	100%	30%	25%	25%	30%	10%
66	25%	22%	100%	19%	17%	30%	25%	10%
67	25%	22%	100%	19%	17%	30%	25%	10%
68	25%	22%	100%	19%	17%	30%	25%	15%
69	25%	22%	100%	19%	17%	30%	25%	20%
70	100%	100%	100%	100%	100%	100%	100%	40%
71	100%	100%	100%	100%	100%	100%	100%	40%
72 and over	100%	100%	100%	100%	100%	100%	100%	100%

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED TO AND REMOVED FROM BENEFIT PAYROLL[1]
(In Actual Dollars)

YEAR ENDED	ADDED TO PAYROLL NO.	ADDED TO PAYROLL ANNUAL BENEFITS	REMOVED FROM PAYROLL NO.	REMOVED FROM PAYROLL ANNUAL BENEFITS	PAYROLL—END OF YEAR NO.[2]	PAYROLL—END OF YEAR ANNUAL BENEFITS	AVERAGE ANNUAL BENEFITS	INCREASE IN AVERAGE BENEFITS
12/31/98	3,139	$78,278,484	1,694	$13,692,660	49,808	$926,962,944	$18,611	2.7%
12/31/99	4,212	115,746,756	1,562	22,867,068	52,458	1,026,797,016	19,574	5.2%
12/31/00	4,369	123,249,792	1,680	28,151,484	55,147	1,142,638,708	20,720	5.9%
12/31/01	4,016	118,919,172	1,247	16,325,628	57,860	1,281,834,264	22,154	6.9%
12/31/02	4,064	123,812,748	1,376	19,675,356	60,548	1,427,278,692	23,573	6.4%
12/31/03	5,145	172,028,340	1,508	23,550,024	63,988	1,620,754,488	25,329	7.4%
12/31/04	5,522	191,924,148	1,610	28,105,056	67,900	1,839,310,356	27,089	6.9%
12/31/05	5,320	175,538,520	1,819	25,819,464	71,401	2,045,457,000	28,647	5.8%
12/31/06	5,251	169,081,084	1,945	27,505,200	74,698	2,246,234,376	30,071	5.0%
12/31/07	**4,715**	**158,411,892**	**1,514**	**26,239,776**	**77,899**	**2,453,921,412**	**31,501**	**4.8%**

[1] Numbers derived on an accrual basis.
[2] The number includes retirees and beneficiaries not being paid at the end of the year (e.g., future spousal benefits).

MEMBER-RETIREE COMPARISON[1]
(In Actual Dollars)

The number of persons receiving monthly retirement benefits has grown steadily in relation to membership. This trend will continue for many years into the future. The retirement benefit disbursements shown in the right-hand column include cost-of-living increases paid in years since 1970. Prior to 1981, figures are for years ended June 30.

YEAR	NUMBER OF RETIREE ACCOUNTS ON 12/31	NUMBER OF MEMBER ACCOUNTS ON 12/31[2]	RETIREE ACCOUNTS AS % OF MEMBERS ON 12/31	TOTAL BENEFITS PAID–YEAR ENDED 12/31
1940	93	3,715	2.5%	$72,588
1945	171	5,585	3.1%	137,442
1950	280	11,853	2.4%	237,866
1955	747	21,185	3.5%	745,679
1960	1,775	33,068	5.4%	2,055,139
1965	3,631	49,701	7.3%	5,486,225
1970	6,308	65,586	9.6%	13,115,234
1975	11,650	84,781	13.7%	32,820,433
1980	17,301	96,473	17.9%	71,289,456
1985	24,842	101,409	24.5%	192,456,029
1990	32,955	115,350	27.4%	350,398,094
1995	41,909	203,102	20.6%	639,501,796
1998	47,735	221,978	21.5%	893,810,708
1999	50,344	238,111	21.1%	989,536,328
2000	53,015	248,104	21.4%	1,093,779,068
2001	55,733	263,712	21.1%	1,228,730,063
2002	58,357	271,989	21.5%	1,372,219,187
2003	62,029	278,841	22.2%	1,545,267,772
2004	65,943	292,861	22.5%	1,764,716,331
2005	69,416	306,139	22.7%	1,973,240,491
2006	72,737	319,137	22.8%	2,178,014,767
2007	**75,915**	**335,086**	**22.7%**	**2,385,309,488**

[1] Numbers derived on a cash basis.
[2] Includes inactive member accounts.

SCHEDULE OF MEMBERS IN VALUATION
By Attained Age and Years of Service As of December 31, 2007
(In Actual Dollars)

STATE DIVISION

Members included in the State Division valuation totaled 53,324 and involved annual salaries totaling $2,236,517,828. The average age for these members (excluding State Troopers) was 45.5 years, and the average service was 9.0 years. The average age for State Troopers was 39.6 years, and the average service was 10.7 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	402	—	—	—	—	—	—	402	$3,136,962
20–24	1,740	18	—	—	—	—	—	1,758	34,181,805
25–29	3,287	497	10	—	—	—	—	3,794	113,158,952
30–34	2,995	1,469	265	11	—	—	—	4,740	172,349,431
35–39	2,913	1,706	1,061	326	15	—	—	6,021	251,183,810
40–44	2,412	1,563	1,015	811	444	47	—	6,292	279,411,205
45–49	5,021	1,671	1,145	1,007	861	736	106	10,547	454,771,115
50–54	2,231	1,519	1,097	1,092	987	935	418	8,279	401,399,509
55–59	1,682	1,222	908	916	859	589	451	6,627	318,294,172
60	279	200	125	155	121	93	68	1,041	48,813,759
61	221	182	121	105	102	75	53	859	38,756,733
62	162	130	76	64	71	68	55	626	30,168,261
63	115	89	74	78	47	39	44	486	23,583,055
64	123	60	67	61	42	30	34	417	18,203,905
65	93	69	51	54	29	25	41	362	15,862,608
66	67	38	26	22	23	19	21	216	8,401,326
67	61	31	18	18	13	12	6	159	5,872,483
68	62	13	21	15	8	8	12	139	4,756,077
69	60	30	12	16	4	4	9	135	4,100,148
70+	200	91	43	36	23	16	15	424	10,112,512
Totals	24,126	10,598	6,135	4,787	3,649	2,696	1,333	53,324	$2,236,517,828

SCHOOL DIVISION

Members included in the School Division valuation totaled 116,245 and involved annual salaries totaling $3,618,258,368. The average age for these members was 43.9 years, and the average service was 7.8 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	1,352	—	—	—	—	—	—	1,352	$8,102,893
20–24	4,756	82	—	—	—	—	—	4,838	83,483,794
25–29	9,488	1,621	28	—	—	—	—	11,137	305,237,835
30–34	6,867	4,326	635	17	—	—	—	11,845	376,131,193
35–39	7,183	3,763	2,553	512	16	—	—	14,027	443,732,959
40–44	8,604	3,766	2,087	1,715	529	39	—	16,740	494,212,917
45–49	6,759	4,409	2,490	1,807	1,747	893	67	18,172	595,076,134
50–54	4,662	3,444	2,425	2,049	1,797	1,778	573	16,728	608,087,093
55–59	3,473	2,138	1,560	1,785	1,501	1,184	686	12,327	462,554,822
60	603	347	224	219	208	153	89	1,843	62,286,646
61	509	281	164	181	171	137	61	1,504	48,400,488
62	355	199	125	102	117	89	45	1,032	32,701,723
63	339	160	85	76	83	72	33	848	24,590,954
64	322	141	80	82	60	52	31	768	20,538,329
65	241	128	67	48	37	32	23	576	14,082,902
66	227	95	50	37	33	19	14	475	9,092,845
67	197	44	32	32	22	20	12	359	6,758,934
68	163	68	21	21	13	9	9	304	5,153,791
69	154	63	18	21	13	9	12	290	4,971,406
70+	620	242	86	59	30	29	14	1,080	13,060,710
Totals	56,874	25,317	12,730	8,763	6,377	4,515	1,669	116,245	$3,618,258,368

SCHEDULE OF MEMBERS IN VALUATION
By Attained Age and Years of Service As of December 31, 2007
(In Actual Dollars)

LOCAL GOVERNMENT DIVISION

Members included in the Local Government Division valuation totaled 16,977 and involved annual salaries totaling $680,442,121. The average age for these members was 42.9 years, and the average service was 7.1 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
Up to 20	553	—	—	—	—	—	—	553	$2,853,251
20–24	1,012	28	—	—	—	—	—	1,040	18,671,034
25–29	1,275	187	13	—	—	—	—	1,475	43,580,258
30–34	1,213	348	78	1	—	—	—	1,640	59,612,348
35–39	1,203	458	220	77	8	—	—	1,966	81,922,581
40–44	1,397	478	307	147	96	18	—	2,443	98,395,433
45–49	1,025	515	332	272	233	208	34	2,619	130,823,981
50–54	791	418	283	273	211	186	106	2,268	114,279,945
55–59	610	281	205	191	157	132	97	1,673	84,621,132
60	96	38	16	37	22	16	17	242	11,212,934
61	85	39	18	23	14	13	14	206	8,567,450
62	56	29	22	11	12	9	7	146	6,275,636
63	57	31	8	12	6	9	13	136	5,148,029
64	53	32	14	11	7	8	4	129	5,329,337
65	40	14	6	5	10	7	6	88	3,066,485
66	37	3	4	5	2	—	—	51	1,166,086
67	22	9	9	6	1	1	—	48	1,151,203
68	21	9	3	2	1	2	—	38	657,080
69	21	2	2	2	3	—	—	30	475,272
70+	122	36	14	7	1	1	5	186	2,632,646
Totals	9,689	2,955	1,554	1,082	784	610	303	16,977	$680,442,121

JUDICIAL DIVISION

Members included in the Judicial Division valuation totaled 296 and involved annual salaries totaling $31,150,228. The average age for Judicial Division members was 54.7 years, and the average service was 13.8 years.

	YEARS OF SERVICE TO VALUATION DATE							TOTALS	
ATTAINED AGE	0–4	5–9	10–14	15–19	20–24	25–29	30+	NO.	VALUATION PAYROLL
30–34	3	—	—	—	—	—	—	3	$180,014
35–39	6	2	—	1	—	—	—	9	779,850
40–44	16	4	2	1	1	—	—	24	2,552,241
45–49	14	9	12	6	3	1	—	45	4,736,047
50–54	13	9	6	10	5	4	1	48	5,057,295
55–59	15	15	14	19	16	14	6	99	10,422,677
60	1	—	—	3	2	2	1	9	1,028,838
61	5	3	1	2	2	2	—	15	1,549,460
62	—	1	1	—	4	—	4	10	1,163,023
63	1	2	2	—	—	—	—	5	480,303
64	—	2	1	2	2	1	1	9	979,506
65	2	—	—	2	—	1	2	7	715,176
66	—	1	—	1	2	—	3	7	813,902
67	—	—	—	—	2	—	1	3	324,704
68	—	—	—	—	—	—	—	—	—
69	—	—	—	1	—	—	1	2	241,129
70+	—	—	1	—	—	—	—	1	126,063
Totals	76	48	40	48	39	25	20	296	$31,150,228

SUMMARY OF SOLVENCY TEST

The Colorado PERA funding objective is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement service accrued in that year by Colorado PERA members.

Over the years, Colorado PERA's contribution rates were occasionally increased to fund benefit improvements, or temporarily decreased at the State Legislature's direction. (See Schedule of Contribution Rate History on pages 124–128.)

Since 2000, Colorado PERA's funding ratio has declined from a high of 105.2 percent to 74.1 percent at the end of 2006. The results of Colorado PERA's annual valuation on December 31, 2007, showed that the funding ratio for the retirement trust funds had increased to 75.1 percent. Legislation enacted in 2005 and 2006 that will strengthen Colorado PERA's future funded status included the following provisions:

- Payment of employer contributions on salary paid to Colorado PERA retirees who work for Colorado PERA-affiliated employers, effective July 1, 2005.
- Phase-in of increased funding called the Amortization Equalization Disbursement (AED) from Colorado PERA employers through a contribution that will remain in effect until Colorado PERA's unfunded liabilities are actuarially amortized beginning in January 2006 and increasing through 2012.
- A gradual increase of 0.5 percent per year in contributions called the Supplemental AED over six years to be paid by employers from foregone employee wage increases, effective January 1, 2008. The main provisions of the SAED are similar to the AED provisions.
- Implementation of new hire provisions for members hired on or after January 1, 2007, which includes changing the Rule of 80 to a Rule of 85 with a minimum retirement age of 55 and implementing a new Annual Increase Reserve fund dedicated for new hire retirement COLAs.
- In an action that did not require legislation, the Board increased the cost to purchase prior non-covered service to the full actuarial cost effective November 1, 2005. In 2006, legislation was passed to make all future purchase of service credit at the actuarially determined rate.

If the retirement system follows level contribution rate financing principles, the system will pay all promised benefits when due—the ultimate test of financial soundness.

The following solvency test is one means of checking Colorado PERA's funding progress. In this test, the retirement plan's present assets (investments and cash) are compared with: (A) member contributions (with interest) on deposit, (B) the liabilities for future benefits to persons who have retired or terminated service with the right to a future benefit, and (C) the liabilities for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability A) and the liabilities for future benefits to present retirees (liability B) will be fully covered by present assets, except in rare circumstances. The actuarial valuation of December 31, 2007, shows that liability A and liability B are fully covered by Colorado PERA assets.

In addition, the remainder of present assets covers a small portion of the liabilities for service already rendered by members (liability C). Generally, if the system has been using level contribution rate financing, the funded portion of liability C will increase over time.

TOTAL ACTUARIAL LIABILITIES
(In Actual Dollars)

VALUATION DATE	MEMBER CONTRIBUTIONS (A)[1]	RETIREES AND BENEFICIARIES (B)	EMPLOYER-FINANCED PORTION OF ACTIVE MEMBERS (C)	VALUATION ASSETS	PORTION OF ACTUARIAL ACCRUED LIABILITIES COVERED BY REPORTED ASSETS: LIABILITY (A)	LIABILITY (B)	LIABILITY (C)
12/31/98	$4,413,349,123	$11,659,836,332	$7,842,874,545	$23,069,582,456	100%	100%	89%
12/31/99	4,631,541,543	12,650,882,161	8,564,267,296	26,643,394,180	100%	100%	100%
12/31/00	4,833,143,560	14,162,593,257	9,170,504,492	29,625,878,179	100%	100%	100%
12/31/01	5,562,390,361	16,301,486,412	9,503,435,639	30,935,478,756	100%	100%	95%
12/31/02	6,118,094,036	18,208,961,462	10,268,677,964	30,554,140,114	100%	100%	61%
12/31/03	6,316,579,440	20,884,057,920	13,291,470,411	30,596,661,957	100%	100%	26%
12/31/04	6,365,516,299	23,833,957,690	13,370,998,194	30,755,462,303	100%	100%	4%
12/31/05	5,755,118,042	26,382,911,449	14,614,266,949	34,273,165,233	100%	100%	15%
12/31/06	6,742,437,218	29,674,681,921	13,073,484,732	36,687,041,642	100%	100%	2%
12/31/07	**6,834,260,809**	**32,017,760,257**	**13,607,111,905**	**39,415,525,136**	**100%**	**100%**	**4%**

[1] Includes accrued interest on member contributions.

SUMMARY OF UNFUNDED/(OVERFUNDED) ACTUARIAL ACCRUED LIABILITIES

Unfunded/(overfunded) actuarial accrued liabilities are the difference between actuarially calculated liabilities for service already rendered and the assets of the retirement fund. It is natural for unfunded liabilities to exist for Colorado PERA and other defined benefit retirement plans.

The ratio of Colorado PERA's assets to accrued liabilities exceeded 100 percent for the first time on December 31, 1999, and again exceeded 100 percent in 2000. However, the ratio fell to a recent low of 71 percent in 2004. In 2007, the funded ratio increased to 75 percent.

The increase (or gains) in the 2007 funded status over 2006 can be attributed mainly to the following factors:

- Recognition of investment gains experienced from 2005–2007.
- Fewer members retired with a disability retirement than assumed.
- Current retirees are not living as long as expected.
- Health care claims were less than expected.

The following factors resulted in higher liabilities (or losses) to Colorado PERA during 2007:

- Fewer members terminated Colorado PERA-covered employment and withdrew their accounts than had been assumed during 2007, increasing future liabilities.
- New Colorado PERA members had some service resulting in accrued liabilities.
- Members retired at earlier ages during 2007 than had been assumed.
- Member pay increases were higher than expected.

Effective November 1, 2005, the cost to purchase non-covered service was increased to the actuarial cost, further limiting the plan's liabilities going forward. Legislation passed and signed into law in 2003 limited the number of years for non-covered service to a total of 10 years. Legislation supported by the Board in 2004, 2005, and 2006 contained moderate and balanced provisions that improve Colorado PERA's financial soundness. A brief description of this legislation follows:

Senate Bill 04-132 ("Modification of Existing Benefit Plans for Colorado PERA Members") as amended was signed by Governor Owens. The bill contained the following provisions that went into effect during 2005:

- Reduced the annual post-retirement increase to the lower of 3 percent or the actual increase in the Consumer Price Index for new employees hired on or after July 1, 2005.
- Eliminated the unreduced service retirement eligibility requirement at age 50 with 30 or more years of service, for new employees hired on or after July 1, 2005.

Senate Bill 04-257 ("Modifications to Retirement Plans for Public Employees") as amended was signed by Governor Owens and included provisions that will phase-in increased funding from Colorado PERA employers with an amortization equalization disbursement beginning in January 2006 through 2012. The bill also required employer contributions on salary paid to Colorado PERA retirees who return to work for Colorado PERA-affiliated employers.

Senate Bill 05-73 ("Employment After Retirement for Colorado PERA Retirees") was signed by Governor Owens and ensured that the amortization equalization disbursement will be paid by employers on the salary they pay to Colorado PERA retirees. SB 05-73 also provides for employer contributions to be paid on compensation paid to Colorado PERA retirees who are working as independent contractors or in certain other arrangements, and who are performing services for Colorado PERA employers.

Senate Bill 06-235 ("Concerning Public Employees' Retirement Benefit Plans") was signed by Governor Owens on May 25, 2006. This legislation provided the following:

- Added a supplemental amortization equalization disbursement payment that is slated to come from salary increases that would have otherwise been awarded to employees over a six–year period. The collection of 0.5 percent of salaries is scheduled to begin on January 1, 2008.
- Modified retirement provisions for new employees hired on or after January 1, 2007.
- Specified a 30–year amortization period in statute.
- Required that an actuarial study be commissioned by the General Assembly before any benefit enhancements can be made.
- Modified the structure of the Colorado PERA Board of Trustees.
- Expanded defined contribution and defined benefit choice to new employees of institutions of higher education who did not previously have access to both types of plans.

Benefits to retirees are fully funded, that is, assets reserved for benefits currently being paid equal liabilities for those benefits. Liabilities for members are based on service rendered toward their retirement benefits payable in the future. Unfunded actuarial accrued liabilities exist because liabilities for such service by members exceed assets currently on hand for such future benefits.

Since inflation decreases the dollar's value, it is important to examine more than only the dollar amounts of assets, benefits paid, member salaries, and unfunded/(overfunded) actuarial accrued liabilities when assessing the plan's financial status. The ratio of unfunded/(overfunded) actuarial accrued liability dollars divided by member salary dollars can provide a meaningful index. The smaller the ratio, the stronger the system. Observation of this relative index over a period of years will give an indication of the financial strength of the system. This ratio has decreased at times over the last decade, but increased sharply in years 2002 through 2004. This increase reflects the poor investment environment of 2001 and 2002, as well as increased liabilities. The UAAL/OAAL as a percent of member salaries was reduced in 2007, which is evidence of a moderation in Colorado PERA's liabilities and recognition of investment gains in the past few years.

UNFUNDED/(OVERFUNDED) ACTUARIAL ACCRUED LIABILITIES (UAAL/OAAL)
(In Actual Dollars)

VALUATION DATE	TOTAL ACTUARIAL ACCRUED LIABILITIES	VALUATION ASSETS	ASSETS AS A % OF ACCRUED LIABILITIES	UNFUNDED/(OVERFUNDED) ACTUARIAL ACCRUED LIABILITIES	MEMBER SALARIES	UAAL/(OAAL) AS A % OF MEMBER SALARIES
12/31/98	$23,916,060,522	$23,069,582,456	96.5%	$846,478,066	$4,477,302,776	18.9%
12/31/99	25,846,691,306	26,643,394,180	103.1%	(796,702,874)	4,709,759,629	(16.9%)
12/31/00	28,166,241,309	29,625,878,179	105.2%	(1,459,636,870)	4,982,542,964	(29.3%)
12/31/01	31,367,312,412	30,935,478,756	98.6%	431,833,656	5,415,327,493	8.0%
12/31/02	34,595,733,462	30,554,140,114	88.3%	4,041,593,348	5,779,703,602	69.9%
12/31/03	40,492,107,771	30,596,661,957	75.6%	9,895,445,814	5,645,468,380	175.3%
12/31/04	43,570,472,183	30,755,462,303	70.6%	12,815,009,880	5,879,355,179	218.0%
12/31/05	46,752,296,440	34,273,165,233	73.3%	12,479,131,207	5,940,132,036	210.1%
12/31/06	49,490,603,871	36,687,041,642	74.1%	12,803,562,229	6,135,961,050	208.7%
12/31/07	**52,459,132,971**	**39,415,525,136**	**75.1%**	**13,043,607,835**	**6,566,368,545**	**198.6%**

SCHEDULE OF GAINS AND LOSSES IN ACCRUED LIABILITIES

	$ GAIN (OR LOSS) FOR YEARS ENDED DECEMBER 31 (IN MILLIONS OF DOLLARS)					
TYPE OF ACTIVITY	2007	2006	2005	2004	2003	2002
Age and service retirements[1]	**($56.9)**	($60.7)	($32.4)	($436.3)	($435.7)	($557.4)
Disability retirements[2]	**26.6**	24.3	(5.8)	(0.7)	(19.7)	(3.1)
Deaths[3]	**9.4**	0.3	130.7	(50.7)	(26.0)	5.9
Withdrawal from employment[4]	**(107.7)**	(88.9)	104.1	13.0	18.1	(20.4)
New entrants[5]	**(113.5)**	(136.2)	(129.1)	(66.3)	(110.7)	(68.6)
Pay increases[6]	**(221.3)**	59.6	(332.1)	97.4	716.4	(182.7)
Investment income[7]	**833.3**	682.7	89.4	(1,697.7)	(2,612.1)	(2,710.8)
Service purchases	**—**	—	(73.2)	(215.0)	(1,241.6)	—
Other	**157.6**	46.3	70.3	(23.0)	(753.1)	(323.9)
Gain (or loss) during year	**527.5**	527.4	(178.1)	(2,379.3)	(4,464.4)	(3,861.0)
Non-recurring items (assumption change)[8]	**—**	—	(126.3)	275.6	(981.3)	—
Non-recurring items (asset method change)[8]	**—**	—	1,660.7	—	—	—
Composite gain (or loss) during year	**$527.5**	$527.4	$1,356.3	($2,103.7)	($5,445.7)	($3,861.0)

[1] *Age and service retirements:* If members retire at older ages than assumed, there is a gain. If members retire at younger ages, a loss occurs.

[2] *Disability retirements:* If disability claims are lower than was assumed, there is a gain. If a higher number of disability claims was experienced, there is a loss.

[3] *Deaths:* If survivor claims are lower than was assumed, there is a gain. If a higher number of survivor claims was experienced, there is a loss. If retirees live longer than assumed, there is a loss; if retirees die sooner than assumed, there is a gain.

[4] *Withdrawal from employment:* If more members terminate and more liabilities are released by withdrawals than are assumed, there is a gain. If fewer liabilities are released, a loss occurs.

[5] *New entrants:* If the number of new members entering the plan is lower than was assumed, there is a loss. If a higher number of new members entered the plan than was assumed, there is a gain.

[6] *Pay increases:* If there are smaller salary increases than assumed, there is a gain. If greater increases occur, a loss results.

[7] *Investment income:* If there is greater investment income than assumed, there is a gain. If less income is received, a loss occurs.

[8] *Non-recurring items:* Include changes in actuarial assumptions or method and changes to plan benefits.

SCHEDULE OF COMPUTED EMPLOYER CONTRIBUTION RATES FOR FISCAL YEARS BEGINNING IN 2009

	EXPRESSED AS A PERCENTAGE OF MEMBER PAYROLL			
	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION
Contributions:				
Service retirement benefits	8.38%	9.44%	8.17%	12.67%
Disability retirement benefits	0.93%	0.40%	1.00%	1.67%
Survivor benefits	0.44%	0.36%	0.44%	1.21%
Termination withdrawals	3.03%	3.14%	3.24%	2.98%
Refunds	0.89%	0.68%	1.05%	0.92%
Total normal cost	13.67%	14.02%	13.90%	19.45%
Less member contributions	8.05%[1]	8.00%	8.00%	8.00%[2]
Employer normal cost	**5.62%**	**6.02%**	**5.90%**	**11.45%**
Percentage available to amortize unfunded actuarial accrued liabilities	6.29%	5.84%	5.79%	3.94%
Amortization period	Infinite	Infinite	25 years	94 years
Total employer contribution rate for actuarially funded benefits	10.21%	10.15%	10.00%	13.66%
Amortization Equalization Disbursement	1.80%	1.80%	1.80%	1.80%
Supplemental Amortization Equalization Disbursement	1.00%	1.00%	1.00%	1.00%
Less Health Care Trust Fund	1.02%	1.02%	1.02%	1.02%
Less Annual Increase Reserve	0.08%	0.07%	0.09%	0.05%
Employer contribution rate for defined benefit plan	**11.91%**[1]	**11.86%**	**11.69%**	**15.39%**

[1] Weighted average of more than one statutory rate.

[2] Assumes no judge will elect a refund of contributions made for the 17th through the 20th year of service.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA
(In Actual Dollars)

YEAR	NUMBER OF EMPLOYERS	NUMBER OF MEMBERS	ANNUAL PAYROLL	AVERAGE ANNUAL SALARY	% INCREASE (DECREASE) IN AVERAGE PAY
1998	374	154,235	$4,477,302,776	$29,029	5.09%
1999	375	157,967	4,709,759,629	29,815	2.71%
2000	379	162,106	4,982,542,964	30,736	3.09%
2001	385	169,833	5,415,327,493	31,886	3.74%
2002	393	172,761	5,779,703,602	33,455	4.92%
2003	399	170,991	5,645,468,380	33,016	(1.31%)
2004	401	176,840	5,879,355,179	33,247	0.70%
2005	405	180,630	5,940,132,036	32,886	(1.09%)
2006	405	182,404	6,135,961,050	33,639	2.29%
2007	**409**	**186,842**	**6,566,368,545**	**35,144**	**4.47%**

Taking care of our members

STATISTICAL SECTION OVERVIEW

The Statistical Section presents detailed information that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of Colorado PERA.

CONTENTS

Financial Trends—These schedules show trend information about the changes and growth in Colorado PERA's net assets over the past 10 years.

- *Changes in Fiduciary Net Assets*
- *Benefits and Refund Deductions from Net Assets by Type*

Operating Information—These schedules contain information related to the services that Colorado PERA provides and the activities it performs.

- *Member and Benefit Recipient Statistics*[1]
- *Schedule of Average Retirement Benefits Payable*[1]
- *Schedule of Retirees and Survivors by Type of Benefit*
- *Current Average Monthly Benefit by Year of Retirement*[1]
- *Schedule of Average Benefit Payments by Division*
- *Schedule of Average Benefit Payments*[1]*—Combined State, School, Local Government, and Judicial Divisions Trust Funds*
- *Schedule of Contribution Rate History*
- *Principal Participating Employers*
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Schedules and information are derived from Colorado PERA internal sources unless otherwise noted.

[1]Schedules and data are provided by the consulting actuary, Cavanaugh Macdonald Consulting, LLC.

CHANGES IN FIDUCIARY NET ASSETS
Last Ten Calendar Years
(In Thousands of Dollars)

STATE AND SCHOOL DIVISION TRUST FUND[1]

ADDITIONS	1998	1999	2000	2001
Employer contributions[2]	$409,749	$422,025	$420,031	$314,649
Member contributions[2]	308,379	324,504	343,040	368,968
Purchased service	43,762	69,775	96,023	119,719
Investment income (loss)	3,231,469	4,130,854	(30,817)	(2,287,062)
Other	—	—	—	—
Total additions	3,993,359	4,947,158	828,277	(1,483,726)
DEDUCTIONS				
Benefit payments	851,676	943,112	1,042,905	1,171,996
Refunds	65,811	89,684	124,096	90,898
Disability insurance premiums	—	8,054	4,824	3,228
Administrative expenses	14,142	15,794	15,245	16,363
Other	2,068	1,873	973	1,409
Total deductions	933,697	1,058,517	1,188,043	1,283,894
Changes in net assets available for benefits	**3,059,662**	**3,888,641**	**(359,766)**	**(2,767,620)**
Net assets held at beginning of year	**21,679,987**	**24,739,649**	**28,628,290**	**28,268,524**
Net assets held at end of year	**$24,739,649**	**$28,628,290**	**$28,268,524**	**$25,500,904**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 124-128.

STATE DIVISION TRUST FUND[1]

ADDITIONS	2006	2007
Employer contributions[2]	$208,795	**$232,997**
Member contributions[2]	169,965	**179,971**
Purchased service	39,480	**8,259**
Investment income	1,921,863	**1,388,265**
Other	1	**4**
Total additions	2,340,104	**1,809,496**
DEDUCTIONS		
Benefit payments	849,229	**925,761**
Refunds	65,911	**56,578**
Disability insurance premiums	1,772	**1,833**
Administrative expenses	7,889	**6,963**
Other	3,103	**7,592**
Total deductions	927,904	**998,727**
Changes in net assets available for benefits	**1,412,200**	**810,769**
Net assets held at beginning of year	**12,629,060**	**14,041,260**
Net assets held at end of year	**$14,041,260**	**$14,852,029**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 124-128.

CHANGES IN FIDUCIARY NET ASSETS
Last Ten Calendar Years
(In Thousands of Dollars)

STATE AND SCHOOL DIVISION TRUST FUND[1] (Continued)

2002	2003	2004	2005
$315,825	$387,920	$452,997	$491,031
397,315	405,715	411,376	425,657
329,572	695,516	192,033	212,971
(3,099,924)	5,203,073	3,663,632	2,827,871
5	3	30	(9)
(2,057,207)	6,692,227	4,720,068	3,957,521
1,307,652	1,469,343	1,677,417	1,872,565
88,793	99,039	108,136	114,968
4,070	3,592	4,186	4,038
17,752	19,750	20,949	18,811
1,649	448	13,320	10,373
1,419,916	1,592,172	1,824,008	2,020,755
(3,477,123)	**5,100,055**	**2,896,060**	**1,936,766**
25,500,904	**22,023,781**	**27,123,836**	**30,019,896**
$22,023,781	**$27,123,836**	**$30,019,896**	**$31,956,662**

SCHOOL DIVISION TRUST FUND[1]

ADDITIONS	2006	2007
Employer contributions[2]	$336,703	**$375,480**
Member contributions[2]	272,589	**289,231**
Purchased service	50,806	**14,331**
Investment income	2,954,863	**2,145,958**
Other	23	**15**
Total additions	3,614,984	**2,825,015**
DEDUCTIONS		
Benefit payments	1,213,875	**1,329,803**
Refunds	68,493	**67,710**
Disability insurance premiums	2,829	**2,983**
Administrative expenses	11,523	**11,942**
Other	9,909	**5,348**
Total deductions	1,306,629	**1,417,786**
Changes in net assets available for benefits	**2,308,355**	**1,407,229**
Net assets held at beginning of year	**19,327,602**	**21,635,957**
Net assets held at end of year	**$21,635,957**	**$23,043,186**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

[2] Employer and Member contribution rate history is shown on pages 124-128.

CHANGES IN FIDUCIARY NET ASSETS
Last Ten Calendar Years
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION TRUST FUND[1]

ADDITIONS	1998	1999	2000	2001
Employer contributions[2]	$30,186	$31,418	$32,639	$25,435
Member contributions[2]	26,248	27,893	29,392	32,451
Purchased service	1,339	3,630	4,678	6,916
Investment income (loss)	191,499	249,209	(2,134)	(141,466)
Other	—	—	—	—
Total additions	249,272	312,150	64,575	(76,664)
DEDUCTIONS				
Benefit payments	36,967	40,903	44,957	50,294
Refunds	8,070	10,210	14,619	10,645
Disability insurance premiums	—	692	418	283
Administrative expenses	1,158	1,391	1,339	1,437
Other	(824)	(1,118)	(131)	(721)
Total deductions	45,371	52,078	61,202	61,938
Changes in net assets available for benefits	**203,901**	**260,072**	**3,373**	**(138,602)**
Net assets held at beginning of year	**1,273,108**	**1,477,009**	**1,737,081**	**1,740,454**
Net assets held at end of year	**$1,477,009**	**$1,737,081**	**$1,740,454**	**$1,601,852**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.
[2] Employer and Member contribution rate history is shown on pages 124-128.

JUDICIAL DIVISION TRUST FUND

ADDITIONS	1998	1999	2000	2001
Employer contributions[1]	$2,693	$2,689	$2,726	$637
Member contributions[1]	1,517	1,552	1,630	1,806
Purchased service	89	121	732	748
Investment income (loss)	18,394	23,539	(200)	(13,089)
Total additions	22,693	27,901	4,888	(9,898)
DEDUCTIONS				
Benefit payments	5,168	5,521	5,917	6,440
Refunds	46	683	—	282
Disability insurance premiums	—	38	23	16
Administrative expenses	25	37	20	19
Other	(442)	1	(130)	281
Total deductions	4,797	6,280	5,830	7,038
Changes in net assets available for benefits	**17,896**	**21,621**	**(942)**	**(16,936)**
Net assets held at beginning of year	**123,588**	**141,484**	**163,105**	**162,163**
Net assets held at end of year	**$141,484**	**$163,105**	**$162,163**	**$145,227**

[1] Employer and Member contribution rate history is shown on pages 124-128.

CHANGES IN FIDUCIARY NET ASSETS
Last Ten Calendar Years
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION TRUST FUND[1] (Continued)

2002	2003	2004	2005	2006	2007
$21,972	$31,033	$47,104	$54,357	$60,664	$68,711
35,202	37,584	43,496	48,404	51,047	54,880
30,609	68,056	18,566	92,018	14,461	2,447
(196,652)	341,545	255,505	206,017	369,181	274,991
—	—	—	2	4	12
(108,869)	478,218	364,671	400,798	495,357	401,041
57,835	67,458	78,494	90,808	104,156	117,350
10,426	10,453	13,500	15,052	16,328	16,683
360	326	432	444	529	561
1,539	1,724	1,943	1,848	1,800	1,918
(125)	1,965	1,832	2,885	(1,056)	1,326
70,035	81,926	96,201	111,037	121,757	137,838
(178,904)	**396,292**	**268,470**	**289,761**	**373,600**	**263,203**
1,601,852	**1,422,948**	**1,819,240**	**2,087,710**	**2,377,471**	**2,751,071**
$1,422,948	**$1,819,240**	**$2,087,710**	**$2,377,471**	**$2,751,071**	**$3,014,274**

JUDICIAL DIVISION TRUST FUND (Continued)

2002	2003	2004	2005	2006	2007
$383	$1,011	$2,677	$3,408	$3,767	$4,222
1,982	2,034	2,071	2,154	2,292	2,479
1,928	8,388	2,203	2,993	1,814	80
(17,521)	29,825	21,789	16,953	29,920	21,965
(13,228)	41,258	28,740	25,508	37,793	28,746
6,731	8,467	8,806	9,868	10,755	12,396
83	596	98	181	—	4
20	18	21	20	24	25
20	22	23	20	19	19
(460)	(849)	(103)	(742)	(3)	(2,908)
6,394	8,254	8,845	9,347	10,795	9,536
(19,622)	**33,004**	**19,895**	**16,161**	**26,998**	**19,210**
145,227	**125,605**	**158,609**	**178,504**	**194,665**	**221,663**
$125,605	**$158,609**	**$178,504**	**$194,665**	**$221,663**	**$240,873**

CHANGES IN FIDUCIARY NET ASSETS
Last Ten Calendar Years
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM

ADDITIONS	1998	1999	2000	2001
Employer contributions	$386	$495	$719	$58,037
Member contributions	61,805	76,469	102,130	165,001
New affiliate transfer	—	—	—	—
Investment income (loss)	45,459	102,823	(13,139)	(52,070)
Other	—	—	—	—
Total additions	107,650	179,787	89,710	170,968
DEDUCTIONS				
Refunds	16,529	28,574	45,678	52,909
Administrative expenses	1,056	984	1,835	2,946
Other	(756)	(1,012)	(1,358)	(1,835)
Total deductions	16,829	28,546	46,155	54,020
Changes in net assets available for benefits	**90,821**	**151,241**	**43,555**	**116,948**
Net assets held at beginning of year	**272,053**	**362,874**	**514,115**	**557,670**
Net assets held at end of year	**$362,874**	**$514,115**	**$557,670**	**$674,618**

HEALTH CARE TRUST FUND

ADDITIONS	1998	1999	2000	2001
Employer contributions[1]	$33,522	$43,136	$51,351	$74,324
Retiree health care premium	21,798	25,611	28,751	43,960
Medicare retiree drug subsidy	—	—	—	—
Investment income (loss)	14,089	17,891	(94)	(10,818)
Other	—	—	—	—
Total additions	69,409	86,638	80,008	107,466
DEDUCTIONS				
Benefit payments	62,395	64,979	77,332	103,472
Administrative expenses	846	483	1,134	679
Other	(2,122)	—	—	(368)
Total deductions	61,119	65,462	78,466	103,783
Changes in net assets available for benefits	**8,290**	**21,176**	**1,542**	**3,683**
Net assets held at beginning of year	**91,172**	**99,462**	**120,638**	**122,180**
Net assets held at end of year	**$99,462**	**$120,638**	**$122,180**	**$125,863**

[1] Employer contribution rate history is shown on pages 124-128.

LIFE INSURANCE RESERVE

ADDITIONS	1998	1999	2000	2001
Life insurance premiums	$—	$—	$—	$—
Investment income (loss)	2,802	3,717	(6)	(1,659)
Total additions	2,802	3,717	(6)	(1,659)
DEDUCTIONS				
Life insurance premiums and claims	656	1,196	1,366	793
Administrative expenses	265	424	491	726
Total deductions	921	1,620	1,857	1,519
Changes in net assets available for benefits	**1,881**	**2,097**	**(1,863)**	**(3,178)**
Net assets held at beginning of year	**18,210**	**20,091**	**22,188**	**20,325**
Net assets held at end of year	**$20,091**	**$22,188**	**$20,325**	**$17,147**

CHANGES IN FIDUCIARY NET ASSETS
Last Ten Calendar Years
(In Thousands of Dollars)

VOLUNTARY INVESTMENT PROGRAM (Continued)

2002	2003	2004	2005	2006	2007
$68,209	$50,144	$13,494	$2,484	$3,053	$4,356
179,155	189,054	179,909	182,257	165,901	172,510
—	—	79,329	—	—	—
(83,012)	157,589	110,598	96,423	166,682	125,645
2,001	1,918	2,388	2,964	3,396	6,366
166,353	398,705	385,718	284,128	339,032	308,877
99,838	219,157	90,618	187,557	108,485	92,755
3,289	3,382	4,390	4,298	4,706	5,484
(5)	—	—	—	—	—
103,122	222,539	95,008	191,855	113,191	98,239
63,231	176,166	290,710	92,273	225,841	210,638
674,618	737,849	914,015	1,204,725	1,296,998	1,522,839
$737,849	$914,015	$1,204,725	$1,296,998	$1,522,839	$1,733,477

HEALTH CARE TRUST FUND (Continued)

2002	2003	2004	2005	2006	2007
$92,562	$64,443	$60,465	$61,193	$64,547	68,508
48,825	55,668	59,453	62,872	85,673	96,345
—	—	—	—	12,481	12,397
(17,742)	33,445	23,117	17,665	30,920	23,868
1,055	2,118	16,116	13,609	12,997	12,454
124,700	155,674	159,151	155,339	206,618	213,572
113,898	120,814	130,917	135,550	164,755	159,939
5,409	6,157	6,634	8,216	8,145	11,051
—	—	—	—	—	—
119,307	126,971	137,551	143,766	172,900	170,990
5,393	28,703	21,600	11,573	33,718	42,582
125,863	131,256	159,959	181,559	193,132	226,850
$131,256	$159,959	$181,559	$193,132	$226,850	$269,432

LIFE INSURANCE RESERVE (Continued)

2002	2003	2004	2005	2006	2007
$—	$—	$—	$7,351	$8,950	$9,075
(1,676)	2,991	1,932	1,652	2,625	2,851
(1,676)	2,991	1,932	9,003	11,575	11,926
2,726	1,899	1,610	5,571	8,653	7,961
590	271	(456)	2,486	1,100	1,732
3,316	2,170	1,154	8,057	9,753	9,693
(4,992)	821	778	946	1,822	2,233
17,147	12,155	12,976	13,754	14,700	16,522
$12,155	$12,976	$13,754	$14,700	$16,522	$18,755

BENEFITS AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
Last Ten Calendar Years
(In Thousands of Dollars)

STATE AND SCHOOL DIVISION TRUST FUND[1]

TYPE OF BENEFIT	1998	1999	2000	2001
Age and service benefits:				
Retirees	$736,038	$819,598	$919,816	$1,043,863
Disability	98,421	102,897	104,871	109,197
Survivors	17,217	20,617	18,218	18,936
Total benefits	**$851,676**	**$943,112**	**$1,042,905**	**$1,171,996**
TYPE OF REFUND				
Separation	$62,489	$84,365	$117,663	$84,842
Death	3,322	5,319	6,433	6,056
Total refunds	**$65,811**	**$89,684**	**$124,096**	**$90,898**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006. Additions and deductions for 1997 are for the full year.

STATE DIVISION TRUST FUND[1]

TYPE OF BENEFIT	2006	2007
Age and service benefits:		
Retirees	$764,672	$838,033
Disability	72,548	75,212
Survivors	12,009	12,516
Total benefits	**$849,229**	**$925,761**
TYPE OF REFUND		
Separation	$61,073	$53,220
Death	3,966	2,825
Purchased service	872	533
Total refunds	**$65,911**	**$56,578**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

SCHOOL DIVISION TRUST FUND[1]

TYPE OF BENEFIT	2006	2007
Age and service benefits:		
Retirees	$1,147,787	$1,261,407
Disability	54,971	57,054
Survivors	11,117	11,342
Total benefits	**$1,213,875**	**1,329,803**
TYPE OF REFUND		
Separation	$64,239	$62,784
Death	3,198	4,455
Purchased service	1,056	471
Total refunds	**$68,493**	**$67,710**

[1] The State and School Division Trust Funds were merged on July 1, 1997, and separated on January 1, 2006.

BENEFITS AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
Last Ten Calendar Years
(In Thousands of Dollars)

***STATE AND SCHOOL DIVISION TRUST FUND[1]* (Continued)**

2002	2003	2004	2005
$1,175,082	$1,331,960	$1,535,496	$1,726,569
112,701	116,770	120,252	123,808
19,869	20,613	21,669	22,188
$1,307,652	$1,469,343	$1,677,417	$1,872,565
$83,457	$91,232	$100,608	$109,588
5,336	7,807	7,528	5,380
$88,793	$99,039	$108,136	$114,968

BENEFITS AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE

Last Ten Calendar Years
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION TRUST FUND[1]

TYPE OF BENEFIT	1998	1999	2000	2001
Age and service benefits:				
Retirees	$26,406	$29,389	$33,318	$38,097
Disability	9,219	9,909	10,235	10,739
Survivors	1,342	1,605	1,404	1,458
Total benefits	**$36,967**	**$40,903**	**$44,957**	**$50,294**
TYPE OF REFUND				
Separation	$7,565	$9,318	$13,970	$10,379
Death	505	892	649	266
Purchased service	—	—	—	—
Total refunds	**$8,070**	**$10,210**	**$14,619**	**$10,645**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

JUDICIAL DIVISION TRUST FUND

TYPE OF BENEFIT	1998	1999	2000	2001
Age and service benefits:				
Retirees	$4,329	$4,598	$4,972	$5,350
Disability	500	575	633	776
Survivors	339	348	312	314
Total benefits	**$5,168**	**$5,521**	**$5,917**	**$6,440**
TYPE OF REFUND				
Separation	$46	$683	$—	$282
Purchased service	—	—	—	—
Total refunds	**$46**	**$683**	**$—**	**$282**

BENEFITS AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE
Last Ten Calendar Years
(In Thousands of Dollars)

LOCAL GOVERNMENT DIVISION TRUST FUND[1] (Continued)

2002	2003	2004	2005	2006	2007
$44,916	$54,380	$65,063	$76,586	$89,226	$102,239
11,254	11,616	11,957	12,692	13,107	13,376
1,665	1,462	1,474	1,530	1,823	1,735
$57,835	$67,458	$78,494	$90,808	$104,156	$117,350
$10,145	$10,171	$12,610	$14,137	$15,405	$15,835
281	282	890	915	677	647
—	—	—	—	246	201
$10,426	$10,453	$13,500	$15,052	$16,328	$16,683

JUDICIAL DIVISION TRUST FUND (Continued)

2002	2003	2004	2005	2006	2007
$5,725	$7,500	$7,795	$8,832	$9,708	$11,292
681	651	682	695	696	746
325	316	329	341	351	358
$6,731	$8,467	$8,806	$9,868	$10,755	$12,396
$83	$596	$98	$181	$—	$—
—	—	—	—	—	4
$83	$596	$98	$181	$—	$4

MEMBER AND BENEFIT RECIPIENT STATISTICS[1]
(In Actual Dollars)

ACTIVE MEMBERS	STATE DIVISION	SCHOOL DIVISION	LOCAL GOVERNMENT DIVISION	JUDICIAL DIVISION	TOTAL
Active members as of December 31, 2007	53,324	116,245	16,977	296	186,842
RETIREMENTS DURING 2007					
Disability retirements	52	61	12	2	127
Service retirements	1,528	2,593	320	22	4,463
Total	**1,580**	**2,654**	**332**	**24**	**4,590**
RETIREMENT BENEFITS					
Total receiving disability and service retirement benefits on December 31, 2006	27,799	41,029	3,665	244	72,737
Total retiring during 2007	1,580	2,654	332	24	4,590
Cobeneficiaries continuing after retiree's death	199	201	31	3	434
Returning to retirement rolls from suspension	11	23	—	—	34
Total	**29,589**	**43,907**	**4,028**	**271**	**77,795**
Retirees and cobeneficiaries deceased during year	771	861	86	8	1,726
Retirees suspending benefits to return to work	43	105	6	—	154
Total receiving retirement benefits	**28,775**	**42,941**	**3,936**	**263**	**75,915**
Annual retirement benefits for retirees as of December 31, 2007	$931,269,900	$1,358,127,912	$119,903,192	$12,387,072	$2,421,688,076
Average monthly benefit on December 31, 2007	$2,697	$2,636	$2,539	$3,925	$2,658
Average monthly benefit for all members who retired during 2007	$2,995	$2,720	$2,985	$4,852	$2,845
SURVIVOR BENEFITS					
Survivor benefit accounts					
Total survivors being paid on December 31, 2007	873	945	152	14	1,984
Annual benefits payable for survivors as of December 31, 2007	$15,881,232	$13,533,828	$2,418,156	$399,420	$32,232,636
FUTURE BENEFITS					
Future retirements to age 60 or 65	4,528	9,191	1,049	11	14,779
Total annual future benefits	$43,174,744	$59,784,813	$11,135,231	$185,347	$114,280,135
Future survivor beneficiaries of inactive members	141	178	24	2	345
Total annual future benefits	$1,751,124	$1,765,164	$399,816	$63,768	$3,979,872

[1] In addition, as of December 31, 2007, there was a total of 133,425 non-vested terminated members due a refund of their contributions—State Division: 48,226; School Division: 71,520; Local Government Division: 13,674; and Judicial Division: 5.

SCHEDULE OF AVERAGE RETIREMENT BENEFITS PAYABLE[1]
(In Actual Dollars)

YEAR ENDED	AVERAGE MONTHLY BENEFIT	AVERAGE AGE AT RETIREMENT	AVERAGE CURRENT AGE OF RETIREES	AVERAGE YEARS OF SERVICE AT RETIREMENT
12/31/98	$1,580	59.2	69.6	20.1
12/31/99	1,657	59.0	69.4	20.5
12/31/00	1,755	58.8	69.3	20.9
12/31/01	1,876	58.6	69.1	21.2
12/31/02	1,997	58.5	68.0	21.6
12/31/03	2,140	58.2	68.4	22.0
12/31/04	2,288	57.9	68.7	22.4
12/31/05	2,447	58.0	68.7	23.0
12/31/06	2,538	58.1	68.8	22.9
12/31/07	**2,658**	**58.0**	**68.9**	**23.1**

[1] Includes disability retirements, but not survivor benefits.

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT
As of December 31, 2007

TYPES OF BENEFITS:
1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

OPTION SELECTED:
Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

SURVIVING COBENEFICIARY:
Retiree has predeceased the cobeneficiary.

SURVIVING RETIREE:
Cobeneficiary has predeceased the retiree.

STATE DIVISION

TYPE OF BENEFIT

AMOUNT OF BENEFIT	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	544	488	4	5	37	10	710
$251–$500	1,209	1,035	68	5	80	21	1,164
$501–$750	1,429	1,144	155	9	98	23	894
$751–$1,000	1,581	1,150	299	8	94	30	620
$1,001–$1,250	1,840	1,232	482	8	93	25	362
$1,251–$1,500	1,926	1,313	513	11	83	6	230
$1,501–$1,750	1,975	1,331	562	9	63	10	151
$1,751–$2,000	2,034	1,503	479	3	47	2	116
$2,000+	17,251	15,926	1,091	68	152	14	281
Totals	**29,789**	**25,122**	**3,653**	**126**	**747**	**141**	**4,528**

OPTION SELECTED

AMOUNT OF BENEFIT	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	320	23	69	4	63	13
$251–$500	681	54	138	5	185	40
$501–$750	731	80	167	3	273	45
$751–$1,000	782	95	211	9	307	45
$1,001–$1,250	944	174	250	10	269	67
$1,251–$1,500	990	217	310	7	235	67
$1,501–$1,750	1,026	195	374	7	247	44
$1,751–$2,000	1,046	251	436	13	207	29
$2,000+	7,980	3,345	4,424	62	970	236
Totals	**14,500**	**4,434**	**6,379**	**120**	**2,756**	**586**

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT
As of December 31, 2007

TYPES OF BENEFITS:
1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

OPTION SELECTED:
Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

SURVIVING COBENEFICIARY:
Retiree has predeceased the cobeneficiary.

SURVIVING RETIREE:
Cobeneficiary has predeceased the retiree.

SCHOOL DIVISION

TYPE OF BENEFIT

AMOUNT OF BENEFIT	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	1,953	1,752	51	10	107	33	2,477
$251–$500	2,773	2,334	235	10	150	44	3,205
$501–$750	2,722	2,196	369	8	126	23	1,709
$751–$1,000	2,503	2,033	338	11	94	27	722
$1,001–$1,250	2,257	1,801	353	4	81	18	411
$1,251–$1,500	2,121	1,698	346	6	63	8	222
$1,501–$1,750	2,078	1,748	269	3	53	5	141
$1,751–$2,000	2,021	1,750	223	5	39	4	96
$2,000+	25,636	24,577	868	46	129	16	208
Totals	**44,064**	**39,889**	**3,052**	**103**	**842**	**178**	**9,191**

OPTION SELECTED

AMOUNT OF BENEFIT	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	1,251	80	263	6	167	36
$251–$500	1,725	164	340	6	269	65
$501–$750	1,752	197	301	4	270	41
$751–$1,000	1,550	232	276	9	244	60
$1,001–$1,250	1,305	262	318	9	214	46
$1,251–$1,500	1,194	265	353	12	162	58
$1,501–$1,750	1,184	287	352	5	145	44
$1,751–$2,000	1,170	308	310	3	132	50
$2,000+	14,898	5,342	4,250	74	679	202
Totals	**26,029**	**7,137**	**6,763**	**128**	**2,282**	**602**

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT
As of December 31, 2007

TYPES OF BENEFITS:

1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

OPTION SELECTED:

Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

SURVIVING COBENEFICIARY:

Retiree has predeceased the cobeneficiary.

SURVIVING RETIREE:

Cobeneficiary has predeceased the retiree.

LOCAL GOVERNMENT DIVISION

		TYPE OF BENEFIT					
AMOUNT OF BENEFIT	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	135	119	1	1	13	1	102
$251–$500	196	168	13	—	12	3	281
$501–$750	206	156	30	—	18	2	254
$751–$1,000	272	196	51	3	17	5	141
$1,001–$1,250	256	159	77	3	14	3	75
$1,251–$1,500	364	197	140	2	24	1	47
$1,501–$1,750	307	193	104	1	7	2	28
$1,751–$2,000	266	175	85	1	4	1	30
$2,000+	2,110	1,890	182	14	18	6	91
Totals	4,112	3,253	683	25	127	24	1,049

		OPTION SELECTED				
AMOUNT OF BENEFIT	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	82	7	15	—	13	3
$251–$500	101	9	30	1	36	4
$501–$750	81	11	30	1	55	8
$751–$1,000	129	20	37	—	56	5
$1,001–$1,250	121	31	45	1	37	1
$1,251–$1,500	154	43	80	6	46	8
$1,501–$1,750	140	50	66	3	30	8
$1,751–$2,000	123	44	63	1	23	6
$2,000+	918	433	603	7	88	23
Totals	1,849	648	969	20	384	66

SCHEDULE OF RETIREES AND SURVIVORS BY TYPE OF BENEFIT
As of December 31, 2007

TYPES OF BENEFITS:

1—Age and service retirement.
2—Disability retirement.
3—Survivor payment—Option 3.
4—Survivor payment—children, spouse, or dependent parent.
5—Surviving spouse with future benefit.
6—Former member with future benefit.

OPTION SELECTED:

Retirees select one of the following options at retirement:
1—Single life benefit.
2—Joint benefit with 1/2 to surviving cobeneficiary.
3—Joint and survivor benefit.
4—Joint benefit with 1/2 to either survivor. (No longer offered to members retiring.)

SURVIVING COBENEFICIARY:

Retiree has predeceased the cobeneficiary.

SURVIVING RETIREE:

Cobeneficiary has predeceased the retiree.

JUDICIAL DIVISION

TYPE OF BENEFIT

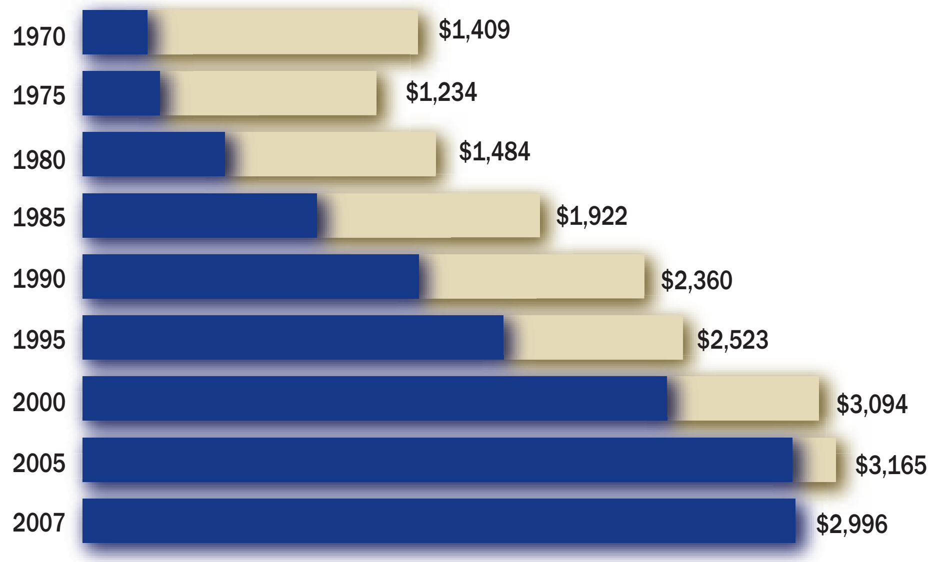
AMOUNT OF BENEFIT	TOTAL (COLUMNS 1–5)	1	2	3	4	5	6
$1–$250	1	1	—	—	—	—	—
$251–$500	10	10	—	—	—	—	1
$501–$750	4	3	1	—	—	—	1
$751–$1,000	6	5	—	—	1	—	2
$1,001–$1,250	5	3	—	—	2	—	2
$1,251–$1,500	7	6	1	—	—	—	3
$1,501–$1,750	17	12	3	—	2	—	—
$1,751–$2,000	13	10	1	—	1	1	—
$2,000+	216	192	15	1	7	1	2
Totals	279	242	21	1	13	2	11

OPTION SELECTED

AMOUNT OF BENEFIT	1	2	3	4	SURVIVING COBENEFICIARY	SURVIVING RETIREE
$1–$250	—	—	1	—	—	—
$251–$500	3	1	—	—	6	—
$501–$750	2	—	—	—	2	—
$751–$1,000	1	1	1	—	2	—
$1,001–$1,250	3	—	—	—	—	—
$1,251–$1,500	2	—	1	1	3	—
$1,501–$1,750	3	—	5	—	7	—
$1,751–$2,000	1	3	6	—	1	—
$2,000+	47	38	81	3	35	3
Totals	62	43	95	4	56	3

CURRENT AVERAGE MONTHLY BENEFIT BY YEAR OF RETIREMENT

Service Retiree Accounts as of December 31, 2007
(In Actual Dollars)



	1970	1975	1980	1985	1990	1995	2000	2005	2007
ORIGINAL BENEFIT AT RETIREMENT	$272	$325	$598	$984	$1,413	$1,769	$2,456	$2,983	$2,996
BENEFIT INCREASES	$1,137	$909	$886	$938	$947	$754	$638	$182	$—

SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY DIVISION
(In Actual Dollars)

STATE DIVISION

YEAR RETIRED	YEARS OF SERVICE CREDIT 0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/07 to 12/31/07[1]						
Average monthly benefit	**$482**	**$978**	**$1,576**	**$2,415**	**$3,267**	**$4,469**
Average highest average salary	**$2,924**	**$3,477**	**$3,848**	**$4,631**	**$5,088**	**$5,748**
Number of service retirees	**147**	**105**	**100**	**272**	**321**	**583**
Period 1/1/06 to 12/31/06[1]						
Average monthly benefit	$442	$889	$1,568	$2,235	$3,224	$4,391
Average highest average salary	$2,748	$3,097	$3,927	$4,319	$5,150	$5,694
Number of service retirees	147	82	86	266	327	658

[1] Information not available for years prior to 2006.

SCHOOL DIVISION

YEAR RETIRED	YEARS OF SERVICE CREDIT 0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/07 to 12/31/07[1]						
Average monthly benefit	**$339**	**$729**	**$1,143**	**$2,046**	**$2,980**	**$4,198**
Average highest average salary	**$2,190**	**$2,593**	**$2,789**	**$3,871**	**$4,553**	**$5,409**
Number of service retirees	**240**	**170**	**156**	**499**	**567**	**961**
Period 1/1/06 to 12/31/06[1]						
Average monthly benefit	$353	$561	$1,131	$1,892	$2,924	$4,120
Average highest average salary	$2,169	$1,948	$2,765	$2,561	$4,488	$5,382
Number of service retirees	207	167	151	510	531	1,024

[1] Information not available for years prior to 2006.

LOCAL GOVERNMENT DIVISION

YEAR RETIRED	YEARS OF SERVICE CREDIT 0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/07 to 12/31/07[1]						
Average monthly benefit	**$484**	**$1,205**	**$2,061**	**$2,388**	**$3,437**	**$4,627**
Average highest average salary	**$3,104**	**$4,358**	**$5,220**	**$4,593**	**$5,463**	**$6,010**
Number of service retirees	**42**	**26**	**21**	**58**	**55**	**118**
Period 1/1/06 to 12/31/06[1]						
Average monthly benefit	$312	$1,135	$1,451	$2,042	$3,053	$4,470
Average highest average salary	$2,203	$3,913	$3,505	$3,930	$4,708	$5,727
Number of service retirees	17	16	14	41	61	118

[1] Information not available for years prior to 2006.

JUDICIAL DIVISION

YEAR RETIRED	YEARS OF SERVICE CREDIT 0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/07 to 12/31/07[1]						
Average monthly benefit	**$714**	**$1,853**	**$—**	**$3,764**	**$6,020**	**$6,631**
Average highest average salary	**$3,898**	**$9,312**	**$—**	**$7,676**	**$9,227**	**$8,678**
Number of service retirees	**3**	**1**	**—**	**4**	**6**	**8**
Period 1/1/06 to 12/31/06[1]						
Average monthly benefit	$—	$—	$—	$4,648	$5,977	$5,679
Average highest average salary	$—	$—	$—	$9,104	$9,667	$7,425
Number of service retirees	—	—	—	5	3	4

[1] Information not available for years prior to 2006.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS—
COMBINED STATE, SCHOOL, LOCAL GOVERNMENT, AND JUDICIAL DIVISIONS TRUST FUNDS
(In Actual Dollars)

	YEARS OF SERVICE CREDIT					
YEAR RETIRED	0–10	10–15	15–20	20–25	25–30	30+
Period 1/1/07 to 12/31/07						
Average monthly benefit	**$404**	**$860**	**$1,369**	**$2,199**	**$3,123**	**$4,335**
Average highest average salary	**$2,540**	**$3,075**	**$3,356**	**$4,188**	**$4,816**	**$5,585**
Number of service retirees	**432**	**302**	**277**	**833**	**949**	**1,670**
Period 1/1/06 to 12/31/06						
Average monthly benefit	$390	$669	$1,290	$2,024	$3,045	$4,086
Average highest average salary	$2,409	$2,326	$3,187	$3,200	$4,756	$5,410
Number of service retirees	354	249	237	782	862	1,951
Period 1/1/05 to 12/31/05						
Average monthly benefit	$376	$661	$1,101	$1,954	$2,684	$4,063
Average highest average salary	$2,456	$2,467	$2,945	$3,893	$4,337	$5,318
Number of service retirees	296	173	244	720	859	2,331
Period 1/1/04 to 12/31/04						
Average monthly benefit	$421	$629	$919	$1,729	$2,443	$3,944
Average highest average salary	$2,178	$2,543	$2,679	$3,572	$4,110	$5,168
Number of service retirees	265	140	188	649	823	2,987
Period 1/1/03 to 12/31/03						
Average monthly benefit	$337	$538	$901	$1,725	$2,357	$3,851
Average highest average salary	$1,956	$2,100	$2,609	$3,576	$3,992	$5,072
Number of service retirees	231	164	200	627	755	2,725
Period 1/1/02 to 12/31/02						
Average monthly benefit	$322	$653	$1,175	$1,834	$2,649	$3,769
Average highest average salary	$1,961	$2,303	$2,909	$3,565	$4,150	$5,015
Number of service retirees	187	219	178	747	639	1,712
Period 1/1/01 to 12/31/01						
Average monthly benefit	$361	$738	$1,121	$1,796	$2,660	$3,646
Average highest average salary	$2,181	$2,591	$2,777	$3,504	$4,193	$4,872
Number of service retirees	158	193	137	824	708	1,559
Period 1/1/00 to 12/31/00						
Average monthly benefit	$334	$746	$1,042	$1,770	$2,527	$3,468
Average highest average salary	$2,004	$2,680	$2,567	$3,466	$4,018	$4,652
Number of service retirees	160	201	168	819	615	1,599
Period 1/1/99 to 12/31/99						
Average monthly benefit	$351	$659	$1,039	$1,591	$2,387	$3,385
Average highest average salary	$2,117	$2,495	$2,836	$3,278	$3,934	$4,551
Number of service retirees	149	193	162	820	553	1,513
Period 1/1/98 to 12/31/98						
Average monthly benefit	$296	$611	$975	$1,586	$2,194	$3,293
Average highest average salary	$1,815	$2,296	$2,543	$3,249	$3,709	$4,398
Number of service retirees	153	191	160	754	488	1,059

SCHEDULE OF CONTRIBUTION RATE HISTORY

STATE DIVISION (MEMBERS OTHER THAN STATE TROOPERS)[1]

			PERCENT OF PAYROLL		
YEARS			MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)
8-1-1931	to	6-30-1938	3.50%	0.00%	—
7-1-1938	to	6-30-1949	3.50%	3.50%	—
7-1-1949	to	6-30-1958	5.00%	5.00%	—
7-1-1958	to	6-30-1969	6.00%	6.00%	—
7-1-1969	to	6-30-1970	7.00%	7.00%	—
7-1-1970	to	6-30-1971	7.00%	8.00%	—
7-1-1971	to	6-30-1973	7.00%	8.50%	—
7-1-1973	to	6-30-1974	7.75%	9.50%	—
7-1-1974	to	6-30-1975	7.75%	10.50%	—
7-1-1975	to	8-31-1980	7.75%	10.64%	—
9-1-1980	to	12-31-1981	7.75%	12.20%	—
1-1-1982	to	6-30-1987	8.00%	12.20%	—
7-1-1987	to	6-30-1988	8.00%	10.20%	—
7-1-1988	to	6-30-1991	8.00%	12.20%	—
7-1-1991	to	4-30-1992	8.00%	11.60%	—
5-1-1992	to	6-30-1992	8.00%	5.60%[3]	—
7-1-1992	to	6-30-1993	8.00%	10.60%	—
7-1-1993	to	6-30-1997	8.00%	11.60%	—
1-1-2006	to	12-31-2006	8.00%	10.15%	0.50%
1-1-2007	**to**	**12-31-2007**	**8.00%**	**10.15%**	**1.00%**

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2007, include the Health Care Trust Fund allocation.
[3] Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

SCHEDULE OF CONTRIBUTION RATE HISTORY

STATE TROOPERS[1]

YEARS			PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE	PERCENT OF PAYROLL EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)
7-1-1945	to	6-30-1969	7.00%	7.00%	—
7-1-1969	to	6-30-1970	8.00%	8.00%	—
7-1-1970	to	6-30-1971	8.00%	9.00%	—
7-1-1971	to	6-30-1973	8.00%	9.50%	—
7-1-1973	to	6-30-1974	8.75%	10.50%	—
7-1-1974	to	6-30-1975	8.75%	11.50%	—
7-1-1975	to	8-31-1980	8.75%	11.64%	—
9-1-1980	to	12-31-1981	8.75%	13.20%	—
1-1-1982	to	6-30-1987	9.00%	13.20%	—
7-1-1987	to	6-30-1988	9.00%	11.20%	—
7-1-1988	to	6-30-1989	9.00%	13.20%	—
7-1-1989	to	4-30-1992	12.30%	13.20%	—
5-1-1992	to	6-30-1992	12.30%	7.20%[3]	—
7-1-1992	to	6-30-1993	11.50%	12.20%	—
7-1-1993	to	6-30-1997	11.50%	13.20%	—
7-1-1997	to	6-30-1999	11.50%	13.10%	—
7-1-1999	to	6-30-2001	10.00%	13.10%	—
7-1-2001	to	6-30-2002	10.00%	12.60%	—
7-1-2002	to	6-30-2003	10.00%	12.74%	—
7-1-2003	to	12-31-2005	10.00%	12.85%	—
1-1-2006	to	12-31-2006	10.00%	12.85%	0.50%
1-1-2007	**to**	**12-31-2007**	**10.00%**	**12.85%**	**1.00%**

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2007, include the Health Care Trust Fund allocation.
[3] Legislation created an annual reduction equal to 1 percent of salary retroactive to July 1, 1991, to be taken during May and June of 1992.

SCHEDULE OF CONTRIBUTION RATE HISTORY

SCHOOL DIVISION[1]

YEARS			PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)
1-1-1944	to	12-31-1949	3.50%	3.50%	—
1-1-1950	to	6-30-1958	5.00%	5.00%	—
7-1-1958	to	6-30-1969	6.00%	6.00%	—
7-1-1969	to	12-31-1969	7.00%	6.00%	—
1-1-1970	to	12-31-1970	7.00%	7.50%	—
1-1-1971	to	12-31-1971	7.00%	8.50%	—
1-1-1972	to	6-30-1973	7.00%	9.25%	—
7-1-1973	to	12-31-1973	7.75%	9.25%	—
1-1-1974	to	12-31-1974	7.75%	10.25%	—
1-1-1975	to	12-31-1975	7.75%	11.25%	—
1-1-1976	to	12-31-1980	7.75%	12.10%	—
1-1-1981	to	12-31-1981	7.75%	12.50%	—
1-1-1982	to	6-30-1987	8.00%	12.50%	—
7-1-1987	to	6-30-1988	8.00%	11.50%	—
7-1-1988	to	6-30-1991	8.00%	12.50%	—
7-1-1991	to	6-30-1992	8.00%	12.20%	—
7-1-1992	to	6-30-1997	8.00%	11.60%	—
1-1-2006	to	12-31-2006	8.00%	10.15%	0.50%
1-1-2007	**to**	**12-31-2007**	**8.00%**	**10.15%**	**1.00%**

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2007, include the Health Care Trust Fund allocation.

STATE AND SCHOOL DIVISION[1]

YEARS			PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]
7-1-1997	to	6-30-1998	8.00%	11.50%
7-1-1998	to	6-30-2000	8.00%	11.40%
7-1-2000	to	6-30-2001	8.00%	10.40%
7-1-2001	to	6-30-2002	8.00%	9.90%
7-1-2002	to	6-30-2003	8.00%	10.04%
7-1-2003	to	12-31-2005	8.00%	10.15%

[1] State and School Divisions were merged July 1, 1997, and separated on January 1, 2006.
[2] All employer contribution rates shown for the Divisions between July 1, 1985, to December 31, 2007, include the Health Care Trust Fund allocation.

SCHEDULE OF CONTRIBUTION RATE HISTORY

LOCAL GOVERNMENT DIVISION[1]

YEARS			PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)
1-1-1944	to	12-31-1949	3.50%	3.50%	—
1-1-1950	to	6-30-1958	5.00%	5.00%	—
7-1-1958	to	6-30-1969	6.00%	6.00%	—
7-1-1969	to	12-31-1969	7.00%	6.00%	—
1-1-1970	to	12-31-1970	7.00%	7.00%	—
1-1-1971	to	6-30-1973	7.00%	7.50%	—
7-1-1973	to	12-31-1973	7.75%	7.50%	—
1-1-1974	to	12-31-1974	7.75%	8.50%	—
1-1-1975	to	12-31-1975	7.75%	9.50%	—
1-1-1976	to	12-31-1980	7.75%	9.86%	—
1-1-1981	to	12-31-1981	7.75%	10.20%	—
1-1-1982	to	6-30-1991	8.00%	10.20%	—
7-1-1991	to	12-31-2000	8.00%	10.00%	—
1-1-2001	to	12-31-2001	8.00%	9.43%	—
1-1-2002	to	12-31-2002	8.00%	9.19%	—
1-1-2003	to	12-31-2003	8.00%	9.60%	—
1-1-2004	to	12-31-2005	8.00%	10.00%	—
1-1-2006	to	12-31-2006	8.00%	10.00%	0.50%
1-1-2007	**to**	**12-31-2007**	**8.00%**	**10.00%**	**1.00%**

[1] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.
[2] Employer contribution rates shown between July 1, 1985, to December 31, 2007, include the Health Care Trust Fund allocation.

JUDICIAL DIVISION

YEARS			PERCENT OF PAYROLL MEMBER CONTRIBUTION RATE	EMPLOYER CONTRIBUTION RATE[2]	AMORTIZATION EQUALIZATION DISBURSEMENT (AED)
7-1-1949	to	6-30-1957	5.00%	5.00%	—
7-1-1957	to	6-30-1973	6.00%	12.00%	—
7-1-1973	to	6-30-1980	7.00%	12.00%	—
7-1-1980	to	8-30-1980	7.00%	13.00%	—
9-1-1980	to	12-31-1981	7.00%	15.00%	—
1-1-1982	to	6-30-1987	8.00%	15.00%	—
7-1-1987	to	6-30-1988	8.00%	13.00%	—
7-1-1988	to	6-30-2000	8.00%	15.00%	—
7-1-2000	to	6-30-2001	8.00%	14.00%	—
7-1-2001	to	6-30-2003	8.00%	11.82%	—
7-1-2003	to	6-30-2004	8.00%	12.66%	—
7-1-2004	to	12-31-2004	8.00%	13.66%	—
1-1-2005	to	12-31-2005	8.00%	13.66%	—
1-1-2006	to	12-31-2006	8.00%	13.66%	0.50%
1-1-2007	**to**	**12-31-2007**	**8.00%**	**13.66%**	**1.00%**

[1] Employer contribution rates shown between July 1, 1985, to December 31, 2007, include the Health Care Trust Fund allocation.

SCHEDULE OF CONTRIBUTION RATE HISTORY

EMPLOYER CONTRIBUTIONS TO HEALTH CARE TRUST FUND

DIVISION/YEARS			PERCENT OF PAYROLL ALLOCATED FROM EMPLOYER CONTRIBUTION TO HEALTH CARE TRUST FUND
State and School Division[1]			
7-1-1985	to	6-30-1999	0.80%
7-1-1999	to	12-31-2000	1.10%
1-1-2001	to	12-31-2001	1.42%
1-1-2002	to	12-31-2002	1.64%
1-1-2003	to	6-30-2004	1.10%
7-1-2004	to	12-31-2005	1.02%
State Division[1]			
1-1-2006	to	**12-31-2007**	**1.02%**
School Division[1]			
1-1-2006	to	**12-31-2007**	**1.02%**
Local Government Division[2]			
7-1-1985	to	6-30-1999	0.80%
7-1-1999	to	12-31-2000	1.10%
1-1-2001	to	12-31-2001	1.96%
1-1-2002	to	12-31-2002	2.31%
1-1-2003	to	12-31-2003	1.69%
1-1-2004	to	6-30-2004	1.10%
7-1-2004	to	**12-31-2007**	**1.02%**
Judicial Division			
7-1-1985	to	6-30-1999	0.80%
7-1-1999	to	12-31-2000	1.10%
1-1-2001	to	12-31-2002	4.37%
1-1-2003	to	12-31-2003	3.11%
1-1-2004	to	6-30-2004	1.10%
7-1-2004	to	**12-31-2007**	**1.02%**

[1] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.
[2] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

EMPLOYER CONTRIBUTIONS TO MATCHMAKER[1]

DIVISION/YEARS			PERCENT OF PAYROLL AVAILABLE FROM EMPLOYER CONTRIBUTION FOR MATCHMAKER (MAXIMUM MATCH)
State and School Division[2]			
1-1-2001	to	12-31-2002	3%
1-1-2003	to	12-31-2003	2%
1-1-2004	to	5-31-2004	1%
Local Government Division[3]			
1-1-2001	to	12-31-2001	2%
1-1-2002	to	12-31-2002	3%
1-1-2003	to	12-31-2003	2%
1-1-2004	to	5-31-2004	1%
Judicial Division			
1-1-2001	to	12-31-2002	7%
1-1-2003	to	12-31-2003	6%
1-1-2004	to	5-31-2004	5%

[1] Legislation enacted in 2004 ended MatchMaker contributions by June 1, 2004.
[2] State and School Divisions merged July 1, 1997, and separated on January 1, 2006.
[3] The Local Government Division Trust Fund was known as the Municipal Division Trust Fund prior to January 1, 2006.

PRINCIPAL PARTICIPATING EMPLOYERS
Current Year and Previous Year

STATE DIVISION TRUST FUND[1]

	2007			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Department of Corrections	6,030	1	11.31%	5,644	1	10.68%
University of Colorado	5,657	2	10.61%	5,432	2	10.28%
Colorado State University	3,215	3	6.03%	3,065	4	5.80%
Department of Transportation	3,136	4	5.88%	3,102	3	5.87%
District Courts	3,026	5	5.67%	2,936	5	5.55%
Department of Natural Resources	1,594	6	2.99%	1,567	6	2.96%
Department of Human Services	1,434	7	2.69%	1,367	7	2.59%
Front Range Community College	1,415	8	2.65%	1,256	8	2.38%
Metropolitan State College	1,230	9	2.31%	1,222	9	2.31%
Department of Revenue	1,173	10	2.20%	1,171	10	2.22%

[1] Data for the number of members by employer for years prior to 2006 is not available.

SCHOOL DIVISION TRUST FUND[1]

	2007			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,486	1	10.74%	12,168	1	10.74%
Douglas County Schools	7,266	2	6.25%	6,663	3	5.88%
Cherry Creek School District	7,198	3	6.19%	6,869	2	6.06%
Adams 12 Five Star Schools	4,765	4	4.10%	4,684	4	4.13%
Boulder Valley School District	4,722	5	4.06%	4,573	5	4.04%
Colorado Springs Public Schools	4,508	6	3.88%	4,462	6	3.94%
Aurora Public Schools	4,452	7	3.83%	4,348	7	3.84%
Poudre School District RE-1	3,833	8	3.30%	3,774	8	3.33%
St. Vrain School District	3,285	9	2.83%	3,207	9	2.83%
Mesa Valley School District	3,097	10	2.66%	3,042	10	2.69%

[1] Data for the number of members by employer for years prior to 2006 is not available.

PRINCIPAL PARTICIPATING EMPLOYERS
Current Year and Previous Year

LOCAL GOVERNMENT DIVISION TRUST FUND[1]

	2007			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Memorial Health System	4,478	1	26.38%	3,779	1	23.68%
City of Colorado Springs	1,940	2	11.43%	1,917	3	12.01%
Colorado Springs Public Utilities	1,924	3	11.33%	1,958	2	12.27%
Boulder County Government	1,879	4	11.07%	1,847	4	11.57%

[1] Data for the number of members by employer for years prior to 2006 is not available.

JUDICIAL DIVISION TRUST FUND[1]

	2007			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Judicial Department[2]	280	1	94.59%	266	1	91.41%

[1] Data for the number of members by employer for years prior to 2006 is not available.
[2] With the exception of the Denver County Court, all of the Judicial members for all other courts are reported to Colorado PERA on a single contribution report by the State's central payroll office. Member counts for each separate court are not available.

HEALTH CARE TRUST FUND[1]

	2007			2006		
EMPLOYER	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM	COVERED ACTIVE MEMBERS DECEMBER 31	RANK	PERCENTAGE OF TOTAL SYSTEM
Jefferson County School District	12,486	1	6.68%	12,168	1	6.58%
Douglas County Schools	7,266	2	3.89%	6,663	3	3.60%
Cherry Creek School District	7,198	3	3.85%	6,869	2	3.72%
Department of Corrections	6,030	4	3.23%	5,644	4	3.05%
University of Colorado	5,657	5	3.03%	5,432	5	2.94%
Adams 12 Five Star Schools	4,765	6	2.55%	4,684	6	2.53%
Boulder Valley School District	4,722	7	2.53%	4,573	7	2.47%
Colorado Springs Public Schools	4,508	8	2.41%	4,462	8	2.41%
Memorial Health System	4,478	9	2.40%	3,779	10	2.04%
Aurora Public Schools	4,452	10	2.38%	4,348	9	2.35%

[1] Data for the number of members by employer for years prior to 2006 is not available.

STATE DIVISION

Agencies and Instrumentalities

CollegeInvest
College Assist
Colorado Association of School Boards
Colorado Association of School Executives
Colorado Council on the Arts
Colorado High School Activities Association
Colorado Public Employees' Retirement Association
Colorado Water Resources & Power Development Authority
CoverColorado
Department of Agriculture
Department of Corrections
Department of Education
Department of Health Care Policy and Financing
Department of Human Services
Department of Labor and Employment
Department of Law
Department of Local Affairs
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Personnel and Administration
Department of Public Health and Environment
Department of Public Safety
Department of Regulatory Agencies
Department of Revenue
Department of State
Department of the Treasury
Department of Transportation
Fire and Police Pension Association
General Assembly
Joint Budget Committee
Judicial Department
Legislative Council
Office of the District Attorneys
Office of the Governor
Office of Legislative Legal Services
Office of the Lieutenant Governor
Office of the State Auditor
Pinnacol Assurance
School for the Deaf and the Blind
Special District Association of Colorado
State Historical Society

Institutions of Higher Education

Adams State College
Aims Community College
Arapahoe Community College
Auraria Higher Education Center
Aurora Community College
Colorado Mountain College
Colorado Northwestern Community College
Colorado School of Mines
Colorado State University
Colorado State University at Pueblo
Commission on Higher Education
Denver Community College
Fort Lewis College
Front Range Community College
Lamar Community College
Mesa State College
Metropolitan State College of Denver
Morgan Community College
Northeastern Junior College
Otero Junior College
Pikes Peak Community College
Pueblo Vocational Community College
Red Rocks Community College
State Board for Community Colleges and Occupational Education
Trinidad State Junior College
University of Colorado
University of Northern Colorado
Western State College

SCHEDULE OF AFFILIATED EMPLOYERS

SCHOOL DIVISION

Adams County
Adams 12 Five Star Schools
Adams County School District 14
Bennett School District 29J
Brighton School District 27J
Mapleton School District 1
Strasburg School District 31J
Westminster School District 50

Alamosa County
Alamosa County School District Re-11J
Sangre de Cristo School District Re-22J

Arapahoe County
Adams-Arapahoe School District 28J
Byers School District 32J
Cherry Creek School District 5
Deer Trail School District 26J
Englewood School District 1
Littleton School District 6
Sheridan School District 2

Archuleta County
Archuleta County School District 50 Jt

Baca County
Campo School District RE-6
Pritchett School District RE-3
Springfield School District RE-4
Vilas School District RE-5
Walsh School District RE-1

Bent County
Las Animas School District RE-1
McClave School District RE-2

Boulder County
Boulder Valley School District RE2
St. Vrain Valley School District RE1J

Chaffee County
Buena Vista School District R-31
Salida School District R-32(J)

Cheyenne County
Cheyenne County School District Re-5
Kit Carson School District R-1

Clear Creek County
Clear Creek School District RE-1

Conejos County
North Conejos School District RE1J
Sanford School District 6J
South Conejos School District RE 10

Costilla County
Centennial School District R-1
Sierra Grande School District R-30

Crowley County
Crowley County School District RE-1

Custer County
Custer County Consolidated School District C-1

Delta County
Delta County School District 50(J)

Dolores County
Dolores County School District Re No. 2

Douglas County
Douglas County School District Re 1

Eagle County
Eagle County School District Re 50

Elbert County
Agate School District 300
Big Sandy School District 100J
Elbert School District 200
Elizabeth School District C-1
Kiowa School District C-2

El Paso County
Academy School District #20
Calhan School District RJ1
Cheyenne Mountain School District 12
Colorado Springs School District 11
Edison School District 54 Jt
Ellicott School District 22
Falcon School District 49
Fountain School District 8
Hanover School District 28
Harrison School District 2
Lewis-Palmer School District 38
Manitou Springs School District 14
Miami/Yoder School District 60 Jt
Peyton School District 23 Jt
Widefield School District 3

Fremont County
Canon City School District Re-1
Cotopaxi School District Re-3
Florence School District Re-2

Garfield County
Garfield School District 16
Garfield School District Re-2
Roaring Fork School District Re-1

Gilpin County
Gilpin County School District Re-1

Grand County
East Grand School District 2
West Grand School District 1

Gunnison County
Gunnison Watershed School District Re1J

Hinsdale County
Hinsdale County School District Re-1

Huerfano County
Huerfano School District Re-1
La Veta School District Re-2

Jackson County
North Park School District R-1

Jefferson County
Jefferson County School District R-1

Kiowa County
Eads School District Re-1
Plainview School District Re-2

Kit Carson County
Arriba-Flagler Consolidated School District No. 20
Bethune School District R-5
Burlington School District Re-6J
Hi-Plains School District R-23
Stratton School District R-4

Lake County
Lake County School District R-1

La Plata County
Bayfield School District 10Jt-R
Durango School District 9-R
Ignacio School District 11 Jt

Larimer County
Park School District R-3
Poudre School District R-1
Thompson School District R-2J

Las Animas County
Aguilar Reorganized School District 6
Branson Reorganized School District 82
Hoehne Reorganized School District 3
Kim Reorganized School District 88
Primero Reorganized School District 2
Trinidad School District 1

Lincoln County
Genoa/Hugo School District C-113
Karval School District Re 23
Limon School District Re 4J

Logan County
Buffalo School District Re-4
Frenchman School District Re-3
Plateau School District Re-5
Valley School District Re-1

Mesa County
De Beque School District 49 Jt
Mesa County Valley School District 51
Plateau Valley School District 50

Mineral County
Creede Consolidated School District 1

Moffat County
Moffat County School District Re No. 1

Montezuma County
Dolores School District RE 4A
Mancos School District Re-6
Montezuma-Cortez School District Re 1

Montrose County
Montrose County School District Re-1J
West End School District Re-2

Morgan County
Brush School District Re-2 (J)
Fort Morgan School District Re-3
Weldon Valley School District Re-20 (J)
Wiggins School District Re-50 (J)

Otero County
Cheraw School District 31
East Otero School District R1
Fowler School District R4J
Manzanola School District 3J
Rocky Ford School District R2
Swink School District 33

Ouray County
Ouray School District R-1
Ridgway School District R-2

Park County
Park County School District Re-2
Platte Canyon School District 1

Phillips County
Haxtun School District Re-2J
Holyoke School District Re-1J

Pitkin County
Aspen School District 1

SCHEDULE OF AFFILIATED EMPLOYERS

Prowers County
Granada School District Re-1
Holly School District Re-3
Lamar School District Re-2
Wiley School District Re-13 Jt

Pueblo County
Pueblo City School District 60
Pueblo County Rural School District 70

Rio Blanco County
Meeker School District RE1
Rangely School District RE4

Rio Grande County
Del Norte School District C-7
Monte Vista School District C-8
Sargent School District Re-33J

Routt County
Hayden School District Re 1
South Routt School District Re 3
Steamboat Springs School District Re 2

Saguache County
Center Consolidated School District 26 Jt
Moffat School District 2
Mountain Valley School District Re 1

San Juan County
Silverton School District 1

San Miguel County
Norwood School District R-2J
Telluride School District R-1

Sedgwick County
Julesburg School District Re 1
Platte Valley School District Re3

Summit County
Summit School District Re 1

Teller County
Cripple Creek-Victor School District Re-1
Woodland Park School District RE-2

Washington County
Akron School District R-1
Arickaree School District R-2
Lone Star School District 101
Otis School District R-3
Woodlin School District R-104

Weld County
Ault-Highland School District Re-9
Briggsdale School District Re-10
Eaton School District Re-2
Fort Lupton School District Re-8
Gilcrest School District Re-1
Greeley School District 6
Johnstown-Milliken School District Re-5J
Keenesburg School District Re-3
Pawnee School District Re-12
Platte Valley School District Re-7
Prairie School District Re-11
Windsor School District Re-4

Yuma County
Idalia School District RJ-3
Liberty School District J-4
Wray School District RD-2
Yuma School District 1

Boards of Cooperative Educational Services (BOCES)
Centennial BOCES
East Central BOCES
Expeditionary Learning School BOCES
Grand Valley BOCES
Mountain BOCES
Northeast BOCES
Northwest Colorado BOCES
Pikes Peak BOCES
Rio Blanco BOCES
Santa Fe Trail BOCES
South Central BOCES
Southeastern BOCES
Uncompahgre BOCES
Ute Pass BOCES

Boards of Cooperative Services (BOCS)
San Juan BOCS
San Luis Valley BOCS
Southwest BOCS

Vocational Schools
Delta-Montrose Area Vocational School
San Juan Basin Technical College

Other
Colorado Consortium for Earth and Space Science Education

LOCAL GOVERNMENT DIVISION

Adams and Jefferson County Hazardous Response Authority
Alamosa Housing Authority
Arapahoe Park and Recreation District
Aurora Housing Authority
Baca Grande Water & Sanitation District
Beulah Water Works District
Black Hawk-Central City Sanitation District
Blanca-Fort Garland Metropolitan District
Boulder County
Boulder County Public Trustee's Office
Boxelder Sanitation District
Brush Housing Authority
Carbon Valley Park & Recreation District
Castle Pines Metropolitan District
Castle Pines North Metropolitan District
Center Housing Authority
Central Colorado Water Conservancy District
City of Alamosa
City of Boulder
City of Colorado Springs
City of Fort Morgan
City of Las Animas
City of Lone Tree
City of Manitou Springs
City of Pueblo
City of Wray
City of Yuma
Collbran Conservancy District
Colorado District Attorneys' Council
Colorado First Conservation District
Colorado Health Facilities Authority
Colorado Housing and Finance Authority
Colorado Library Consortium
Colorado School District Self Insurance Pool
Colorado Springs Utilities
Columbine Knolls-Grove Metropolitan Recreation District
Costilla Housing Authority
County Technical Services
Crown Mountain Park & Recreation District
Cunningham Fire Protection District
Douglas County Housing Partnership
Douglas Public Library District
Durango Fire and Rescue Authority
East Cheyenne Groundwater Management District
East Larimer County Water District
Eastern Rio Blanco Metropolitan Recreation & Park District
Eaton Housing Authority
Elbert County Library District
Elizabeth Park and Recreation District
Estes Valley Public Library District
Forest Lakes Metropolitan District
Fremont Conservation District
Fremont Sanitation District
Garfield County Housing Authority
Grand Junction Regional Airport Authority
Grand Valley Fire Protection District
Green Mountain Water and Sanitation District
GVR Metropolitan District
Housing Authority of the City of Boulder
Housing Authority of the County of Adams
Housing Authority of the Town of Limon
Lamar Housing Authority
Lamar Utilities Board
Left Hand Water District
Longmont Housing Authority
Longs Peak Water District
Louisville Fire Protection District
Meeker Cemetery District
Meeker Regional Library District
Meeker Sanitation District
Memorial Health System
Montrose Fire Protection District
Montrose Recreation District
Monument Sanitation District
Morgan Conservation District
Morgan County Quality Water District
Mountain View Fire Protection District
Mountain Village Metropolitan District
Mountain Water and Sanitation District
Niwot Sanitation District
North Carter Lake Water District
North Chaffee County Regional Library
Northeast Colorado Health Department
Northeastern Colorado Association of Local Governments
Park Center Water District
Pine Drive Water District
Prowers Conservation District
Pueblo City-County Health Department
Pueblo Library District
Pueblo Transit Authority
Rampart Regional Library District
Rangely Regional Library District
Red Feather Mountain Library District
Red, White & Blue Fire Protection District
Republican River Water Conservation District
Rifle Fire Protection District
Rio Blanco Fire Protection District
Rio Blanco Water Conservancy District
Routt County Conservation District
Sable-Altura Fire Protection District
San Luis Valley Development Resources Group
San Luis Valley Water Conservancy District
San Miguel County Public Library
San Miguel Regional and Telluride Housing Authority
Scientific and Cultural Facilities District

SCHEDULE OF AFFILIATED EMPLOYERS

Sheridan Sanitation District #1
Soldier Canyon Filter Plant
Steamboat II Water and Sanitation District
St.Vrain Sanitation District
Tabernash Meadows Water and Sanitation District
Town of Alma
Town of Bayfield
Town of Crawford
Town of Dinosaur
Town of Eckley
Town of Estes Park
Town of Firestone
Town of Lake City
Town of Lochbuie
Town of Mountain Village
Town of Platteville
Town of Rico
Town of Rye
Town of Seibert
Town of Silver Plume
Town of Timnath
Tri-County Health Department
Upper Colorado Environmental Plant Center
Washington-Yuma Counties Combined Communications Center
Weld County Department of Public Health and Environment
West Greeley Conservation District
Western Rio Blanco Metropolitan Recreation and Park District
White River Conservation District
Windsor-Severance Library District
Wray Housing Authority
Yuma Housing Authority
Y-W Well Testing Association

JUDICIAL DIVISION

1st-23rd District Court
24th District-Denver Probate Court
25th District-Denver Juvenile Court
Adams County Court
Alamosa County Court
Arapahoe County Court
Archuleta County Court
Baca County Court
Bent County Court
Boulder County Court
Broomfield County Court
Chaffee County Court
Cheyenne County Court
Clear Creek County Court
Conejos County Court
Costilla County Court
Court of Appeals
Crowley County Court
Custer County Court
Delta County Court
Denver County Court
Dolores County Court
Douglas County Court
Eagle County Court
Elbert County Court
El Paso County Court
Fremont County Court
Garfield County Court
Gilpin County Court
Grand County Court
Gunnison County Court
Hinsdale County Court
Huerfano County Court
Jackson County Court
Jefferson County Court
Kiowa County Court
Kit Carson County Court
Lake County Court
La Plata County Court
Larimer County Court
Las Animas County Court
Lincoln County Court
Logan County Court
Mesa County Court
Mineral County Court
Moffat County Court
Montezuma County Court
Montrose County Court
Morgan County Court
Otero County Court
Ouray County Court
Park County Court
Phillips County Court
Pitkin County Court
Prowers County Court
Pueblo County Court
Rio Blanco County Court
Rio Grande County Court
Routt County Court
Saguache County Court
San Juan County Court
San Miguel County Court
Sedgwick County Court
Summit County Court
Supreme Court
Teller County Court
Washington County Court
Weld County Court
Yuma County Court

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