

Legislative Department State of Colorado

Compliance Audit, Financial Statements, and
Report of Independent Certified Public Accountants

June 30, 2009 and 2008



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Legislative Department – State of Colorado

June 30, 2009 and 2008

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Legislative Department, State of Colorado

Report Summary

For the Years Ended June 30, 2009 and 2008

Authority

The authority for this audit exists in the Colorado Constitution and State statute. A contract exists by and between the State of Colorado, through the State Auditor and the Legislative Audit Committee, and Anton Collins Mitchell LLP (“ACM” or the “Contract Auditors”), whereby the audits of the Legislative Department, State of Colorado (the “Department”) for the fiscal years ended June 30, 2009 and 2008 were performed by ACM.

Standards

The audits were conducted in accordance with auditing standards generally accepted in the United States of America, as promulgated by the American Institute of Certified Public Accountants in *Statements on Auditing Standards*, and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Purpose and Scope

The primary purpose of the engagement was to conduct financial and compliance audits of the Department, as of and for the fiscal years ended June 30, 2009 and 2008, in accordance with standards described above. These standards require that the Contract Auditors plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, tests of the Department’s compliance with certain provisions of laws, regulations, and contracts were performed, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Auditors’ Reports

An independent auditors’ report on the financial statements of the Department dated December 18, 2009 has been issued, which states that the financial statements present fairly, in all material respects, the financial position of the Department as of June 30, 2009 and 2008, and the changes in its financial position for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

A report on internal control over financial reporting and compliance and other matters based on the audits of financial statements performed in accordance with *Government Auditing Standards* dated December 18, 2009, has also been issued, which states that the results of the Contract Auditors’ tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Required Auditor Communications to the Legislative Audit Committee

The Contract Auditors are required to communicate to the Legislative Audit Committee certain matters related to the conduct of the audits and to ensure that the Legislative Audit Committee receives additional information regarding the scope and results of the audits that may assist the Legislative Audit Committee in overseeing the financial reporting and disclosure process for which management is responsible. These matters have been communicated to the Legislative Audit Committee in this report, and include, among other items, that one audit adjustment was required, and there were no difficulties encountered in performing the audits.

Legislative Department, State of Colorado

Description of the Legislative Department

For the Years Ended June 30, 2009 and 2008

Legislative Branch Agency Descriptions

General Assembly

Colorado's State Legislature is called the General Assembly. The Colorado Constitution grants the lawmaking power and thus, the public policy-making power of the State, to the General Assembly. There are 100 elected members serving as the Legislature - 35 senators and 65 representatives. As one of the three branches of state government, the Legislature includes the elected officials of the Senate and the House of Representatives and support staff.

A candidate for the General Assembly must be at least 25 years old, a citizen of the United States, and a resident of the district he or she is seeking to represent for at least twelve months prior to the election. Amendment No. 5, approved by the voters at the 1990 general election, limited the terms of office of state senators to two consecutive four-year terms, and state representatives to four consecutive two-year terms, effective for terms beginning on or after January 1, 1991.

The Secretary of the Senate and the Chief Clerk of the House and their employees are responsible for the daily administration of each house including the preparation of daily calendars and journals, the preparation of floor amendments, the engrossing and enrolling procedures, the handling of messages to and from the Governor, communications between the two houses of the Legislature, and communications to the General Assembly from other state officers and departments; custody of documents and records of the two houses; and the maintenance of pay records for all personnel employed by the House and Senate.

Joint Budget Committee

The six-member Joint Budget Committee is the fiscal and budget review agency of the Colorado General Assembly. The Committee works year-round and has a full-time staff. The Committee studies the programs, management, operations, and fiscal needs of all state agencies. It reviews budget requests and holds hearings with agency managers. The Committee also reviews capital construction and controlled maintenance recommendations made by the Capital Development Committee.

Each year, the Committee introduces supplemental appropriations bills and the general appropriations bill, also known as the "Long Bill". The Long Bill narrative explains the recommendations that the Committee included in the Bill.

After each session, the Committee writes the appropriations report. This report explains legislative intent and gives program guidance to state agencies related to the budget.

The Committee members include the Chairman of the House and Senate Appropriations Committees plus one majority and one minority member from each of these committees. The Committee elects a chairman and a vice-chairman, one from the Senate and one from the House. The elected chairman serves during the first regular session of the General Assembly and as vice-chairman during the second session. The elected vice-chairman serves as chairman during the second session.

Legislative Council

The Legislative Council Committee is an eighteen-member body comprised of six members of the Senate appointed by the President, six members of the House appointed by the Speaker subject to the approval of their respective houses, and the six-member executive committee. The six-member Executive Committee of Legislative Council is comprised of the President of the Senate, the Speaker of the House of Representatives and the majority and minority leaders of both houses.

Legislative Department, State of Colorado

Description of the Legislative Department For the Years Ended June 30, 2009 and 2008

The Legislative Council was created in 1953 to collect data, examine constitutional and statutory provisions and possible amendments, consider important issues of public policy, and prepare reports and other documents for presentation to the General Assembly.

The information-gathering function of the Legislative Council created a need for a continuing and permanent research staff to work for the General Assembly. To fulfill this function, the Legislative Committee employs a Director of Research who appoints professional, technical, clerical, and other employees necessary to perform the functions assigned. The responsibilities and functions of the staff may be grouped under six broad activities:

- Staffing interim and statutory committees
- Staffing committees of reference
- Responding to requests for research
- Preparing fiscal notes
- Providing revenue projections
- Performing other centralized support services

Office of the State Auditor

The State Auditor is appointed by a majority vote of both houses of the General Assembly to serve for a term of five years. The State Auditor must be a certified public accountant licensed to practice in Colorado. The duties of the State Auditor are to conduct performance and financial audits of all state departments, institutions, and agencies of state government and to conduct special audits of any department, institution, or agency at the request of the Governor or a member of the General Assembly, upon a majority vote of the Legislative Audit Committee.

The eight-member Legislative Audit Committee consists of four members from the Senate appointed by the President, two from each major political party, and four members from the House appointed by the Speaker, two from each major political party.

Office of Legislative Legal Services

The Committee on Legal Services consists of ten members of the General Assembly: the chairpersons of the Senate and House Judiciary Committees; four members from the Senate appointed by the President, two from each party; and four members from the House of Representatives appointed by the Speaker, two from each party. The Committee on Legal Services appoints a director who is an attorney-at-law. The director appoints a professional staff which includes attorneys-at-law and technical and clerical personnel to assist in the operation of the Office of Legislative Legal Services.

Within the Office of Legislative Legal Services is the Revisor of Statutes. The revisor and his staff prepare various legal publications.

The Office of Legislative Legal Services prepares the bills, resolutions, and memorials introduced in the General Assembly. Under joint rule, no bill may be introduced in either house unless first approved as to form by the Office of Legislative Legal Services. In addition, many amendments and all conference committee reports are prepared by the office.

The Office, acting under the direction of the Committee on Legal Services, coordinates litigation involving the General Assembly. Staff attorneys assist retained counsel in the preparation of briefs and other legal research and writing.

The Office also reviews rules and regulations promulgated by executive agencies.

Legislative Department, State of Colorado
Description of the Legislative Department
For the Years Ended June 30, 2009 and 2008

Reapportionment Commission

The Reapportionment Commission is appointed every ten years to reapportion the state legislative districts. The Reapportionment Commission is an eleven-member body comprised of four members of the General Assembly, three persons appointed by the Governor, and four persons appointed by the Chief Justice of the Colorado Supreme Court. The Reapportionment Commission was not active during Fiscal Years 2008 or 2009.

Financial Statements Section



Independent Auditors' Report

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Legislative Department (the "Department") State of Colorado (the "State"), as of and for the years ended June 30, 2009 and 2008, which collectively comprise the Legislative Department's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Legislative Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Department'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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State as of June 30, 2009 and 2008, and the changes in its financial position and budgetary comparisons for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Legislative Department as of June 30, 2009 and 2008, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009 on our consideration of the Legislative Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, on pages 7 through 10, and budgetary comparison information on pages 13 to 16, are not required parts 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.

Accountants & Consultants

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Anton Collins Mitchell LLP

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Legislative Department's basic financial statements. The combining information, as shown on pages 27 through 33, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining information has been subjected to the auditing procedures applied in the audits 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.

Anton Collins Mitchell LLP

December 18, 2009
Certified Public Accountants

Legislative Department, State of Colorado

Management's Discussion and Analysis

Years Ended June 30, 2009 and 2008

Overview of the Financial Statements

This discussion and analysis of the Legislative Branch's (the "Department") financial performance is a required component of financial reporting under governmental accounting standards and was prepared by the Department's management. It is intended to provide an overview of the financial activities for the fiscal years ended June 30, 2009 and 2008, and it should be read in conjunction with the financial statements, which begin on page 11. These financial statements reflect activities of six agencies: General Assembly, Joint Budget Committee, Legislative Council, Office of the State Auditor, Office of Legislative Legal Services, and the Reapportionment Commission, when active.

Using This Report

This financial report consists of financial statements for the fiscal years ended June 30, 2009 and 2008. The Balance Sheets provide comparative information on the Department's assets, liabilities, and fund balance for the current and previous fiscal years. The Statements of Appropriations, Revenues, Expenditures, and Changes in Fund Balance provide information on the current and previous fiscal years' appropriations, revenues, expenditures, other financing sources (uses), and beginning and ending fund balances. The Budgetary Comparison Statements reflect the initial budget amounts, the cumulative changes made throughout the course of the year, the revised budget amounts, and the actual amounts received or expended. Finally, the notes to the financial statements contain a summary of significant accounting policies and more specific information about items in the financial statements.

Department Financial Statements

The Department's financial statements consist of fund financial statements and notes to the financial statements.

Fund Financial Statements - A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Department uses to keep track of specific sources of funding and spending for a particular purpose. The Department currently has five governmental funds: the General Fund and four Special Revenue Funds.

Governmental Funds - All of the Department's services are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the Department's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The Department has an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided on pages 13-16 to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 17-26 of this report.

Supplemental Information

The financial statements are followed by a section of supplemental information. Combining financial statements are presented for the General Fund and Special Revenue Funds.

Legislative Department, State of Colorado
Management's Discussion and Analysis
Years Ended June 30, 2009 and 2008

Financial Analysis

General Fund

Condensed Combined Balance Sheet – General Fund

<i>June 30,</i>	2009	2008	2007
Total Assets	\$ 716,405	\$ 1,199,298	\$ 829,090
Total Liabilities	2,560,356	2,982,934	2,500,696
(Deficit) Fund Balance	\$ (1,843,951)	\$ (1,783,636)	\$ (1,671,606)

**Condensed Combined Statement of Appropriations, Revenues, Expenditures and Changes
in Fund Balance – General Fund**

<i>June 30,</i>	2009	2008	2007
Total Appropriations and Revenue	\$ 36,375,235	\$ 34,367,893	\$ 32,339,671
Total Expenditures	33,140,037	31,444,084	29,052,141
Excess of Appropriations and Revenues over Expenditures	3,235,198	2,923,809	3,287,530
Total Other Financing Uses	(3,295,513)	(3,035,839)	(3,429,888)
Deficiency of Appropriations and Revenues under Expenditures and Other Financing Uses	(60,315)	(112,030)	(142,358)
(Deficit) Fund balance – Beginning of Year	(1,783,636)	(1,671,606)	(1,529,248)
(Deficit) Fund Balance – End of Year	\$ (1,843,951)	\$ (1,783,636)	\$ (1,671,606)

The Department's General Fund assets consisted primarily of cash with the State Treasury and receivables. General Fund liabilities consisted primarily of accounts payable and accrued payrolls payable. Accrued payrolls payable are the result of Senate Bill 03-197, which requires employee salaries to be paid on the last working day of each month, except that salaries for the month of June are paid on the first working day of July.

Between June 30, 2008, and June 30, 2009, the Department's total General Fund assets decreased by \$482,893. During this same period, total General Fund liabilities decreased by \$422,578.

Between June 30, 2007, and June 30, 2008, the Department's total General Fund assets increased by \$370,208. During this same period, total General Fund liabilities increased by \$482,238.

The Department's General Fund had deficit fund balances as follows: \$1,843,951 at June 30, 2009, \$1,783,636 at June 30, 2008, and \$1,671,606 at June 30, 2007. The deficit balances are due to salaries and related benefits being incurred but unpaid at fiscal year-end as required by Senate Bill 03-197.

The Department's General Fund Revenues for the year ended June 30, 2009, were \$359,052, a 116 percent increase from the year ended June 30, 2008, primarily due to an increase in audit reimbursements. General Fund expenditures for the year ended June 30, 2009, were \$33,140,037, an increase of 5.4 percent over the year ended June 30, 2008. Other financing uses increased by \$259,674 due to increased operating transfers out and decreased appropriation rollforwards and general fund reversions.

The Department's General Fund Revenues for the year ended June 30, 2008, were \$166,056, a 3.3 percent increase from the year ended June 30, 2007, primarily due to an increase in audit reimbursements. General Fund expenditures for the year ended June 30, 2008, were \$31,444,084, an increase of 8.2 percent over the year ended June 30, 2007. Other financing uses decreased by \$394,049 due to decreased operating transfers out and appropriation rollforwards, and increased general fund reversions.

Legislative Department, State of Colorado
Management's Discussion and Analysis
Years Ended June 30, 2009 and 2008

Special Revenue Funds

Condensed Combined Balance Sheet – Special Revenue Fund

<i>June 30,</i>	2009	2008	2007
Total Assets	\$ 3,692,140	\$ 2,087,791	\$ 1,609,587
Total Liabilities	35,036	160,280	541
Fund Balance	\$ 3,657,104	\$ 1,927,511	\$ 1,609,046

**Condensed Combined Statement of Appropriations, Revenues, Expenditures and Changes
in Fund Balance – General Fund**

<i>June 30,</i>	2009	2008	2007
Total Appropriations and Revenue	\$ 87,221	\$ 102,075	\$ 64,297
Total Expenditures	1,558,058	775,610	1,349,930
Deficiency of Appropriations and Revenues under Expenditures	(1,470,837)	(673,535)	(1,285,633)
Total Other Financing Sources	3,200,430	992,000	1,592,000
Excess of Appropriations, Revenues and Other Financing Sources over Expenditures	1,729,593	318,465	306,367
(Deficit) Fund balance – Beginning of Year	1,927,511	1,609,046	1,302,679
(Deficit) Fund Balance – End of Year	\$ 3,657,104	\$ 1,927,511	\$ 1,609,046

The Department has four special revenue funds: the Ballot Information Publication and Distribution Revolving Fund, the Public Buildings Trust Fund, the Legislative Expenses Cash Fund, and the Youth Advisory Council Cash Fund.

The Department's Special Revenue Funds total assets consisted of cash, and total liabilities consisted of accounts payable.

Between June 30, 2008, and June 30, 2009, the Department's Special Revenue Funds total assets increased by \$1,604,349 primarily due to a year-end transfer of unexpended appropriations from the General Fund to the Ballot Information Publication and Distribution Revolving Fund as required by Senate Bill 09-224 and an increase in expenditures in the Ballot Information Publication and Distribution Revolving Fund. Total transfers were \$3,200,430, which included an appropriation from the General Fund of \$492,000 and a year-end transfer of \$2,708,430. The Special Revenue Fund fund balances increased in total by \$1,729,593.

Between June 30, 2007, and June 30, 2008, the Department's Special Revenue Funds total assets increased by \$478,204 primarily due to a year-end transfer of unexpended appropriations from the General Fund to the Ballot Information Publication and Distribution Revolving Fund as required by House Bill 08-1361 and a decrease in expenditures in the Ballot Information Publication and Distribution Revolving Fund. Total transfers were \$992,000, which included an appropriation from the General Fund of \$492,000 and a year-end transfer of \$500,000. The Special Revenue Fund fund balances increased in total by \$318,465.

For the year ended June 30, 2009, appropriations and revenues for the Department's Special Revenue Funds were \$87,221, a decrease of \$14,854 from the previous fiscal year, primarily due to decreased interest earnings and an increase in grant funds for the Youth Advisory Council Cash Fund. Expenditures for the year ended June 30, 2009, were \$1,558,058, an increase of 100.9 percent over the previous fiscal year. This was primarily due to an increase in expenditures in the Ballot Information Publication and Distribution Revolving Fund, and a decrease in expenditures in the Legislative Legal Expenses Cash Fund.

Legislative Department, State of Colorado

Management's Discussion and Analysis

Years Ended June 30, 2009 and 2008

For the year ended June 30, 2008, revenues for the Department's Special Revenue Funds were \$102,075, an increase of \$37,778 over the previous fiscal year, primarily due to increased interest earnings. Expenditures for the year ended June 30, 2008, were \$775,610, a decrease of 42.5 percent over the previous fiscal year. This was primarily due to a decrease in expenditures in the Ballot Information Publication and Distribution Revolving Fund, and an increase in expenditures in the Legislative Legal Expenses Cash Fund.

Budgetary Highlights

The Department's General Fund is primarily funded by appropriations from the State of Colorado's General Fund. The appropriations are supplemented by augmenting revenue as defined in the State's General Fund budget. The unspent appropriation and augmenting revenue revert to the State's General Fund and are not available for expenditure by the Department in subsequent fiscal years.

The Department's Special Revenue Funds are partially funded by appropriations from the State of Colorado. The appropriations are supplemented by revenue earned on investments held with the State Treasurer, revenue earned from the sale of publications on the history of the State Capitol, and grants received by the Youth Advisory Council. The unspent appropriation and augmenting revenue do not revert to the State and are available for fund-related expenditures in subsequent fiscal years.

Fiscal Year 2009 General Fund Budgetary Highlights

The Department's original General Fund appropriations were \$35,850,715. The original budget was amended by three special bills. The Department's final General Fund appropriations for Fiscal Year 2009 were \$36,016,183, a 5.3 percent increase over Fiscal Year 2008. Total General Fund budgetary expenditures, including transfers to Special Revenue Funds, were \$35,908,406. The remaining budget of \$107,777 reverted to the General Fund.

Fiscal Year 2008 General Fund Budgetary Highlights

The Department's original General Fund appropriations were \$33,735,652. The original budget was amended by two supplemental bills and one special bill. The Department's final General Fund appropriations for Fiscal Year 2008 were \$34,201,837, a 6.3 percent increase over Fiscal Year 2007. Total General Fund budgetary expenditures, including transfers to Special Revenue Funds, were \$32,324,054. Budget rollforwards to Fiscal Year 2009 totaling \$143,476 were approved for outstanding commitments at year-end. The remaining budget of \$1,734,307 reverted to the General Fund.

Request for Information

This financial report is designed to provide a general overview of the Department's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Betsy Holdredge, Chief Accountant, Legislative Council, 029 State Capitol Building, Denver, CO 80203.

Financial Statements

Legislative Department, State of Colorado
Combined Balance Sheets – All Governmental Funds
June 30, 2009 and 2008

	2009		2008		Total Governmental Funds	
	General Fund	Special Revenue Funds	General Fund	Special Revenue Funds	2009	2008
ASSETS						
Cash	\$ 256,330	\$ 3,692,140	\$ 229,927	\$ 2,087,791	\$ 3,948,470	\$ 2,317,718
Accounts receivable	161,060	-	293,846	-	161,060	293,846
Inter/Intrafund receivables	255,235	-	668,927	-	255,235	668,927
Prepaid expenses	43,780	-	6,598	-	43,780	6,598
TOTAL ASSETS	<u>\$ 716,405</u>	<u>\$ 3,692,140</u>	<u>\$ 1,199,298</u>	<u>\$ 2,087,791</u>	<u>\$ 4,408,545</u>	<u>\$ 3,287,089</u>
LIABILITIES						
Accounts payable	\$ 674,230	\$ 35,036	\$ 1,199,298	\$ 160,280	\$ 709,266	\$ 1,359,578
Accrued liabilities	1,856,773	-	1,783,636	-	1,856,773	1,783,636
Deferred revenue	29,353	-	-	-	29,353	-
TOTAL LIABILITIES	<u>2,560,356</u>	<u>35,036</u>	<u>2,982,934</u>	<u>160,280</u>	<u>2,595,392</u>	<u>3,143,214</u>
(DEFICIT) FUND BALANCE						
Reserved for specific purposes	-	3,657,104	-	1,927,511	3,657,104	1,927,511
Unreserved	(1,843,951)	-	(1,783,636)	-	(1,843,951)	(1,783,636)
TOTAL (DEFICIT) FUND BALANCE	<u>(1,843,951)</u>	<u>3,657,104</u>	<u>(1,783,636)</u>	<u>1,927,511</u>	<u>1,813,153</u>	<u>143,875</u>
TOTAL LIABILITIES AND (DEFICIT) FUND BALANCE	<u>\$ 716,405</u>	<u>\$ 3,692,140</u>	<u>\$ 1,199,298</u>	<u>\$ 2,087,791</u>	<u>\$ 4,408,545</u>	<u>\$ 3,287,089</u>

See accompanying notes to the financial statements.

Legislative Department, State of Colorado
Combined Statements of Appropriations, Revenues, Expenditures,
and Changes in Fund Balance – All Governmental Funds
For the Years Ended June 30, 2009 and 2008

	2009		2008		Total Governmental Funds	
	General Fund	Special Revenue Funds	General Fund	Special Revenue Funds	2009	2008
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 35,032,653	\$ -	\$ 33,074,479	\$ -	\$ 35,032,653	\$ 33,074,479
Cash Fund and Cash Exempt / Reappropriated Funds	983,530	30,000	1,127,358	-	1,013,530	1,127,358
Total Appropriations	<u>36,016,183</u>	<u>30,000</u>	<u>34,201,837</u>	<u>-</u>	<u>36,046,183</u>	<u>34,201,837</u>
Revenue						
Miscellaneous revenue						
Audit reimbursements	325,528	-	121,342	-	325,528	121,342
Interest income	-	46,399	-	93,794	46,399	93,794
Miscellaneous	33,524	-	44,714	-	33,524	44,714
Sale of State Capitol history memorabilia	-	10,822	-	8,281	10,822	8,281
TOTAL APPROPRIATIONS AND REVENUES	<u>36,375,235</u>	<u>87,221</u>	<u>34,367,893</u>	<u>102,075</u>	<u>36,462,456</u>	<u>34,469,968</u>
EXPENDITURES						
Compensation	24,455,233	-	23,004,600	-	24,455,233	23,004,600
Purchased services	3,558,687	425,511	3,414,310	379,138	3,984,198	3,793,448
Operating expenditures	3,425,526	1,132,547	3,786,614	262,147	4,558,073	4,048,761
Travel and subsistence	1,091,467	-	1,144,517	-	1,091,467	1,144,517
Capital expenditures	473,858	-	63,566	134,325	473,858	197,891
Debt service	135,266	-	30,477	-	135,266	30,477
TOTAL EXPENDITURES	<u>33,140,037</u>	<u>1,558,058</u>	<u>31,444,084</u>	<u>775,610</u>	<u>34,698,095</u>	<u>32,219,694</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	<u>3,235,198</u>	<u>(1,470,837)</u>	<u>2,923,809</u>	<u>(673,535)</u>	<u>1,764,361</u>	<u>2,250,274</u>
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	371,746	-	-	-	371,746	-
Operating transfers in (out)	(3,200,430)	3,200,430	(992,000)	992,000	-	-
Authorized General Fund rollforward	-	-	(143,476)	-	-	(143,476)
Reversion of non-augmenting revenue	(359,052)	-	(166,056)	-	(359,052)	(166,056)
Reversion of General Fund appropriation	-	-	(1,712,850)	-	-	(1,712,850)
Reversion of Cash / Cash Exempt / Reappropriation	(107,777)	-	(21,457)	-	(107,777)	(21,457)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,295,513)</u>	<u>3,200,430</u>	<u>(3,035,839)</u>	<u>992,000</u>	<u>(95,083)</u>	<u>(2,043,839)</u>
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(60,315)</u>	<u>1,729,593</u>	<u>(112,030)</u>	<u>318,465</u>	<u>1,669,278</u>	<u>206,435</u>
(DEFICIT) FUND BALANCE, BEGINNING OF YEAR	<u>(1,783,636)</u>	<u>1,927,511</u>	<u>(1,671,606)</u>	<u>1,609,046</u>	<u>143,875</u>	<u>(62,560)</u>
(DEFICIT) FUND BALANCE, END OF YEAR	<u>\$ (1,843,951)</u>	<u>\$ 3,657,104</u>	<u>\$ (1,783,636)</u>	<u>\$ 1,927,511</u>	<u>\$ 1,813,153</u>	<u>\$ 143,875</u>

See accompanying notes to the financial statements.

Legislative Department, State of Colorado
Budgetary Comparison Statement – General Fund (Budget Basis)
For the Year Ended June 30, 2009

	Legislative Appropriations Bill	Long Appropriations Bill	Roll Forward Appropriations	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES								
Appropriations								
General Fund						\$ 35,032,653	\$ 35,032,653	\$ -
Cash Fund and Reappropriated Funds						983,530	983,530	-
Total Appropriations						<u>36,016,183</u>	<u>36,016,183</u>	<u>-</u>
Revenues								
Miscellaneous revenue								
Audit reimbursements						-	325,528	325,528
Miscellaneous						-	33,524	33,524
TOTAL APPROPRIATIONS AND REVENUES						<u>36,016,183</u>	<u>36,375,235</u>	<u>359,052</u>
EXPENDITURES BY APPROPRIATION								
General administration	\$ 32,618,485	\$ -	\$ -	\$ -	\$ 483,443	33,101,928	30,434,221	2,667,707
PERA amortization equalization disbursement	332,921	-	-	-	(332,921)	-	-	-
PERA supplemental amortization equalization disbursement	150,522	-	-	-	(150,522)	-	-	-
Meth amphetamine task force	3,816	-	-	-	-	3,816	-	3,816
Authorized general fund rollforward from FY 2007-08	-	-	143,476	-	-	143,476	143,476	-
Property tax study	-	638,500	-	-	-	638,500	577,943	60,557
Ballot analysis - operating transfer out	-	492,000	-	-	-	492,000	492,000	-
Tobacco settlement audit	83,214	-	-	-	-	83,214	14,126	69,088
Capitol complex leased space	-	1,404,410	-	-	-	1,404,410	1,404,410	-
Legal services	-	14,119	-	-	-	14,119	11,186	2,933
Purchase of services from computer center	-	58,228	-	-	-	58,228	58,228	-
Workers' compensation	-	39,063	-	-	-	39,063	39,063	-
General liability / property insurance	-	15,437	-	-	-	15,437	15,437	-
Non-immigrant agricultural worker council	-	-	-	7,020	-	7,020	230	6,790
Youth advisory council	-	-	-	8,472	-	8,472	8,472	-
Auto theft prevention authority	-	-	-	6,500	-	6,500	1,184	5,316
TOTAL EXPENDITURES BY APPROPRIATION	<u>33,188,958</u>	<u>2,661,757</u>	<u>143,476</u>	<u>21,992</u>	<u>-</u>	<u>36,016,183</u>	<u>33,199,976</u>	<u>2,816,207</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS						<u>-</u>	<u>3,175,259</u>	<u>3,175,259</u>
OTHER FINANCING SOURCES (USES)								
Reversion of non-augmenting revenue						-	(359,052)	(359,052)
Reversion of Cash and Reappropriated Funds appropriation						-	(107,777)	(107,777)
Operating transfer						-	(2,708,430)	(2,708,430)
TOTAL OTHER FINANCING SOURCES (USES)						<u>-</u>	<u>(3,175,259)</u>	<u>(3,175,259)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)						<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR						<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Legislative Department, State of Colorado
Budgetary Comparison Statement – General Fund (Budget Basis)
For the Year Ended June 30, 2008

	Legislative Appropriations Bill	Long Appropriations Bill	Roll Forward Appropriations	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES								
Appropriations								
General Fund						\$ 33,074,479	\$ 33,074,479	\$ -
Cash Fund and Cash Fund Exempt						1,127,358	1,127,358	-
Total Appropriations						<u>34,201,837</u>	<u>34,201,837</u>	<u>-</u>
Revenues								
Miscellaneous revenue								
Audit reimbursements						-	121,342	121,342
Miscellaneous						-	44,714	44,714
TOTAL APPROPRIATIONS AND REVENUES						<u>34,201,837</u>	<u>34,367,893</u>	<u>166,056</u>
EXPENDITURES BY APPROPRIATION								
General administration	\$ 30,612,828	\$ -	\$ -	\$ 102,151	\$ 177,531	30,892,510	28,569,009	2,323,501
PERA amortization equalization disbursement	135,866				(135,866)	-	-	-
PERA supplemental amortization equalization disbursement	41,665				(41,665)	-	-	-
Meth amphetamine task force	3,816					3,816	128	3,688
Authorized general fund rollforward from FY 2006-07			334,328			334,328	334,327	1
Property tax study	-	638,500			-	638,500	589,833	48,667
Cost of living study		250,000				250,000	250,000	-
Ballot analysis - operating transfer out		492,000				492,000	492,000	-
Tobacco settlement audit	79,958					79,958	79,958	-
Capitol complex leased space		1,389,739				1,411,625	1,411,625	-
Legal services		13,542			21,886	13,542	13,542	-
Purchase of services from computer center		31,654				38,125	38,125	-
Workers' compensation		34,382				(3,754)	30,628	-
General liability / property insurance		11,702				(401)	11,301	-
Insurance proceeds						3,584	3,578	6
Criminal justice commission						1,920	-	1,920
TOTAL EXPENDITURES BY APPROPRIATION	<u>30,874,133</u>	<u>2,861,519</u>	<u>334,328</u>	<u>131,857</u>	<u>-</u>	<u>34,201,837</u>	<u>31,824,054</u>	<u>2,377,783</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS						<u>-</u>	<u>2,543,839</u>	<u>2,543,839</u>
OTHER FINANCING SOURCES (USES)								
Reversion of non-augmenting revenue						-	(166,056)	(166,056)
Reversion of General Fund appropriation						-	(1,712,850)	(1,712,850)
Reversion of Cash/Cash Exempt appropriation						-	(21,457)	(21,457)
Operating transfer						-	(500,000)	(500,000)
Authorized General Fund rollforward						-	(143,476)	(143,476)
TOTAL OTHER FINANCING SOURCES (USES)						<u>-</u>	<u>(2,543,839)</u>	<u>(2,543,839)</u>
APPROPRIATIONS AND REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)						<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR						<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Legislative Department, State of Colorado
Budgetary Comparison Statement – Special Revenue Funds (Budget Basis)
For the Year Ended June 30, 2009

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Appropriation							
Cash Fund and Reappropriated Funds					\$ 30,000	\$ 30,000	\$ -
Augmenting revenue							
Sale of State Capitol history memorabilia					-	10,822	10,822
Miscellaneous revenue							
Interest income					-	46,399	46,399
Operating transfers					-	3,200,430	3,200,430
TOTAL APPROPRIATIONS AND REVENUES					<u>30,000</u>	<u>3,287,651</u>	<u>3,257,651</u>
EXPENDITURES BY APPROPRIATION							
Ballot analysis	\$ -	\$ -	\$ -	\$ -	-	1,549,099	(1,549,099)
Public building	-	-	-	-	-	7,728	(7,728)
Youth advisory council	-	-	30,000	-	30,000	1,231	28,769
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>1,558,058</u>	<u>(1,528,058)</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>1,729,593</u>	<u>1,729,593</u>
FUND BALANCES, BEGINNING OF YEAR					-	1,927,511	1,927,511
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 3,657,104</u>	<u>\$ 3,657,104</u>

See accompanying notes to the financial statements.

Legislative Department, State of Colorado
Budgetary Comparison Statement – Special Revenue Funds (Budget Basis)
For the Year Ended June 30, 2008

	Legislative Appropriations Bill	Long Appropriations Bill	Supplemental Appropriations	Transfers	Budget	Actual	Favorable (Unfavorable) Balance
APPROPRIATIONS AND REVENUES							
Augmenting revenue							
Sale of State Capitol history memorabilia					\$ -	\$ 8,281	\$ 8,281
Miscellaneous revenue							
Interest income					-	93,794	93,794
Operating transfers					-	992,000	992,000
TOTAL APPROPRIATIONS AND REVENUES					<u>-</u>	<u>1,094,075</u>	<u>1,094,075</u>
EXPENDITURES BY APPROPRIATION							
Ballot analysis	\$ -	\$ -	\$ -	\$ -	-	4,900	(4,900)
Legislative expenses	-	-	-	-	-	759,383	(759,383)
Public building	-	-	-	-	-	11,327	(11,327)
TOTAL EXPENDITURES BY APPROPRIATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>775,610</u>	<u>(775,610)</u>
EXCESS OF APPROPRIATIONS AND REVENUE OVER EXPENDITURES AND TRANSFERS					<u>-</u>	<u>318,465</u>	<u>318,465</u>
FUND BALANCES, BEGINNING OF YEAR					-	1,609,046	1,609,046
FUND BALANCES, END OF YEAR					<u>\$ -</u>	<u>\$ 1,927,511</u>	<u>\$ 1,927,511</u>

See accompanying notes to the financial statements.

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

Note 1 - Definition of Reporting Entity

The Legislative Department (the "Department") is a sub-entity of the State of Colorado. The State of Colorado is the oversight entity that has the responsibility for primary reporting of the State's financial activities. The accompanying financial statements present only that portion of the State of Colorado's financial position and activity which pertains to the Legislative Department. The Department's primary activities are included in the General Fund of the State of Colorado basic financial statements. The Department consists of six agencies: General Assembly, Joint Budget Committee, Legislative Council, Office of the State Auditor, Office of Legislative Legal Services, and Reapportionment Commission, when active.

The Department follows the Governmental Accounting Standards Board ("GASB") accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The Department is not financially accountable for any other organization.

Note 2 - Summary of Significant Accounting Policies

The more significant accounting policies of the Legislative Department are described as follows:

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Legislative Department, in conjunction with the State of Colorado, adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, effective July 1, 2001. GASB Statement No. 34 specifically requires that general purpose governments prepare government-wide financial statements. The Legislative Department does not meet the definition of a general purpose government and, therefore, presents its financial statements on a fund basis. The Legislative Department is a sub-entity of the State of Colorado; therefore, its financial activities are presented within the State of Colorado's Comprehensive Annual Financial Report.

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due and payable.

The financial activities of the Department are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Department uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Legislative Department reports the following two governmental fund types:

The General Fund is the principal operating fund of the Department. It accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds include fund activities financed by specific revenue sources that are legally restricted for specified purposes.

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

The Department has the following four special revenue funds:

The **Public Buildings Trust Fund** was created for the purpose of promoting historical interest in the State Capitol Building. Receipts from gifts, grants, or donations and sales to the public of publications on the history of the State Capitol Building and other State Capitol memorabilia and associated disbursements are accounted for in this fund. Monies in the fund are used for replenishing supplies of publications and memorabilia for sale to the public, and to enhance preservation of original and historic elements of the State Capitol Building. Transactions recorded in this fund on these financial statements reflect only the activity of this special account of the Legislative Department. Monies in the trust fund are continuously appropriated.

The **Ballot Information Publication and Distribution Revolving Fund** was created by Senate Bill 97-204 to pay the costs of publishing the text and title of each constitutional amendment and initiated or referred measure in every legal newspaper in the State as required by Section 1-40-124, C.R.S., and to pay the costs of distributing the ballot information booklet as required by subsection (2) of Section 1-40-124.5, C.R.S. Any monies credited to the revolving fund and unexpended at the end of any given fiscal year will remain in the fund. Monies in the revolving fund are continuously appropriated.

The **Legislative Expenses Cash Fund** was created by House Bill 04-1369 to pay the compensation and expenses of any legal counsel retained by the Committee on Legal Services pursuant to Section 2-3-1001, C.R.S., and to pay any necessary expense of such actions and proceedings for which such legal counsel is retained. Senate Bill 05-157 amended the statute to provide for payment of other qualified expenses from the fund. Senate Bill 07-223 amended the definition of other qualified expenses in the statute. The Executive Committee of the Legislative Council may authorize payment of expenses relating to legislative aides, expenses relating to the upkeep and furnishings of space occupied by the Legislative Branch, and expenses relating to electronic voting equipment in the chambers of the Senate and the House of Representatives, if the amount of monies to be so expended is not needed in the foreseeable future for compensation and expenses of legal counsel. Monies in the fund are continuously appropriated.

The **Youth Advisory Council Cash Fund** was created by House Bill 08-1157 for the purpose of providing for the direct and indirect costs associated with the Youth Advisory Council. The Youth Advisory Council was created to examine, evaluate, and discuss the issues, interests, and needs affecting Colorado youth now and in the future and to formally advise and make recommendations to elected officials regarding those issues. All private and public funds received through gifts, grants, or donations to the Youth Advisory Council are credited to the fund. Any monies credited to the fund and unexpended at the end of any given fiscal year will remain in the fund.

B. Budgets

Expenditures of the Department are authorized under annual appropriations and supplemental appropriations made by the State General Assembly. The legislative appropriation is constitutionally limited to the unrestricted funds held by the State at the beginning of the year as determined by the modified accrual basis of accounting.

Expenditures are controlled through the use of encumbrances. Monies are reserved for satisfaction of obligations incurred under contracts and purchase orders. Encumbrances outstanding at year-end are not reported as a reservation of fund balance, but rather become a commitment against resources that will become available in future periods.

The State Controller has the authority to approve the carryover of unexpended appropriations to the subsequent fiscal year under circumstances described in the State Fiscal Rules.

The budget for all funds is adopted on a basis consistent with Generally Accepted Accounting Principles (“GAAP”) except as follows:

- Expenditures for budgetary purposes exclude amounts for salaries and benefits incurred but unpaid at year-end.
- Expenditures for budgetary purposes exclude amounts for capital assets acquired under a capital lease.

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

- Payments from the General Fund to the Ballot Information Publication and Distribution Revolving Fund are treated as expenditures for budgetary purposes and as operating transfers for GAAP purposes.

Budget to GAAP differences for General Fund expenditures for the fiscal years ended June 30, 2009 and 2008, are as follows:

<i>June 30,</i>	2009	2008
Total expenditures, GAAP basis	\$ 33,140,037	\$ 31,444,084
Reduction (increase) in salaries incurred but unpaid	(60,315)	(112,030)
Capital lease expenditures	(371,746)	-
Transfers to Ballot Revolving Fund	3,200,430	992,000
Total expenditures, budgetary basis	\$ 35,908,406	\$ 32,324,054

C. Cash

The balance in cash at June 30, 2009 and 2008, represents the net year-end effect of transactions between the Legislative Department and the State's General Fund. A positive balance represents an excess of expenditures incurred but not paid over revenues earned but not collected. In other words, more revenue has been collected than expenditures paid at year-end. A negative balance represents an excess of revenues earned but not collected over expenditures incurred but not paid; or more expenditures have been paid than revenue collected at year-end.

The Department deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (C.R.S.). The State Treasurer pools these deposits and invests them in securities approved by Section 24-75-601.1, C.R.S. The Department reports its share of the Treasurer's unrealized gains/losses on the basis of its participation in the State Treasurer's pool. All of the Treasurer's investments are reported at fair value, which is determined on the basis of quoted market prices at June 30, 2009 and 2008. The State Treasurer does not invest any of the pool in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains and losses included in "Interest Income" reflect only the change in fair value during the current fiscal year. Additional information on the Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

D. Capital Assets

Capital assets are stated at cost, except for donated assets, which are stated at their estimated fair market value on the date donated. Capital assets are recorded as expenditures in the year of acquisition. The costs of normal maintenance and repairs do not add to the value of the asset or materially extend assets lives are not capitalized.

E. Compensated Absences

The Department has a policy that allows employees to accumulate unused vacation benefits and sick leave up to certain maximums. Compensated absences are recognized as current salary costs only when paid. As such, none of the accrued vacation or sick leave benefits would normally be liquidated with expendable available financial resources.

F. Fund Balance

In the fund financial statements, a portion of the fund balance has been reserved for amounts that are legally segregated or are not subject to future appropriation. The reserved fund balance in the Ballot Information Publication and Distribution Revolving Fund is to be used exclusively for the printing and distribution of annual ballot information. The fund balance in the Ballot Information Publication and Distribution Fund was \$3,220,079 at June 30, 2009, and \$1,538,333 at June 30, 2008. The reserved fund balance in the Public Buildings Trust Fund is to be used exclusively for the promotion of history publications and memorabilia related to the Capitol Building. The fund balance in the Public Buildings Trust Fund was \$13,298 at June 30, 2009, and \$10,204 at June 30, 2008. The

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

reserved fund balance in the Legislative Expenses Cash Fund is to be used exclusively for the legal expenses of the Legislative Branch, expenses relating to legislative aides, expenses relating to the upkeep and furnishings of space occupied by the Legislative Branch, and expenses relating to electronic voting equipment in the chambers of the Senate and the House of Representatives. The fund balance in the Legislative Expenses Cash Fund was \$394,200 at June 30, 2009, and \$378,974 at June 30, 2008. The reserved fund balance in the Youth Advisory Council Cash Fund is to be used exclusively for the direct and indirect costs of the Youth Advisory Council. The fund was created in Fiscal Year 2009. The reserved fund balance at June 30, 2009 was \$29,527.

At June 30, 2009 and 2008, the General Fund had unreserved deficit fund balances of \$1,843,951 and \$1,783,636, respectively. These negative fund balances are due to salaries and benefits being incurred but unpaid at fiscal year-end as discussed in Note 3. The Department received the appropriation to pay those salaries and benefits on July 1 of the following year.

G. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Note 3 - Accrued Salaries and Benefits

Senate Bill 03-197 requires employee salaries to be paid on a monthly basis as of the last working day of the month, except that salaries for the month of June shall be paid on the first working day of July. The salaries and benefits earned, but unpaid, as of June 30, 2009 and 2008, were \$1,843,951 and \$1,783,636, respectively. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

Note 4 - Appropriations and Revenue

The Legislative Department's primary funding source consists of an appropriation from the State's General Fund. This appropriation is supplemented by appropriations from cash funds and transfers from other agencies within the State. The cash funds appropriated to the Department are from sales of publications. Transfers from other agencies were called cash exempt funds until Fiscal Year 2009 when they were designated as reappropriated funds. These funds are exempt from the Taxpayer's Bill of Rights ("TABOR") calculations discussed in Note 6. The unspent appropriations are either rolled forward to the next fiscal year with the approval of the Office of the State Controller or reverted to the State's General Fund.

The Legislative Department appropriation for the years ended June 30, 2009 and 2008, specified that \$90,000 of revenue earned by the sale of bill copies was available for expenditure by the General Assembly. Receipts for sales in excess of that amount each year, as well as receipts for sales of Colorado Revised Statutes and supplements, were not available for expenditure by the Department. The Legislative Department appropriation for the years ended June 30, 2009 and 2008, also specified that audit reimbursements of \$800,000 and \$700,000, respectively, were available for expenditure by the Office of the State Auditor. Receipts in excess of that amount were not available for expenditure.

Miscellaneous revenue for the year ended June 30, 2009, consists of reimbursements in excess of \$800,000 for audit services performed by the Office of the State Auditor for certain non state-appropriated activities of the State, the sale of bill copies in excess of \$90,000, and other miscellaneous amounts. Miscellaneous revenue for the year ended June 30, 2008, consists of charges in excess of \$700,000 for audit services performed by the Office of the State Auditor for certain non-state-appropriated activities of the State, the sale of bill copies in excess of \$90,000, and other miscellaneous amounts.

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

Note 5 - Audit Contracts

The Office of the State Auditor contracts with private firms to perform audits of various state agencies and authorities. In situations where the state agency or authority is required by law to pay for audit costs, the Office of the State Auditor acts as agent and offsets the amounts paid to the private firms by the amounts reimbursed by the auditee agency or authority. The reimbursement for Fiscal Year 2009 was \$2,930,294 and for Fiscal Year 2008 was \$2,583,518. These amounts are not reflected in audit reimbursements. Management considers accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts is considered necessary.

As of June 30, 2009 and 2008, the Office of the State Auditor had contract commitments of \$516,058 and \$519,276, respectively, with independent certified accountants (and/or non-accounting firms) to perform audit and consulting services.

Note 6 - Tax, Spending, and Debt Limitations

In November 1992 the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights ("TABOR"), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations.

The Department's financial activity, as part of the State of Colorado's budget for Fiscal Year 1993, provided the basis for calculation of future limitations at the state level adjusted for allowable increases tied to inflation and population. Subsequent to 1993, revenue in excess of the State's "spending limit" must be refunded unless voters approve the retainage of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases, and new debt.

TABOR does not affect the Department's Fiscal Year 2009 and 2008 financial statements; however, the limitations contained in TABOR may impact future financial activity of the State of Colorado and the Department.

Note 7 - Related Party Transactions

The Department is a branch of Colorado State Government, and as such, receives many services from other state agencies, many of which are not billed to the Department. The most significant of these are accounting support and review services provided by the Office of the State Controller.

Note 8 - Operating Leases

The Department had several operating leases for equipment and paid rent for the capitol complex building space used by Legislative Department service agencies and office space leased outside of the capitol complex. Total operating lease (rent) expense for Fiscal Years 2009 and 2008 amounted to \$1,591,500 and \$1,646,125, respectively. Future minimum commitments for the capitol complex lease do not exceed one year. Operating leases for equipment expire August 2011 through September 2013, and the office space leases outside of the capitol complex expire in June 2012 and July 2013. The future minimum annual rental commitments are as follows:

<i>Year Ending June 30,</i>	
2010	\$ 160,072
2011	158,321
2012	100,680
2013	55,533
2014	4,831
	\$ 479,437

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

Note 9 - Fixed Assets

Pursuant to the provisions of GASB Statement No. 34, the Department's fixed assets are reported only in the statewide financial statements. In addition, these fixed assets are depreciated over their estimated useful lives, but depreciation expense is also reported only in the statewide financial statements.

Fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated. The capitalization criterion for fixed assets is \$5,000 for furniture, equipment, and software. Fixed assets are depreciated using the straight-line method over the estimated useful lives of the related assets, which range from 3 years to 15 years.

The following is a summary of changes in the Department's fixed assets to be included with governmental activities in the statewide financial statements:

	Equipment	Software	Leasehold Improvements	Total
Cost:				
Balances, July 1, 2007	\$ 1,532,458	\$ 88,693	\$ 42,173	\$ 1,663,324
Additions	168,942	138,860	-	307,802
Deletions	(18,672)	-	-	(18,672)
Balances, June 30, 2008	1,682,728	227,553	42,173	1,952,454
Additions	473,858	-	-	473,858
Deletions	(174,873)	-	-	(174,873)
Balances, June 30, 2009	1,981,713	227,553	42,173	2,251,439
Accumulated Depreciation:				
Balances, July 1, 2007	(1,120,592)	(44,346)	(4,217)	(1,169,155)
Additions	(139,951)	(32,384)	(8,435)	(180,770)
Deletions	18,672	-	-	18,672
Balances, June 30, 2008	(1,241,871)	(76,730)	(12,652)	(1,331,253)
Additions	(238,405)	(45,321)	(8,435)	(292,161)
Deletions	174,873	-	-	174,873
Balances, June 30, 2009	(1,305,403)	(122,051)	(21,087)	(1,448,541)
Total fixed assets, net, June 30, 2009	\$ 676,310	\$ 105,502	\$ 21,086	\$ 802,898

Note 10 - Long-Term Obligations

Long-term liability activity for the governmental funds for the fiscal years ended June 30, 2009 and 2008, included capital leases and compensated absences and were as follows:

	Capital lease	Compensated absences	Total
Balances, July 1, 2007	\$ 72,016	\$ 1,648,140	\$ 1,720,156
Additions	-	135,609	135,609
Reductions	(28,141)	(19,737)	(47,878)
Balances, June 30, 2008	43,875	1,764,012	1,807,887
Additions	371,746	145,339	517,085
Reductions	(121,037)	(93,391)	(214,428)
Balances, June 30, 2009	\$ 294,584	\$ 1,815,960	\$ 2,110,544
Due within one year	\$ 108,908	\$ 38,026	\$ 146,934

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

The Department has three capital leases. In April 2003, the Department entered into a capital lease agreement to finance the acquisition of an AB Dick 9975 PFA Press #6983 for \$40,500. The capital lease has an effective interest rate of 8.500 percent and is collateralized by the leased equipment. The lease expired in March 2008. In December 2005, the Department entered into a capital lease agreement to finance the acquisition for electronic audio archiving equipment for \$108,063. The capital lease has an effective interest rate of 3.207 percent and is collateralized by the leased equipment. The lease expires in December 2009. In July 2008, the Department entered into a capital lease agreement to finance the acquisition of computer equipment for \$371,746. The capital lease has an effective interest rate of 4.709 percent and is collateralized by the leased equipment.

The future annual lease payments required for these capital leases are as follows:

<i>Year Ending June 30,</i>	Interest	Principal	Total
2010	\$ 13,536	\$ 108,908	\$ 122,444
2011	8,743	90,703	99,446
2012	4,472	94,973	99,445
	\$ 26,751	\$ 294,584	\$ 321,335

Note 11 – Pension Plans

A. Plan Description

The majority of the Department’s employees participate in a defined benefit pension plan. The plan’s purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost-sharing multiple-employer plan administered by the Public Employees’ Retirement Association (“PERA”). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions’ plans are included in PERA’s financial statements, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting www.copera.org.

Non-higher-education employees hired by the state after January 1, 2006, are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the State’s Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Beginning on July 1, 2009, the administration of the state’s defined contribution retirement plan will be transferred to PERA. New non-higher-education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contributions.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

- Hired between July 1, 2005, and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of services equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (“HAS”). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009, or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually based on their original hire date as follows:

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

Members who are disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full-time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse, then financially dependent parents, beneficiaries, or the member’s estate may be entitled to a survivor’s benefit.

B. Funding Policy

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8.0 percent of their salary, as defined in C.R.S. 24-51-101(42), to an individual account in the plan. From July 1, 2007, to December 31, 2007, the state contributed 11.15 percent of the employee’s salary. From January 1, 2008, through December 31, 2008, the state contributed 12.05 percent of the employee’s salary. From January 1, 2009, through June 30, 2009, the state contributed 12.95 percent. During all of Fiscal Years 2009 and 2008, 1.02 percent of the employees’ total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2008, the division of PERA in which the state participates was underfunded with an infinite amortization period,

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session, the General Assembly authorized an Amortization Equalization Disbursement (“AED”) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional .5 percent of salary beginning January 1, 2006, another .5 percent of salary in 2007, and subsequent year increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (“SAED”) that requires PERA employers to pay an additional one-half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one-half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year’s one-half percentage point increase in the SAED will be deducted from the amount of changes to state employees’ salaries, and used by the employer to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent.

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

The Legislative Department’s contributions to the Defined Benefit Plan for fiscal years ending June 30, 2009, 2008, and 2007 were \$1,723,486, \$1,535,853, and \$1,399,873, respectively. These contributions met the contribution requirement for each year.

Note 12 - Voluntary Tax-Deferred Retirement Plans

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit pension plan and, beginning on July 1, 2009, will administer the 457 deferred compensation plan previously administered by the state. Certain agencies and institutions of the state also offer 403(b) or 401(a) plans.

Note 13 – Other Postemployment Benefits and Life Insurance

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting www.copera.org.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employers’ contributions as discussed above in Note 11.B. Beginning July 1, 2004, the employer is required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. The Legislative Department’s contributions to the Health Care Trust Fund for fiscal years ending June 30, 2009, 2008, and 2007 were \$153,336, \$148,289, and \$144,644, respectively. In each year the amount contributed was 100 percent of the required contribution.

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third-party vendors. As of December 31, 2008, there

Legislative Department, State of Colorado

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

were 45,888 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2008, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.11 billion, a funded ratio of 18.7 percent, and a 39-year amortization period.

Note 14 - Risk Management

The State of Colorado currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. These losses include general liability, motor vehicle liability, and workers' compensation. The Risk Management Fund is a part of the State's General Fund and is used for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State except for employee medical claims. Property claims are not self-insured; rather, the State has purchased insurance.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The State utilizes the services of Pinnacol Assurance to administer its plan. The State reimburses Pinnacol Assurance for the current cost of claims paid and related administrative expenses.

The Department participates in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Additional risk management information is included in the State of Colorado Comprehensive Annual Financial Report.

Supplementary Information

Legislative Department, State of Colorado
Combining Balance Sheet – General Fund
June 30, 2009

	<u>General Assembly</u>	<u>Joint Budget Committee</u>	<u>Legislative Council</u>	<u>Office of the State Auditor</u>	<u>Office of Legislative Legal Services</u>	<u>Total</u>
ASSETS						
Cash	\$ 143,847	\$ 1,166	\$ 4,175	\$ 89,045	\$ 18,097	\$ 256,330
Accounts receivable	12,880	-	334	147,149	697	161,060
Inter/Intrafund receivables	-	-	-	255,235	-	255,235
Prepaid expenses	445	-	-	43,335	-	43,780
TOTAL ASSETS	<u>\$ 157,172</u>	<u>\$ 1,166</u>	<u>\$ 4,509</u>	<u>\$ 534,764</u>	<u>\$ 18,794</u>	<u>\$ 716,405</u>
LIABILITIES						
Accounts payable	\$ 144,350	\$ 1,166	\$ 4,509	\$ 511,411	\$ 12,794	\$ 674,230
Accrued liabilities	607,563	122,328	343,708	422,105	361,069	1,856,773
Deferred revenue	-	-	-	23,353	6,000	29,353
TOTAL LIABILITIES	<u>751,913</u>	<u>123,494</u>	<u>348,217</u>	<u>956,869</u>	<u>379,863</u>	<u>2,560,356</u>
(DEFICIT) FUND BALANCE						
Unreserved	<u>(594,741)</u>	<u>(122,328)</u>	<u>(343,708)</u>	<u>(422,105)</u>	<u>(361,069)</u>	<u>(1,843,951)</u>
TOTAL LIABILITIES AND (DEFICIT) FUND BALANCE	<u>\$ 157,172</u>	<u>\$ 1,166</u>	<u>\$ 4,509</u>	<u>\$ 534,764</u>	<u>\$ 18,794</u>	<u>\$ 716,405</u>

See accompanying independent auditors' report.

Legislative Department, State of Colorado
Combining Balance Sheet – General Fund
June 30, 2008

	<u>General Assembly</u>	<u>Joint Budget Committee</u>	<u>Legislative Council</u>	<u>Office of the State Auditor</u>	<u>Office of Legislative Legal Services</u>	<u>Total</u>
ASSETS						
Cash	\$ 91,216	\$ 53,852	\$ 21,947	\$ 24,427	\$ 38,485	\$ 229,927
Accounts receivable	65	-	-	293,781	-	293,846
Inter/Intrafund receivable	-	-	-	668,927	-	668,927
Prepaid expenses	-	-	-	6,598	-	6,598
TOTAL ASSETS	<u>\$ 91,281</u>	<u>\$ 53,852</u>	<u>\$ 21,947</u>	<u>\$ 993,733</u>	<u>\$ 38,485</u>	<u>\$ 1,199,298</u>
LIABILITIES						
Accounts payable	\$ 91,281	\$ 53,852	\$ 21,947	\$ 993,733	\$ 38,485	\$ 1,199,298
Accrued liabilities	556,438	108,894	350,966	416,475	350,863	1,783,636
TOTAL LIABILITIES	<u>647,719</u>	<u>162,746</u>	<u>372,913</u>	<u>1,410,208</u>	<u>389,348</u>	<u>2,982,934</u>
(DEFICIT) FUND BALANCE						
Unreserved	(556,438)	(108,894)	(350,966)	(416,475)	(350,863)	(1,783,636)
TOTAL LIABILITIES AND (DEFICIT) FUND BALANCE	<u>\$ 91,281</u>	<u>\$ 53,852</u>	<u>\$ 21,947</u>	<u>\$ 993,733</u>	<u>\$ 38,485</u>	<u>\$ 1,199,298</u>

See accompanying independent auditors' report.

Legislative Department, State of Colorado
Combining Schedule of Appropriations, Revenues, Expenditures,
and Changes in Fund Balances – General Fund
For the Year Ended June 30, 2009

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 14,672,140	\$ 1,520,728	\$ 6,299,564	\$ 7,122,579	\$ 5,417,642	\$ 35,032,653
Cash Fund and Reappropriated Funds	93,816	-	-	889,714	-	983,530
Total Appropriations	14,765,956	1,520,728	6,299,564	8,012,293	5,417,642	36,016,183
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	325,528	-	325,528
Miscellaneous	1,934	-	418	-	31,172	33,524
TOTAL APPROPRIATIONS AND REVENUES	14,767,890	1,520,728	6,299,982	8,337,821	5,448,814	36,375,235
EXPENDITURES						
Compensation	8,493,331	1,467,004	4,665,595	5,334,903	4,494,400	24,455,233
Purchased services	511,910	52	610,745	2,017,480	418,500	3,558,687
Operating expenditures	2,797,643	20,511	210,149	233,346	163,877	3,425,526
Travel and subsistence	1,041,428	987	10,163	18,181	20,708	1,091,467
Capital expenditures	473,858	-	-	-	-	473,858
Debt service	112,268	-	22,998	-	-	135,266
TOTAL EXPENDITURES	13,430,438	1,488,554	5,519,650	7,603,910	5,097,485	33,140,037
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	1,337,452	32,174	780,332	733,911	351,329	3,235,198
OTHER FINANCING SOURCES (USES)						
Capital lease proceeds	371,746	-	-	-	-	371,746
Operating transfer out	(1,712,194)	(45,608)	(772,656)	(339,609)	(330,363)	(3,200,430)
Reversion of non-augmenting revenue	(1,934)	-	(418)	(325,528)	(31,172)	(359,052)
Reversion of Cash / Reappropriated Funds appropriation	(33,373)	-	-	(74,404)	-	(107,777)
TOTAL OTHER FINANCING SOURCES (USES)	(1,375,755)	(45,608)	(773,074)	(739,541)	(361,535)	(3,295,513)
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(38,303)	(13,434)	7,258	(5,630)	(10,206)	(60,315)
(DEFICIT) FUND BALANCES, BEGINNING OF YEAR	(556,438)	(108,894)	(350,966)	(416,475)	(350,863)	(1,783,636)
(DEFICIT) FUND BALANCES, END OF YEAR	\$ (594,741)	\$ (122,328)	\$ (343,708)	\$ (422,105)	\$ (361,069)	\$ (1,843,951)

See accompanying independent auditors' report.

Legislative Department, State of Colorado
Combining Schedule of Appropriations, Revenues, Expenditures,
and Changes in Fund Balances – General Fund
For the Year Ended June 30, 2008

	General Assembly	Joint Budget Committee	Legislative Council	Office of the State Auditor	Office of Legislative Legal Services	Total General Fund
APPROPRIATIONS AND REVENUES						
Appropriations						
General Fund	\$ 13,410,716	\$ 1,434,010	\$ 6,111,031	\$ 6,782,963	\$ 5,335,759	\$ 33,074,479
Cash Fund and Cash Fund Exempt	93,816	-	250,000	779,958	3,584	1,127,358
Total Appropriations	13,504,532	1,434,010	6,361,031	7,562,921	5,339,343	34,201,837
Revenues						
Miscellaneous revenue						
Audit reimbursements	-	-	-	121,342	-	121,342
Miscellaneous	2,362	-	422	8,833	33,097	44,714
TOTAL APPROPRIATIONS AND REVENUES	13,506,894	1,434,010	6,361,453	7,693,096	5,372,440	34,367,893
EXPENDITURES						
Compensation	8,163,385	1,293,346	4,494,490	4,792,366	4,261,013	23,004,600
Purchased services	490,316	4,970	859,930	1,750,989	308,105	3,414,310
Operating expenditures	2,707,556	74,147	278,498	313,938	412,475	3,786,614
Travel and subsistence	1,077,091	3,232	14,665	25,042	24,487	1,144,517
Capital expenditures	41,965	-	15,225	6,376	-	63,566
Debt service	7,479	-	22,998	-	-	30,477
TOTAL EXPENDITURES	12,487,792	1,375,695	5,685,806	6,888,711	5,006,080	31,444,084
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES	1,019,102	58,315	675,647	804,385	366,360	2,923,809
OTHER FINANCING SOURCES (USES)						
Operating transfer	(500,000)	-	(492,000)	-	-	(992,000)
Authorized General Fund rollforward	(52,687)	-	-	-	(90,789)	(143,476)
Reversion of non-augmenting revenue	(2,362)	-	(422)	(130,175)	(33,097)	(166,056)
Reversion of General Fund appropriation	(458,208)	(71,896)	(206,395)	(700,157)	(276,194)	(1,712,850)
Reversion of Cash/Cash Exempt appropriation	(21,451)	-	-	-	(6)	(21,457)
TOTAL OTHER FINANCING SOURCES (USES)	(1,034,708)	(71,896)	(698,817)	(830,332)	(400,086)	(3,035,839)
EXCESS (DEFICIENCY) OF APPROPRIATIONS AND REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(15,606)	(13,581)	(23,170)	(25,947)	(33,726)	(112,030)
(DEFICIT) FUND BALANCES, BEGINNING OF YEAR	(540,832)	(95,313)	(327,796)	(390,528)	(317,137)	(1,671,606)
(DEFICIT) FUND BALANCES, END OF YEAR	\$ (556,438)	\$ (108,894)	\$ (350,966)	\$ (416,475)	\$ (350,863)	\$ (1,783,636)

See accompanying independent auditors' report.

Legislative Department, State of Colorado
Combining Schedule of Appropriations – General Fund
Years Ended June 30, 2009 and 2008

YEAR ENDED JUNE 30, 2009

	Initial General Fund Appropriations	Supplemental Appropriations	In (Out) Appropriation Allocations	Rollforward of Prior Year Appropriations	Revised General Fund Appropriations	Cash and Reappropriated Appropriations	Final Adjusted Appropriations
AGENCY							
General Assembly	\$ 14,913,195	\$ 15,492	\$ (309,234)	\$ 52,687	\$ 14,672,140	\$ 93,816	\$ 14,765,956
Joint Budget Committee	1,492,526	-	28,202	-	1,520,728	-	1,520,728
Legislative Council	6,208,195	-	91,369	-	6,299,564	-	6,299,564
Office of the State Auditor	7,019,705	-	102,874	-	7,122,579	889,714	8,012,293
Office of Legislative Legal Services	5,240,064	-	86,789	90,789	5,417,642	-	5,417,642
TOTAL	\$ 34,873,685	\$ 15,492	\$ -	\$ 143,476	\$ 35,032,653	\$ 983,530	\$ 36,016,183

YEAR ENDED JUNE 30, 2008

	Initial General Fund Appropriations	Supplemental Appropriations	In (Out) Appropriation Allocations	Rollforward of Prior Year Appropriations	Revised General Fund Appropriations	Cash and Cash Exempt Appropriations	Final Adjusted Appropriations
AGENCY							
General Assembly	\$ 13,458,674	\$ 128,273	\$ (176,231)	\$ -	\$ 13,410,716	\$ 93,816	\$ 13,504,532
Joint Budget Committee	1,417,752	-	16,258	-	1,434,010	-	1,434,010
Legislative Council	5,988,708	-	52,687	69,636	6,111,031	250,000	6,361,031
Office of the State Auditor	6,689,789	-	56,834	36,340	6,782,963	779,958	7,562,921
Office of Legislative Legal Services	5,056,955	-	50,452	228,352	5,335,759	3,584	5,339,343
TOTAL	\$ 32,611,878	\$ 128,273	\$ -	\$ 334,328	\$ 33,074,479	\$ 1,127,358	\$ 34,201,837

See accompanying independent auditors' report.

Legislative Department, State of Colorado
Combining Balance Sheets – Special Revenue Funds
June 30, 2009 and 2008

	2009				2008			Totals	
	Public Buildings Trust Fund	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Public Buildings Trust Fund	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	2009	2008
ASSETS									
Cash	\$ 13,392	\$ 3,254,031	\$ 394,200	\$ 30,517	\$ 10,435	\$ 1,538,333	\$ 539,023	\$ 3,692,140	\$ 2,087,791
TOTAL ASSETS	<u>\$ 13,392</u>	<u>\$ 3,254,031</u>	<u>\$ 394,200</u>	<u>\$ 30,517</u>	<u>\$ 10,435</u>	<u>\$ 1,538,333</u>	<u>\$ 539,023</u>	<u>\$ 3,692,140</u>	<u>\$ 2,087,791</u>
LIABILITIES									
Accounts payable	\$ 94	\$ 33,952	\$ -	\$ 990	\$ 231	\$ -	\$ 160,049	\$ 35,036	\$ 160,280
TOTAL LIABILITIES	<u>94</u>	<u>33,952</u>	<u>-</u>	<u>990</u>	<u>231</u>	<u>-</u>	<u>160,049</u>	<u>35,036</u>	<u>160,280</u>
FUND BALANCE									
Reserved for specific purposes	13,298	3,220,079	394,200	29,527	10,204	1,538,333	378,974	3,657,104	1,927,511
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 13,392</u>	<u>\$ 3,254,031</u>	<u>\$ 394,200</u>	<u>\$ 30,517</u>	<u>\$ 10,435</u>	<u>\$ 1,538,333</u>	<u>\$ 539,023</u>	<u>\$ 3,692,140</u>	<u>\$ 2,087,791</u>

See accompanying independent auditors' report.

Legislative Department, State of Colorado
Combining Schedules of Revenues, Expenditures, and
Changes in Fund Balance – Special Revenue Funds
June 30, 2009 and 2008

	2009				2008			Totals	
	Public Buildings Trust Fund	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	Youth Advisory Council Cash Fund	Public Buildings Trust Fund	Ballot Information Publication and Distribution Revolving Fund	Legislative Expenses Cash Fund	2009	2008
REVENUES									
Sale of State Capitol history memorabilia Cash Funds and Reappropriated Funds	\$ 10,822	\$ -	\$ -	\$ -	\$ 8,281	\$ -	\$ -	\$ 10,822	\$ 8,281
Miscellaneous Revenue	-	-	-	30,000	-	-	-	30,000	-
Interest income	-	30,415	15,226	758	-	44,792	49,002	46,399	93,794
TOTAL REVENUE	<u>10,822</u>	<u>30,415</u>	<u>15,226</u>	<u>30,758</u>	<u>8,281</u>	<u>44,792</u>	<u>49,002</u>	<u>87,221</u>	<u>102,075</u>
EXPENDITURES									
Purchased services	200	425,311	-	-	-	-	379,138	425,511	379,138
Operating expenditures	7,528	1,123,788	-	1,231	11,327	4,900	245,920	1,132,547	262,147
Capital expenditures	-	-	-	-	-	-	134,325	-	134,325
TOTAL EXPENDITURES	<u>7,728</u>	<u>1,549,099</u>	<u>-</u>	<u>1,231</u>	<u>11,327</u>	<u>4,900</u>	<u>759,383</u>	<u>1,558,058</u>	<u>775,610</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,094</u>	<u>(1,518,684)</u>	<u>15,226</u>	<u>29,527</u>	<u>(3,046)</u>	<u>39,892</u>	<u>(710,381)</u>	<u>(1,470,837)</u>	<u>(673,535)</u>
OTHER FINANCING SOURCES (USES)									
Operating Transfer In	-	3,200,430	-	-	-	992,000	-	3,200,430	992,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>3,200,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,000</u>	<u>-</u>	<u>3,200,430</u>	<u>992,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>3,094</u>	<u>1,681,746</u>	<u>15,226</u>	<u>29,527</u>	<u>(3,046)</u>	<u>1,031,892</u>	<u>(710,381)</u>	<u>1,729,593</u>	<u>318,465</u>
FUND BALANCE, BEGINNING OF YEAR	<u>10,204</u>	<u>1,538,333</u>	<u>378,974</u>	<u>-</u>	<u>13,250</u>	<u>506,441</u>	<u>1,089,355</u>	<u>1,927,511</u>	<u>1,609,046</u>
FUND BALANCE, END OF YEAR	<u>\$ 13,298</u>	<u>\$ 3,220,079</u>	<u>\$ 394,200</u>	<u>\$ 29,527</u>	<u>\$ 10,204</u>	<u>\$ 1,538,333</u>	<u>\$ 378,974</u>	<u>\$ 3,657,104</u>	<u>\$ 1,927,511</u>

See accompanying independent auditors' report.



Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Legislative Audit Committee:

We have audited the financial statements of the Legislative Department, State of Colorado (the "Department") as of and for the years ended June 30, 2009 and 2008, which collectively comprise the Legislative Department, State of Colorado's basic financial statements and have issued our report thereon dated December 18, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of management and the State of Colorado's Legislative Audit Committee and is not intended to be and should not be used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee this report is a matter of public record and its distribution is not limited.

Anton Collins Mitchell LLP

Certified Public Accountants
December 18, 2009

Required Communications to the Legislative Audit Committee

Professional standards require us to advise you of the following matters relating to our recently completed audit. The matters discussed herein are those that we have noted as of December 18, 2009 and we have not updated our procedures regarding these matters since that date to the current date.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our contract dated March 28, 2008, our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors or fraud, if they exist, have not been detected. Such standards also require that we obtain a sufficient understanding of the Department’s internal control to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Required Communications – Internal Control Over Financial Reporting

In conjunction with our audit of the financial statements of the Department, we considered the Department’s internal control over financial reporting (“ICFR”) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department’s ICFR. Accordingly, we do not express an opinion on the effectiveness of the Department’s ICFR. However, we are required to communicate, in writing, to those charged with corporate governance all material weaknesses and significant deficiencies that have been identified during our audit. The definitions of material weakness, significant deficiency and control deficiency follow.

Material Weakness	<p>A significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.</p> <p><i>Note: The term remote likelihood as used in the definitions of the terms significant deficiency and material weakness has the same meaning as the term remote as used in Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards No. 5, Accounting for Contingencies.</i></p>
Significant Deficiency	<p>A control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected.</p> <p><i>See note under Material Weakness above.</i></p>
Control Deficiency	<p>A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively. Control deficiencies may involve one or more of the five interrelated components of internal control.</p>

During the course of our audits, we noted no control deficiencies that we consider to be material weaknesses, as defined above.

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Required Communications

Legislative Department, State of Colorado and the Legislative Audit Committee

Auditor's judgment about the quality of the Organization's accounting policies, estimates and financial statement disclosures

In accordance with applicable auditing standards, a discussion was held with those charged with governance regarding the quality of financial reporting, which included the Department's significant accounting practices, estimates and financial statement disclosures.

Critical and significant accounting policies

We have reviewed the accounting policies that management has identified to be the most critical, and concur with management's assessment. These include revenue recognition, expenditures authorized under annual appropriations, recording of capital assets and fund balance reservations.

Adoption of a change in accounting principles

There were no situations involving the adoption of, or a change in, accounting principles where the application of alternative generally accepted accounting principles, including alternative methods of applying an accounting principle, would have a material effect on the Department's financial statements.

Material, corrected misstatements brought to the attention of management by the auditor

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The definition includes adjustments that were not recorded by the Department because they are not material to the current financial statements but might be potentially material to future financial statements.

During our audit, we proposed one adjustment to record a capital lease in the amount of \$400,000.

Unrecorded misstatements, other than those the auditor believes to be trivial

No unrecorded misstatements were noted during our audit.

Other information in documents containing the Organization's audited financial statements

Our responsibility for other information in documents containing the Department's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information.

Disagreements with Management

There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditors' reports.

Consultation with Other Accountants

We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.

Required Communications
Legislative Department, State of Colorado and the Legislative Audit Committee

Major issues discussed with management prior to our retention

Prior to our being retained as auditor for the current fiscal year, there were no major accounting or other issues of concern discussed with management.

Significant difficulties encountered during the audit

There were no significant difficulties encountered during the audit. All records and information requested by Anton Collins Mitchell LLP were freely available for inspection. Management and other personnel provided full cooperation.

Material alternative accounting treatments discussed with management

There was no discussion with management concerning alternative accounting treatments.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2009.

Other issues arising from the audit the auditor considers significant and relevant to those charged with governance

There were no other issues arising from the audit that we consider significant and relevant to those charged with governance.

Should you desire further information concerning these matters, we will be happy to meet with you at your convenience.

This letter is solely for the internal use of the members of the Legislative Department, the State of Colorado, and members of the Legislative Audit Committee, and should not be distributed to any other persons or used for any other purpose.

Very truly yours,

Anton Collins Mitchell LLP

December 18, 2009

The electronic version of this report is available on the Web site of the
Office of the State Auditor
www.state.co.us/auditor

A bound report may be obtained by calling the
Office of the State Auditor
303.869.2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number 1936