

SENATE BILL NO. 117

INTRODUCED BY HIMSL, GAGE, FARRELL, H. HAMMOND

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE SENATE

January 15, 1985	Introduced and referred to Committee on Education and Cultural Resources.
January 21, 1985	Committee recommend bill do pass. Report adopted.
January 22, 1985	Bill printed and placed on members' desks.
January 23, 1985	Second reading, do pass.
January 24, 1985	Considered correctly engrossed.
January 25, 1985	Third reading, passed. Ayes, 49; Noes, 0.
	Transmitted to House.

IN THE HOUSE

January 28, 1985	Introduced and referred to Committee on Education and Cultural Resources.
March 12, 1985	Committee recommend bill be concurred in. Report adopted.
March 14, 1985	Second reading, concurred in.
March 16, 1985	Third reading, concurred in. Returned to Senate.

IN THE SENATE

March 16, 1985

Received from House.

March 18, 1985

Sent to enrolling.

Reported correctly enrolled.

1 *Senate* BILL NO. *117*
 2 INTRODUCED BY *Shirley J. Farrell*
 3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE
 6 TREATMENT OF POSTSECONDARY VOCATIONAL-TECHNICAL CENTER FUNDS
 7 FOR PURPOSES OF THE STATEWIDE BUDGETING AND ACCOUNTING
 8 SYSTEM; AMENDING SECTIONS 17-2-102 AND 17-2-107, MCA."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 17-2-102, MCA, is amended to read:

12 "17-2-102. Fund structure. (1) There are in the state
 13 treasury only the following fund categories and types:

14 (a) governmental fund category, which includes:

15 (i) the general fund, which accounts for all financial
 16 resources except those required to be accounted for in
 17 another fund;

18 (ii) the special revenue fund type, which accounts for
 19 the proceeds of specific revenue sources (other than
 20 expendable trusts or major capital projects) that are
 21 legally restricted to expenditure for specified purposes.

22 The financial activities of the special revenue fund type
 23 shall be subdivided for operational purposes into the
 24 following funds to serve the purpose indicated:

25 (A) The state special revenue fund consists of money

1 from state sources deposited in the state treasury that is
 2 earmarked for the purposes of defraying particular costs of
 3 an agency, program, or function of state government.

4 (B) The federal special revenue fund consists of money
 5 deposited in the treasury from federal sources, including
 6 trust income, that is used for the operation of state
 7 government.

8 (C) The other special revenue funds consist of money
 9 deposited in the state treasury from private sources,
 10 including trust income, that is used for the operation of
 11 state government and money used to defray reimbursable
 12 expenditures.

13 (iii) the capital projects fund type, which accounts
 14 for financial resources to be used for the acquisition or
 15 construction of major capital facilities, other than those
 16 financed by proprietary funds or trust funds; and

17 (iv) the debt service fund type, which accounts for the
 18 accumulation of resources for and the payment of general
 19 long-term debt principal and interest;

20 (b) proprietary fund category, which includes:

21 (i) the enterprise fund type, which accounts for
 22 operations:

23 (A) that are financed and operated in a manner similar
 24 to private business enterprises whenever the intent of the
 25 legislature is that costs (i.e., expenses, including

1 depreciation) of providing goods or services to the general
2 public on a continuing basis are to be financed or recovered
3 primarily through user charges; or

4 (B) whenever the legislature has decided that periodic
5 determination of revenue earned, expenses incurred, or net
6 income is appropriate for capital maintenance, public
7 policy, management control, accountability, or other
8 purposes; and

9 (ii) the internal service fund type, which accounts for
10 the financing of goods or services provided by one
11 department or agency to other departments or agencies of
12 state government or to other governmental entities on a
13 cost-reimbursed basis;

14 (c) the fiduciary fund category, which includes trust
15 and agency fund types used to account for assets held by
16 state government in a trustee capacity or as an agent for
17 individuals, private organizations, other governmental
18 entities, or other funds. These include the:

19 (i) expendable trust fund type;

20 (ii) nonexpendable trust fund type;

21 (iii) pension trust fund type; and

22 (iv) agency fund type.

23 (d) the university higher education funds, which
24 include:

25 (i) the university current fund, which accounts for

1 moneys deposited in the state treasury which are used to pay
2 current operating costs relating to instruction, research,
3 public service, and allied support operations and programs
4 conducted within the Montana university system and
5 postsecondary vocational-technical centers. The financial
6 activities of the university current fund shall be
7 subdivided, for operation purposes, into the four following
8 subfunds to serve the purpose indicated:

9 (A) The unrestricted subfund segregates that portion
10 of the university current fund's financial resources that
11 can be expended for general operations and is free of
12 externally imposed restrictions, except those imposed by the
13 legislature.

14 (B) The restricted subfund segregates that portion of
15 the university current fund's financial resources that can
16 be expended for general operations but only for purposes
17 imposed by sources external to the board of regents and the
18 legislature.

19 (C) The designated subfund segregates that portion of
20 the university current fund's financial resources that is
21 associated with general operations but is separately
22 classified in order to accumulate costs that are to be
23 recharged as allocated to other funds or subfunds;
24 identifies financial activities related to special organized
25 activities of educational departments wherein the activity

1 is fully supported by supplemental assessments; and
 2 identifies special supply and facility fees that are
 3 approved for collections beyond normal course fees and their
 4 disposition.

5 (D) The auxiliary subfund segregates that portion of
 6 the university current fund's financial resources that is
 7 devoted to providing essential on-campus services primarily
 8 to students, faculty, or staff wherein a fee, which is
 9 directly related to but does not necessarily equal the cost
 10 of the service provided, is charged to the consumer.

11 (ii) the university student loan fund, which accounts
 12 for moneys deposited in the state treasury which may be
 13 loaned to students, faculty, or staff for purposes related
 14 to education, organized research, or public services by the
 15 Montana university system and postsecondary
 16 vocational-technical centers;

17 (iii) the university endowment fund, which accounts for
 18 moneys deposited in the state treasury by the Montana
 19 university system and postsecondary vocational-technical
 20 centers wherein the principal portion of the amount received
 21 is nonexpendable but is available for investment, thus
 22 producing consumable income. Expendable earnings on
 23 endowment funds are to be transferred to appropriate
 24 operating funds pursuant to prevailing administrative
 25 requirements.

1 (iv) the university annuity and life income fund, which
 2 accounts for moneys deposited in the state treasury by the
 3 Montana university system and postsecondary
 4 vocational-technical centers under an agreement whereby the
 5 moneys are made available on condition that the receiving
 6 unit of the Montana university system or postsecondary
 7 vocational-technical center binds itself to pay stipulated
 8 amounts periodically to the donor or others designated by
 9 the donor over a specified period of time;

10 (v) the university plant fund, which accounts for
 11 those financial resources allocated to or received by the
 12 Montana university system and postsecondary
 13 vocational-technical centers for capital outlay purposes or
 14 to retire long-term debts associated with construction or
 15 acquisition of fixed assets and the net accumulative results
 16 of these activities; and

17 (vi) the university agency fund, which accounts for
 18 moneys deposited in the state treasury wherein the Montana
 19 university system or a postsecondary vocational-technical
 20 center acts in the capacity of a custodian or fiscal agent
 21 for individual students, faculty, staff, and qualified
 22 organizations.

23 (2) In addition to the funds provided for in
 24 subsection (1) of this section, there are in the state
 25 treasury the following account groups:

1 (a) the fixed assets account group, which is a
 2 self-balancing group of accounts set up to establish
 3 accounting control and accountability for the state's
 4 general fixed assets, except those accounted for in
 5 proprietary funds, trust funds, and the university higher
 6 education funds designated in subsections (1)(d)(i)(D),
 7 (1)(d)(iii), and (1)(d)(v) of this section; and

8 (b) the long-term debt account group, which is a
 9 self-balancing group of accounts set up to establish
 10 accounting control and accountability for the state's
 11 unmatured general long-term liabilities, except those
 12 accounted for in proprietary funds, trust funds, and the
 13 university higher education funds designated in subsections
 14 (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section."

15 Section 2. Section 17-2-107, MCA, is amended to read:

16 "17-2-107. Accurate accounting records and
 17 interaccount loans. (1) The department of administration
 18 shall record receipts and disbursements for treasury funds
 19 and for accounts within treasury funds and shall maintain
 20 records in such a manner as to reflect the total cash and
 21 invested balance of each fund and each account. The
 22 department of administration shall adopt the necessary
 23 procedures to insure that interdepartmental or
 24 intradepartmental transfers of money do not result in
 25 inflation of figures reflecting total governmental costs and

1 revenues.

2 (2) When the expenditure of an appropriation is
 3 necessary and the cash balance in the account from which the
 4 appropriation was made is insufficient, the department of
 5 administration may authorize a transfer, as a temporary loan
 6 bearing no interest, of unrestricted moneys from other
 7 accounts, provided that there is reasonable evidence that
 8 the income provided for the remainder of the fiscal year
 9 will be sufficient to restore the amount so transferred and
 10 provided the loan is recorded in the state accounting
 11 records. The loan must be repaid before the end of the
 12 fiscal year unless it is extended under the criteria of
 13 subsection (3) or by specific legislative authorization. No
 14 account shall be so impaired that all proper demands thereon
 15 cannot be met even if the loan is extended.

16 (3) No loan may be extended into the next fiscal year
 17 unless it is for the sole purpose of:

18 (a) repairing or replacing property damage covered by
 19 insurance; or

20 (b) payment of expenses which will later be reimbursed
 21 by:

22 (i) contractual receipts due from federal revenue;

23 (ii) receipts due to the auxiliary and restricted
 24 subfunds; or

25 (iii) receipts due to the loan fund.

1 (4) These loans may be extended into the next fiscal
 2 year if the department of administration receives sufficient
 3 written justification therefor from the borrower. A loan
 4 extended beyond the fiscal yearend must be repaid within 1
 5 calendar year of the date the loan is approved. Under
 6 unusual circumstances the director of the department of
 7 administration may grant one extension of a loan for up to 1
 8 year. The department of administration shall prepare a
 9 written justification and proposed repayment plan for each
 10 loan extension authorized and shall furnish a copy of the
 11 written justification and proposed repayment plan to the
 12 house appropriations and senate finance and claims
 13 committees at the next legislative session.

14 (5) Any loan from the general fund or the university
 15 current unrestricted subfund to funds designated in
 16 subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi)
 17 of 17-2-102 shall bear interest at a rate equivalent to the
 18 previous fiscal year's average rate of return on the board
 19 of investment's short-term investment pool. Except for
 20 investment earnings on restricted donations, all designated
 21 and restricted subfund investment earnings are credited to
 22 the state general fund.

23 (6) No accounting entity may have a negative cash
 24 balance at fiscal yearend. The department of administration
 25 may, however, allow any entity to carry a negative balance

1 at any point during the fiscal year subject to the following
 2 restrictions:

3 (a) Accounting entity negative cash balances may not
 4 exist more than 7 working days in the funds provided in
 5 subsections (1)(a) through (1)(c) of 17-2-102.

6 (b) Units of the university system and postsecondary
 7 vocational-technical centers must maintain positive cash
 8 balances in the subfunds provided in subsections
 9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
 10 (1)(d)(vi) of 17-2-102."

-End-

APPROVED BY COMM. ON EDUCATION AND CULTURAL RESOURCES

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2 INTRODUCED BY *Thomas Jeff Farrell*
3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

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2 (2) When the expenditure of an appropriation is
 3 necessary and the cash balance in the account from which the
 4 appropriation was made is insufficient, the department of
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 6 bearing no interest, of unrestricted moneys from other
 7 accounts, provided that there is reasonable evidence that
 8 the income provided for the remainder of the fiscal year
 9 will be sufficient to restore the amount so transferred and
 10 provided the loan is recorded in the state accounting
 11 records. The loan must be repaid before the end of the
 12 fiscal year unless it is extended under the criteria of
 13 subsection (3) or by specific legislative authorization. No
 14 account shall be so impaired that all proper demands thereon
 15 cannot be met even if the loan is extended.

16 (3) No loan may be extended into the next fiscal year
 17 unless it is for the sole purpose of:

18 (a) repairing or replacing property damage covered by
 19 insurance; or

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 21 by:

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 12 house appropriations and senate finance and claims
 13 committees at the next legislative session.

14 (5) Any loan from the general fund or the **university**
 15 current unrestricted subfund to funds designated in
 16 subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi)
 17 of 17-2-102 shall bear interest at a rate equivalent to the
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 12 Montana university system and postsecondary
 13 vocational-technical centers for capital outlay purposes or
 14 to retire long-term debts associated with construction or
 15 acquisition of fixed assets and the net accumulative results
 16 of these activities; and

17 (vi) the university agency fund, which accounts for
 18 moneys deposited in the state treasury wherein the Montana
 19 university system or a postsecondary vocational-technical
 20 center acts in the capacity of a custodian or fiscal agent
 21 for individual students, faculty, staff, and qualified
 22 organizations.

23 (2) In addition to the funds provided for in
 24 subsection (1) of this section, there are in the state
 25 treasury the following account groups:

1 (a) the fixed assets account group, which is a
 2 self-balancing group of accounts set up to establish
 3 accounting control and accountability for the state's
 4 general fixed assets, except those accounted for in
 5 proprietary funds, trust funds, and the university higher
 6 education funds designated in subsections (1)(d)(i)(D),
 7 (1)(d)(iii), and (1)(d)(v) of this section; and

8 (b) the long-term debt account group, which is a
 9 self-balancing group of accounts set up to establish
 10 accounting control and accountability for the state's
 11 unmatured general long-term liabilities, except those
 12 accounted for in proprietary funds, trust funds, and the
 13 university higher education funds designated in subsections
 14 (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section."

15 Section 2. Section 17-2-107, MCA, is amended to read:
 16 "17-2-107. Accurate accounting records and
 17 interaccount loans. (1) The department of administration
 18 shall record receipts and disbursements for treasury funds
 19 and for accounts within treasury funds and shall maintain
 20 records in such a manner as to reflect the total cash and
 21 invested balance of each fund and each account. The
 22 department of administration shall adopt the necessary
 23 procedures to insure that interdepartmental or
 24 intradepartmental transfers of money do not result in
 25 inflation of figures reflecting total governmental costs and

1 revenues.

2 (2) When the expenditure of an appropriation is
 3 necessary and the cash balance in the account from which the
 4 appropriation was made is insufficient, the department of
 5 administration may authorize a transfer, as a temporary loan
 6 bearing no interest, of unrestricted moneys from other
 7 accounts, provided that there is reasonable evidence that
 8 the income provided for the remainder of the fiscal year
 9 will be sufficient to restore the amount so transferred and
 10 provided the loan is recorded in the state accounting
 11 records. The loan must be repaid before the end of the
 12 fiscal year unless it is extended under the criteria of
 13 subsection (3) or by specific legislative authorization. No
 14 account shall be so impaired that all proper demands thereon
 15 cannot be met even if the loan is extended.

16 (3) No loan may be extended into the next fiscal year
 17 unless it is for the sole purpose of:

18 (a) repairing or replacing property damage covered by
 19 insurance; or

20 (b) payment of expenses which will later be reimbursed
 21 by:

22 (i) contractual receipts due from federal revenue;

23 (ii) receipts due to the auxiliary and restricted
 24 subfunds; or

25 (iii) receipts due to the loan fund.

1 (4) These loans may be extended into the next fiscal
 2 year if the department of administration receives sufficient
 3 written justification therefor from the borrower. A loan
 4 extended beyond the fiscal yearend must be repaid within 1
 5 calendar year of the date the loan is approved. Under
 6 unusual circumstances the director of the department of
 7 administration may grant one extension of a loan for up to 1
 8 year. The department of administration shall prepare a
 9 written justification and proposed repayment plan for each
 10 loan extension authorized and shall furnish a copy of the
 11 written justification and proposed repayment plan to the
 12 house appropriations and senate finance and claims
 13 committees at the next legislative session.

14 (5) Any loan from the general fund or the university
 15 current unrestricted subfund to funds designated in
 16 subsections (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi)
 17 of 17-2-102 shall bear interest at a rate equivalent to the
 18 previous fiscal year's average rate of return on the board
 19 of investment's short-term investment pool. Except for
 20 investment earnings on restricted donations, all designated
 21 and restricted subfund investment earnings are credited to
 22 the state general fund.

23 (6) No accounting entity may have a negative cash
 24 balance at fiscal yearend. The department of administration
 25 may, however, allow any entity to carry a negative balance

1 at any point during the fiscal year subject to the following
 2 restrictions:

3 (a) Accounting entity negative cash balances may not
 4 exist more than 7 working days in the funds provided in
 5 subsections (1)(a) through (1)(c) of 17-2-102.

6 (b) Units of the university system and postsecondary
 7 vocational-technical centers must maintain positive cash
 8 balances in the subfunds provided in subsections
 9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
 10 (1)(d)(vi) of 17-2-102."

-End-

1 SENATE BILL NO. 117

2 INTRODUCED BY HIMSL, GAGE, FARRELL, H. HAMMOND

3 BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE
6 TREATMENT OF POSTSECONDARY VOCATIONAL-TECHNICAL CENTER FUNDS
7 FOR PURPOSES OF THE STATEWIDE BUDGETING AND ACCOUNTING
8 SYSTEM; AMENDING SECTIONS 17-2-102 AND 17-2-107, MCA."
9

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 17-2-102, MCA, is amended to read:

12 "17-2-102. Fund structure. (1) There are in the state
13 treasury only the following fund categories and types:

14 (a) governmental fund category, which includes:

15 (i) the general fund, which accounts for all financial
16 resources except those required to be accounted for in
17 another fund;18 (ii) the special revenue fund type, which accounts for
19 the proceeds of specific revenue sources (other than
20 expendable trusts or major capital projects) that are
21 legally restricted to expenditure for specified purposes.
22 The financial activities of the special revenue fund type
23 shall be subdivided for operational purposes into the
24 following funds to serve the purpose indicated:

25 (A) The state special revenue fund consists of money

1 from state sources deposited in the state treasury that is
2 earmarked for the purposes of defraying particular costs of
3 an agency, program, or function of state government.4 (B) The federal special revenue fund consists of money
5 deposited in the treasury from federal sources, including
6 trust income, that is used for the operation of state
7 government.8 (C) The other special revenue funds consist of money
9 deposited in the state treasury from private sources,
10 including trust income, that is used for the operation of
11 state government and money used to defray reimbursable
12 expenditures.13 (iii) the capital projects fund type, which accounts
14 for financial resources to be used for the acquisition or
15 construction of major capital facilities, other than those
16 financed by proprietary funds or trust funds; and17 (iv) the debt service fund type, which accounts for the
18 accumulation of resources for and the payment of general
19 long-term debt principal and interest;

20 (b) proprietary fund category, which includes:

21 (i) the enterprise fund type, which accounts for
22 operations:23 (A) that are financed and operated in a manner similar
24 to private business enterprises whenever the intent of the
25 legislature is that costs (i.e., expenses, including

1 depreciation) of providing goods or services to the general
2 public on a continuing basis are to be financed or recovered
3 primarily through user charges; or

4 (B) whenever the legislature has decided that periodic
5 determination of revenue earned, expenses incurred, or net
6 income is appropriate for capital maintenance, public
7 policy, management control, accountability, or other
8 purposes; and

9 (ii) the internal service fund type, which accounts for
10 the financing of goods or services provided by one
11 department or agency to other departments or agencies of
12 state government or to other governmental entities on a
13 cost-reimbursed basis;

14 (c) the fiduciary fund category, which includes trust
15 and agency fund types used to account for assets held by
16 state government in a trustee capacity or as an agent for
17 individuals, private organizations, other governmental
18 entities, or other funds. These include the:

- 19 (i) expendable trust fund type;
20 (ii) nonexpendable trust fund type;
21 (iii) pension trust fund type; and
22 (iv) agency fund type.

23 (d) the university higher education funds, which
24 include:

- 25 (i) the university current fund, which accounts for

1 moneys deposited in the state treasury which are used to pay
2 current operating costs relating to instruction, research,
3 public service, and allied support operations and programs
4 conducted within the Montana university system and
5 postsecondary vocational-technical centers. The financial
6 activities of the university current fund shall be
7 subdivided, for operation purposes, into the four following
8 subfunds to serve the purpose indicated:

9 (A) The unrestricted subfund segregates that portion
10 of the university current fund's financial resources that
11 can be expended for general operations and is free of
12 externally imposed restrictions, except those imposed by the
13 legislature.

14 (B) The restricted subfund segregates that portion of
15 the university current fund's financial resources that can
16 be expended for general operations but only for purposes
17 imposed by sources external to the board of regents and the
18 legislature.

19 (C) The designated subfund segregates that portion of
20 the university current fund's financial resources that is
21 associated with general operations but is separately
22 classified in order to accumulate costs that are to be
23 recharged as allocated to other funds or subfunds;
24 identifies financial activities related to special organized
25 activities of educational departments wherein the activity

1 is fully supported by supplemental assessments; and
 2 identifies special supply and facility fees that are
 3 approved for collections beyond normal course fees and their
 4 disposition.

5 (D) The auxiliary subfund segregates that portion of
 6 the university current fund's financial resources that is
 7 devoted to providing essential on-campus services primarily
 8 to students, faculty, or staff wherein a fee, which is
 9 directly related to but does not necessarily equal the cost
 10 of the service provided, is charged to the consumer.

11 (ii) the university student loan fund, which accounts
 12 for moneys deposited in the state treasury which may be
 13 loaned to students, faculty, or staff for purposes related
 14 to education, organized research, or public services by the
 15 Montana university system and postsecondary
 16 vocational-technical centers;

17 (iii) the university endowment fund, which accounts for
 18 moneys deposited in the state treasury by the Montana
 19 university system and postsecondary vocational-technical
 20 centers wherein the principal portion of the amount received
 21 is nonexpendable but is available for investment, thus
 22 producing consumable income. Expendable earnings on
 23 endowment funds are to be transferred to appropriate
 24 operating funds pursuant to prevailing administrative
 25 requirements.

1 (iv) the university annuity and life income fund, which
 2 accounts for moneys deposited in the state treasury by the
 3 Montana university system and postsecondary
 4 vocational-technical centers under an agreement whereby the
 5 moneys are made available on condition that the receiving
 6 unit of the Montana university system or postsecondary
 7 vocational-technical center binds itself to pay stipulated
 8 amounts periodically to the donor or others designated by
 9 the donor over a specified period of time;

10 (v) the university plant fund, which accounts for
 11 those financial resources allocated to or received by the
 12 Montana university system and postsecondary
 13 vocational-technical centers for capital outlay purposes or
 14 to retire long-term debts associated with construction or
 15 acquisition of fixed assets and the net accumulative results
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23 (2) In addition to the funds provided for in
 24 subsection (1) of this section, there are in the state
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 8 balances in the subfunds provided in subsections
 9 (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through
 10 (1)(d)(vi) of 17-2-102."

-End-